

The Impact of Franchise Education on Corporate Performance and CEO Competency

Jun-Young Lee*, Gi-Hwan Ryu**

**Department of Immersive Content Convergence, Graduate School of Kwangwoon University, Seoul, Korea*

***Professor, Department of Tourism and Food Industry, Graduate School of Smart Convergence, Kwangwoon University, Seoul, Korea*
E-mail : { l jy6959, allryu }@kw.ac.kr

Abstract

The purpose of this paper is to divide franchise education and restaurant education programs into three factors: educational content, educational techniques, and educational environment. After completing the franchise curriculum, we will identify what educational programs affect corporate performance and CEO's capabilities. A total of 99 copies were used as statistical analysis data by conducting a survey of those who completed the training from May 01 to May 15, 2023. The survey used the Likert 5-point scale, and for data analysis, hypothesis verification was conducted using frequency analysis, demographic analysis, and reliability analysis using SPSS23. As a result, it was confirmed that all three factors of franchise education are factors that affect performance and competency. Therefore, among franchise education programs, it is necessary to be faithful to the contents of education, use appropriate educational techniques, and prepare an educational environment well.

Keywords: *Franchise education, Restaurant education, Corporate performance, CEO's competence*

1. Introduction

The franchise industry is obligated to reduce the risk of the franchise business by providing various support to franchise owners at the same time as signing contracts due to the relationship between the franchise headquarters and franchisees. In addition, the efficient support of the franchise headquarters has a great impact on the growth and satisfaction of franchise operators [1]. The franchise headquarters' efficient support requires business support and systematic control for franchise management. The franchise headquarters' services include management guidance, product, interior, marketing, advertising, education, and promotion support [2]. In addition, such support from the franchise headquarters is an important factor for the performance inventory and satisfaction of franchise owners [3]. In particular, it can be said that education, one of the support factors of the franchise headquarters, requires continuous education to maintain initial education and franchisees. As the number of founders entering the franchise industry increases over time, the franchise headquarters should strive to become a brand that can survive in a changing

Manuscript Received: May. 8, 2023 / Revised: May. 12, 2023 / Accepted: May. 18, 2023

Corresponding Author: allryu@kw.ac.kr

Tel:*** - **** - **** Fax: +82-2-940-5443

Professor, Department of Tourism and Food Industry, Graduate School of Smart Convergence, Kwangwoon University, Seoul, Korea

environment by preparing systematic and practical education for prospective franchise owners even before its establishment. Franchise headquarters can be seen as growing by securing new franchise stores, but maintaining existing franchises is also an important factor. Therefore, in order to maintain and grow the franchise industry stably, performance measurements for education must be made along with systematic education [4]. Accordingly, the franchise headquarters provides overall education on store operation, cooking, and marketing, and the Franchise Industry Association is highly interested in franchise education to grow practical talents with theory and practice through industry-academic cooperation with universities. Looking at previous studies related to franchise education programs, as mentioned earlier, research that studies as one of the support components of the franchise headquarters or [5] only identifies the effectiveness of the education program is dominant.

Therefore, the purpose of this study is to examine which of the educational content, educational techniques, and educational environment factors among franchise education programs affect corporate performance and CEO's capabilities after completing franchise education.

2. Main subject

A franchise education program

Theoretical and practical training are required for franchise owners or employees to provide the same services and products to customers within the franchise system. Education for franchise owners should provide various and systematic education related to operating franchisees such as operation, product, personnel, operation, facilities, and finance. In particular, the franchise industry is highly dependent on human resources, so the education necessary for the franchise headquarters to develop the ability of franchise owners is very important. Even if the franchise headquarters develops excellent brands and products, education and training at the headquarters are important so that employees can accurately recognize and provide products and services developed by the franchise headquarters to consumers if the franchise owner or employee does not provide appropriate products and services to consumers. In addition, in the educational program, the instructor is the one that has the greatest influence on the students, and the results of the education may vary depending on the instructor's ability. As such, in franchise education, the content of education, educational techniques, and the professionalism of instructors are very important, but professionalism, which is the quality of education, should be considered together. The educational content, educational techniques, and educational environment of franchise education provided through franchise educational institutions that can cultivate practical talents that combine theory and practice in the franchise industry are used as independent variables.

1) Training contents

The contents of education should sufficiently reflect the needs of students to achieve the purpose of education. Education must be composed directly of job-related contents to meet the expectations for education. Therefore, it was considered that the inclusion of job-related content in the educational content affects corporate performance and the capabilities of the CEO. Recent studies have focused on educational attitudes such as knowledge and value experiences related to beliefs such as individual attitudes and values. It was said that the content of education, which is directly related to the purpose of education, can affect the values of individual students receiving education and can change the knowledge and attitude related to it.

2) Educational techniques

Educational techniques are intended to increase the educational effect by using various educational techniques in the process of delivering educational content. In corporate education, a mixed method is widely used because it can be used to make it easier for trainees receiving education to understand the contents of education, understand the role, and measure educational performance.

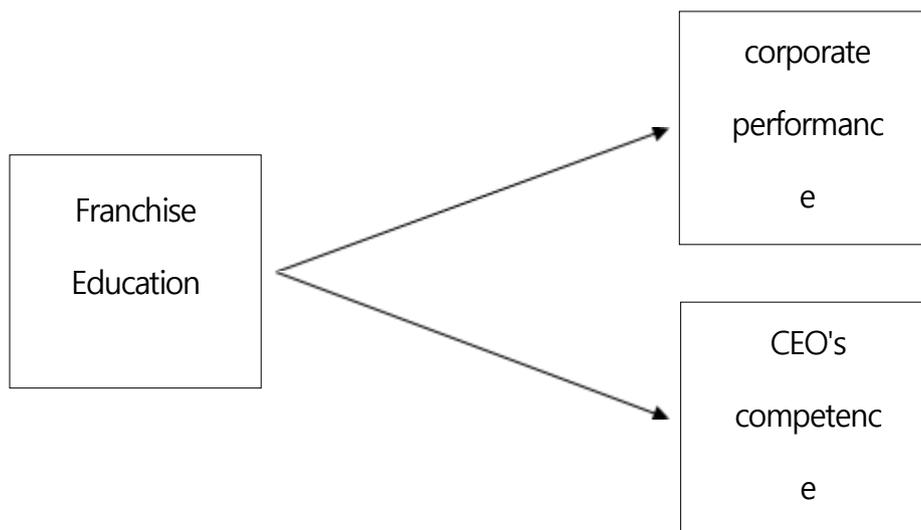
3) Educational environment

The educational environment should always be operated comfortably and conveniently for students taking education. I prepared the contents of the education and the method of education well. This is because if the educational environment of Handeul is a mess, it may not produce that much efficiency. Therefore, the quality of educational content and educational techniques is also important, but only when the place and educational environment for education are properly equipped can the students receiving education achieve maximum efficiency.

3. Method

In this study, we would like to verify the research model to examine how much education affects corporate performance and CEO capabilities after franchise owners or franchise industry workers complete franchise training. The sub-factors of the franchise education program that constitutes the research model were presented as educational content, educational techniques, and educational environment, and corporate performance and CEO's capabilities were presented as dependent variables. The research model to be proposed and verified in this study is shown in Figure 1.

Figure 1. Research model



1) Measure variables and organize questionnaires

In this study, restaurant start-up education was set as an independent variable, restaurant start-up as a dependent variable, and entrepreneurship as a parameter. In this section, we examine how a questionnaire for measurement for each research variable is organized to specify an operational definition based on the measurement of research variables in a theoretical background.

2) A franchise education program

The three educational characteristic factors related to franchise education programs are educational content, educational techniques, and educational environment. In this study, based on previous studies, the components of franchise education characteristics were divided into the educational content, educational techniques, and educational environment of teachers and instructors. Using the Likert 5-point scale, a total of 15 questions were measured, including 5 questions such as excellence and expertise of lecture techniques, 6 questions such as educational content, theory, and practical lecture content, and 4 questions of educational environment. The survey design is shown in Table 1 below.

Table 1. Survey design

Target	A person who has completed franchise training
Sample population	Trainees who have taken Franchise
Sampling method	Determination sampling method
Distribution of questionnaires	Total questionnaire: 100 (100%) Invalid questionnaire: 1 (1%) Important questionnaires used in the final analysis: 99 (99%)
Period of investigation	May 01. 2023 ~ May 15, 2023

3) Research Hypothesis

The purpose of this study is to find out how franchise education programs affect corporate performance and CEO capabilities. The research hypothesis established based on the expected causal relationship between these research variables is as follows.

Hypothesis 1: Franchise education programs will have a positive (+) effect on corporate performance.

Hypothesis 2: Franchise education programs will have a positive (+) effect on the capabilities of CEOs.

4. Empirical analysis

1) General characteristics of respondents

As a result of the frequency analysis, the gender of the respondents was 52.52% for women and 47 (47.47% for men), showing a high proportion of women. In terms of academic background, four-year college graduates accounted for the most with 45 (45.45%), followed by 32 (32.32%), 18 (18.18%), and 4 others (4.04%). As for the age, 33 people (33.33%) aged 41 to 50, 25 people (25.25%) aged 31 to 40, 17 people (17.17%) aged 51 to 60, 14 people (14.14%) under the age of 30, and 10 people (10.1%) aged 61 or older are completing franchise education programs.

2) Analyze Factors and Reliability

Factor analysis was conducted to examine the validity of the question items adopted to measure factor and reliability analysis research variables, and reliability analysis based on Cronbach's α value was conducted to confirm internal consistency. In performing factor analysis, if a specific questionnaire item has a factor load of 0.5 or less across two or more factors, the item was removed from the analysis without classifying it as a specific factor item. All four questions related to the franchise education techniques of teachers and instructors and six questions to investigate the contents of franchise education were adopted. On the other hand, 81.54% explain the concept of franchise education with three factors: educational techniques, educational content, and educational environment. In addition, the KMO value reported 0.903, indicating that the selection of variables for factor analysis was very good, and Bartlett's test value reported a significant level of 0.001 or less, so the factor analysis model for restaurant start-up education can be judged to be very suitable. As a result of conducting a reliability analysis on the question items for each factor adopted after factor analysis, Cronbach's α values were all reported to be higher than 0.8. Table 2 shows the results of factor analysis and reliability analysis related to franchise education. As a result of analyzing the factors on corporate performance and CEO's competency, it was classified into a total of one factor. A total of five questions related to corporate performance were adopted, and two out

of seven questions related to the CEO's capabilities were deleted, so only five questions were adopted. The KMO values of corporate performance and CEO competency will be reported as 0.872 and 0.915, respectively, and the selection of variables for factor analysis was very excellent. In addition, all Bartlett's test values were reported to be below the significance level of 0.001, indicating that the factor analysis model for corporate performance and franchise education was very suitable. As a result of conducting a reliability analysis on the items related to corporate performance and CEO's capabilities adopted after factor analysis, Cronbach's alpha values were all 0.9 or higher, showing a high level of reliability. Table 2 shows the results of factor analysis and reliability analysis on entrepreneurial performance and CEO competency.

Table 2. Factor analysis and reliability analysis of franchise training, corporate performance, and CEO competency

A name of a factor	Question	Factor load	An eigenvalue	Distributed Explanatory Power
educational techniques	1. The lecture contents of the teacher or instructor were effective and satisfactory.	.801	2.637	32.28%
	2. The teacher or instructor's knowledge, skills, and information related to start-up were sufficient.	.826		
	3. The teacher or instructor's lecture technique actively induced participation in the class.	.901		
	4. Teachers or instructors had experience that helped start a business.	.832		
	5. I think I have achieved the educational purpose suitable for the subject.	.857		
Training contents	1. The content of education had a positive effect on the start-up attitude.	.701	2.478	31.27%
	2. The contents of the textbook helped prepare for the start-up.	.714		
	3. The information necessary for start-up was well reflected in the educational content.	.799		
	4. The latest knowledge and skills available in practice were reflected.	.850		
	5. Time was well distributed so that theories and practices could be achieved within a set time.	.758		
	6. The subject was well organized without overlapping the contents.	.826		
Educational environment	1. The environment of the classroom and the practice room was sufficient and pleasant.	.840	2.256	20.18%
	2. Educational equipment suitable for the curriculum was used.	.751		

	3. Information sharing among graduates was actively formed.	.826		
	4. Lecture rooms and auxiliary facilities took into account the convenience of trainees.	.798		
Total Distributed Explanatory Power 81.54%, KMO.903, Bartlett's test of sphericity 916.42(p < .001)				
CEO's competence	1. have a definite plan to join in the future.	.697	2.476	69.83%
	2. I want to join the club despite many risks.	.756		
	3. There is a definite intention to own or operate a business.	.611		
	4. If I have a good business item, I am thinking of running it anytime.	.697		
	5. I want a role as a manager, not an employee.	.659		
KMO 0.915, Bartlett's test of sphericity 824.51(p < .001)				

3) The Impact of Franchise Training on Corporate Performance

As a result of regression analysis examining the effect of franchise education on corporate performance, the F statistic is 225.384 (p<.)001) and R² were found to be 0.631 and modified R² to be 0.618, respectively. The educational techniques, educational content, and educational environment of teachers and instructors, which are components of franchise education, all showed a significant positive (+) regression coefficient at the 1% level. This means that the higher the degree of awareness (positive), the better the entrepreneurship. In addition, in this regression analysis, since all independent variables have a significant effect on the dependent variable, all three variables related to franchise education can be put into the regression analysis to verify the final effect of the dependent variable. On the other hand, looking at the relative effect of independent variables on corporate performance, the standardized regression coefficient (t value) was 0.586 (t=17.248), 0.482 (t=13.165), and 0.381 (t=10.643). This means that among the characteristic variables of restaurant start-up education perceived by prospective start-ups, the delay in start-up education contributes the most to the improvement of entrepreneurship. Therefore, it can be seen that research hypothesis 1 of this study adopted "education for restaurant start-ups will have a significant positive (+) effect on entrepreneurship." The results of regression analysis on the impact of restaurant start-up education on entrepreneurship are presented in Table 3.

Table 3. The Impact of Franchise Training on Corporate Performance

Dependent Variables: Corporate Performance			
an independent variable	standardized regression coefficient	t value	p value
educational techniques	0.482	13.156	.000
Training contents	0.586	17.248	.000
Educational environment	0.381	10.643	.000

$$R^2 = 0.631, \text{ Adj-}R^2 = 0.618, F = 225.384(p = .000)$$

4) How Franchise Training Affects CEO Capabilities

As a result of regression analysis of the effect of franchise education on CEO's competency, the F statistic is 196.578 ($p < .001$), R^2 was 0.476 and Modified R^2 was 0.453, respectively, and three variables related to franchise education explained about 48% of the CEO's competence, indicating that the regression model is suitable for the population and the explanatory power of the variable is suitable for the sample regression line. All dependent variables, such as educational techniques, educational content, and educational environment variables, reported a significant positive (+) regression coefficient at the 1% level. This means that the more prospective CEOs feel perceived (positive) while completing franchise training, the higher the capabilities of CEOs. This means that all three variables related to franchise education are put into regression analysis to finally verify the effect. On the other hand, looking at the size of the standardized regression coefficient (t value), which is the relative effect of independent variables on the CEO's competency, it was 0.524 ($t=14.661$), 0.483 ($t=13.537$), and 0.315 ($t=10.482$). This means that among the characteristic variables of franchise education, the higher the awareness of the educational content, the stronger the competency of the prospective CEO can be. Interestingly, unlike the relative influence of independent variables on corporate performance, the educational environment has a relatively large impact on educational techniques for improving CEO capabilities. Due to the nature of the franchise industry, it may be the result of reducing uncertainty and anxiety about start-ups by experiencing practical equipment suitable for start-ups, or it may be interpreted as building confidence in start-ups through information sharing and networking. In summary, it can be seen that the research hypothesis 2 of this study adopted, "Franchise education will have a significant positive (+) effect on the CEO's competency." Table 4 shows the results of regression analysis examining the effect of franchise education on CEO's competency.

Table 4. The impact of franchise training on CEO competencies

Dependent variable: CEO's competence			
An independent variable	Standardized regression coefficient	t value	p value
Educational techniques	0.315	10.482	.000
Training contents	0.524	14.661	.000
Educational environment	0.483	13.537	.000
$R^2 = 0.476, \text{ Adj-}R^2 = 0.453, F = 196.578(p = .000)$			

5. Conclusion

The results of this study, which aims to find out how franchise education taken by prospective franchise CEOs affects corporate performance and CEO capabilities, are summarized as follows. First, franchise education was found to have a significant positive effect on corporate performance. This means that franchise education is a major decision to play a positive role in improving the corporate performance of prospective CEOs. We believe that the verification results have the following practical implications to improve corporate performance. Second, it was found that franchise education

affects the capabilities of CEOs. Among the three factors of franchise education, it showed a positive effect on the impact of educational techniques, educational content, and educational environment on the CEO's competency. This means that prospective CEOs can directly express the educational effect with effective and satisfactory educational techniques and content, but the importance of indirect effects that can trigger the CEO's capabilities should not be overlooked. However, an interesting empirical analysis result to note is that entrepreneurship showed a sufficiently positive effect on the effect of the start-up education environment on the capabilities of the CEO. This means that the effect of the start-up education environment affects the capabilities of prospective CEOs only through the development of the capabilities of the CEO.

As a result of factor analysis on the educational environment, there are many missing problems, and future studies should also consider increasing the number of factors by distinguishing network problems such as educational facilities, educational support systems, and manpower. Despite the above significance, the following limitations exist in this study. In addition to presenting the limitations of the study, suggestions for future follow-up studies to overcome them were also examined. First, it may be a limitation of the questionnaire method, but at the same time, there is a limitation in that it has not been accurately grasped how the effect of franchise education has changed because the causal relationship has been analyzed as a variable. Therefore, it will be interesting in that follow-up research topics using corporate performance and CEO capabilities will change values before and after completing franchise training for regression analysis. Second, even if the CEO's competency is a useful variable that can predict actual franchise behavior, there is a limit to accurately grasping whether it is an actual competency. Accordingly, in future studies, in addition to the CEO's competency variables, it is expected that a comprehensive franchise education effect analysis will be conducted by adding variables on whether or not the actual competency is after the affiliation.

References

- [1] Ghosh, A., & Craig, C. S, "Minimizing Spatial Conflict in Franchise Distribution Systems. New York University, Leonard N. Stern School of Business.", 1990.
- [2] Khan, M, "Restaurant Franchising," New York, Van Nostrand Reingold, vol. 14, no. 17, pp. 3-135, 1992.
- [3] Stern, L. W., and Adel, I, "El-Ansary." Marketing Channels, 1996.
- [4] Jang, Huk-Rea, Lee, Oh-Joon, Jeon, Kyung-Chul, Song, Seung-Heon, "The effects of a regular education to franchisees on business management outcome in the food-service franchise area." FoodService Industry Journal, vol. 9, no. 3, pp. 7-17, 2013.
- [5] Joo Sung Hui, KIM TAEHEE, "Effect of Franchisor Supports on Relationship Quality and Performance: Comparative Study of Single-Unit Franchising and Multi-Unit" Franchising in Korea. Journal of Franchising, vol. 5, no.2, pp. 58-85, 2019.