

Debunking the 'McJob' stereotype

Weighing the value of franchises

By HEIDE B. MALHOTRA
Epoch Times Washington, D.C. Staff

The Oxford English Dictionary defines "McJob" as "an unstimulating, low-paid job with few prospects, especially one created by the expansion of the service sector."

It's no mystery that McJob is derived from terms coined by McDonald's Corporation, the ubiquitous fast-food chain. During the past three months, the U.K. branch of McDonald's has collected close to 105,000 signatures to petition publishers of the dictionary to stop carrying the word "McJob." Employees, suppliers, customers, and people on the street have signed close to 1,000 signatures a day.

"Its genesis came in the strength of feeling at McDonald's that the current definition is out of touch with reality and ultimately insulting to the hard-working people who serve the public every day," said David Fairhurst, senior vice president and chief people officer at McDonald's U.K. subsidiary.

The first objection came from Jim Cantalupo, the Chairman and CEO of McDonald's, in an open letter to Merriam-Webster, Inc. in 2003.

The Merriam-Webster dictionary defines a McJob as "a low-paying job that requires little skill and provides little opportunity for advancement."

Cantalupo is offended with the definition of McJob—also a registered trademark in the United

States. He explains in his letter the benefits teenagers and the unskilled workers derive from starting out at McDonald's and other such franchises: "Young people learn what it takes to succeed. They learn how to interact with customers, how to prepare food properly, the importance of cleanliness, the value of showing up on time, and what it means to work as an integral member of a team."

Do Franchises Bring Value?

There are more than 1,500 brands with more than 300,000 community-based franchise outlets in the United States alone, according to a National Bureau of Economic Research (NBER) working paper by Peter Cappelli and Monika Hamori titled, "Are Franchises Bad Employers?"

Cappelli is a director at the University of Pennsylvania's Center for Human Resources, and Hamori is a professor at Instituto de Empresa Business School in Spain.

Typically, a franchisor—such as McDonald's—allows franchisee investors to open up outlets (franchises) for a fee and a percentage of profits. The franchisor provides support services such as training, branded materials, and advertising.

Many unskilled and uneducated individuals take a job in a franchise instead of working in the agricultural sector. Working at a franchise like McDonald's gives people a chance to learn



LOVIN' IT: Is flipping burgers a dead-end job or a stepping stone to greater success? Experts examine the value of franchises (such as McDonald's outlets) to their communities. PHILIPPE LOPEZ/AFP/GETTY IMAGES

new skills and gain confidence.

"Franchises appear to offer more sophisticated management practices and make greater investments in their employees," concluded Cappelli and Hamori.

Evidence suggests that employees fare better in franchises than in similar independent operations. Employees in franchises can count on better training and are treated more fairly than in similar non-franchise businesses. Although turnover is high, franchises provide more benefits to their low-level employees than do non-franchise businesses of a similar kind.

"Franchises paid their employees better than comparably-sized independent operators in the same industry and offered

more training. Indeed, when it came to training, franchises beat their independent competitors on two different measures: They not only trained a higher percentage of their workers, but they also provided more hours of instruction per employee, on average," according to the article "Are Franchises Bad Employers? A Closer Look at Burger Flippers and Other Low-Paid Jobs," recently published by Knowledge@Wharton, the publishing arm of the University of Pennsylvania.

Franchise News

On Dec. 3, Michigan Governor Jennifer Granholm approved legislation to repeal a 6 percent state service tax, giving a tax break to

franchises and other small businesses, according to a recent International Franchise Association (IFA) press release.

The IFA "VetFran" program—established in 2001 to assist honorably discharged soldiers to buy into a franchise by helping defray costs—has helped more than 1,000 veterans and is in the process of bringing another 200 onboard, according to another recent release.

"The franchising industry not only recognizes the challenges faced by veterans, but demonstrates its commitment to making their return to civilian life more meaningful by providing a path to the dream of small-business ownership," said IFA President Matthew Shay in the release.

Females own 25 percent, and minorities more than 19 percent of all franchises, according to a survey of business owners published by PriceWaterhouseCoopers LLP. Based on the latest available U.S.

Census data, Asians own 9 percent, Hispanics 6 percent, and blacks more than 4 percent of all franchises.

Franchise History

The franchising concept was invented in the 1850s by I.M. Singer & Co. to increase sales of its sewing machines, but the concept died an early death.

The franchising idea came to life again in the 1930s, during the Great Depression, when Howard Johnson started his restaurant chain. But the idea did not gain a foothold until the late 1950s, when McDonald's, Burger King, Holiday-Inn, Baskin-Robbins, and others realized the franchising potential.

The U.S. Federal Trade Commission (FTC) enacted its Franchise Rule in October 1979 to regulate franchising. The law mandated nationwide pre-sale disclosure circulars and outlined other transparency rules.

Franchise Brands and Average Start-Up Costs

FRANCHISE	START-UP COSTS*
Burger King	\$2,800,000
Subway	\$2,500,000
Dunkin' Donuts	\$1,500,000
Gold's Gym	\$1,800,000
McDonald's	\$1,300,000
Blockbuster Video	\$1,000,000

*Average total investment based on a 20-year contract

SOURCE: Wharton School of Business



MICROCREDIT EXPANSION: Muhammed Yunus visits President Oscar Berger in Guatemala to discuss his experience with lending to low income families. ORLANDO SIERRA/AFP/GETTY

Microcredit helps half a billion, problems remain

LONDON (Reuters)—Microcredit, tiny loans to the world's poorest, is booming and now benefits more than half a billion people, a survey said on Tuesday, but Africa and Latin America lag behind Asia and unscrupulous lenders are cashing in.

The Microcredit Summit Campaign surveyed more than 3,000 microcredit bodies around the world from small banks to community groups and found they reported reaching 133 million people by the end of 2006, 92 million of them people earning less than a dollar a day.

That compared to just 13 million recipients nine years ago, when the poorest were simply dismissed as unbankable.

On the assumption that each recipient was probably supporting four other people—almost invariably family—that would mean more than half a billion worldwide—equivalent to the population of the European Union—were benefiting.

Last year, Bangladeshi microcredit pioneer Muhammad Yunus, credited with being behind some of the first micro-loans primarily to poor Bangladeshi women, won the

Nobel peace prize.

In the latest available figures, the World Bank estimates 985 million people were living on less than a dollar a day in 2004, with 2.6 billion in total living on less than \$2 a day.

"There is some great news—it is a massive increase in just nine years," campaign director Sam Daley-Harris told Reuters. "The bottom line is people are being reached in Asia but they are not being reached in Africa or Latin America."

He said some 90 per cent of those reached by microcredit were in Asia—whereas only 60 per cent of the poorest who needed it most were Asian.

In Asia, microcredit had reached critical mass and was growing organically at a local level, he said, while in Africa and Latin America it was driven primarily by Western donors.

High interest
"A tiny institution in the Philippines visit Bangladesh and they have their minds blown and go back and do the same thing back home," he said. "That doesn't happen so much in Africa or Latin America."

In part as a result, interest rates on microcredit loans in Asia were much lower at 10 to 20 per cent compared to as high as 80 per cent in Mexico, where private firms describing themselves as microlenders were therefore making fat profits.

There were some signs of change in Africa, he said, citing the example of a Kenyan microcredit group that had slashed the number of people defaulting on its loans by offering basic health insurance after discovering ill-health of a family member was the main reason for failure to repay.

Western banking firms such as Citigroup have also expressed an interest in the micro-finance sector, but Daley-Harris said they would inevitably target the slightly richer—those on several dollars a day—risking leaving the poorest out.

"The field is moving towards the commercialization of micro-finance which is fine unless it leaves out the very poor," he said. "It's up to public institutions like the World Bank and African Development Bank to give enough for their development funds to those below a dollar a day."

Education in the global marketplace

By RADCLIFFE DOCKERY
Special to The Epoch Times

During the October 10th provincial election, the issue of Education was front and centre. Sadly, while most of the media chose to focus on faith based schools the real issues within education were not discussed. Other issues, such as student apathy towards the education system were completely ignored.

Then a report was released from the Toronto District School Board stating that 70 per cent of high school students in Toronto are visible minority yet 50 per cent are not being taught about various cultures in the classroom. If 50 per cent of our students are not engaged in the education system, where are they going to work? To make matters more concerning, if our students are not being taught about other cultures, how can we expect them to stake out Canada's place in the Global Economy? When the next generation knows nothing about the cultures of China, India, Angola, Latvia, Trinidad & Tobago and Brazil—they are going to continue Canada's sad legacy of leaving international growth and dollars on the table. Even worse, when they do go through an educational system that does not provide them with cultural awareness—they try to conduct businesses with these nations with an extremely ignorant tone. One just has to do research on Canadian giants such as Molson's and Bell Canada International exploration into foreign markets 10 to 15 years ago to realize such ignorance at work.

One week later, Statistics Canada releases data stating that the immigrant population in Canada is growing four times faster than the Canada born population—and they are bringing over 200 languages to our country. Yet, our students are not learning anything about other cultures except how well they cook curry or dance to a reggae song. Not since 1931 has Canada seen such an immigrant boom and there is good reason for this. Canada's economy needs immigrants to thrive. The same can be said for Australia, Germany, England and the United States. Additional Statistics Canada data shows us that children of immigrant parents (in particular from Asia and Africa), who are university educated will make up to 38% less than their colleagues of other ethnic backgrounds. In Central Park, Winnipeg—large influxes of African immigrants are joining our nation and bringing with them vibrant cultures and big dreams. These dreams will turn into nightmares if all of our children are not learning about world cultures. If you were an immigrant and saw these numbers, how long would you wait for Canada to wake up?

The solution is right in front of our eyes. First, the Ministry of Education must mandate that cultural diversity be embedded into the curriculum from JK to High School. This has to be done by consulting with cultural experts who reside in our communities. However, this does not mean putting up more meaningless diversity posters—it means showing a Chinese novelist, an Indian scientist, and an African accountant within the core curriculum. Secondly, the Ministry and Boards have to get themselves trained to understand various cultures within a global marketplace. After all, you can't teach what you don't know. Thirdly, we have to follow the great work that is already out there today. The Peel District School Board is a great example as they have adapted a motto called "We Welcome the World" as a blueprint for Peel's vision.

The word "education" derives from the Latin educare, meaning "to nourish" or "to raise". In order to nourish and raise our young people, we first have to look in the mirror and seek ways to further educate ourselves. All of the statistical data proves that an educated workforce is good for the economy and good for society. Thus, it is urgent that we all realize that posters and potlucks alone do not make us a diverse or equal society—tangible action does. If education is the basis of a knowledge economy, then education must reflect the local and global realities of today and tomorrow.

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Business Briefs

Portuguese firm Microsoft to auction name on eBay

LISBON (Reuters)—Portuguese company Microsoft Ltd. plans to put its brand name and business up for sale on online auction site eBay on Wednesday with a starting price of \$1 million, its chief executive, Ricardo Carvalho, said on Monday. Microsoft Ltd. is the only company that can use the name Microsoft in Portugal. It registered its name in 1981 while Microsoft Corp, the world's largest software company, began operating in Portugal in 1990.

U.S.-based Microsoft is registered as MSFT in Portugal.

"MSFT has said it was interested in our brand name but needed more time to discuss the matter," Carvalho told Reuters. "We have held talks with them in the past and didn't want to wait for them anymore." A spokesman for Microsoft in Portugal declined to comment on the situation.

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