

Implications of sustainable development for Vietnam corporations in franchising

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Abstract

Through collecting the second data and documents relating to franchising, this research focus on situation of franchising in Vietnam, consider opportunities and challenges. Vietnam franchising market occurred early but still be a young market, this is almost the market of foreign investors with large distribution systems. However, there is still a big market share for domestic corporations based on young and dense population, good products and favorable basis legal. Though, Vietnam franchisors have to face many difficulties such as finance, knowledge and support from government. Based on the analysis of these facts, this research implies proposing solutions to help corporation improving their access to do business.

Keywords: *Franchising, international bussiness, sustainable development Vietnam franchising*

Introduction

Globalization has strong impact on every field of Vietnam's economy and society. In six forms of international business including international trade, franchising, licensing, joint venture, acquisition of existing operations and establishing new foreign subsidiaries, franchising occurred in Vietnam very early but begin to develop in recent years. In 2007, Vietnam became a member of WTO, this form of business become more popular. When Vietnam join in TPP and AEC, commitment of a common market create more opportunities and challenges for corporations in franchising. Vietnam enterprises

want to be sucessful or sustainable development in this field, they have to understand clearly about the market. Based on this urgency issue, the research focus on Vietnam franchising

1. Overview of franchising

According to the International Franchise Association, franchising is a method of distributing products or services. At least two levels of people are involved in a franchise system: 1) the franchisor, who lends his trademark or trade name and a business system; and 2) the franchisee, who pays a royalty and often an initial fee for the right to do business under the franchisor's name and system.

Franchising has two main forms. Type I, business format franchising or master franchise, involves a more complex relationship in which the franchisor provides franchisees with a full range of services and support, and franchisees sign an agreement to conduct operations in conformity with specific rules laid out by the franchisor. Type II, product or trade name franchising, a franchisor owns the right to a name or trademark and sells or licenses the right to use that name or trademark.

2. Franchising in Vietnam

In the trend of integration all over the world, Vietnam also has been opening wider and deeper