

## **Franchise Business Strategy Sharia Business Management Perspective**

**Noor Iffatin Nadhifah<sup>1</sup>, M Khoirul Muttaqin<sup>2</sup>**

<sup>1</sup> Sekolah Tinggi Ekonomi Islam Permata Bojonegoro, Indonesia; Nadanadhiva1@gmail.com

<sup>2</sup> Sekolah Tinggi Ekonomi Islam Permata Bojonegoro, Indonesia; Nadanadhiva1@gmail.com

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### **ABSTRACT**

The competition in the business world is very fierce and the uncertainty of the market provides very little opportunity for novice businessmen to start their business. The franchise business is one of the businesses in Indonesia that is in great demand and provides business solutions without hassle and minimizes business failures. The purpose of this study is to analyze franchise business strategy from the perspective of sharia business management. This research is a literature study research (library Research), the data used in this study are primary and secondary data, the theory used in analyzing this research is POAC (planning, organizing, actuating and controlling). The result of this study is that the concept and strategy of the franchise business is a form of mutually beneficial cooperation by multiplying partners or cooperation so that it is able to expand the market reach and can exploit greater market potential. In addition, in the franchise business process, it is expected that those who take a franchise business must be able to read market opportunities and manage their business

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**Corresponding Author:**

Noor Iffatin Nadhifah

Sekolah Tinggi Ekonomi Islam Permata Bojonegoro, Indonesia; Nadanadhiva1@gmail.com

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### **1. INTRODUCTION**

The competition in the business world is very fierce and the uncertainty of the market provides very little opportunity for novice businessmen to start their business. Failure in business often occurs and this is where many people are hesitant and afraid to start their business, but there are also successful businessmen who encourage someone to participate in the business world.

A franchise business is a business model in which the business owner (*franchisor*) gives the right to another party of *the franchise* to use the trademark, operational system, and business support that has been tried and tested and successful. This franchise business model can be adopted by anyone who wants to have a business without having to think about the business idea and its operation (management) in depth, and this business is very popular and very popular among the public because the franchise business does not have to start a business from scratch.

Management is a way to manage a business in order to achieve the desired goals of the business (profits). According to Stoner, management is the process of planning, organizing, directing and supervising the efforts of members of the organization and the use of other organizational resources to achieve the organization's goals that have been set.

Sharia business management needs to be considered in a business because with the existence of sharia business management a business will be clearly supervised both in terms of its operations and in terms of its religion. The *franchise* business does have business management in it, which means that the *franchisor* already has benchmarks and guidelines in starting a business as well as training and guidance, but what still needs to be remembered is that the business spirit must exist in the person who does business, so even though the *franchise* business is well managed, someone who starts a *franchise* business must also be able to manage the business.

## 2. METHODS

This study uses a descriptive method. The descriptive method is used to collect actual data, this method generally uses a qualitative approach, so that a researcher when entering the field does not bring a data collection tool, instead of making observations or observing evidence while collecting data and conducting analysis. The dystopitive method is a method of examining the status of a human group, an object, a condition, a thought system or a class of events in the present (Tarmizi, 2025).

The purpose of this descriptive research is to make a systematic, factual and accurate description, description or painting of the facts, properties and relationships between phenomena that occur (Inas, 2019).

The data collection technique used in this study is literature study (Library Research), which is a data collection technique by reading and studying theories contained in literature – literature and written notes related to the topic of the problem that is the subject of the research. By using this research, the meaning of each book or literature source that has a relationship with the subject and object of the problem is studied in such a way as to produce an analysis that can describe the *franchise business strategy* from the perspective of sharia business management

## 3. FINDINGS AND DISCUSSION

### *Franchise Business Strategy*

#### a. Definition of *Franchise Business*

Franchise is the Indonesian equivalent of the term *franchise* popularized in the United States. In Indonesian, the term franchise is composed of two words, namely wara which means more and profit which means profit. In terms of franchise, it means more for. The word *franchise* comes from the French word barti free. This concept was known for the special right to sell food and beverages in Germany in 1840. In English, the word *franchise* is translated in the sense of privilege or special right. While in America

*Franchising* is a business model that allows established companies to grow and develop geographically and for novice entrepreneurs, franchising can allow them to open new businesses (Erceg, 2021). Meanwhile, Brace Webster in Nasrullah (2021) also states that there are three types of franchises. First, product *franchising* where the franchise will be given a license by the *franchisor* to sell the goods it produces. Second, manufacturing *franchises*, the *franchisor* will provide knowledge and how the production process will be and the franchise will market goods with brand production standards in accordance with the *franchisor*. Third, the *franchisor's* business format, where the *franchisee* conducts business activities on behalf of the *franchisor*. *Franchises* must also follow the *franchisor's* standard approach to operating and supervising the use of materials, business locations, employee work requirements, and more (Rusdi, 2024).

The business strategy of the *franchise* is a way to obtain profits (profits) in the way of the business of the business where the business is used by using the business of others by using the characteristics of the business that is adopted and of course there is a permit in advance.

#### b. Franchise in Islam

Basically, the franchise business has been known since ancient times in the Islamic economy called *Shirka* or *Musyarakah* (cooperation). The purpose of the cooperation is to get profits within a certain

period of time according to the initial contract. The principle of franchising is openness (transparency) and prudence, which are governed by the principles of Islamic economics, especially *gharar* (not uncertain or ambiguous) and its application is not allowed towards the business world.

*Shirkah* is another name for partnership in Islamic economics. Linguistically, the word *shirkah* is a combination of two or more people. *Shirkah* means cooperation between two or more people in business or wealth. Islam has stated that the business of associations or cooperatives is valid and valid. There are two parts of *shirkah*, namely *syrkah tamlil* (ownership) and *syrkah uqud* (contract between two people), while this franchise business belongs to the second type of *shirkah*, namely *shirkah uqud* (transaction), which is two people contributing capital and profits together. Both have the same capital, the difference is that in this case the franchisor has creative ideas that include brand, logo, business management and human resources such as business training that will be provided to the Franchise (Ghufron and Fahmiyah, 2019). The same goes for franchises that have enough capital for what they want to franchise. Both are involved in franchise operations that will be managed according to the agreed agreement (Nadila, 2023).

The pillars of *shirkah* are *ijab* and *qobul* according to Hanifiyah scholars. It can be called an agreement that determines the existence of *shirkah*. While the condition that must be covered in *shirkah* is independence (in Islam independence means having freedom in all things, not being tied to the master or the master). To protect the majority of Indonesian Muslims, franchise businesses must not only refer to general legal regulations issued by government agencies, but also Islamic (Sharia) regulations

## Sharia Business Management

### a. Definition of Sharia Business Management

Management comes from the English word management with the verb *to manage* which generally means to take care of. In a special sense, management is used for leaders and leadership, namely people who carry out leadership activities. Thus the manager is the person who leads or the leader. According to Stoner, management is the process of planning, organizing, directing and supervising the efforts of members of the organization and the use of other organizational resources to achieve the organization's goals that have been set.

Management is defined as a process because all managers, regardless of their special abilities or skills, must carry out certain interrelated activities to achieve their desired goals. The process consists of management activities, namely planning, organizing, directing, and supervising (Muslichah, 2019).

Islamic management is very different from modern management. Islamic management strongly upholds justice. The Islamic perspective on management is how the caliph or leader treats subordinates fairly and does not cause harm to the leader or the company under their patronage. In Islamic management, the aspects of justice, honesty, and trust have a significant role (Prasetyo, 2021).

### b. Processes in Business Management

- 1) *Planning* : It is a process that involves the efforts made to anticipate future trends and the determination of the right strategies and tactics to realize the organization's goals and objectives.
- 2) *Organizing* : It is a process that concerns how the strategies and tactics that have been formulated in planning are designed in an appropriate and resilient organizational structure, conducive organizational systems and environment, and can ensure that all parties in the organization can work effectively and efficiently to achieve organizational goals (Anis, 2018).
- 3) *Actuating/Directing* : That is the process of implementing the program so that it can be carried out by all parties in the organization/company, as well as the process of motivating all parties so that all parties can carry out their duties and responsibilities with full awareness and high productivity.
- 4) *Controlling* : This is the process carried out to ensure that the entire series of activities that have been planned, organized, and implemented can run according to the expected targets.

## Franchise Business Strategy Sharia Business Management Perspective

Business strategy is indispensable in conducting a business to achieve the goals of the business. One of the things that can be done is to do good business management and based on sharia, the things that are done include:

### a. Planning

Planning needs to be done by a *businessman* because with careful planning it is able to achieve success in running a franchise business. Although usually good planning also does not necessarily achieve the expected results.

The goals and targets of this business must always be understood by business stakeholders, everyone who does business has a goal, which is to make a profit. In addition to making profits, there are usually other goals of the business that the businessman wants to achieve and the second business goal must be known by its employees and people involved in the business to be able to achieve the desired business goals.

In addition, what needs to be considered is the existence of business competitors, this is two possibilities, it can be from competitors with the same brand and product or with different brands and products. Here, *the franchise* must be able to recognize the strength of the product that will be offered compared to the products that are around.

The strategies in doing *franchise business* that will be carried out already exist, but what needs to be considered is whether the Franchise is able to implement the business strategy suggested by the *franchisor*. So the hope is that here *the franchise* has its own business strategy that can be applied in the area and in accordance with the capabilities of the franchise.

The standard of success indicators must be set at the beginning, even though from *the franchisor* there are already indicators of success in achieving goals and targets, a person who owns a Franchise business must have his own indicators of success in achieving his or her own goals and targets to know how successful the business is running and this must be done periodically to adjust to business targets and uncertain market conditions.

### b. Organizing

The establishment of the hierarchy of this organizational structure must be clear starting from the *franchisor* to the *franchise* owner and employees. This must be really considered because from this organizational structure we know the lines of authority, responsibility and communication between *franchisors*, *franchise owners* and team members. And from here, the division of tasks must be arranged based on their functions to ensure efficiency in operations.

In this organizing process, usually the *franchisor* does not participate in the search for human resources, but the *franchisor* provides direction and input for the criteria for human resources to be recruited, so at this time the role of the *franchise* is strong in this part to determine the running and development of the *franchise* business. This is because by having competent human resources, the business will be run well.

After getting human resources from the recruitment process, the next thing that must be done by the *franchisor* is to group the existing human resources according to their competence. By placing human resources in the right position, the leader or *franchisor* will easily command or direct their human resources towards the goals of the *franchise* business.

### c. Actuating/Directing

At this stage the business has started to run after planning and organizing, the next step is *action* or program implementation, all human resources that have been organized must be able to carry out tasks according to their respective *job discs*, which in carrying out this task the leader must be able to direct and motivate his employees to be able to work professionally and maximally.

A *franchise* leader and *franchisor* are able to execute a business plan in a uniform way. Here the leader must also be able to provide motivation to be able to follow the standards set by the *franchisor*, this can include training, marketing support and financial incentives. By following the standards that

have been determined, it is hoped that all franchise parties will be able to work effectively and efficiently to achieve the goals that have been set.

Tasks that have been organized and given responsibilities to each employee must be reminded and explained regularly such as every time they want to open, at the time of weekly or monthly evaluations, this is done not because they do not believe in the abilities of their employees but as a reminder to work to achieve the business goals that have been set.

#### d. Controlling

Control/supervision is carried out after a series of planning, organizing and implementation activities are carried out to find out the shortcomings and evaluate the activities that have been carried out or carried out.

Evaluation can be carried out with small or large meetings held by the *franchise*, this is very important to do in order to find out the level of success in achieving goals according to the indicators that have been set. This evaluation is carried out from employees to *franchise* leaders, and *franchise leaders* to *franchisors*.

From the results of the evaluation, obstacles and inputs will be found, which is for the sustainability of the development of the *franchise* business. This obstacle must be solved both from the *franchise* and the *franchisor*, depending on what problem is found.

After finding an alternative solution to the obstacle, the party concerned must apply the solutions that have been found to achieve business goals and targets.

After carrying out a series of business management, the *franchise* and the *franchisor* need to know in terms of the legal nature of this *franchise* business, this cooperation is called *shirkah* which means cooperation between two or more people in business or wealth. In this *franchise business*, it includes *syrikah uqud* (contract between two people), which is two people. contributing capital and profits together. Both have the same capital, the difference is that in this case the *franchisor* has creative ideas that include brand, logo, business management and human resources such as business training that will be provided to the Franchise.

## 4. CONCLUSION

Franchise Business Strategy Sharia Business Management Perspective, in this application uses POAC (*planning, organizing, actuating and controlling*) where this process cannot be separated from the leadership of the *franchise* even though from the *franchisor* there are already policies and standards that have been set and also from a sharia perspective it needs to be understood and applied in franchise business.

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