THE HIDDEN POWER OF FRANCHISING CURRICULUM: DELIVERING VALUE TO UNDERREPRESENTED GROUPS

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ABSTRACT

With the increasing and now outnumbering growth of female and minority college and university students, it is imperative to create a curriculum that provides a unique benefit to underrepresented groups and establish the long-term value of a traditional setting. One potential avenue that would do well not only with the more “standard” groups of students but benefit underrepresented groups is franchising. Data demonstrate that in the small business ownership realm, minorities and women are represented at a disproportionately higher rate, thanks to the assistance the franchise business format affords. This paper thus proposes a franchise class curriculum relying on a project-based learning format to incorporate interdisciplinary subjects, designed to boost student self-confidence and self-efficacy, while meeting the AACSB Assurance of Learning Standards.

Keywords: Franchising, Women and Minorities, New Curriculum, Underrepresented Groups, Experiential Learning, Project-Based Learning, Entrepreneurship Pedagogy.

INTRODUCTION

“What do we want our students to be?” is the question raised by the AACSB in its interpretation of the AACSB Assurance of Learning Standards. This question has even more merit today as throughout the country during the last decade, the types of students enrolled in higher education have gone through many changes. A student body that used to be dominated by white males is now dominated by females and increasingly minority populations. For the fall of 2017, females were the majority, with about 11.5 million attending colleges and universities compared to 8.9 million males (Institute of Education Sciences, 2018). Also, the enrollment of Hispanic and black students increased from 21.7 percent in 2000 to 36.6 percent in 2015 for Hispanics, and 30.5 percent to 34.9 percent for blacks for that same period (Institute of Education Sciences, 2018). With the expanding enrollment of female and minority students in higher education, colleges and universities are having to discover new ways to market to and satisfy this varied demographic to survive in the competitive education marketplace (Penaloza & Gilly, 1991). This task is proving to be challenging for many U.S. institutions who are not accessing and understanding the needs of the diverse market (Penaloza & Gilly, 1991). Institutions should work towards developing a multidisciplinary curriculum that specifically benefits not only female and minority students but also provide benefits to businesses and industry (Mikitka & Stampfl, 1994). In addressing their question, “What do we want our students to be”, AACSB offered this response: “the learning goals should express expectations
that reflect the expected depth and breadth of student knowledge and skills that are the sustainable foundations for life-long learning in support of their professional and personal development” (AACSB, 2013). To provide these fundamental goals to both gender-inclusive (Hult & Hasselback, 1998) and ethnicity-inclusive students, a suggested curriculum that focuses on developing student skills in franchising is one such recommendation.

BACKGROUND

Franchising

When examining the curriculum offered in American universities today, one area that begs attention and further development is entrepreneurial studies, specifically within a franchising context. Franchising is undeniably a major force in U.S. retailing, and one of the fastest growing forms of retailing in the world (Dant et al., 2013). Indeed, franchise establishments are one of the strongest economic institutions in the United States with continued growth in earnings and employment (IHS Economics, 2015). The IFA, in association with IHS Markit Economics, provides the following statistics in their 2018 Franchise Business Economic Outlook:

- The output of franchise establishments in nominal dollars in 2018 will increase by 6.2% to $757 billion, after having grown 5.6% in 2017.
- The number of franchise establishments in the United States will increase by 1.6% in 2017, and again, 1.9% in 2018, resulting in growth to 759,000.
- The number of employees in franchise establishments will increase by 3.7% in 2018 after having grown 3.1% in 2017.

Also, the gross domestic product (GDP) attributed to the franchise sector will increase by 6.1% to $451 billion in 2018. This growth in franchise GDP will exceed the growth of U.S. GDP in nominal dollars, which is projected at 4.7%. The franchise sector will contribute approximately 3% of U.S. GDP in nominal dollars (IHS Markit Economics, 2018). The relevance of franchise establishments to the growth of the U.S. economy, considering these statistics, can hardly be overstated.

With such an impact on the growth of the U.S. GDP and employment numbers, it is quite a mystery as to why this business format receives such little focus in the business curriculum still to this day. While franchising may receive brief mentions in introductory business courses, universities offering dedicated franchise-based courses are exceedingly few and far between. Internet searches on websites such as collegeboard.org revealed just three universities in which franchising is offered as a major.¹ The development of more classes dedicated solely to the purpose of educating students on the ins and outs of owning a business franchise is surely warranted.

Underrepresented Groups in Franchise Ownership

The above discussion highlights the potential for the general interest and need of the incorporation and development of more franchise curricula. However, the importance of

¹Search conducted on Dec. 6th, 2015 and showed Central Oregon Community College, OR, Hilbert College, NY, and Northwood University, MI.
proliferating franchise education goes deeper. In particular, women, minorities, and other underrepresented groups tend to gravitate toward the franchise business model in the proverbial “real world,” and educators should be prepared to offer these students an avenue of exposure in a classroom setting. Specifically, women have noted their goal is not simply to work for a corporation but to start and manage their own business (Stern, 1988), of which franchising would be a perfect fit. While the impetus for such a pull toward franchising reflects myriad reasons, we highlight a few with particularly salient influence (International Franchise Association, 1996).

Firstly, franchising comes with management training and networking opportunities scarcely afforded in other entrepreneurship avenues, an attribute especially valuable for minorities. Members of underrepresented groups who own their businesses are generally less likely to have prior managerial experience and lack an extensive business network (Kaufmann, 1999; Boden & Nucci, 2000). Secondly, financing opportunities come easier in franchise systems. Disturbingly, women own approximately 40% of small businesses in the US, yet receive a mere 5% of the equity capital and only 12% of the overall bank credit provided to small firms (Greene et al., 2001). Similar disparities exist between the black and “non-minority” groups (Bates, 2000). Franchising provides credibility to the entrepreneur otherwise unobtainable.

Next, an inherent but often ignored fact of small business ownership is that not only are white customers more resistant of patronizing establishments considered “ethnic,” but even minority groups shy away from such businesses at a disquieting rate (Dyer & Ross, 2000). The perceived safety from the brand name recognition of a franchise system helps underrepresented groups overcome this obstacle. Finally, and most directly related to the development of a franchising curriculum, underrepresented groups score lower on self-efficacy surveys, demonstrating a lack of self-confidence in independently operating a business. Franchising helps here as well, as an often-quoted mantra of the franchise system is, “be in business for yourself, not by yourself.”

**CURRICULUM BENEFITS**

This research proposes that a course curriculum dedicated specifically to the study of franchise business provides three essential benefits:

- **Benefit 1:** A franchising course is interdisciplinary, covering subjects such as marketing, management, economics, finance, and accounting—all functions that franchisers and franchisees encounter.
- **Benefit 2:** A franchising course positively impacts both minority and female students with additional education, providing greater support as they enter the field of business.
- **Benefit 3:** A franchising course positively enhances the creativity, self-confidence, and self-efficacy of students in their ability to manage their own business.

**Interdisciplinary Engagement**

Franchisees are involved with not only the operations required to sell the product/service, but also to manage employees, keep records, and improve customer relations (Berman & Evans, 2010). Entrepreneurial education is intended to prepare individuals to engage in the entrepreneurial process by increasing entrepreneurial competency successfully. This competency is composed of the “knowledge, skills, attitudes, values, and behavior that affect the willingness
and ability to perform a profession” (Middleton & Donnellon, 2014). While franchisees are provided the guidance and expertise of the franchisor in some of the business operations, the daily functions must be managed successfully by the franchisee, if the goal is to stay profitable and in business. Though some franchise firms offer franchisee training (e.g., McDonald’s Hamburger U.), having a formal, university-level exposure to and understanding of franchising would be hugely beneficial to individuals looking to step into an entrepreneurial retailing format.

Since franchising covers a multitude of business aspects, education curriculum for this format of retailing would benefit students by providing comprehensive coverage of the various subjects of marketing, management, economics, finance, and accounting. Ideally, a course on franchising could implement a real-life class simulation, where groups select franchises they wish to purchase, draw up contracts, and then “manage” day-to-day operations by writing reports, providing presentations, or simply answering questions in class as ways of addressing mock issues that are presented to them. Creating as realistic simulations as possible would allow for the students to have to engage the business skills throughout their college education without the usual use of lectures and test.

Minority and Female Employment Impact

Another key benefit of incorporating a franchise component into the curriculum for business majors would be the opportunity to target an audience of minorities and females. Franchising has been a business format that has resonated success in the demographics of minorities and women due to its characteristic methods of training, operational, and marketing support, which allows it to be viewed as an attractive alternative to the precariousness of independent self-employment. It has long been a key public policy goal in the United States to provide greater opportunity for women and minorities to participate in the economic mainstream. Franchising provides a unique opportunity for women and minorities to become self-employed in the retailing sector (Hunt, 1972; Hunt, 1978; Williams, 1999). Also, the service sector has traditionally been more supportive of female employees with more advancement opportunities in management and as entrepreneurs (Stern, 1988). In addition, according to data from the 2012 Characteristics of Business Owners (CBO) survey developed by the U.S. Department of Commerce, all minorities have a greater number of franchise establishments in relation to their total population (12.71%) as compared to all whites (11.93%).

Enhanced Interpersonal Student Development

A crucial skill that students need and businesses are demanding is creativity as this skill is rated as one of the most critical skills for leadership in the modern business environment (McIntyre et al., 2003). As such, a need for curriculum that improves creative skills is increasing, especially in areas of increasing openness to new ideas and accepting differing perspectives (McIntyre et al., 2003). By implementing the suggested franchise curriculum, students will be able to flex their creative muscles to make themselves more marketable for the business world. The variety in the knowledge skill sets used to creatively problem solve, within a franchising context, will enhance creativity skills.

In addition to creativity, one of the most critical characteristics associated with entrepreneurship and general business is self-efficacy, i.e., the perception of one's readiness to try something new and the expectation of success in that venture (Bird, 1989). Education helps
enhance these traits in a person. According to a study by Evans et al. (2014), participants exposed to interprofessional education (IPE) symposium reported feeling more confident from the training and were more likely to implement changes and innovations. Specifically, when education instills confidence, the students are more likely to respond positively and alter their behavior accordingly, including developing the drive to start their own businesses (Dyer & Gibb, 1994).

Indeed, women benefit greatly from the additional self-confidence and self-efficacy that a franchising course would provide in preparing for a future in business ownership. Generally, women score lower on entrepreneurial self-efficacy than men and are less confident in their ability to operate independently (Scherer et al., 1990). Because beliefs relating to self-efficacy are related to task choice (Betz & Hackett, 1981), it is expected that offering a franchise course that provides a stronger foundation of all the “core” business courses would work to offset this disparity for women. Aside from the benefits of increased self-confidence and self-efficacy, studies find that higher education, in general, has positive associations to formal entrepreneurship (i.e., legally registered firms) and suggest the fundamental need for education to enhance the mindset towards entrepreneurship (Jiménez et al., 2015). “Education provides entrepreneurs with cognitive skills to better evaluate and exploit entrepreneurial opportunities, increases the level of self-confidence and reduces perceived risk” (Jiménez et al., 2015).

**SUGGESTED CURRICULUM FORMAT**

Researchers have indicated the need for entrepreneurs to receive more training to assess correct business opportunities better. They speculate the training should “follow principles relevant to the acquisition of expertise. These involve, principally, total immersion in the domain of activity, and learning to improve performance through continued practice with appropriate feedback.” Furthermore, this type of training would involve detailed studies of specific industries of interest and “many experiential exercises involving accurate feedback that can increase the entrepreneur’s awareness” of the chance for success (Hogarth & Karelaia, 2012).

**Project-Based Learning**

Project-based learning involves placing students in an environment that stimulates the investigation of problems, challenges, or goals. Students engage in this process by seeking out issues and then working through those issues by designing plans of action, seeking team input, collecting and analyzing data, revising strategies, formulating conclusions, and communicating results (Blumenfeld et al., 1991). Key principles of project-based include selecting learning goals to develop a deeper understanding of the material, scaffolding learning techniques to provide more depth in the engagement process, continually assessing and revising as necessary, and encouraging all students to participate by emphasizing their group roles (Barron et al., 1998). Scaffolding, in particular, involves breaking tasks down for the students, while instilling strategies for developing problems solving techniques, then slowly releasing the responsibility to the student (Blumenfeld et al., 1991). This scaffolding process mirrors the model outlined in franchise systems, and thus, students can develop domain-specific knowledge and apply that knowledge to real-world problems.

In addition, project-based learning allows students to engage in a learning process that is both new and exciting to them with its realism to mimic real-world problems and scenarios. Students will rely on previous learning from various business classes and apply that knowledge...
to formulate strategies and refine solutions. Project-based learning builds “bridges between phenomena in the classroom and real-life experiences” (Blumenfeld et al., 1991) by requiring active, extended engagement of the student’s efforts over the term of the semester.

**Putting It All Together**

Considering these suggestions, and the evidence supporting the benefit of project-based learning programs, we propose a franchise curriculum that implements a project-based learning format as an ideal business course that is desperately needed in business schools today. Table 1 is an example of a possible franchising course syllabus that would seamlessly incorporate previous course experience while making the learning active and engaging:

- Establish student teams of 3 to 4 students (smaller numbers are preferred to encourage more student participation)
- Allow the teams to identify between five and ten personal goals that they would like to see accomplished in their selection of a franchise (e.g., offering an innovative product)
- Teams will need to identify which role each person is playing: franchise owner/manager, assistant manager, bookkeeper, full-time employee, part-time employee, and so forth. Also, the franchise may have to realize that many employees will have to perform multiple job duties, such as inventory control, buyer, merchandiser, marketer, and manager.
- Provide the teams with a set budget that they must utilize in selecting which franchise to purchase (e.g., liquidity of $750,000 and net worth of 1.5 million dollars)
- Students must select a franchise to purchase based on their personal and professional goals and financial budget
- Students can even develop job openings and interview/higher job candidates from some of the student pool in the classroom
- Throughout the course, provide the students with real-life cases that have occurred in their franchise, and have the students utilize class time to develop, analyze, and determine a solution. The following are ideas for potential real-life cases:
  - A flood/fire has occurred in the shop, analyze and implement a game plan for what to do next.
  - Large discrepancies have been discovered in inventory record keeping. Analyze a potential solution either through revision to procedures or selection of new software to rectify the problem.
  - The economy has taken a hit, and the business must decide how it will handle employee schedules. Will layoffs occur, or will the firm have to reduce employees to part-time?
- The franchisor has decided to cease covering the costs of product delivery to customers and has now put the responsibility onto the franchisees to select a logistics company to deliver the product directly to customers when sold from their stores. Evaluate and select a logistics firm that will meet your delivery needs while staying within a set budget. Require bookkeeping records be turned in (e.g., provide them accounting spreadsheets and budget-related issues that they must then process and submit). Records can include inventory, marketing budgets, payroll, future growth projects, and so forth.
- Require them to develop a new product that could seamlessly integrate into their product offerings and have them prepare a presentation as if they would propose this new product to the franchisor.
- Students can prepare a personal essay of what they learned from the project, as well as a team presentation of some of the highlights of their course experiences as franchisees.

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To develop more real-life scenarios, instructors are encouraged to survey the class before starting the project to generate ideas of what obstacles can occur in franchise settings.
It is important to note that as students work through the various real-life cases, they should be encouraged to reach out to companies to get potential quotes for products or services if that information is not readily publicly available. The act of reaching out to real companies will create a more realistic simulation of the franchising issues at hand, and help the students develop their interpersonal and professional communication skills. Table 1 is an example of a course syllabus that utilizes the recommendations described above.

<table>
<thead>
<tr>
<th>Assignment Name</th>
<th>Purpose</th>
<th>Timeframe Due/Grade</th>
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<tbody>
<tr>
<td>Franchise Organization, Mission, and Goals</td>
<td>In groups of 3 or 4 students, identify the franchise your group will be purchasing, the mission statement, five (5) franchise goals, and the roles assigned to each team member. Franchise xSelection: With a budget that includes $500,000 with liquidity of $750,000, and net worth of $1.5 million, select a Franchise that you can purchase that is within budget. (paragraph) Franchise Mission Statement: Detail the mission statement of your franchise. Explain why you selected this mission statement. (paragraph) Franchise goals: Identify 5 goals you have for your franchise, and explain why you have selected these as your goals. (Paragraph each goal). Roles: Identify who is servicing in what roles, team member may be duplicated: Franchise owner, Franchise manager, Assistant manager, Financial manager, Accounting manager, Full-time employee, Part-time employee.</td>
<td>Second week of the semester (5% of grade)</td>
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<tr>
<td>Job Posting</td>
<td>Job Posting (Franchise external document): Your team will need to create a job posting for the perfect candidate for a full and part-time position. Job Position Sheet (Franchise internal document): Your team will need to create a job position sheet that details the job duties, skill levels, and salary pay scale.</td>
<td>Fourth week of the semester (5% of grade)</td>
</tr>
<tr>
<td>Job Interviews</td>
<td>In class, we will perform job interviews. You will be required to bring your resume, and you will be randomly assigned to be interviewing for your franchise or interviewing for a position at another franchise. The intent of this activity is gain experience on both sides. Points will be awarded for participating in the role play process.</td>
<td>Sixth week of the semester (5% of grade)</td>
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<tr>
<td>Real-Life Case</td>
<td>Throughout the semester, your franchise group will be assigned various real-life cases that you are to work together on during the assigned time in class. You will need to submit your solutions to the real-life cases by the end of the day that they are assigned.</td>
<td>Due each week. (50% of grade)</td>
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<tr>
<td>Bookkeeping Records</td>
<td>Your team will need to submit the following financial records: Inventory sheets: Be sure to identify items on-hand, items on order, and shrinkage. Budget sheets for the following: Marketing, Human Resources, Payroll, future development.</td>
<td>Eighth or ninth week of the semester (5% of grade)</td>
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<tr>
<td>New Product Development Business Plan</td>
<td>Your team will develop a new product that can seamlessly be incorporated into your current product offerings. You want to create this product to better serve your customers. You also think this product may be successful at other franchises, so you want to create a mini-business plan to share this with the franchisor. You need to create the following items: Product description, Price point(s), Target Market, and Roll-out plan.</td>
<td>Second part of the semester (20% of grade)</td>
</tr>
<tr>
<td>Franchise Presentation</td>
<td>As a team, you will prepare and present a presentation highlighting the following key items: - The goals you intended to accomplish with your franchise - How you dealt with 3 real-life cases (you pick which 3 you want to discuss) - An overview of the new product that your franchise developed.</td>
<td>End of the semester (5% of grade)</td>
</tr>
<tr>
<td>Personal Essay</td>
<td>Individually, you will write a one page document that identifies what you learned throughout the semester with this franchise project.</td>
<td>End of the semester. (5% of grade)</td>
</tr>
</tbody>
</table>

Table 1
SAMPLE OF COURSE SYLLABUS

As indicated by Middleton & Donnellon (2014), few programs provide training for specifically engaging in the entrepreneurial process. Entrepreneurial learning helps create “(1) individuals (that) develop themselves personally and socially as entrepreneurs, (2) learn from
context, and (3) negotiate their enterprise to establish legitimacy” (Middleton & Donnellon, 2014, p. 170; Rae, 2005). The suggested franchising course curriculum will allow students to accomplish these three themes for entrepreneurial learning while strengthening their problem-solving skills (Rae, 2005). The suggested franchise curriculum will also incorporate the AACSB Assurance of Learning Standards for providing innovative learning that captures students’ attention. Finally, this course curriculum allows for personal and professional growth as these business students become better equipped for entrepreneurial challenges.

**CONCLUSION**

This paper heeds the call to develop entrepreneurship curriculum that not only accomplishes AACSB goals of student development in an engaging format but also provides comprehensive mastery over various business topics while boosting self-confidence and self-efficacy of all students. Providing students with a real-life business scenario of running a franchise seamlessly incorporates the major business subjects while refining their strategizing, analyzing, negotiating, and communication skills. These are skills that are essential for any career in business, not just franchising. Specifically, affording franchising courses provides an opportunity to expose underrepresented groups to avenues of small business ownership that they naturally gravitate towards in the marketplace. Additionally, utilizing a franchise as the focus of project-based learning allows for the attention of all students to be brought to this very popular and ever-growing business format. Students can gain great takeaways from this course curriculum that will resonate with them in boosting their confidence and self-efficacy as they embark on careers in business.

**REFERENCES**


