

# EVALUATION OF THE EFFECTS OF FRANCHISING ASSOCIATIONS ON FRANCHISING DECISIONS OF COMPANIES IN TURKEY

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## ***ABSTRACT***

In the study, it is examined the effect of International Franchising Association (UFRAD) on the decision making process of franchisee companies. A survey has been carried out on franchisee companies, after the survey interview, results are discussed and presented. Franchising offers a useful way to entrepreneurs to start a new business. Operating franchising, franchisor has a trademark and the franchisee sells products under the name of the franchisers areas of advertising, training, management and the benefit as a whole package of 1litera discounts. To be successful at work without experience in training people and work for managing continuous assistance Franchising is the best approach because it is a form of giving a license from the elements.

**Keywords:** *franchising, franchising decisions, franchising associations*

## **INTRODUCTION**

In this study, the expanding application of entrepreneurship in franchising are discussed. The academic results of the studies about franchising practices, their brands and subsequently the extended growth of the company suggests that it is of great importance for the development of entrepreneurship. In the theoretical part of the study the concept and principles of franchising, the history of franchising in Turkey and the world and the development of franchising, types and definitions, underlying principles and elements of the franchising system, basic principles of franchising, franchising system, the franchisor and the franchisee in terms of benefits and drawbacks, risks and emerging issues of franchise applications, the factors that lead to success or failure in the application of franchising from a legal perspective franchising system in Turkey Franchising and contract incentives to prevent the effective functioning of Turkey's entry into the franchising system in the decision, the economic size of franchising, the franchisee is made according to the principle of voluntariness and face-to-face with the survey participants. Input to decisions on the effect of

franchising system in Turkey with franchise businesses financial association of the survey were studied.

The purpose of the study is to obtain general information regarding the applications of the franchising system which is developing rapidly by franchisees; to determine whether franchisees are aware of their identities; to determine the difficulties to buy a franchise; to determine how the contract terms are set; to determine how to choose a franchisee; to determine what kinds of help are provided by franchisors; to determine whether franchisees feel independent; to determine the expectations of the franchisees from the master franchisors before signing the contract and whether those expectations were met.

Data collection method was used in the research. The data collected through survey were questionnaires and analyzed in SPSS program. Percentage distribution and building cross correlation techniques were used in the data analysis.

The study endeavored to identify the applications of franchising system in Turkey. The survey group included the members of UFRAD Franchising Association, both franchisors and franchisees. Franchisors were interviewed by phone and those who accepted to participate in the survey were given the information of franchisees they work with.

A total of 150 franchisees' email addresses were obtained. The questionnaire which consists of 34 questions has been prepared after a literature review and taking into consideration of the previous researches. Survey questionnaire is included in Appendix 1.

The questionnaire was tested on 140 franchisees of 15 UFRAD Franchising Association members from different sectors. After necessary adjustments were made to the questionnaire, it was sent via email to 140 franchisees. The surveys sent indicated the aim of the research questions and indicated that the identity of the respondents would remain anonymous and the participants were encouraged to take the survey and the responses were evaluated.

## **LITERATURE REVIEW**

The economy with business globalization and the rise of action due to intensified competitive pressure companies give to business and management systems requires constant re-orientation of spending and reviews of marketing strategies. In this sense, this is the most suitable methods for the growth of the franchising business.

The word “franchising” comes from French “Franchise” and it is a “contractual form of business under which one firm purchases the right to use a brand name and operating system of another” (Shane & Hoy, 1996). As Martin (1988) mentioned “franchising is an important and controversial form of vertical integration”. A franchising agreement is a continuum based on trade relations between two parties. As Cebeci (2005) mentioned “franchising is a two-way merger”.

Franchising a product or business service to a party's management or organization to related information and support know-how to provide the party ideas of business affairs for a long-term nature of the business given Franchisor to carry out work for a period of time and within the restrictions and the whole continuous business relationship.

Generally, the company, one's own system, or the name that is well known and recognized by its products or services, contacts the necessary authorities then an agreement by the businesses or given marketing authorization, as long as it is depending on a specific employment contract brought forward by complying with standards to engage in a collaboration use and marketing activities in return for payment to understand as to be understood (Öztürk, 2006).

Franchisee; the direct or indirect financial consideration in exchange for the Franchisor's trade name / mark, know-how, business vision and technical methods, systems and brand specific sales-service points and / or of independent investors who applied taking to deal with the rights to.

Franchisor, and the founder of the franchise system itself consists of individual franchisees and the long-term protection. Franchisor, as the system itself who might, just might be someone else have the authority to sell the franchise rights. Franchise-operated with the same system in their business or businesses that may or may not be.

Franchise (or franchising), is a system or owner of a brand, within certain terms and limits, By providing business management and ongoing discipline and support to the organization, with a certain price, the link between investors and independent system of usage-based brand is a long-term and steady business relationship (Dermut, 2002).

Researches on franchising are usually about resource scarcity, agency theory, and plural form symbiosis-to answer questions about why, where, and how often firms use franchising (Combs, Michael, & Castrogiovanni, 2004).

Franchising theory has a wide area of research and leading study areas and studies can be seen in Table 1:

**Table 1. Literature Review on Franchising Theory**

Studies on Franchising Theory	(e.g. Combs, Michael, & Castrogiovanni, 2004; Dant, Grönhagen, & Windsperger, 2011; Elango & Fried, 1997; Inma, 2005; Lafontaine, 1992; Madanoglu, Lee, & Castrogiovanni, 2011; Martin, 1988; Salar & Salar, 2014; Tracey & Jarvis, 2007; Yorke, 1993; Anwar, 2011; Dant et al., 2011; De Castro, Mota, & Marnoto, 2009)
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Major characteristics of the franchise system is listed below (Yüksel, 2004):

- Franchising is a system based on: a franchisor (or franchise) integrated to contract under a particular brand of product or service offered by a business model. This is often based on its own builded again that the franchisee creates opportunities by distribution.
- During the implamentation of the franchising system the franchise receiver companies are given control over an are of the company and are able to authorise activities. The franchisor in the franchise areas of the system's operation process has control over the company, according to standards and methods defined by the name of the concession agreement stemming from the necessity to transmit.
- Franchising, is the establishment of the business for franchise firms, the preparation of organizational and management models, the implementation of marketing activities, training of staff and others will be evaluated in this context, operating on a feature activities with that obligation to be that the help and support for handling travelers

International franchising is also a good area of research. Many studies on international franchising can be found in the literature ( e.g. Hoffman & Preble, 2004; Quinn & Alexander, 2002; Sashi & Karuppur, 2002; Wulff, 2005). In his study Alon (2006) researched global service franchising. Asarpota (2014)'s study examined operational issues in global franchising. Baena (2009) studied international franchising in emerging markets.

Franchising system has some advantages and disadvantages for franchisor and franchisee (Knight, 1986). Salar & Salar (2014) examined these advantages and disadvantages by using SWOT analysis in their study. The people who gain too many people in the franchise system and has a chance to benefit. Both sides equally affect and improves the reduction of investment in terms of people that this system, fast cash inflows, steady income, quickly spread over the effective

management of reach profit from the market, increased advertising strength, increasing brand recognition, greater purchasing power, better places. There, negotiated businesses, effective distribution, fast collection, the information market benefits including the ability to stream and control would be concerned. Franchise systems, undoubtedly became so widely spread because it is a useful practice for both the franchise taker and the franchise provider (Ulaş, 1999).

The franchisor already owns a successful, profitable and accepted brand and business. If the owners wishes they can expand this brand by opening branches, or they can force all customers to come to them. They are free to evaluate which strategy will be more advantageous and decide on a course of action.

Firms can achieve a competitive advantage in today's increasingly competitive business environment, it is possible to provide a high level of consumer satisfaction. Comparing the greatest benefit of the system is the system independence on all operations from the manufacturer to the consumer in the distribution channel, which is systematise.

In addition, vertically integrated systems reduces costs by reducing the numbers of intermediaries in the channel and increases the coordination of activities, reduce storage and other costs. Studies in the literature show that it provides great advantages over independent retailers in the retail trade of the franchise system (Doherty & Quinn, 1999; Doherty, 2009).

When we look at the functioning of the system in our country, we can see that franchise business primarily stands out from the manufacturer. Sales Channels of distribution networks based on a uniform signs is transforming into a franchise system with similar makeup and showcase as decoration. Their decisive hand "product brand" are used and expressed in these chain stores and sold a hundred times if it is possible to see the transforming of a real franchise system.

From apparel to the woodwork on this issue, from fast food to white goods, automotive, etc. It is possible to give many examples from different industries (Öğdüm, 1994).

The delights of our local brand, we look at the services and prices possible to ensure that we provide customers satisfaction. However, it can fall short of organizing and managing of foreigners. The majority if one day fall could spread to the world the brand is not put into practice. Another characteristic feature of our country is that it creates unfair competition practices in the business of providing adequate supervision by the state's small producers and

service. Few outsiders enter the cheapness usually half the company's standards and care provided to our consumer brands and quality is far below the developed countries (Ulaş, 1999).

Experts agree that Turkey will continue its growth in the franchise market in 2014. Dealership market and retail sector in Turkey will continue to grow rapidly. Foreign Mansel future new investors. It will open branches in the domestic as well as overseas as domestic chains. The number of national markets brand will increase in Anatolia.

UFRAD (International Franchise Association) data, there is 876 chain stores in Turkey. 24% of them foreign, 74% of Turkish origin brands. They belong to 50 thousand branches around the franchise or the franchise system is growing. There franchisor 471 thousand companies in Turkey. The percentage of chains 78%. Only the chains themselves opening their own branches operating rate of 22%. Not so until five years from now the number of franchise companies that ranged from 400-500. Even these figures only show tremendous growth in the franchise market. The annual volume of the market consisting of the representatives of these brands have reached \$ 35 billion.

Three topics as the dynamo of the rapid growth in the franchise market in 2014 burgulany. Shopping center (AVM), increasing the number, the rapid development of socialization and culture of eating and drinking out. According to experts, increasing urbanization and the impact of the shopping center to be opened in the franchise market will grow in 2014.

Food and drink industry sector is without doubt the most remarkable in the franchise market. Companies operating in this area are opening branches one after the other.

## **FRANCHISING ASSOCIATIONS**

The World Franchise Council (WFC) is a non- political organization of more than 40 national franchise associations from around the World.

Formed in 1994, it aims to promote the growth of franchising internationally and to facilitate best practice in franchise association management among its members.

It also aims to foster and encourage the development of franchising associations in nations where such an association does not currently exist. (<http://www.worldfranchisecouncil.net/>)

**Table 2.** The World Franchise Council Country Members

Argentina	Australia	Austria	Belgium	Brazil	Britain
Canada	China	Croatia	Czech	Denmark	Ecuador
Egypt	Finland	France	Germany	Greece	Guatemala
Hong Kong	Hungary	India	Indonesia	Italy	Japan
Korea	Lebanon	Malaysia	Mexico	Morocco	Netherlands
New Zealand	Philippines	Poland	Portugal	Russia	Singapore
Slovenia	South Africa	Sweden	Switzerland	Taiwan	Turkey
USA	Venezuela				

Turkish Franchise Association-UFRAD is the first and only representative of franchising sector in our country. Established in 1991, UFRAD-Turkish Franchising Association's main purpose is to enhance trust relations in the franchising system while improving and enlarging the sector. Today, as one of the oldest and strongest franchising associations in the world, UFRAD has more than 100 internationally recognized firms under its roof.

Their other important contributions to the national economy is increasing the management quality levels of production, increasing the demand for quality products, and creating employment opportunities.

## **METHODOLOGY AND HYPOTHESES**

In this study a survey has been conducted in order to collect data in a reliable way and to conduct statistical analysis to UFRAD member franchisors. Literature review is conducted to develop the survey questionnaire and to determine motivating factors.

Motivating factors of franchisees to purchase franchises were organized using five-level Likert item. Survey items were organized on a fundamental factors level in order to obtain actual thoughts of the participants who are the members of UFRAD. Questionnaire was distributed to 15 franchisors, all UFRAD members, and their franchisees, all entrepreneurs, a total of 140 individuals via email, phone and one on one basis and answers were obtained. Before the survey was conducted, an extensive information was given to the participants.

The research conducted was aimed at UFRAD Franchising Association members. The survey provided the members of UFRAD, franchisors and their franchisees, to develop in sociocultural aspects and pertain franchising. Franchisors and their franchisees in Turkey were determined through UFRAD Franchising Association's catalogs and brochures. The main population of the research is made up of franchisors and their franchisees.

The main purpose of the research is to determine and study the factors motivating franchisees to purchase a franchise and make suggestions to franchisors in order for them to succeed. Theoretically there are many factors that motivate franchisees to do business in franchising system. Whether the factors that motivate the businesses within the same field are the same was one of the subject studied in this research.

The answer to the following question was researched during the study:

*“Do benefits received by UFRAD members in different sectors differ?”*

The following hypotheses were created in line with the research question determined during thesis study:

H<sub>1</sub>: Benefits gained by UFRAD members in food industry differ from members in different sectors.

*H<sub>1.1</sub>: Benefits gained by UFRAD members in food industry differ in terms of education from the members in different sectors.*

*H<sub>1.2</sub>: Benefits gained by UFRAD members in food industry differ in terms of adaptation from the members in different sectors.*

*H<sub>1.3</sub>: Benefits gained by UFRAD members in food industry differ in terms of profitability from the members in different sectors.*

*H<sub>1.4</sub>: Benefits gained by UFRAD members in food industry differ in terms of location and order from the members in different sectors.*

H<sub>2</sub>: Benefits gained by UFRAD members in retail industry differ from members in different sectors.

*H<sub>2.1</sub>: Benefits gained by UFRAD members in retail industry differ in terms of education from the members in different sectors.*

*H<sub>2.2</sub>: Benefits gained by UFRAD members in retail industry differ in terms of adaptation from the members in different sectors.*

*H<sub>2.3</sub>: Benefits gained by UFRAD members in retail industry differ in terms of profitability from the members in different sectors.*

*H<sub>2.4</sub>: Benefits gained by UFRAD members in retail industry differ in terms of location and order from the members in different sectors.*

H<sub>3</sub>: Benefits gained by UFRAD members in service industry differ from members in different sectors.

*H<sub>3.1</sub>: Benefits gained by UFRAD members in service industry differ in terms of education from the members in different sectors.*

*H<sub>3.2</sub>: Benefits gained by UFRAD members in service industry differ in terms of adaptation from the members in different sectors.*

*H<sub>3.3</sub>: Benefits gained by UFRAD members in service industry differ in terms of profitability from the members in different sectors.*

*H<sub>3.4</sub>: Benefits gained by UFRAD members in service industry differ in terms of location and order from the members in different sectors.*

**RESEARCH FINDINGS**

SPSS 22.0 statistical program was used to evaluate the data collected. Descriptive statistics module of the program was used to demographics of the participants and the determination of their participation on Likert items. After descriptive analysis, reliability analysis, factor analysis and one-way analysis of variance (ANOVA), to determine whether there are differences between the means of two or more independent variables analysis, were applied in the study. The answers to the survey by UFRAD members, both franchisors and franchisees, were entered into SPSS 22.0. Motivating factors variables were combined in SPSS under ‘motivating factors.’ Demographics of the participants are as follows.

**Table 3. Gender**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	134	95.7	95.7	95.7
	Female	6	4.3	4.3	100.0
	Total	140	100.0	100.0	

Participants who accepted to participate in the research are 95.7% (134 individuals) male and 4.3 (6 individuals) female.

**Table 4. Age**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	30-39	50	35.7	35.7	35.7
	40-49	65	46.4	46.4	82.1
	50-59	25	17.9	17.9	100.0
	Total	140	100.0	100.0	

50 of the participants, who are franchisees, are between the ages of 30-39, 65 participants are between 40-49, and 25 participants are between 50-59. There are no participants under the age of 20.

**Table 5. Education**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Associates	55	39.3	39.3	39.3
	Bachelors	65	53.6	53.6	92.9
	Masters	10	7.1	7.1	100.0
	Total	140	100.0	100.0	

65 franchisees who participated in the research have bachelor’s degree, 55 participants have associates degree and 10 have master’s degree.

**Table 6. Positions**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Owner of Business or Directors	45	32.1	32.1	32.1
	General Manager	80	57.1	57.1	89.3
	Restaurant Managers and Others	15	10.7	10.7	100.0
	Total	140	100.0	100.0	

80 franchisees who participated in the research are general managers, 45 participants are owners of the businesses or directors and 15 are restaurant managers. Majority of the participants are composed of business owners and directors and general managers.

**Table 7. Type**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	International Brands	110	78.6	78.6	78.6
	National Brands	30	21.4	21.4	100.0
	Total	140	100.0	100.0	

110 participants who accepted to participate in the research have international brands and 30 have national brands.

**Table 8. Number of Employees Participants Employ**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	3 Person	1	.7	.7	.7
	4 Person	6	4.3	4.3	5.0

5 Person	31	22.1	22.1	27.1
6 Person	14	10.0	10.0	37.1
7 Person	16	11.4	11.4	48.6
8 Person	22	15.7	15.7	64.3
9 Person	37	26.4	26.4	90.7
10 Person	5	3.6	3.6	94.3
11 Person	5	3.6	3.6	97.9
12 Person	1	.7	.7	98.6
13 Person	1	.7	.7	99.3
14 Person	1	.7	.7	100.0
Total	140	100.0	100.0	

Participants who accepted to participate in the research have given the following information about the number of employees they have: 1 company has 3 employees, 6 companies have 4 employees, 31 companies have 5 employees, 14 companies have 6 employees, 16 companies have 7 employees, 22 companies have 8 employees, 37 companies have 9 employees, 5 companies have 10 employees, 5 companies have 11 employees, 1 company has 12 employees, 1 company has 13 employees, 1 company has 14 employees. This clearly indicates that all the companies surveyed are Small and Medium Sized Enterprises. Cronbach's Alpha computed through internal consistency analysis has the following values: First item has the Cronbach's Alpha coefficient of 0.722, second item 0.906, third item 0.899 and fourth item 0.822 and for the four items is 0.928, suggesting that the items have relatively high internal consistency and the survey has a high level of reliability.

**Table 9.** Reliability Analysis Results

Variance	Cronbach's Alpha	N of Items
Education	.722	9
Adaptability	.906	5
Profitability	.899	8
Location and Order	.822	3
Toplam	.928	25

Survey questionnaire has 9 questions to scale the benefits gained from UFRAD in the field of education, 8 questions to scale profitability, 5 questions to scale adaptability and 3 questions to scale the benefits gained in location and order. Factor analysis applied through SPSS 22. Results can be found in Table 8.

**Table 10.** Results of the Factor Analysis

Factors	Factor Loading	Values of the Variations	Reliability Values	KMO ve Barlett's Test
Education				
E1	0.907	81.420	0.722	

E5	0.887			Kaiser-Meyer-Olkin (KMO) :0.950  Barlett:  Ort.Kikare: 50683.772 df:66 sig.: .000
E6	0.871			
E7	0.852			
E9	0.847			
E10	0.875			
E11	0.845			
E12	0.852			
E13	0.711			
Adaptability				
A14	0.828	88.763	0.906	
A16	0.827			
A17	0.833			
A20	0.820			
A25	0.800			
Profitability				
P8	0.859	82.654	0.899	
P15	0.862			
P18	0.867			
P19	0.876			
P21	0.859			
P22	0.846			
P23	0.843			
P24	0.834			
Location and Order				
LO2	0.873	84.227	0.822	
LO3	0.892			
LO4	0.874			

Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy to assess the adequacy of their correlation matrices for factor analysis. KMO value on Table 8 is 0.950. KMO values higher than 0.8 indicate the data is appropriate for factor analysis. Factor analysis reveals that factors are weighted on four different groups.

Welch Test is used to test homogeneity of variance in one-way analysis of variance (ANOVA) analysis and variances are tested to be homogeneous. Post hoc tests whether we have an overall difference between our groups and which specific groups differ. One of the post hoc tests is Scheffe test if data meet the assumption of homogeneity of variances. At the following table, participants' positive attitude towards advertising can be found and variables used in the study are important for each of the differences in cross-sectors.

**Table 11.** The Results of ANOVA Analysis

		Sum of Squares	df	Mean Square	F	Sig.
Location and Order Average	Between Groups	4.822	2	2.411	13.512	.000
	Within Groups	24.444	137	.178		
	Total	29.266	139			
Education Average	Between Groups	3.403	2	1.702	24.634	.000
	Within Groups	9.463	137	.069		
	Total	12.866	139			
Adaptability Average	Between Groups	28.587	2	14.293	133.761	.000
	Within Groups	14.639	137	.107		
	Total	43.226	139			
Profitability Average	Between Groups	37.379	2	18.690	164.204	.000
	Within Groups	15.593	137	.114		
	Total	52.973	139			

The following table shows the findings and comparisons of both Scheffe test when the variations are homogeneous and Tamhane test when the variations are not homogeneous. Scheffe post hoc pairwise comparisons are used when there is a difference between more than two groups' means. Scheffe is the most used multiple comparison test after F test. Scheffe test is used to compare all possible linear combinations.

The method is the most conservative because it keeps the error rate  $\alpha$  under control, and the most flexible post hoc procedure and it doesn't take into account the hypothesis that observation numbers are equal. In analysis table, sectors are grouped under (1) Food, (2) Retail and (3) Service.

**Table 12.** Multiple Comparisons

Dependent Variable		(I) V1	(J) V1	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
							Lower Bound	Upper Bound
Location and Order Averages	Scheffe	1	2	-.42429*	.08706	.000	-.6398	-.2088
			3	-.29466*	.08706	.004	-.5101	-.0792
		2	1	.42429*	.08706	.000	.2088	.6398
			3	.12963	.09956	.431	-.1168	.3760
		3	1	.29466*	.08706	.004	.0792	.5101
			2	-.12963	.09956	.431	-.3760	.1168
	Tamhane	1	2	-.42429*	.09048	.000	-.6451	-.2035
			3	-.29466*	.07773	.001	-.4836	-.1057
		2	1	.42429*	.09048	.000	.2035	.6451
			3	.12963	.08848	.381	-.0872	.3465
		3	1	.29466*	.07773	.001	.1057	.4836
			2	-.12963	.08848	.381	-.3465	.0872
Education Average	Scheffe	1	2	-.27977*	.05417	.000	-.4138	-.1457
			3	-.33842*	.05417	.000	-.4725	-.2044
		2	1	.27977*	.05417	.000	.1457	.4138
			3	-.05864	.06195	.640	-.2119	.0947
		3	1	.33842*	.05417	.000	.2044	.4725
			2	.05864	.06195	.640	-.0947	.2119
	Tamhane	1	2	-.27977*	.04623	.000	-.3928	-.1668
			3	-.33842*	.04539	.000	-.4495	-.2273
		2	1	.27977*	.04623	.000	.1668	.3928
			3	-.05864*	.00983	.000	-.0831	-.0342
		3	1	.33842*	.04539	.000	.2273	.4495
			2	.05864*	.00983	.000	.0342	.0831

**Table 13.** Multiple Comparisons

Dependent Variable		(I) V1	(J) V1	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
							Lower Bound	Upper Bound
Adaptability Average	Scheffe	1	2	-.66961*	.06738	.000	-.8363	-.5029
			3	-1.05294*	.06738	.000	-1.2197	-.8862
		2	1	.66961*	.06738	.000	.5029	.8363

	Tamhane	3	3	-0.38333*	.07705	.000	-.5740	-.1927	
			3	1	1.05294*	.06738	.000	.8862	1.2197
			2	.38333*	.07705	.000	.1927	.5740	
		1	2	-0.66961*	.06547	.000	-.8286	-.5107	
			3	-1.05294*	.05294	.000	-	1.1826	-.9233
			2	1	.66961*	.06547	.000	.5107	.8286
	3	1	3	-0.38333*	.03852	.000	-.4799	-.2867	
			3	1	1.05294*	.05294	.000	.9233	1.1826
			2	.38333*	.03852	.000	.2867	.4799	
		2	1	1.00347*	.06954	.000	-	1.1756	-.8314
			3	-1.06250*	.06954	.000	-	1.2346	-.8904
			2	1	1.00347*	.06954	.000	.8314	1.1756
Profitability Average	Scheffe	1	3	-0.05903	.07952	.760	-.2558	.1378	
			3	1	1.06250*	.06954	.000	.8904	1.2346
			2	.05903	.07952	.760	-.1378	.2558	
		2	1	-1.00347*	.05919	.000	-	1.1482	-.8588
			3	-1.06250*	.05824	.000	-	1.2051	-.9199
			2	1	1.00347*	.05919	.000	.8588	1.1482
	Tamhane	1	3	-0.05903*	.01055	.000	-.0855	-.0326	
			3	1	1.06250*	.05824	.000	.9199	1.2051
			2	.05903*	.01055	.000	.0326	.0855	
		2	1	1.00347*	.05919	.000	.8588	1.1482	
			3	-0.05903*	.01055	.000	-.0855	-.0326	
			3	1	1.06250*	.05824	.000	.9199	1.2051
3	2	.05903*	.01055	.000	.0326	.0855			

The mean difference is significant at the 0.05 level.

The main purpose of the research is to analyze the variables of different sectors. Therefore, the differences in each sector for each variable are analyzed one by one.

**Table 14.** Analysis of the difference in Location and Settings

	V1	N	Subset for alpha = 0.05	
			1	2
Scheffe <sup>a,b</sup>	1 Food	68	3.7794	
	3 Service	36		4.0741
	2 Retail	36		4.2037
	Sig.		1.000	.369
<i>Means for groups in homogeneous subsets are displayed.</i>				
<i>a. Uses Harmonic Mean Sample Size = 42.698.</i>				
<i>b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.</i>				

Above table shows the differences between each sectors namely food, retail and service sectors in terms of benefits gained from UFRAD about location and settings. This result confirms H1.4. H2.4 and H3.4. weren't confirmed since there were no differences in retail and service sectors.

**Table 15. Adaptability Average**

	V1	N	Subset for alpha = 0.05		
			1	2	3
Scheffe <sup>a,b</sup>	1	68	3.9471		
	2	36		4.6167	
	3	36			5.0000
	Sig.		1.000	1.000	1.000
<i>Means for groups in homogeneous subsets are displayed.</i>					
<i>a. Uses Harmonic Mean Sample Size = 42.698.</i>					
<i>b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.</i>					

Above table shows the differences between each sectors namely food, retail and service sectors in terms of benefits gained from UFRAD about adaptability. This confirms H2.2 and H3.2.

**Table 16. Profitability Average**

	V1	N	Subset for alpha = 0.05	
			1	2
Scheffe <sup>a,b</sup>	1	68	3.8125	
	2	36		4.8160
	3	36		4.8750
	Sig.		1.000	.722
<i>Means for groups in homogeneous subsets are displayed.</i>				
<i>a. Uses Harmonic Mean Sample Size = 42.698.</i>				
<i>b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.</i>				

Above table shows the differences between each sectors namely food, retail and service sectors in terms of benefits gained from UFRAD about profitability. This confirms H1.3 and doesn't confirm H2.3. and H3.3.

**Tablo 17.** Education Average

	V1	N	Subset for alpha = 0.05	
			1	2
Scheffe <sup>a,b</sup>	1	68	4.4363	
	2	36		4.7160
	3	36		4.7747
	Sig.		1.000	.589
<i>Means for groups in homogeneous subsets are displayed.</i>				
<i>a. Uses Harmonic Mean Sample Size = 42.698.</i>				
<i>b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.</i>				

Above table shows the differences between each sectors namely food, retail and service sectors in terms of benefits gained from UFRAD. The reason for the difference is that franchisees get training from franchisors and UFRAD in order to establish their businesses and for self-improvements.

This appears still seen as the main variable in the franchise area of influence reflected on the contract on the structured training about the company that the franchise food industry as well as the siting variable. H1.1. is confirmed, H2.1. and H3.1. not verified.

## LIMITATIONS OF THE RESEARCH AND CONCLUSION

Franchising system has been spreading for the last twenty-three years in our country. Franchisors and franchisees have different approaches to franchise business and meet at a common denominator and collaborate. Another feature that makes the franchise system easier is based on the idea of doing business without risk.

Franchising system also offers competitive advantage such as promotional benefits and advantages and advertising. It also makes important contribution to the national economy and offers quality and affordable goods and services. Consumers also tend to move towards franchises with the expectation of quality and affordable goods and services.

From the entrepreneurs' point of view, factors moving franchisees towards franchising system are the factors that move them open their own businesses. In terms of the franchise business, the factors moving them towards opening businesses in national and international markets are the same factors that motivate them to become a member of UFRAD Franchising Association.

This Study was conducted to analyze the factors that motivates Franchisees, Franchisors to franchise system and to become a member of UFRAD Franchising Association. According to the literature review conducted, the factors are branding and promotion, publicity, making use of marketing methods, design features, service delivery quality, technology, advertising advantage, distribution advantage, competition, profit and profitability, support, system, friendly supply chains, elimination of establishment risks, national and international growth and development.

This result in today's global world that branding, advertisement are important competitive factors. Therefore, businesses and entrepreneurs in our country should carefully analyze those factors. As a result of this analysis policy makers should consider those factors and make policies on branding. Branding businesses increase their market share at home and abroad in the future hence add value to national economy.

As a result of the research, it is seen that food sector which is more institutionalized differ from other sectors in terms of location, education and profitability. The reason that adaptability differs for each sector can be seen at the results of the research.

As for it is known that this is the first study on emphasizing the importance of associations in franchising. As a result of this study, institutionalization that is seen in food sector is a necessity for other sectors. The research results can be used UFRAD to give right advisements in this regard. The research in question, has put a new perspective to franchising.

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