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The Barriers Of International Expansion: A Study On Education And Learning Centre Franchisors

Nurul Ashykin Abd Aziz[1, 2], Mohd Hizam Hanafiah[2], Hamizah Abd Hamid[2], Rosmah Mat Isa[2]

[1] Faculty of Entrepreneurship and Business, Universiti Malaysia Kelantan, Locked Bag 36, Pengkalan Chepa, 16100, Kota Bahru, Kelantan, Malaysia.
[2] Faculty of Economics and Management, Universiti Kebangsaan Malaysia, 43600, UKM Bangi, Selangor,Malaysia.
Corresponding Author's Email: ashykin.a@umk.edu.my

ABSTRACT
The fast movement and development of Malaysian home-grown franchising will cause saturation in the local market. Many franchisors have begun to penetrate the international market, as one of the internationalization strategies. However, little is known about the barriers faced by the franchisors during the process of expansion into the international market. Therefore, this study aims to address this gap by exploring this phenomenon. For methodology approach, a series of three multiple case studies through protocol discussion with Malaysian franchisors were done across education and learning center business. This was done to explore the topic, refine the research questions, and develop the propositions. The findings show several barriers emerging from the qualitative study, which led to the following themes, namely: (i) complexity of other country laws and regulations; (ii) language barrier; (iii) culture differences; and (iv) financial barriers, to help explain the barriers of Malaysian franchisor international expansion. The adopted qualitative methodology provided rich information that will lead the future research. In brief, this study has contributed new knowledge to the existing literature in international franchising knowledge and will benefit the future studies.

Keywords: Franchising, Home-grown franchising, international franchising, barriers of franchising, Malaysia

Correspondence:
Nurul Ashykin Abd Aziz
[1]Faculty of Entrepreneurship and Business, Universiti Malaysia Kelantan, Locked Bag 36, Pengkalan Chepa,
16100 Kota Bharu, Kelantan, Malaysia
*Corresponding author: Nurul Ashykin Abd Aziz email-address:
ashykin.a@umk.edu.my

INTRODUCTION

Over the past two decades, franchising has experienced a phase of business expansion and continued growth (Mahmood, 2015). Most Asian countries have only started to join franchising actively in recent time, since the rise of middle-incomers becomes more valuable to international brands. In western countries, franchising has achieved its domestic market saturation. However, in most Asian countries, they have only started it. The Malaysian government is putting focus on the franchise industry growth, whereby this industry is expected to contribute 9.4% to the country's Gross Domestic Profit (GDP), and to become a franchise hub in the South East Asia region by 2020 (Tyre & Han, 2013). Internationally,franchising is a mode for business distribution that has developed significantly in recent times (Hoffman & Preble 2003; Perry & Rajiv 1999). Franchising plays an important role in supporting economic development by creating employment opportunities by creating employment opportunities, developing entrepreneurship growth, and enhancing living standards (Shumba, Zindiye, & Donga, 2017). Besides that, franchising is a business format that offers many advantages compared to chain-ownership (Baena, Junquera, Menon, & Ramirez, 2012). Grewal, Iyer, Javalgi, and Radulovich (2011) emphasised that franchising is one of the rapid development forms of global business. Indeed, franchising has experienced global growth since the early 1980's, and the franchisors saw an opportunity to develop the existing business by conveying franchisee as a partner who will own the business format, who gets access to the both human and financial capitals. Moreover, the emerging business format of selling 'company-owned' businesses to franchisee-owned units is a flattering movement nowadays (Paynter & Arthanari, 2000). The Malaysian Government strongly reinforces the encouragement of franchising as one of the methods to inspire local entrepreneurs (Amy Azhar et al., 2011). The franchising sector also contributes RM26.8 billion from the franchise industry to Malaysia's GDP (Malaysia Franchise Association, 2017). Moreover, The Malaysian franchise industry remains to achieve a healthy growth, and roughly about 40% franchise concepts in Malaysia are foreign-owned franchises. The largest share and most franchise businesses in The United States are foods and beverages concepts. Even though franchising was easily identified from the use of franchising as a platform for the business format, they can now be found based on many other determinants of franchising. Following the growth of franchising in Malaysia, a business through franchise system is not new, but it has long existed in the country (Binh & Terry 2014). The franchise business is one of the thriving business areas around the world, including Malaysia.

According to Grzelak and Matejun (2013), franchising is an interesting business format to develop entrepreneurship in SMEs sector. Additionally, franchising provides important benefits including being the base of business operations through proven market concepts and well-known brands, as well as providing important associated contents and support, provided by the franchisor. Within the studies on international expansion of SMEs, there are also unanswered questions related to the barriers being faced by franchisors when they expand their businesses into international market, which require further exploration (Hasim, Ishak & Shamsudin, 2018). Therefore, there is a need to further explore other barriers that affecting the internationalization process of Malaysian SMEs as Malaysian franchisors are also considered as SMEs. Further, by using other methods like interviews and group discussions, more substantial data and results can be revealed, and more comprehensive knowledge can be discovered (Al-Hyari, Al-Weshah, & Alnsour, 2012; Hasim, Ishak, & Shamsudin, 2018). Hence, this study is important to comprehend the barriers being faced by Malaysian Franchisors to expand their businesses into the international market. Based on these issues, the following research question is proposed:

"What are the barriers encountered by Malaysian home-grown franchisors in expanding into international market?"

THEORIES DISCUSSING INTERNATIONAL FIRM EXPANSION

Resource Based View

Resources Based View was introduced by Penrose (1959) to deal with the resources needed to grow the firms where the discussion highlighted the principles that can lead the firm's growth and create the variables of duration and speed. Additionally, the resource availability is being analysed as a determination to sustain the growth and to boost the expansion. Likewise, the firm can struggle to utilize its available resources efficiently through its management and assimilation of its existing resources with other attained resources to further develop those resources into products and gain the return of profit (Penrose, 1959).

However, the limitation of management's capacity of the firm's growth leads to competition and changes in the business environment, whereas it later motivates the firms to exploit new opportunities. Besides, Wernerfelt (1984) proposed the development of tools to analyze the resources of firms and this scholar highlighted the issues regarding resources such as general affects, attractive resources, mergers and acquisitions and resources barriers. This theory discusses about competitive advantage among firms that stresses on resources and the capabilities among the firms. Moreover, Barney (1991) emphasized that competitive advantage of firms' capabilities and resources are based on the scarcity, imitability, values and replaceability. This scholar also addressed that firms in the same market can have heterogeneous positions based on the controlled resources by them (Barney, Ketchen & Wright 2011). Barney (1991) added that firms use different set of resources to execute strategies.

Priem and Butler (2001) highlighted that resources cannot simply be shifted from one firm to another firm without including the cost to achieve competitive advantage and to gain returns. Nonetheless, the issues are the competence of the firms to control their core competencies at the early stage of firm development and to adapt to the new opportunities of business. Referring to this theory, the most vital factors that lead to the performance of franchise outlets are the firm's management skills, organization process and knowledge (Gorovaia, 2011). From the context of resource-based view, Wu (2010) defined firm as a set of resources, capabilities and skills that grow firms' capabilities and the firms' performance influences by firms' resources. Zou, Chen and Ghauri (2010) claimed that resources and capabilities have different viewpoints whereby the resources refer to all other kinds of assets, while capabilities are defined as human skill competencies.

Uppsala Model

Johanson and Vahlne (1977) proposed Uppsala Model to study about firm international expansion whereby the model described that firms have a propensity to go globally to the nearby countries and then gradually move to more distant markets. Additionally, the model also highlighted that when the firms select a new foreign country for expansion, it will begin from a low resource commitment mode and will later move to a high commitment mode after gathering experiences and knowledge in the international market. Indeed, the resources and knowledge are the biggest challenges for firms to go internationally and assuming that firms start with exports to near countries, which are related to the lower perceived risk.

On the other hand, Johanson and Vahlne (2009) proposed that network relationship is also a dynamic factor that influences firm international expansion. These scholars revised the Uppsala model and highlighted the importance of having knowledge about market and how firms perform their positions among the network of relationship. Oviatt and McDougall (2005) claimed that Uppsala model describes about how international market risks are controlled by acquiring the knowledge and information on international markets and gradually move to those markets. Forsgren (2002) supported that the uncertain perception about the international market decreases if a firm learns from experiences to gather market knowledge.

Franchising as a Mode of Expansion for Franchisors

In the business world, entry mode is the selection of institutional arrangement to organize and conduct business transactions, where it determines the firm's ability to develop and implement their strategies in the international market (Baena et al., 2012; Root, 1994) . Additionally, it also measures the level of control of their business operations and also how successful they are to survive in the international market (Baena et al., 2012). Besides, most of the past literatures distinguished equity and non-equity modes of entry into international market. Equity modes involve the acquisition of ownership of the firm involved including joint venture and wholly owned subsidiaries. In addition, nonequity modes of entry do not involve ownership, but they include exporting some forms of contract like franchising or licensing (Khemakhem, 2010; Pan & Tse, 2000). According to Vaishnav and Altinay (2009), franchising is a nonequity mode of entry, where an agreement is made between the franchisor and franchisee whereby the former grants the permission to use the franchisor's patent of goodwill, idea or trademark. Thus, a franchisee will pay royalty to the franchisor.

In the context of franchising as a mode of expansion, there are several strategies that are commonly adopted by franchisors as a way to expand their businesses to the international market such as: (i) direct franchising; (ii) master franchising and (iii) wholly-owned subsidiaries (Welch, Benito, & Petersen, 2007). First and foremost, direct franchising is used, whereby it is the companies' willingness to expand their businesses internationally through franchising by developing an agreement with local agents (franchisees) and give them the rights to use business trademarks, and thus, as a return, the franchisees need to pay royalty fees (Baena et al., 2012; Karachi Chamber of Commerce And Industry, 2016). By implementing the direct franchising strategy, franchisors have the authority to directly monitor all outlets in foreign countries. In addition, franchisors play the same exact role and responsibilities in the international market, as in their home countries. By adopting direct franchising at the early stage of expansion, franchisors receive fast responses from the international market, and they are able to respond quickly should any adjustments arise (Welch et al., 2007; Welch, Benito, & Petersen, 2018).

Next, master franchising is the second strategy used by franchisors to expand their franchise outlets into the international market. Furthermore, master franchising refers to the contract agreement made between the franchisor and an independently owned sub franchisor (known as master franchisee) to develop a stated number of outlets for the exclusive right to use the business format and trademark for a period of time, in a specific geographical area. Then, master franchisors have the option to open their own outlets or develop their own sub franchisees (Alon, 2006; Gamet-Pol, 1997). According to Lozada et al. (2014), master franchising is predominant in two conditions namely: (i) when a new franchise outlet is launched in the local market and then the franchisor decides to expand locations rapidly; and (ii) when the franchisor decides to establish territorial franchises through an individual or a single business that then will be responsible to form sub franchisees. Moreover, Seshachalam et al. (2017) highlighted that master franchising is a popular strategy to expand franchise outlets to larger geographical areas such as state wide, a country as a whole, or even over international boundaries. Normally, master franchisors develop smaller unit of franchisees and then control them as a franchisor.

Finally, the third strategy in franchising as a mode of expansion is through wholly-owned subsidiaries. According to Horská (2014), a wholly-owned subsidiary refers to a subsidiary of a company who is 100 percent owned by the parent company. In practice, it means a company of where the parent company holds the majority of shares or resources that are controlled. Furthermore, there are two main ways to establish foreign wholly-owned subsidiaries which are : (i) greenfield venture, whereby a company will enter the new international market by developing a new operation and legal entity when markets are highly less competitive; and (ii) acquisition, whereby the company acquires another company in the international market for direct entry (Brouthers & Brouthers, 2000). As supported by Hollensom (2004), franchising offers many benefits as a mode of expansion in new international market with level of control, low cost and low risk.

RESEARCH METHODOLOGY

According to Yin (2009), when a researcher wants to study issues related to how and why, a case approach is the appropriate methodology. Furthermore, Carson et al. (2001) supported that a qualitative research is suitable when a researcher wants to study the reasons and contexts of a happening phenomenon. Neuman (2011) highlighted that a qualitative research creates "social reality" by analysing people's experiences and doing observations. In addition, this study is exploratory in nature since the researchers were required to understand 'what' barriers influenced international franchising (Yin, 2009). Moreover, an exploratory study is appropriate as it helps the researchers to shape the research questions and formulate propositions (Yin, 2009).

Besides that, Strauss and Corbin (2015) emphasized that qualitative analysis will produce a different type of knowledge in contrast with the quantitative analysis. Creswell (2014) explained that qualitative methods enable a researcher to provide detailed explanation about study settings, and emerging themes, thus resulting richer and more realistic findings. Additionally, the purpose of adopting qualitative analysis is to allow the researchers to gain experience from the participants through the process of interviewing and interpreting the data (Atieno 2009; Thanh et al. 2015). As mentioned earlier, the aim of this study is to address the barriers faced by Malaysian home-grown franchisors when they expand their businesses into the international market. Thus, qualitative methodology allows the researchers to achieve the objective of the present study. For this study, multiple case study was undertaken to produce more comprehensive findings compared to single case studies (Silverman, 2016). According to Yin (2009), case study is a common method used to conduct a business research. Furthermore, Merriam and Tisdell (2016) highlighted that a case study involves in-depth explanation and analysis of a bounded system. In addition, one misconception about case studies is the process of conducting the case study, whereby it conflates with the product of the investigation and the unit of study. Baxter and Jack (2008) claimed that qualitative case study methodology offers tools for the researchers to investigate the complex phenomena of study within their contexts.

For the current study, these methods were chosen since case study is used when the researchers wanted to provide understanding about certain phenomena, by providing in depth explanation, and it is a common method applied to obtain empirical results (Brasileira, Gestão, & Negócios 2015). To understand the barriers faced by Malaysian home-grown franchisors during the expansion process in the international market, the researchers obtained the secondary data from various sources like franchising firm's websites, the databases from Malaysian Franchise Association (MFA), Ministry of Domestic Trade, Cooperatives and Consumerism (MDTCC) and some news reports about the franchising industry. For the primary sources, the researchers conducted face to face interview sessions with Malaysian homegrown franchisors from education and learning center industry, to gather the relevant information about internationalisation of their businesses. Moreover, the interviews were semi-structured to cover important questions and answers about franchising internationalisation.

Database of Empirical Cases

According to Neuman (2014), to select informative cases, purposive sampling is suitable for the study. Additionally, Patton (2015) explained that in determining case size, there is no specific guideline to follow, while Lincoln and Guba (1985) recommended that cases must be added until saturation point is reached. Moreover, Patton (2015) also highlighted that purposive sampling is a widely used technique in qualitative studies, for the purpose of identifying and selecting the rich case information from limited resources. For the present study, a total of three case studies were selected and analysed consisting of three Malaysian homegrown franchisors. These three cases were selected to provide insights concerning the types of industries, size and age of systems and types of operations. This is aligned with Silverman (2016), by which the case selected was theoretically grounded rather than statistically based, which is aligned with a qualitative methodology.

Data Collection

In qualitative research, the researcher can refine interview protocol to strengthen reliability. Thus, the researcher can increase the value of data obtained from the interview session (Castillo-Montoya, 2016). According to Seidman (2013), the purpose of conducting in-depth interview is not just to get answers for the question asked by the researcher, but to have more understanding on the participant's experience and the meaning of that experience. Additionally, a qualitative researcher also works with small sample size and in-depth interviews, which can help to generate insights on the dynamics of specific cases (Willig, 2013). Moreover, Creswell (2007) supported that case study is a suitable approach for researchers to explore a case or multiple cases over time, whereby it provides more in depth investigation, due to the numerous sources of information and case reports based on themes or explanations. For the present study, a protocol discussion was conducted with the franchisors, and every interview and discussion was completed within approximately 30 minutes. With their permissions, the protocol discussions were recorded, and face-to face discussions were conducted with all participants selected for the study.

Data Analysis

For the present study, cross-case analysis was used by the researcher. According to Gordon (1962), cross-case analysis is a method of research that enables the comparison of commonalities and differences in the case study. The researchers adopted cross-case analysis as a mechanism used to draw out case studies, so that knowledge gathering can be transformed for wide purposes. According to Ayres, Kavanaugh, and Knafl (2003), cross-case comparison is a secondary approach used primarily to confirm important structure that is accounted for everything that is significant from the main data, and does not execute interpretation on a single case that did not occur within the main data. Furthermore, the interview transcripts were analysed using *Atlas.ti* software package. Besides that, *Atlas.ti* also provided support for the researchers during the data analysis process, whereby the texts were analysed and interpreted using coding and annotation. Moreover, this software also offers a comprehensive indication of a research project known as the Hermeneutic Unit in *Atlas.ti,* and it allows immediate search and retrieval function (Smit, 2002).
The researchers also used the constant comparison method of making data comparison, to gradually test the provisional propositions (Silverman, 2016). Furthermore, the participants were selected based on the number of years in the local industry and having already opened outlets in the international market or some other dimensions related to the system, such as multi-unit versus a single unit franchise outlet. Furthermore, the present study also enables the researchers to highlight relevant issues under certain conditions or circumstances. To access the generalizability for the qualitative research, constant comparison, triangulation and multi-dimensional theory are among the approaches used (Finfgeld-Connett, 2010).

FINDINGS AND DISCUSSION

Interview sessions were conducted by the researchers. The participants had entrepreneurship and business backgrounds, including the area of franchising. The following table presents the profiles of franchisors, being the participants of this study:

Table 1: Profiles of Participants

Company	Code	International Country Expansion
Company A	P1	Indonesia
Company B	P2	Brunei, Singapore, Indonesia, Thailand, China, Vietnam, Australia, India, Sri Lanka, Jordan, Philippines, Cambodia, USA, Canada, Laos, Myanmar and Saudi Arabia
Company C	P3	Indonesia

For the present study, the findings are segmented into four thematic categories where all of them are revealed based on the characteristics of the barriers encountered in the internationalisation process of home-grown franchisor in Malaysia. At the beginning of the interview session, the researchers asked the participants to describe the barriers faced during their attempts to expand internationally. Four dominant themes were identified during the protocol discussions: (i) complexity of international rules and regulations; (ii) language barrier; (iii) culture barriers; and (iv) financial barriers. Each of thematic categories is discussed in the following sections:

Theme 1: Complexity of the Other Countries Laws and Regulations

At the beginning of the discussion session, the question was centered on the participant's experience on what barriers were faced in attempt to expand internationally. According to the discussion, most of the participants strongly highlighted that they were facing difficulties during the process, due to the strict rules and regulations stated by the local authorities of the country they entered. Furthermore, one of the participants described that some countries are hard to enter because of the tough legislation and controls in the location, causing complexity for franchisors to expand their businesses there. For instance:

[...] ...now the barrier that we faced is we want to expand is...of course this is... local regulatory because being in education business, regulations always be the hardest part...very difficult

Participant 1 (P1)

So, apart from the resources and times, regulations also can be a barrier because different country has different education policy... and so on...

Participant 2 (P2)

Additionally, another participant also mentioned that:

I regard Malaysia and Indonesia as one… and even in Malaysia also different state have different regulation. Different local authorities have different regulations... so when we go to Indonesia, this country also have different regulation…

Participant 3 (P3)

Indeed, the dealing process of international expansion between franchisors and local authorities in other countries is not easy, since franchisors need to put more efforts and costs in hiring professional lawyers to prepare the franchise agreements and meeting the standards enforced by the local authorities of the particular country. Based on the findings from the discussion session, all participants strongly agreed that in order for them as franchisors to expand their businesses in international market, they also needed to gain comprehensive understanding about the local laws and regulations of the particular country they wish to penetrate. Moreover, franchisors need to invest a lot of money to hire regional legal consultants during internationalisation attempt, because the process was not easy, since wrong strategies

will cause business failure. Therefore, based on the preceding discussion, the researchers propose that:
P1: The higher the complexity of a country laws and regulations, the lower the expansion of franchisors into that market.

Theme 2: Language Barrier

For this study, our participants agreed that language can also be one of the barriers for international expansion of franchising business. Furthermore, despite English being the universal and global language, some countries like Indonesia and China, they prefer the franchisors to prepare franchise agreements according to their native language. Besides that, the participants described that language proficiency was considered important for franchisors to make considerations and planning, since not all countries in the world use English for communication. Hence, if the franchisors are not well prepared, language can create communication barriers between them and their master franchisee. For example, these participants stated that:

[.....] So, in Indonesia, the education policy is written in their native language which is Indonesian language. So, they use their language in all business and activities…Thus this create a difficulty for us to enter this market at first.

Participant 1 (P1)

In some countries such as China and Indonesia, they request us (franchisor) to prepare the franchise agreement in their native language.... because we are not originally from there and we are not expert in translating accordingly, then we need to hire a professional lawyer to handle this part...

Participant 2 (P2)

On the other hand, all participants agreed that if the potential master franchises are not able to understand and communicate English language, and only use their mother tongue to communicate, this can be a barrier when it comes to business expansion into that specific country. Moreover, the participants also described the needs to hire local professional translators to ease the work of translation of franchising agreement document and other documents that were originally written in English. This is because the franchisors need to be more careful with each term and word translated into the native language to avoid any misunderstanding. Therefore, next proposition is proposed:

P2: The higher the language barrier in a specific country, the lower the possibility of franchisors to expand their operations into the country

Theme 3: Cultural Differences

Then, most participants highlighted that cultural differences as a barrier for many Malaysian home-grown franchisors when they expand their businesses into the international market. Furthermore, the participants consistently stressed that as franchisors or owners, it is prominent to know and understand the culture of the market of the country they try to expand. In addition, cultural differences can determine whether the business can survive or not. Moreover, if the products or services that franchisors offer for the international market do not have value or meet the country's market, hence, customer's acceptance will be affected. Therefore, it is vital to have a deep understanding about the culture issues and community in that particular country for international business expansion. During the interview session, some participants mentioned that:

Every country we go to has a different culture ... there are countries that do not practice the culture of learning after class…no extra class … this culture is not similar with our country where majority Malaysians will send children to go program arrangement and so on ...

Participant 2 (P2)

[.....] ...cultural differences for every country in the world can be a hindrance ... for example when our brand wants to expand our franchise business there, we need to take time to research and understand the culture and practices of the local business as well as the local community.

Participant 1 (P1)

On the other hand, the participants explained that the franchisors appointed the master franchisee in international market where they are the citizen of that particular country. As such, master franchisees have better understanding about the business culture, customer culture and business practice of the market, since they have conducted the research and observed the market before making the decision to open a Malaysian franchise brand in their country. This strategy was created by the franchisor to help them go further in the international market. Therefore, it is proposed that:

P3: Higher culture difference in a specific country is negatively associated with the franchisor expansion into that country.

Theme 4: Higher Cost and Financial

In the final discussion with the participants, they agreed that financial stability is one of the main considerations for home-grown franchisors when they decide to expand their businesses into international market. Furthermore, the participants described that financial strength depends on franchisors, since the cost of international market penetration is high, since both franchisors and master franchisees need to bear the cost of buying or renting the building, renovating the outlet, applying business permit, and inventory setup. In education and learning center, the cost of renovation and inventory setup is quite high, as they depend on the cost of equipment provided by the supplier. For example, the participants commented that:

[...]...So that's why if you want to go international market, you have to know your supply chain what…because without the supply chain, your cost of operations...business operations will be very high.

Participant 1 (P1)

[...]...the cost is high in opening kindergarten... and then you have to get a commitment, capital. Capital is a sign of commitment ...you don't put capital means you are not committed to be our partner...

Participant 3 (P3)

On the other hand, the participants also elaborated that high cost in advertising and marketing were also a barrier. For some countries that they entered, investments were required to make new advertising strategy due to cultural difference. Therefore, franchisors put efforts to design new advertisements to boost up the marketing strategy.

Hence, a huge investment needs to be done, to conduct market research before penetrating the international market. Hence, next proposition is recommended:

P4: High cost and financial distress are associated negatively with the expansion of franchisors into international market.

DISCUSSION

The findings from this study showed that most participants agreed about the difficulties to penetrate internationally. Home-grown franchisors need to face the barriers of laws and regulations, language differences and cultural differences. Additionally, they also need to bear high costs for some circumstances. The barriers raised by the participants in this study could have some influences on the development of Malaysian franchising industry into international market and help home-grown franchisor to face less obstacles to penetrate other countries. At the same time, it is important for home-grown franchisors to overcome these barriers since they will impact the growth of franchising. According to a past study conducted by Alon, Alpeza and Erceg (2010) in Croatian market, they identified main obstacle of international franchising development was the legal regulations related with franchising. Furthermore, the franchising precise law guarantees the legitimacy and transparency of franchise documents prepared by franchisors and the trustworthiness in franchising process (Bekhouche & Kahlessenane, 2018).

On the other hand, there are some sets of barriers to the implicit knowledge transfer which are the maturity of the relationship, communication, competition, confidence and the existing culture (Cumberland & Githens, 2012). As stated by Sanfelix (2018), the parties must learn from each other and they must have shared goals to develop a single business idea, reduce local competitiveness, and the franchisor must create a culture of promoting and sharing the information with franchisees. Indeed, language management consequences give direct impacts on businesses. All international companies need to overcome language barriers and communication weaknesses (Grzeszczyk, 2015). An additional to language, a share of socio-cultural barrier confronted by entrepreneurs can change social approaches (Barkema & Vermeulen, 1997; Child & Hsieh, 2014). Likewise, Hussain, Moritz and Windsperger (2012) proved that transactions of franchisees' investments at the early stage of the contract period have a strong bonding effect, whereby franchises that operate with mini chains with multi-units will self-increase the contract enforcement, and later utilize the multi-unit franchisees. Another empirical study by Mumdziev and Windsperger (2013) found that the presence of trust in the Transaction Cost model explains the allocation of decisional rights in franchising where it moderates the franchisor's propensity to delegate their decision rights to franchisees. Past study by Welsh, Davis, Desplaces and Falbe (2012) claimed that RBV provides a useful framework in determining the difference between franchising, existing independent business and new independent business from the form of the resources and human capital as a part of business form. Other study by Ghantous and Das (2018) highlighted that franchisors consider their international, performance indicators through the RBV views, and how age-at-entry moderates the impact of franchisor resources and capabilities on international performance. Vahlne, and Johanson (2013) in their past study claimed the truthful assumptions of the Uppsala model indicated that it is applicable for understanding the dynamics of management and strategy of multinational business enterprise.

LIMITATION AND CONCLUSION

Since this study adopted qualitative methodology instead of statistical analysis, generalization may not be appealed Finfgeld-Connett (2010). However, there are a few limitations namely the sole focus on education and learning centre industry, which could not produce considerable results on the issues of barriers faced by other types of franchisors in different industries who attempt to penetrate international market. Next, the sample case for this study was small, and could dent the findings. Finally, due to the nature of the case study, generalizations cannot be made with the other industries unrelated to Malaysian franchising market. Therefore, other similar studies need to be carried out on other categories of franchise businesses by using other methods. It is recommended to study the Malaysian education and learning centre franchising systems. This study shows the underlying barriers encountered by Malaysian home-grown franchisors when they expanded their businesses into international market. As a conclusion, this study shows that the laws and regulations, languages barriers, cultures differences and high financial costs as the barriers for Malaysian franchisor to penetrate the international market. This study also contributes to existing literature of international franchising and recommended several propositions to be investigated in future franchising research. Resources Based View and Uppsala model are focussing and confirming that knowledge resource is important as stated by both theories. Specifically, knowledge of a country laws and regulations, understanding language barriers and how to overcome that, understanding cultural differences and how it relates to the consider market. Financial resources are also important as mentioned by both theories as franchisor needs higher financial capital to cover cost of business start-up. In the context of international franchising, evidence show the master franchising mode employed by most of Malaysian home-grown franchisor, not direct franchising or wholly-owned subsidiary. This is done due to high cost involve in other two modes and master franchising is the most available option for Malaysian home-grown franchisors.

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