FACTORS INFLUENCING FRANCHISEES' BUSINESS PERFORMANCE

A STUDY ON TANZANIA FRANCHISE SYSTEM

FACTORS INFLUENCING FRANCHISEES' BUSINESS PERFORMANCE

A STUDY ON TANZANIA FRANCHISE SYSTEM

By

Benjamin Mungo

A Dissertation Submitted in Partial Fulfilment of the Requirements for the award of the Degree of Master of Business Administration in Corporate Management (MBA_CM) of Mzumbe University

2019

CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a Dissertation entitled. **“Factors Influencing Franchisees’ Business Performance A Study on Tanzania Franchise System”** in partial fulfilment of the requirements for the award of Degree of Master of Business Administration in Corporate Management **(MBA_CM)** of Mzumbe University.

Signature

____

Major Supervisor

Signature

____

Internal Examiner

Signature

____

External Supervisor

Accepted for the Board of Mbeya Campus College

DECLARATION

AND

COPY RIGHT

I **Benjamin Mungo,** do hereby declare that this dissertation is my own original work and that it has not and will not be presented to any other institution for the award of the said qualification or any other similar award.

Signature ________________________________

Date _________________________________

ACKNOWLEDGEMENT

This work is the end product of the contribution of several individuals. The dissertation could not have been completed without support of many people.

First of all, I thank my God for enabling me throughout the process to achieve this stage.

Secondly my special thanks also go to my supervisor Dr Hellen Mushi, for his total devotion, counselling, guidance, and patience and sacrifice genuine critics to make this work reach its current status. She played a great role from the period I was preparing a research proposal, and used much of his time assisting me to ensure that the presented report was in required shape. He devoted much in her precious time to deeply read my drafts and recommend for several improvements.

Thirdly, I would like to convey my sincere thanks to Mbeya city urban authority for releasing me to carry out this study.

Fourthly, I am deeply indebted to my lovely wife Consolatha Festo and my children Angelina and Isaac for the endurance and perseverance to stay without the love of her wife while pursuing my master degree.

Finally, I would like to stress that, the entire above are no way associated with any errors that may be found in this work, all the shortcomings of this study are entirely the author's responsibility.

DEDICATION

This dissertation report is dedicated to my late aunt Saada Saleh for her support during my secondary school studies and my Parents Mr Valentine Mungo and Maria Masunga wherever they are.

ABSTRACT

This study explores factors that influence franchisees' business performance in Tanzania. Using a model of factors influencing franchise system performance as a conceptual framework, an extensive review and synthesis of literature was done. The literature synthesis led to the development of four research issues and a preliminary theoretical framework for the research. The issues and the framework were subjected to empirical exploration using data collected through in-depth interviews. The research was conducted in two stages: preliminary stage and main stage. A total of thirty-two purposively selected franchisees participated in the study; six in the preliminary stage and twenty-six in the main stage. Data were managed and analysed using NVivo version 11. Through the analysis, a total of twenty-one factors were confirmed as having influence on franchisees business performance in Tanzania. Fourteen of these factors are as identified in the preliminary theoretical framework while seven were newly found in the study.

This study has found that four business factors namely brand name, supports, control and supervision are the most important factors influencing franchisees' business performance in Tanzania.

Based on the findings of this study, it is therefore recommended that facilities and supports are important factors for franchisee's business performance thus franchisors should support franchisees in terms of facilities and business management knowledge, franchisors should take measures to ensure that franchisees comply with system standards and practices, franchisors should have a clear understanding of their brand names position in the market and ensure that they meet the market demand.

Finally, being the first comprehensive attempt to study the practice of franchising in Tanzania, this study makes contributions to franchising literature in three important ways, namely; it reaffirms current understanding, identifies new insights and enhances contextual knowledge of the business model.

LIST OF ABBREVIATIONS

APCFE	Asia-Pacific Centre for Franchising Excellence
BFA	British Franchise Association
BFA	Brazilian Franchising Association
BRICS	Brazil, Russia, India, China and South Africa
CAQDA	Computer-Assisted Qualitative Data Analysis Software
CEOs	Chief Executive Officers
EAGLES	Emerging and Growth-Led Economies
ECT	Expectation Confirmation Theory
EFF	European Franchise Federation
EO	Entrepreneurial Orientation
FASA	Franchising Association of South Africa
FCA	Franchise Council of Australian
GDP	Gross Domestic Product
HIIT	Hands-on Institute of Information Technology
Ibid	in the same source
ICT	Information and Communication Technologies
IFA	International Franchise Association
IFC	International Finance Corporation
IT	Information Technology
KFC	Kentucky Fried Chicken
MATRADE	Malaysia External Trade Development Corporation
MDTCC	Ministry of Domestic Trade, Cooperative and Consumerism
MFA	Malaysia Franchise Association
MINT	Mexico, Indonesia, Tanzania and Turkey
MX	Mixed
NGOs	Non-Governmental Organizations
NIFA	Tanzanian International Franchise Association
NOTAP	National Office for Technology Acquisition and Promotion
NUD*IST	Non-numerical Unstructured Data, providing ways of managing ideas by Indexing, Searching and Theorizing)

OP	Organizational Performance
PhD	Doctor of Philosophy
QL	Qualitative
QN	Quantitative
R &D	Research and Development
RBT	Resource-Based Theory
RBV	Resource-Based View
RELQUAL	Relationship Quality
SMEs	Small and Medium Enterprises
UAC	United African Company
UFOC	Uniform Franchise Offering Circular
UNCTAD	United Nations Conference on Trade and Development
WFA	World Franchise Associate

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter presents arguments that justify the need for the study. The chapter highlights the main problems that motivated the investigation and outlines the research questions and objectives that guided the conduct of the study. Other sections in this chapter include significance of the study, scope of the study and organization of the dissertation.

1.1 Background of the Study

In today’s business world no one firm possesses all the resources and capabilities necessary to compete effectively. Apparently, the strategic objectives of business organizations are more cost-effectively realized when they collaborate with one another. There are several forms of entrepreneurial collaborations. These include joint venture, contracting, licensing and franchising (Todeva & Knoke, 2005). Of all these forms of collaborations, franchising has in recent years gained a more broad-based acceptance in many countries of the world and across diverse industries and sizes of business (Dant, Grunhagen, & Windsperger, 2011; Kosova & Lafontaine, 2010; Larty,2010).

Franchising is an important organizational form and a less risky strategy to achieve accelerated business growth (Altinay, Brookes, Yeung, & Aktas, 2014; Shane, 2005). It has been noted that although there has generally been upsurge in different forms of inter-firm alliances, franchising has become a powerful form of alliance and important strategic route for internationalization (European Franchise Federation, 2017). Franchising enables firms with proven brand name to scale their operations and achieve superior performance by leveraging external resources (International Franchise Association, 2016). At the same time, the business model provides opportunities to other set of firms (franchisees) to operate an independent business under a well-known brand, thereby reducing their risks of newness (Vaishnav & Altinay, 2009). At the macro level, franchise business model benefits the economy and the society in many ways (IHS Markit Economics, 2017).

The business model brings together local entrepreneurs, brands, employees and community to create value, share wealth and boost the productivity of the economy (European Franchise Federation, 2017). It enables individuals to gain entry into a proven business system and have opportunity to own wealth-generating assets, creating job opportunities for many while serving as the biggest vocational training in the economy (International Franchise Association, 2016). With its proven benefits, franchising has become a veritable tool for enterprise promotion and for boosting the productivity of Small and Medium Enterprises (SMEs) in many countries of the world (Alharbi, 2014; Bevis, 2015). Countries such as Australia, Brazil and South Korea have their franchise industries accounting for more than 10% of their GDP (Export.gov, 2016).

In Tanzania, the first sets of business format franchise outlets started appearing across the country around the year 2010,when Cocacola Kwanza began to grant franchise licenses to interested entrepreneurs(Nelson, Ishikawa, & Geaneotes, 2013) . At present, franchise outlets, especially in the beverages sectors, are part of the landscape of the country, creating jobs and contributing to boost the economy of the nation. The industry grew rapidly and the market size is value data about US$70 million. Coca-Cola Kwanza operates ultra-modern plants in Dar es Salaam, Mbeya and Zanzibar(Sutton & Olomi, 2012).

Therefore, given the potential of franchising in the development of the Tanzania's SME sector, understanding the factors that could help the industry develop and flourish in a sustainable manner is arguably a rewarding exercise. More so, bearing in mind that franchising is not necessarily a business model for guaranteeing automatic success (Michael & Combs, 2008), deeper understanding of the business model with a view to improving it in Tanzania is necessary.

1.2 Statement of the Problem

There are three key problems that motivated the conduct of this study, namely:

Recent downturn in the performance of many franchise systems across the world and in Tanzania.

Lack of clarity and deeper understanding of factors that drive success in franchising.

General paucity of research in franchising, especially, one that is contextualized in Africa

1.2.1 Recent Downturn in the Performance of Franchise Firms across the World

The first problem that inspired the conduct of this study is the recent decline in the performance of franchise systems around the world and in Tanzania. In the past decades, particularly from the 70's down to early part of 2000's, franchise firms were often praised for their resilience and superior performance (Hua & Dalbor, 2013). However, in recent years, as table 1.1 below shows, the effectiveness of franchising as a model for profitably distributing products and services and for growing SMEs has come under scrutiny. This is primarily due to the declining corporate performance of notable franchise firms. For example, beginning from early 2015 till date, McDonald's, the largest franchise chain in the world, has seen its performance nosedived (Dean, Brat, & Gasparro, 2015; Gensler, 2015; Giammona, 2015; Wahba, 2015; Whitten, 2016). Having spent huge sums promoting its new All-Day Breakfast and McPick 2, the company posted weaker-than-expected 2016 sales in both its US and global markets with actual sales, as indicated in table 1.1 below, falling below forecast by 53% and 9% in both markets respectively (Whitten,2016). It is reported that the company has suffered four straight years of traffic decline, leading to more than 500 million lost transaction since 2012 (Ganesan & Baertlein,2017).

Table 1. 1: Performance of Some Selected Franchise Firms/ Systems

Franchise System		Indicators of Poor Performance
International Brand System	**Cocacola**	• Decline in global sales (53%) and US (9%) in first half of 2016 • Plunging traffic (more than 500 million transaction lost since 2012) • Plunging Stock Price • Running crisis with franchisess
	Southern Korea	• 60% of franchisor die within 5 years • 16% of franchisor close within the first one year • Franchisees do not stay more than 3 years to 9 months
	Australian	• Nearly 10% of franchisor went out of business between 2014 and 2016 • Increasing cases of relationship conflicts
Tanzania Brands	**Cocacola**	• Decreasing in sales and profits • Declining in corporate image
	Tantalizers	• Number of outlets closure • Declared losses for the four consecutive years totaling 7.5 Us milliion

Source: Developed for this research

Although Cocacola's is a franchisor, it has been noted that the performance of franchisors like Cocacola's is a reflection of the collective performance of its franchisees (Lucia-Palacio et al, 2014). Indeed, reports show that the major cause of Cocacola' haemorrhaging sales and profit levels is the fact that the company has been having a long running conflict with its franchisees regarding the need to revamp operations and renovate outlets (Gensler, 2015; Giammona, 2015; Wahba, 2015).

Similarly, in spite of the rapid growth of franchise industry in South Korea, declining system performance has become a major challenge in recent years (Lee, Kim, Seo, 2015). According to Korean Business Daily Knowledge Vitamin, cited in Lee, *et al.* (2015) business life expectancy for over 60% of franchisors in Korea is less than 5 years while roughly 16% of Korean franchisors close hop in less than 1 year of operation. Arguably, going out of business by franchisors is not a one-day event, and especially for a chain with high franchise proportion or pure franchise, it is a process that presumably starts with a number of franchisees failing and opting out of the system. In the event of such closure or failure of the franchisors, the franchisees pick up most of the pieces as unlike franchisors that have their risks spread across several franchise units, franchisees' investment is typically undiversified.

Further, it has been argued that poor performance of franchisors may be attributed directly to problems in franchisees' outlet and more specifically the declining number of franchisees that stay with their franchisors. For example, the disturbing trend of high exit rates in franchise system has since been observed by Lafontaine & Shaw (1998). While it may be true that high exit does not necessarily mean failure or closure of business as some leaving franchisees sometimes have their outlets converted to company-owned or transferred to another franchisee (Michael & Combs, 2008), but over time, Holmberg & Morgan (2003) caution that increasing franchisees' turnover could well mean high possibility of failures. A recent survey by the Korean Small Business Institute (2011) cited in Lee *et al* (2016) confirms that on average, franchisees in South Korea exit their franchise system after just about 3.9years. Given that for most franchise systems, especially the food-service franchise, the average period for renewal of license is 5 years, this in essence means that most franchisees do not renew their licenses after the expiration of the very first contract in South Korea. This situation "costs franchisors tremendous money as they have to constantly recruit and train new franchisees in order to fill the leaky bucket instead of using the resources for other strategic growth opportunities" (Lee *et al*,2016:49).

In Tanzania, the problem of poor system performance in recent years seems to be more precarious. Although the Tanzanian franchise industry grew rapidly and became a popular path for entrepreneurship for many (Aderibigbe *et al.*, 2016), things have taken the turn for the worse in recent years. The available performance report of leading franchise systems in the country is worrisome. For example, the financial performance of Cocacola's the largest (by number of outlets) franchise system in Tanzania November 2008, there were 152 MDCs in Dar es Salaam and

412 in Tanzania as a whole, accounting for 93% of CCS sales nationwide(Nelson et al., 2013)Its efforts to shore up performance by divesting 49% stakes to Famous Brands of South Africa in 2013 has not made much impact as it continues to record loses with the company revenues going down 19% (year-on-year) while profit before tax recorded as staggering decrease of 88% (from US $189, 500 to US $21,500) in the first quarter of 2015 (UAC,2015). The half-year 2016 report of the parent company (where it still constitutes substantial percent of the portfolio) showed that sales were down 2% while profits went down further by 16% (UAC, 2016). The number of the company's outlets also shrunk considerably from almost 300 in 2012 to under 150 currently (UAC, 2016). That is more than 50% closure rate within a span of 4years.

Similarly, Cocacolars, the second largest franchise system, has been operating on a losing streak since 2012. The company which was doing so well and attracted IFC to invest in it in 2010 has declared loses four years consecutively billion (US$7,468,354.4 million) (Kiiru & Makokha, 2017).What is more concerning is the rate at which the company's revenue falls. For example, the audited 2015 annual account of the company shows that it recorded a 66% decrease in sales (US$6,110,797.5m) in 2015 (Kiiru & Makokha, 2017).

Thus, the above stated negative performance records of franchise systems across the world and the recent dismal performance of some notable franchise companies in Tanzania have arguably highlighted the need for studies to reassess the nature of franchise business performance. At present, it is believed that not enough research have been done to understand the critical issues that explain performance of franchise units/system(Baruch, Shenderovich, & Ling, 2018; Maestre, Robinson, Humphrey, & Henson, 2014; Szogs, 2008).Therefore, exploring factors that influence success in franchising is a promising area of academic inquiry (White, 2010).

1.2.2 Lack of Clear Understanding of Level and Factors that Drive Franchise Firm Performance

Apart from the problem of poor system performance discussed above, this study is also motivated by the need to clarify the conflicting account of level of franchisees' outlet performance. Besides the lack of agreement among scholars on the extent of performance of franchise firms vis-à-vis the non-franchise domes, it has been observed that the knowledge-base of factors that influence success in franchise business is shallow (Lee *et al*, 2016:49).

While a number of scholars maintain that franchise businesses perform better (Aliouche & Schlentrich, 2009; Frazer, Weaven, & Grace, 2014b; Hua & Dalbor, 2013) and survive longer than their independent-owned counterpart (Frazer*etal*.,2014), others conclude that there is no significant difference between the performance and survival rate of franchised businesses and their independently-owned counterparts (Bates, 1995). Some other scholars contend that although franchising as a business model has become popular in recent years, there is no firm empirical evidence that firms operating under the arrangement achieve superior performance (Aliouche&Schlentrich,2005). In some instances, empirical supports have been found for the possibility that in the long run, franchising is not as in fallible as some people present it and that the practice may actually hurt the entire franchise systems in terms of quality of offerings and overall reputation (O'Neill, Mattila, & Xiao, 2006). This is because of the high tendency for free-ride behaviors by franchisees, loss of control over company's brand management as well as inability of franchisors to enforce standards (A. El Akremi, Mignonac, & Perrigot, 2011; Kidwell, Nygaard, & Silkoset,2007).

Mean while, a part from the disagreement among scholars as to the true state of franchise firms' performance, it has been noted that even where franchise firms have been found to succeed, only very little is understood about the factors that contribute to such success (Lee*etal*.,2016). Thus, given the interest of various stakeholders in franchise business performance, it is worthwhile exploring and understanding the fundamental reasons why some franchisors and franchisees fail or perform better than the others (Combs, Ketchen, Shook, & Short, 2011). It is this need to understand the distinguishing performance factors that has driven research in the field in recent years (e.g. Lee, *et al*., 2015; Mignonac, Vandenberghe, Perrigot, El Akremi, & Herrbach, 2015; Nijmeijer *et al*., 2014). The present study is part of efforts in this regard.

1.2.3 General Paucity and Partiality of Extant Franchise Research

Since the 1950s when business format franchising started to gain popularity in the US (Killion, 2008), the academic world has been striving to understand the phenomenon (Larty, 2010). Notwithstanding the modest academic efforts so far, nor the recognition that franchising has a proven potential to significantly enhance the economic performance of nations (IFA,2015; Nijmeijer*etal*.,2014) and SME development in particular (Alharbi,2014; Binh& Terry,2013; Chanut *et al*., 2013; Hao & Yu, 2013; Nasri, 2014), research in the domain of franchising remains scanty (Dant *et al*., 2011; Gillis, 2007; Ketchen, Short, & Combs, 2011), single- country focused (Dant ,2008a), fragmented (Nijmeijer*etal*.,2014) and‘ incomplete and partial’ (Brookes & Altinay,2011:344).

Franchising research is still very much in its infancy (Dant *et al*., 2011) and obviously needs to be developed and firmly established as a credible academic field of entrepreneurial study (Ketchen *et al*., 2011). It is believed that not much is yet known about the complexities of the business model especially in countries outside the West (Dant, 2008a; Dant *et al*., 2011). Owing to the apparently few studies in the area, franchising research seems to be losing its credibility as an academic field of study in entrepreneurship. A survey shows that only 41.2% of editors of *Journal of Entrepreneurship Theory and Practice* believe that franchising research is in the domain of entrepreneurship (Ketchen *et al*., 2011). This inspired Ketchen and colleagues to recommend that in order to establish franchising as a viable field of academic endeavor,‘ more inquiry in to small, growing franchise operations would be valuable’ (Ketchen *etal*, 2011:589). This description fits franchise operations in Tanzania where the business format franchise practice only recently started to gain traction (Kiiru & Makokha, 2017).

Thus, given the increasing recognition of franchise business model across the world and the fact that there is a rapidly emerging academic interest in the field, concerted efforts at mor ein- depth research in franchising will help not just to broaden and update knowledge in the field (Combs, Michael, & Castrogiovanni, 2004; Doherty, Chen, & Alexander, 2014), but also to establish it a ascendible area of entrepreneurship research (Ketchen*etal*., 2011). Such a franchising study is especially needed in Africa where not much is understood about the practice of the business model.

Furthermore, a recent systematic review of franchising studies around the world by Nijmeijer *et al* (2014) revealed the acute dearth of research in the field of franchising in Africa. Of the 126 studies that were available and worthy of inclusion in the review, 62% were done in North America, 22% in Europe, 9% in Oceania, 5.5% in Asia and 1.5% in South America. Not a single of the pool of available franchising research was done in Africa. For a continent that is tipped as the next frontier for franchise business (FASA, 2017), the knowledge-base of franchising practice on the continent arguably needs to be established and improved upon. This will help investors exploring the option of the business model to be aware of the contexts and nuisances of the business model in the continent. More so, given the fact that findings in the West may not necessarily be applicable in other nations (Hoskisson, et al, 2013) as culture plays a critical role in a successful franchise operation (Dant, Perrigot, & Cliquet, 2008; Falbe & Welsh, 1998 and Prebble & Hoffman, 1999), there is a need to understand the unique practice of the business model and the contextual factors influencing franchising success in Africa.

By and large, the above discussion shave demonstrated that more studies on franchise business model is needed, particularly in Tanzania. The key factors that highlight this need include recent downturn in the performance of franchise firms in country, unclear understanding of factors that drive success in franchise business and the general paucity of studies on franchising. It is expected that this study will contribute to address current challenges as well as facilitate exploitation of the potentials of franchise business in Tanzania.

On the basis of the above arguments, this study is conducted to address the core Research Problem: *What are the factors that influence franchisees' business performance in Tanzania?*

1.3 Research Question.

Based on the research gaps so far identified, one specific research question was outlined to guide the conduct of the study.

What are the important business format factors that influence franchisees' business performance in Tanzania?

1.4 Objective of the Study

The core aim of this study is to explore and establish the important factors that influence performance of franchisees in Tanzania. To achieve this aim, three specific objectives have been formulated and they include the following.

To explore the important business format factors that influence franchisees' business performance in Tanzania.

To find out and establish measures that can be deployed to improve performance of franchisees' business performance in Tanzania.

To create a deeper understanding of factors that drive success in franchising.

1.5 Significance of the Study

Given the identified gaps and the stated objective, this study is significant in three broad areas, namely: theoretical, methodological and practical.

This study contributes to fill five key *theoretical* gaps. First, given the acknowledged paucity of research in franchising (Dant *et al*., 2011) and the recent calls (e.g Nijmeijer, *et al*, 2014) for more studies in different contexts on different aspects of the business model, this study adds to the existing stock of knowledge and contributes empirical evidence that will strengthen theory in the field of franchising research. With the increasing academic interest in franchising, the generation of in-depth understanding of the practice helps not just to broaden and update knowledge in the field (Doherty*etal*.,2014), but also to establish franchising as a credible field of entrepreneurship research (Ketchen *et al*., 2011).

Second, the theoretical relevance of this study can be seen from its contribution to verify and affirm the factors that influence franchising success. Although White (2010) has since noted that it is worthwhile to examine factors that affect success in franchising, not many research have been done in this direction (Akremi *et al*., 2015; Gillis & Combs, 2009; Hua & Dalbor, 2013; Nijmeijer *et al*., 2014). This study helps to bridge this gap in knowledge by generating deep insights and identifying important factors that influence success of franchise operations in Tanzania

Third, it is believed that the current knowledge base of franchising is fragmented and partial because it almost entirely relates to realities from the perspective of franchisors (Altinay & Brookes, 2012; Nijmeijer *et al*., 2014; Wright & McAuley, 2012). The importance of franchisees in the long-term health of the franchise system is well noted in the literature. Their satisfaction and intention to remain determine not only the long-term health of their particular franchise chain but also the sustainability of the business model (Chiou&Droge,2015;Lucia- Palacio *et al*., 2014). By investigating issues from the perspective of a key party in franchise relation, this study has contributed in enhancing the understanding of the business mode.

The fourth major contribution of this study is in the area of theoretical explanation for franchise reality. For years, agency and resource scarcity theories have dominated the literature on franchising (Alon, Madanoglu, & Shoham, 2017). Meanwhile these two theories have been found not to be appropriate in explaining some aspects of franchising and this has informed calls to deepen the theoretical base of the field (Combs *et al*., 2011). This investigation adopts a rarely used theory to underpin the study and explain its findings. By so doing, the study helps to enlarge the theoretical lens by which franchise research is conducted.

Finally, this study contributes to address the dearth of empirical studies in franchising that is contextualized in settings outside the West (Welsh *et al*., 2006; Alharbi, 2014). Forecasts indicate that emerging and African economies will be playing leading roles in global business and investment in the near future (Ernst & Young, 2014, UNCTAD, 2014). With franchising being seen as an important business model which could provide investors a less risky route to expand into other countries (Chanut *et al*., 2013; Madanoglu, Shoham, & Alon, 2017), a study designed to understand different country's peculiarities and contexts is obviously a worthwhile effort. It is believed that Africa in particular will be the next frontier for franchise business given the saturation of most developed and emerging markets (FASA, 2017). By providing robust information and thick details of franchising practices in Tanzania, an academic effort which to the best of this researcher's knowledge has not been undertaken before, this study makes a key contribution to the literature.

Thus, it has been demonstrated that this study has a number of theoretical relevance which include addition to stock of knowledge, generation insights into factors influencing franchise firm performance, addressing perceived bias in extant literature, deepening of theoretical base of franchise research and contribution to understanding African experience in franchising.

In terms of its *methodological* relevance, this study contributes towards addressing one of the common criticisms of the methodology of extant franchising research. It has been noted that current franchising literature is not fine-grained as it provides little in-depth insights into franchising issues in different contexts (Nelson et al., 2013; Szogs, 2008). This reality is often attributed to the limited use of emic and contextually grounded research methodology like qualitative inquiry (Dant, 2008b).

From the perspective of the *practical* contributions of this study, the findings will be useful to existing and prospective franchisors and franchisees, stakeholders in enterprise promotion and other group of potential beneficiaries in Tanzania. Four broad practical contributions of this study are discussed thus.

First, findings of this investigation will provide a useful framework and valuable insights to both current and potential franchisors and franchisees in Tanzania regarding the fundamental factors that shape performance of franchise units. This will ultimately help the parties to redesign appropriate strategies to improve performance. Given that the success of franchisors and in fact the entire franchise system depends on the collective performance of franchisees (Lucia-

Palacio*etal*.,2014), understanding the determining factors in franchisees' performance is critical to evolving policies and practices that improve the performance of the entire franchise system and for a satisfactory and sustainable franchise relationship.

Second, findings of this study will be a useful resource for intending franchisees. The study provides deep insights into issues in franchise units' performance, thereby informing prospective franchisees on the important factors to consider prior to joining a particular franchise system. It is expected that the findings of this study will inspire prospective franchisees to do more due diligence and carry out good background checks on the contract terms, types and quality of services provided by franchisors, as well as other issues that have been explored in this study. In the same vein, existing partners that desire to revaluate their partnership will also find this study useful. Scholars have noted that many franchise agreements are formed based on good chemistry (Doherty *et al*., 2014), but rationality and due diligence have been found to be very critical for achieving success in franchise business (Frazer, Weaven, Giddings, & Grace, 2012). Findings of this study will facilitate rational and informed decision by both parties with regards to whether it is wise and beneficial to continue business relation with each other.

Third, findings of this study is a potentially resourceful policy tool for both non-governmental organizations (NGOs) and public sector promoters of self-employment and SMEs in Tanzania. Given that franchising has been confirmed to be useful in developing SMEs (Sutton & Olomi, 2012), it is expected that this study will raise awareness on the option of franchising in this regard. The management strategies proffered in this study will potentially help in increasing the number and quality of franchised SMEs in Tanzania

Lastly, the findings of this study will potentially help the relevant professional associations in Tanzania and across the world (e.g. International Franchise Association - IFA, World Franchise Associate – WFA) on issues that need to be addressed by members in order to enhance and preserve the integrity of the business model at local levels and in the international arena.

1.6 Scope of the Study

Having discussed the relevance of the study in the previous section, this section identifies the scope of the study. As shown in table 1.3 below, this study addresses factors influencing franchise firm performance from the perspective of business format franchisees using a sample drawn from thirteen (13) large cities in Tanzania. This is thus discussed in detail previous studies have lamented that although franchisees are the major contributors and backbone of franchise systems, the development of franchise theory and understanding has not always incorporated their opinions and perspectives (Lucia-Palacio *et al*., 2014; Michael & Combs, 2008; Stanworth & Kaufmann, 1996; Tuunanen & Hyrisky, 2001). For long, large percentage of franchise studies have focused exclusively on franchisors (Dant *et al*., 2011), disregarding the reality that the success of franchise business depends on the action of three equally important actors – the franchisors, franchisees and customers (Dant, 2008b). Hence, this study is specifically about franchisees and the expectation is that it will potentially bridge the observed gap and in effect, contribute to the robustness of franchising literature.

The study was done in Tanzania where franchising has been noted to be a potential market of aroundUS$70 million (Sutton & Olomi, 2012). The country is a huge domestic market of over 55 million people, growing middle class with increasing purchasing power (Christiaensen, Weerdt, & Kanbur, 2018), young demographic who are outgoing and characterized with life styles such as outdoor on soft drinking . All these are features that could support franchising especially in beverages service sector.

Although there are such other types of franchising as product manufacturing, product distribution, trademark license and promoter (Mohd Harif, 2002) as detailed in section 2.1 (chapter two), this investigation focuses on business format franchise because of a number reasons.

First, apart from being generally more prevalent in many parts of the world (International Franchise Association, 2016), most franchise research are conducted on the business format variant (Nijmeijer *et al*., 2014) and so the present study focuses on this type in order to have a similar and fairly established base upon which eventual findings can be compared. Second, this study focuses on business format franchise because of the need for in-depth understanding of the model in Tanzania. Out of the five types of franchising identified (see Mohd Harif, 2002), only three are commonly practiced in Tanzania. These are product manufacturing, product distribution and business format franchising (Christiaensen et al., 2018). Of these three, business format franchising is only being recently introduced in country and not much is understood about the practice (Nelson et al., 2013). This is unlike product distribution and manufacturing franchises which have along history and well-understood in the country. Third, business format franchising as presently practiced in Tanzania appears to be having teething problem being a relatively new business model in the country.

Thus, the combination of similar basis for comparison, practice, lack of understanding and complexity of business format franchise in Tanzania make it an interesting research field and therefore chosen as a focus for this study.

In terms of the sector and geographical bounds of the study, business format franchise is practiced only in a few sectors in Tanzania and their outlets are found mostly in cities and urban centers. Hence, respondents for this investigation were drawn from five (5) sectors that commonly apply franchising. These sectors are quick service restaurant (QSR), retailing, ice- cream vending, transportation and telecommunication-mobile devices. Across these sectors, respondents were drawn from Dar-es-salaam the largest city and commercial hubs in the country. The highest numbers of respondents come from Temeke, Ilala and Kinondoni districts respectively. These municipally have the highest concentration of franchise business units in the country.

Finally, the study is grounded in constructivist paradigm and thus used the qualitative method of in-depth interview to collect data. NVivo was used to manage and analyze the transcribed data.

1.7 Organization of the Study

Chapter one introduces the study and presents arguments justifying the need for the investigation. The chapter includes such sections as background of the study which previews what franchising is and briefly discusses the present state of the business model in Tanzania. Other sections in chapter one are: research question, objectives of the study, significance of the study, scope of the study and organization of the thesis.

Chapter two is the literature review. It presents the current state of knowledge on issues that are relevant to the study. The aim of chapter two are basically three: to review how the business model is currently practiced around the world, to critically document what is known about the fundamental issues underlining the study, and to identify the gaps that will be filled by the current investigation. The chapter also outlines the theoretical lens by which the findings of the study are explained.

Chapter three is specifically about the procedures and methods adopted for the conduct of the study. It presents the step-by-step approach used for selecting respondents, collecting data and analyzing same to answer the questions guiding the study. Attempt is made in this chapter to make a case for the paradigm and philosophy of the study as well as for the appropriateness of the qualitative approach adopted. The chapter also explains measures that were taken to guarantee validity and reliability of findings.

Chapter four contains the results the findings of the study. The chapter is broadly divided into two; the preliminary findings and the main findings. In general, the chapter provides detail empirical evidences and analyses which address the key issues underlining the conduct of the study.

The last part of the thesis is chapter five and it presents a review of the entire work. Following from the presentation of the review, the chapter highlights the key conclusions arrived at on each of the research issues. Chapter five also includes a section that critically evaluates the approach adopted for the study and then suggests areas for further investigations.

1.8 Summary of the Chapter

In summary, franchising has become an important business model and the fastest growing form of business alliance in the world (Madanoglu *et al*., 2017). Its increasing relevance is attributed to the benefits it bequeaths to the two parties – franchisors and franchisees, and the larger economy. It is believed that given the proven benefits of franchising, Tanzania could use the business model to develop her SME base and promote entrepreneurship among its youths. This study is conceived to address issues that could have impact on the performance and long-term sustainability of franchise industry in Tanzania.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Chapter one has outlined the background and justifications for the study. The chapter also highlights the significance as well as the focus of the investigation. Chapter two now presents the current state of knowledge on aspects of franchising that are relevant to the study.

The aim of this chapter is to lay out the basis within which the current study can be located in the broader franchising literature. To achieve this aim, the first section explains the nature of franchising, including a comprehensive discussion on the current state of the business model in some selected countries. The third section is the conceptual framework of the study. A discussion on the section starts with justifications for adopting the framework followed by detail description of the relevant parts of the framework. Under this section, syntheses of previous studies on issues and factors that have the potential to influence franchisees' business performance are presented. The fourth section is the underpinning theory. This section discusses the major theories commonly used to explain franchising realities, highlighting why Resource-Based Theory is most relevant to the issues being investigated in this study. The fifth section is the development of the preliminary theoretical framework. This framework contains factors that have been considered for further exploration in the study. The last main section explains the research issues that have been derived to answer the preliminary theoretical framework.

2.2 Nature and Practice of Franchising

This section discusses such issues as meaning and benefits of franchising as well as types of franchising. Franchising is a business model that has acquired a stable influence over the last 50 years and represents roughly 35% of global retail trade (Lindblom & Tikkanen, 2010).The business model has indeed become a valuable organizational form especially in retailing and distribution of goods and services across the world (Grewal, Iyer, Javalgi, & Radulovich, 2011). Although the word franchise conjures images of such iconic international brands as McDonalds, KFC, Hilton Hotels, Holidays Inn, The Marriot, Total Oil and so on, it is not just a restaurant or hotel phenomenon, neither is it an exclusive reserve of multinational American companies (Shane,1998). In many economies, local businesses and brands that have reputation and replicable systems are taking to franchising as a way to scale up and leverage their assets.

For example, in Australia, 90% of all franchised firms in the country are local businesses (Alharbi, 2014). Similarly, in Tanzania, roughly 95% of all those engaged in franchise business are local companies (Maestre et al., 2014). Franchising is not only a business expansion strategy (Lindblom & Tikkanen, 2010), it is increasingly being used as an entrepreneurship, self-employment and SME development option (Anwar, 2011; Mohd Harif *et al*., 2011).

Given the important roles that franchising plays in today's global economy, studying the subject with a view to improving its practices and outcomes is arguably a worthwhile effort. The next subsections of this review explains what franchising really is, its types, benefits and contributions to countries' economy.

2.2.1 Meaning of Franchising

In today's highly competitive and fast-paced business environment, success requires that entrepreneurs possess an efficient model for products and/or service distribution as well as business expansion. Franchising has proven to be that kind of model (Selden, Gipson and Parker, 2008). It is a rapidly developing means for distributing goods and services around the world.

In its simplest form, franchising is a business relationship wherein one party (franchisor) permits the other (franchisee) to run a replica of a business system that has been proven to have a measure of success (Duckett, 2008). Usually, as a price for the opportunity to benefit from a proven business system, franchisees are required to pay some fees such as the initial franchise or license fee and regular royalties which in most cases is an agreed percentage of sales (International Franchise Association, 2016). From a legal perspective, franchising is understood to be a legal agreement between franchisor and franchisee to sell or distribute a product or service using the complete business process and brand name provided by the franchisor (Chiou & Droge, 2015).

Combining both the business and legal features of the model as highlighted in the two definitions above, franchising can be seen as an accord between two legally recognized parties whereby a company or group of companies franchisees, are given the right to make and sell a particular product or service using the trade names, trademarks and/or complete business system of another company franchisor (IFA, 2015). In this arrangement, the franchisee is obligated to pay some fees (initial license fees and regular royalties) to the franchisor who in turn is expected to provide all necessary business supports trade name, trade mark, intellectual property rights, procedural system, commercial and technical assistance and so on to the franchisee (European Franchise Federation, 2017).

Thus, drawing from these various definitions, this study defines franchising as *a business model where one party - the franchisor, allows the other - the franchisee, who has been confirmed to possess the energy, discipline, relevant experience and resources, to use the former's goodwill, trade name, product or services and business system to conduct an independent business*. It is a business strategy that has several elements and principles which give reasonable guarantee of sustainability of both the franchisor's and franchisee's businesses.

2.2.2 Benefits of Franchising

Franchising delivers a number of beneficial outcomes to not just the franchisors and the franchisees, but also to the larger economy. For franchisors, it is a great strategy for business growth and development as it provides a cost-effective mean for accessing new markets and securing valuable competitive advantage (Rahatullah & Raeside, 2009). The franchisor benefits through the opportunity for rapid expansion with minimal capital investment (Altinay & Brookes, 2012; Altinay *et al*., 2014b; Lim & Frazer,2004).

Through franchising, franchisors gain maximum brand exposure while minimizing business risks (Lim&Frazer,2004).These are achieved by having access to cheap resources in the form of capital and managerial talents of franchisees (Altinay *et al*., 2014; Dant, Weaven, & Baker, 2013).More so, the initial franchise fees and regular royalties shore up the revenue base of the franchisor (Frazer, Merrilees, & Wright, 2007). This is why it is often argued that compared to establishing a company-owned outlet, franchising is a more efficient way of expansion as the incentive system in the business model is better aligned (Michael & Combs, 2008).

On the other hand, franchisees benefit by securing the right to operate an independent business under a reputable and tested business system (Altinay *et al*., 2014b). Since it is presumed that most top franchised business have had several years track record of success and profitable operations prior to franchising (Frazer, Marrillees & Wright, 2007), franchisees would benefit by way of the extra relative peace of mind investing in a less risky business venture. In addition, the training and other supports offered by franchisors are always invaluable to franchisees and could help greatly in setting their businesses up for success (Binh & Terry, 2013).
On its benefits to the larger economy, franchising has been termed as an enabler of economic growth (IHS Markit Economics, 2017). Beyond being a globally accepted, profitable and ever-growing model for rapidly growing a business (Dant,2008a; Kosova &Lafontaine,2010), franchising is a veritable tool for the promotion of entrepreneurship (Bevis,2015) and aviable instrument for enhancing the overall performance of an economy (Binh & Terry, 2013; European Franchise Federation, 2017; IFA, 2015; IHS Markit Econonmics,2017). According to the European Franchise Federation (EFF), franchising boosts national and global economies in many ways. This include creation of enterprise and small business owners; facilitation of dynamic and efficient system of enterprise growth; it increases survivability and growth of startups; it acts as a natural vector for cross-border trade and generation of foreign exchange; it facilitates transformation, modernization and professionalization of traditional occupation; it promotes acquisition of entrepreneurial skills and encourages healthy competition among businesses (European Franchise Federation,2017).

More specifically, franchising has been found to be a proven solution to the many challenges of SMEs development (Frazer, Weaven & Grace, 2014; Nasri, 2014; Hao

& Yu, 2013; Binh, & Terry, 2013; Alharbi, 2013; Chanut, Gharbi & Fernandez, 2013). For developing countries, franchise business model is particularly relevant as the franchisors' provision of tested system accompanied with training and ongoing supports go a long way in developing the SME sector (Binh & Terry, 2013). In addition to training and general hands-on technical and managerial guidance to franchisees, some franchisors provide such other assistance as financing (Shane, Shankar, & Aravindakshan, 2006), advertising, marketing and brand management (IFA, 2014).

Furthermore, since the process of franchisee selection is presumably, relatively rigorous (Doherty, 2009; Rahatullah & Raeside, 2009; Vaishnav & Altinay, 2009), as franchisors usually expend a significant amount of money and time to search and select franchisees whose experience, style, philosophy and values match those of the franchisors (Gillis,2007), it follows that business format franchise model helps to match prospective entrepreneurs-franchisees with business are as or systems that best suit them. There sult of this is that franchisees will be better aligned and more committed since they will be doing what they love and are passionate about. With this, it is not surprisingly that franchised business outlets have much higher success rate than their independent-owned counterparts (Alharbi, 2014; Binh & Terry, 2013; Frazer, Weaven, & Grace, 2014b; Hua, Xiao, & Yost, 2013; Lafontaine & Zapletal, 2014).

Thus, franchise business model not only benefits the two parties that are directly involved, it is highly beneficial to a country's economy. The overall impact of the industry could be seen from its contribution to job creation, boosting of national productivity and wealth creation. As detailed in section 2.1.2 (franchising in some selected countries), franchise industry is a major contributor to the GDP of some nations and it has been noted that the industry generates jobs faster than most other industrial sectors in many advanced and developing economies (IFA, 2015).

2.2.3 Types of Franchise Arrangement

Table 2. 1: Types of Franchising

Types of Franchising	Examples	Practiced in Tanzania	Scope of this Study
Product Manufacturing	Coca-Cola & bottling companies around the world (Gillis, 2017)	√	□
Product Distribution	Fast-moving consumer goods multinationals and local dealers	√	□
Business Format	McDonald’s, KFC, Holiday Inn, Mr. Bigg’s etc.	√	√
Trademark/Trade name	Walt Disney, Pierre Cardin (Noraini, 1998 cited in Mohd Harif, 2002))	□	□
Promoter	Avon, Bonia etc. (Noraini, 1998 cited in Mohd Harif, 2002)	□	□

Source: Developed for this research

As shown in table 2.1 above, there are five popular types of franchising identified in the literature and these include, product manufacturing, product distribution/dealership, business format franchising, trademark license and promoter (e.g.Anwar,2011;Dantetal.,2011;Gillis, 2007; Mohd Harif, 2002). Taken from the last, while *trademark franchising* is an arrangement where a franchisee sells franchisors’ goods or services for commissions, *promoter franchising* is characterized with franchisors provision of facilities and supports to franchisees who in turn purchase goods from franchisors for resale (MohdHarif,2002). These last two are not practiced in Tanzania and they also do not suit the definition of franchising in this study. The first three are commonly practiced in Tanzania and are thus discussed.

Product (or process) manufacturing franchise is an arrangement where a franchisor grants a franchisees a legal right to manufacture a given good or service using the recipe, formula or process provided or recommended by the franchisor (Gillis, 2007; Mohd Harif, 2002). The relationship between Cola-Cola international and its bottlers around the world is a good example of this type of franchise (International Franchise

Association,2016).Examples of this franchise arrangement in Tanzania which produces Coca-Cola products and the 7-Up Bottling Company which produces PepsiCo products(Nelson et al., 2013).

Product distribution franchising involves only the licensing of a brand name to a third party firm to transact an independent business (Killion, 2008). It is purely a franchise relationship where one company or person – called the supplier, mandates another – called the dealer, to sell the product and or service of the former (Odunsi, 2015). In product distribution arrangement, the dealer may or may not necessarily use the complete system of the supplier (Gillis, 2007). Example of this arrangement can be seen in the automobile industry where an auto dealer is allowed to run his own independent dealership using the name of the auto manufacturers whose cars he/she distributes. Other examples include dealership relationship between major Tanzanian household goods dealers and international fast-moving consumer goods manufacturers like Procter and Gamble and Unilever. The companies that are engaged in this type of franchising in Tanzania include Peugeot Automobile Tanzania Coscharis Motors, Unilever Tanzania, Danhaus a Tanzania and so on. *Business format franchising* on the other hand, is a continuing business partnership whereby the franchisor (a firm with a reputable brand and proven business concept) grants the franchisees (independent individuals or firms), the rights to undertake an independent business using the franchisors' brand name and complete business processes (Aliouche & Schlentrich, 2009). In return for these rights and the benefits thereof, the franchisees pay some applicable fees such as franchise/license fees, management fees, regular royalty and/or advertising contribution (Lindblom&Tikkanen, 2010; Michael, 2000; Shane, 2005; Sorenson&Sorensen, 2001). Business format franchising is more prevalent in many economies around the world (International Franchise Association, 2016) and it is being applied in a wide range of industries such as quick service restaurant, hotel and lodging, retail/convenience stores, real estate, and car rental. The next paragraphs identify the keys differences between business format and the other two types of franchise arrangements popularly practiced in Tanzania.

First, business format franchising is more prevalent around the world than product distribution (European Franchise Federation,2017).Second, while product manufacturing and distribution franchises involve only the granting of right to a third party to use a business name, business for matisall-involving as the franchisor not only grants the right to his business name, but also provides supports and trains to the franchisees on all elements (system, operations and strategies) necessary to undertake the venture (Lindblom&Tikkanen,2010).Third, in business format franchising, the franchisor has more control over what the franchisees sell and how the entire business is operated unlike product manufacturing and distribution franchises where local practices vary widely (Surbhi, 2016). The fourth difference between business format franchise and others is that while business format franchising is specifically legislated and regulated in many countries of the world mainly because of its unique practices, there are no such targeted regulations for product manufacturing and distribution franchises. This study focuses on the business format type of franchising for reasons that have been given in section 1.7 (scope of the study in chapter one). The first reason is that business format is more prevalent in many parts of the world and most franchise studies are conducted under this type. Hence, in order to appropriately compare findings with previous research, this study focuses on the business format type of franchising. Second, business format model is only recently introduced in Tanzania and there is a need to understand its uniqueness and complexity in the country. Third, business format is about the only type of franchising that people quickly remember when a discussion on the topic of franchising comes up in Tanzania (Maestre et al., 2014; Nelson et al., 2013)

Thus, the forgoing discussion has been about the meaning, benefits and main types of franchising practiced in Tanzania. The discussion has highlighted the key benefits of franchising to the two parties involved as well as to the economy at large. The next section explains the state of franchising in different countries with the key highlights being the industry's contribution to national productivity, GDP, employment generation and wealth creation.

2.2.4 Franchising Practices in Some Selected Countries

Apart from being an important strategy that has changed the world of business (IFA, 2016), franchising has been found to make valuable contribution to the overall economic development of nations (Alharbi, 2014). This can be seen from the contribution of the industry to the stimulation of entrepreneurship, boosting of economic activities, GDP growth, job creation and national competitiveness of many countries of the world. The relative contributions of franchise industry of selected developed, emerging economies and African nations are reviewed in this section. Eight (8) jurisdictions are included in the review. Three (3) developed countries, three (3) emerging economies and two (2) African countries. Efforts were made to review franchise industry of at least one country from each continent of the world. There are other specific considerations for selecting the countries in this review. For the developed countries, UK, US and Australia have highly advanced franchised systems (Dada, Watson, & Kirby, 2015; European Franchise Federation, 2017; Frazer, Weaven, Grace, & Selvanathan, 2016; IHS Mark it Economics, 2017) and there is a need to learn how their systems have evolved.

In the case of the emerging economies, Malaysia, Brazil and China were selected. Malaysia and Brazil are included in the review because of the need to understand the basis for the current rapid growth that the industry is experiencing in these two countries (Fernandes & DeOliveira, 2017; SME Malaysia, 2017). China is in the review because of its large consumer market and the increasing interest of foreign brands to operate in the country through franchising (Doherty *et al*., 2014; Export.gov, 2017b).

In respect of franchising in Africa, South Africa and Tanzania are the two countries reviewed. South Africa is often cited as the most business-savvy country in Africa (Export.gov, 2016c) and the country is the leading franchise system on the continent (FASA,2017).Lastly, Tanzania is the setting of this study and hence the current state of franchise business model in the country needs to be understood.

2.2.4.1 Franchising in the Developed Countries

As shown in table 2.2 below, franchising continues to make a huge impact on the economy of many developed countries. This section shows the state of franchising in some selected developed countries. The section presents discussions on franchising in the United Kingdom (UK), franchising in the United States of America (USA) and franchising in Australia.

Table 2. 2: Overview of Franchise Industry in the Developed Countries

Particulars	Countries		
	United Kingdom	**United States**	**Australia**
Name of Brand	901 Brands	732,842 Brands	1,120 Brands
Number of Units/ Outlets	44,200 Units	732,842 Units	79,000 units
Contribution on GDP	N/A	5.7%	10%
Annual Turnover	US$ 19.65 Billion	US$ 868 Billion	US$ 146 BILLION
Employment	621,000	7,636,000	470,000
Legal Framework	No Specific Franchise Laws. General business laws apply	FTC Franchise Rules and individual state franchise rules	Franchising Code of Conduct
Data reference Year	2015 - 2016	2016	2016

Source: Developed for this Research

2.2.4.1.1 Franchising in the United Kingdom

Franchising has a rich history in the UK which can be traced to the Feudal practices in the16th Century England when the feudal or occasionally granted permission to peasants to use their lands in return for certain fees (British Franchise Association, 2017b). At present, as shown in table 2.1 above, franchise industry plays a key role in improving the economy and national productivity of the UK.

According to the latest survey of the industry conducted by the British Franchise Association (BFA), there are 901 franchise brands in the UK with 44,200 franchise outlets (British Franchise Association, 2016). The survey further indicates that 621,000 were employed in franchise industry and the industry generated BP15.1billion British Pounds (US$19.65) in the year2015. The most interesting data point in the survey is the fact that 97% of franchised units in the country were operating profitably, with more than 50% recording a turnover in excess of PB250,000 (US$321,300). This goes to support the empirical findings that franchised businesses are profitable and could be more so than independently-owned ventures (Hua & Dalbor, 2013).

In the UK, there are no specific laws guiding franchise business partnership (British Franchise Association, 2017a). Apart from the BFA Code of Ethics that guide the conduct of franchise business in the country, contracts in the industry are enforced according to the existing general business and commercial laws (Hamilton Pratt, 2017). The important commercial and business laws that are relevant to parties entering into franchise partnership in the UK include The Trading Scheme Act 1996, The Fair Trade Act 1973, The Marks Act 1994, The Data Protection Act 1998, The Bribery Act 2010 (British Franchise Association, 2017a;Drakes,2017;Nelsons, 2014) and so on. Other issues on which proper legal counsel may be needed to conduct a successful franchise business especially for franchisors include pricing controls, exclusivity, tying practices and online sales by franchisees (Drakes,2017).

Thus, the foregoing discussion has shown that franchising is an important business model in the UK with the industry contributing meaningfully to enterprise promotion, job creation and GDP growth in the country.

2.2.4.1.2 Franchising in the United States

Franchising in the US has come of age and continues to be an important business model that strengthens the economy in many ways. As indicated in table2.1 above, recent reports indicate that as at December 2016, the number of franchise establishments in the US was around 732, 842, contributing 5.7% of GDP and generating 7, 636,000 direct jobs in the country (IHS Markit Economics, 2017). In total, the US franchise industry produced goods worth US$868 billion and contributed US$ 454.1 billion to the country’s GDP in 2016 (International Franchise Association,2016). More so, franchise businesses provided more direct employment in the US than all manufacturers of consumer goods such as cars, computers, planes, trucks, primary metals, communication equipment, woods products, and instruments (International Franchise Association,2016).

When the effect of franchising such as product and service demands from other sectors of the US economy is considered, the multiplier impact of the franchise industry can be seen in terms of 16 million jobs being created, US$723.2 billion in payroll, US$2.08 output and US$1.20 trillion contribution to GDP (International Franchise Association, 2016).

Figure 2. 1: Notable US Franchise Brands

Interestingly, such iconic franchise giants as McDonald's, KFC, 7-Eleven, Subway Burger King, Holiday Inn (now part of InterContinental) originate from the US.
Mean while, there are two major developments in recent years that could potentially modify franchise business model in the US. These are misclassification and joint employer status (Woods, Hurwitz, &McKenzie, 2016). Misclassification relates to whether franchisees should be classified as employees or independent contractor sto franchisors while joint employer status has to do with the debate that given the degree of controls that franchisors exert on the operations of franchised outlets, franchisees should be treated as joint employer of the franchisees workforce (Woods *et al*., 2016).

In terms of the general regulatory framework, franchising in the US is governed by two levels of laws: the federal and individual state laws. About 26 states have separate laws and regulations guiding registration, disclosure and such contract issues as fees, exclusivity, termination, renewal, transfer and so on (Woods *et al*., 2016). At the federal level, the Federal Trade Commission (FTC) enacts and reviews regulations guiding the industry and these regulations are commonly called FTC Franchise Rules (Marzheuser-Wood & Baggott, 2016), most notable of which is *The Disclosure Requirements and Prohibitions Concerning Franchising* (Woods *et al*., 2016). Although there are differences across states in terms of franchise regulations, both levels of laws are generally more protective of franchisees (Woods *et al*., 2016). Apart from the states and federal regulations, the association of franchise professionals in the US, the International Franchise Association (IFA) has outlined clearly defined Codes of Ethics that regulate franchising practices and relations in the country.

Thus, it is clear from the above review that the US franchise industry is well-developed and it is making significant contribution to the economy of the nation.

2.2.4.1.3 Franchising in Australia

Interestingly, the Australian franchise industry is often regarded as highly advanced with some scholars labelling the country as the franchise capital of the world (Frazer, Weaven, & Grace, 2014a; Li&Stittle, 2014;Weaven, Frazer,& Giddings, 2010; Wright & McAuley,2012).This, in part, is because the industry's contribution to the GDP in Australia is one of the highest in the world. According to a biennial survey of the Australia Franchise, the industry generated US$146 billion in 2016 representing nearly 10% of the country's GDP (Frazer *et al*., 2016). Although 32% of franchisors in Australia now operate globally, the country's franchise industry has expanded mostly from within as 90% of the systems are Australian-based chains (Frazer *et al*., 2016). There port indicates that more than 470,000 people are directly employed by the 79,000 franchise units across the 1,120 franchise systems operating within the country.

An interesting fact about the Australian franchise system is that it is the only country in the world where Burger King, the US franchise giant, is not known by that name. The company is called Hungry Jack in Australia as the original name had been registered to a local take-away food restaurant before Burger King Corporation arrived the country (Terry & Forrest, 2008). Some of the popular home-grown franchise brands in Australia are shown in figure 2.3.They include foodco (food), poolwerx (pool cleaning), Gutter-vac (gutter cleaning) and Baker's

Figure 2. 2: Notable US Franchise Brands

Legally, the Australian franchise industry is governed by a number of laws and agencies. The general laws under which the industry operates is The Franchising Code of Conduct and the main government agency that regulates the industry and enforces the Code is the Australian Competition and Consumer Commission (ACCC). The Franchising Code has been amended many times and the latest amendments came into effect on 1st of January, 2015 (ACCC, 2015). The Code is divided into four parts addressing issues of good faith, disclosure, agreement and dispute resolution respectively. The latest amendments brought about vital changes that must be properly understood as there are serious implications for breach of the code. These new changes as outlined on the website of the regulatory authority (ACCC, 2017) include the following:

i. Stiff penalties for franchisors and franchisees who do not act in good faith.
ii. Infringement notices and financial penalties for serious violation of the Code.
iii. Franchisors to provide prospective franchisees with a brief information sheet containing the risks and rewards of franchising.
iv. Greater transparency and accountability to be provided by franchisors in the use of money contributed for marketing and promotion.
v. Franchisors to establish a separate marketing fund for marketing and advertising fees.
vi. Additional disclosure about the ability of the franchisor and franchisees to sell online
vii. Franchisors are prohibited from imposing significant capital expenditure on the franchisee except in limited circumstances.

Thus, it is apparent from the above listed changes that the Code is designed to protect both parties, but just like the FTC Franchise Rules in the US, it is skewed particularly in favour of franchisees. Franchisees' protection is necessary to check possible abuses by the franchisors who are obviously more powerful and wield significant influence in a franchise agreement (Frazer *et al*., 2007, 2012; Lagarias & Boulter, 2010). Apparently, the franchise rules orcodes highlighted above are designed to provide a healthy environment for the industry to flourish while maintaining its credibility. By and large, the forgoing discussions have been on the state of franchising in three developed nations – UK, US and Australia. The business model has contributed immensely to the economies of these nations in terms of job creation, GDP growth and overall national competitiveness. Interestingly, the future outlook of franchising in these countries is generally positive as the industry is projected to contribute more to the economies than any other sector (IHS Markit Economics, 2017). It is noted that while a few differences in the practice of the business model exist in the three countries, they share some commonalities. For instance, although UK is the only one of the three countries that do not have franchise-specific laws, they all have frameworks that emphasis disclosure and protection of franchisees. This is perhaps due to the realization that the long-term sustainability of the business model rests on the satisfaction of the franchisees and the success of their businesses (Lucia-Palacio *et al*., 2014).

2.2.4.2 Franchising in Emerging Economies

There is no generally accepted definition for emerging economies and this is because these economies are not monolithic, there are considerable differences among them (Khanna & Palepu, 2013).

Table 2. 3: Overview of Franchise Industry in Emerging Economies

Particulars	Countries		
	Malaysia	**Brazil**	**China**
Number of Brands	813 brands	3,073 brands	4,500 brands
Number of Units/Outlets	6,000+ units	138,343 units	NA
Contribution to GDP	3.7%	10%	NA
Annual Turnover	US$6.36 billion	US$35 billion	NA
Employment	50,000	1.2 miilion	NA
Legal Framework	Malaysian Franchise Act 1998	Brazilian Franchise Law 1994	Regulation on Administration of Commercial Franchises etc.
Data Reference Year	2016	2016	2016

Source: Developed for this research

However, there are some characteristic that are often used to describe these countries. These include rising GDP; expanding middle class; young population; large, low-cost and broadly educated labour force as well as increasing business sophistication (Hoskisson *et al*., 2013; Khanna & Palepu, 2013).

Countries such as Brazil, Russia, India, China and South Africa (BRICS) are often cited as examples of emerging economies (Khanna & Palepu, 2013). Among the business strategy that has been gaining increasing traction within emerging markets is franchising (Madanoglu *et al*., 2017; Welsh *et al*., 2006). Currently, franchising in emerging market is experiencing rapid growth (Alon *et al*., 2017). Table 2.2 above shows key statistics about franchise industry in three emerging economies – Malaysia, Brazil and China. This section discusses the current state of the business model in these countries.

2.2.4.2.1 Franchising in Malaysia

Over the last few years, franchising has gained increased popularity in Malaysia (Ali, 2017). The franchise industry in the country has been growing rapidly in recent years and according to SME Malaysia (2017), there are currently 813 franchise brands in the country, a growth of about 67% within a space of two years from 486 brands in 2015 (APCFE, 2015;MATRADE, 2015; MFA, 2015). The ministry of

Domestic Trade, Cooperative and Consumerism (DTCC) under whose purview the franchise industry falls has set a target of registering between 60 – 80 new franchis or sternum (Ali,2017), a key performance indicator that shad impact on increasing the number of entrepreneur-franchisees and creation of more jobs in the country. As at 2015, the number of franchise units in the country was 6,000 with over 50,000 direct jobs created (APCFE,2015;MATRADE,2015;MFA,2015). The country has proven to have strength in different areas of franchise business including food-service, retailing, hotels, education, health and fitness, telecommunication and IT, beverages, fashion and clothing, car sales and servicing, printing and photography and so on (Ali, 2017).

More so, the Malaysian franchise industry has shown that it could be a reliable path to economic growth and national productivity. The industry's contribution to the GDP has been growing steadily, from RM24 billion in 2014 (MATRADE, 2015), RM26.8 billion in 2015 to an estimated contribution of RM28 billion (US$6.36) in 2016 (SME Malaysia, 2017). The government has been very proactive in supporting the industry with various incentives and strong institutional facilities such as the establishment of Perbadanan National Berhard (PNS), an agency tasked with regulating the industry as well as promoting it through delivery of targeted franchise education and financial supports for players. More so, there is an association of franchise professionals in the country, the Malaysian Franchise Association (MFA) which lays down ethical standards of practice and facilitates cross-border franchise business for Malaysian brands. At present, as revealed by the Minister of DTCC during the 2017 edition of the MFA International Franchise Conference that took place on 13th May in Kuala Lumpur, there are more than 60 Malaysian franchise brands operating in over 50 countries. Marry Brown, the home-grown food-service restaurant chain has the highest number of foreign outlets.

Figure 2. 3: Notable Malaysian Franchise Brands

As stated in MarryBrown.Com, the company operates in countries as far-flung as Azerbaijan, Islamic Republic of Iran and Tanzania. Figure 2.4 above shows other top indigenous franchise brands in Malaysia including Cool Blog, Tealive (beverages), Poney (kidswears), Laundry bar (dry cleaning) and Focus Point (contactlens).

More interestingly, the country has planned to become the franchise hub of Asia by the year 2020. The path to this aspiration is outlined in the 'National Franchise Development Blueprint 2012-2020' (MATRADE, 2015). This blueprint outlines key milestones and specific actions that relevant stakeholders, particularly government and the regulatory agencies will need to take towards the realization of the stated objective. As contained in the blueprint, the actions and milestone to becoming the franchise hub in Asia include more education and research on franchising, targeted financial investment and development of local franchise brands, strengthening of institutions and enhancing general business environment, and supports for local brands to conduct cross-border business (MATRADE,2015).

Further, a key part of Malaysia's proactive efforts to promote franchising is the promulgation of specific laws to guide the industry. The enabling law is referred to as Franchise Act 1998, last amended in 2012. The law addresses such issues as definition of franchise business, registration of franchise, disclosure, agreement, conduct of parties and termination. The most distinguishing feature of the Malaysian Franchise Act is the provision for Franchise Advisory Board which is a committee of seasoned business professionals that regularly advices the government on how to best promote the industry and make it more competitive (Franchise Act, 1998).

Thus, the above discussion has demonstrated that Malaysia franchise industry is growing and the country has the ambition to become a franchise hub in a few years.

2.2.4.2.2 Franchising in Brazil

Being a business powerhouse and number one destination for foreign direct investment in South America, Brazil holds high potentials for franchise business especially in terms of foreign brands setting up franchise operations in the country (Restanis, 2017). The Brazilian franchise industry has been experiencing explosive growth over the past few years. Reports by the Brazilian Franchising Association indicate that over the past decade, the industry has been recording an annual growth of between 10 – 20% (Smith & Peterson, 2014). Apparently, this places the country's franchise industry at the to pinterms of contribution sto economic growth and national productivity.

As at 2015 (the year for which updated data is available), there were 3,073 franchise chains and 138,343 franchise outlets in Brazil with revenue in excess of R$ 139.593 billion (US$ 35 billion) generated by the franchise industry in that particular year (Vieitas, 2017). The number of job created by the industry stood at about 1.2 million in 2016 and this was projected to grow by about 8% in subsequent years (Export.gov,2016a)..

Figure 2. 4: Notable Brazilian Franchise Brands

The top performing sectors in the industry are shoes, retailing/service, hotel, food, automotive sales and service, education/training, health and fitness, clothing, IT, cleaning and home/construction (Vieitas, 2017). The most popular local franchise systems in Brazil include O Boticario (beauty), Cacau Show (food), Correios (retailing) and Escolas Fisk (education).

Brazil is one of the countries that has laws specifically promulgated for franchise contracts. It is known as the Brazilian Franchise Law and officially christened *Federal Law No. 8,955*promulgated on 15th December 1994 (Fernandes & De Oliveira, 2017; Guandalini & Yurgel, 2016; Yamaguchi, da Hora, & Cunha, 2016) The Franchise Law addresses issues such as disclosure by franchisors (at least 10 days before signing of the agreement), registration of franchise agreement and execution of franchise contract (Smith & Peterson, 2014). Unlike other jurisdictions like Australia, Malaysia and China that require franchisors to register with relevant government agencies before commencement of business, there is no requirement for registration in Brazil (Yamaguchi *et al.*, 2016). However, for the purposes of contract enforcement, payment of remittances to foreign franchisors and tax deduction for franchisees, foreign franchisors are required to record their franchise agreement with the National Institute of Industrial Property (Fernandes & De Oliveira, 2017; Yamaguchi *et al.*, 2016). A part from the enabling laws, the country has anactive professional association, the Brazilian Franchising Association that helps to promote the industry and enforce ethical practices among members (Yamaguchi *et al*.,2016).

2.2.4.2.3 Franchising in China

Over the years, franchising has evolved in China from an unknown word in the early 1990 (Edwards, 2011), to being one of the major means of doing business today in the country (Smith, 2014). The early days of the business model in China was problematic as it suffered from problem of credibility principally because products of low quality were being offered for sale and some franchisors even defrauded their franchisees and customers (Smith, 2014). However, with series of specific regulations and legislations introduced by the Chinese government, the business model is gradually becoming established and many foreign companies now operate multiple franchise outlets in the country (Export.gov, 2017a). Interestingly, as of 2014, China was said to be 'the most franchised country in the world' as it had the highest number of franchise systems in the globe – more than 4,500 franchise brands (Canada-China Business Council, 2012; Xiao, Hu, & Zhao, 2014:1). As shown in figure 2.6 below, some of the popular home-grown franchise brands in China include Yo! China (food), Wowo (convenience) Chow Tai Fook (jewellery), City Wok (food) and so on.

As at January 2017, the China Chain store and Franchise Association (CCFA) reported that the top 100 franchise systems in the country had a total number of 124,086 outlets and the combined annual sales of these outlets stood at about RMB428 billion (Export.gov, 2017b). Recent statistics on the number of franchise outlets in China is not available but it had been estimated that by end of 2016, there would have been 800,000 franchisees in the country who were expected to create about ten million jobs (Doherty *et al*., 2014). Had this projection been met, it would have effectively made China not only the highest franchise system in the world but also the country with the highest number of franchisees in the globe (Xu,2015).

Figure 2. 5: Notable Chinese Franchise Brands

Observably, the recent rapid growth in the Chinese franchise industry may be attributed to the restructuring of regulations and series of laws being enacted by the government. The Chinese franchise industry is regulated by the Ministry of Commerce (MOFCOM) (Xu, 2015) and at present, there are four key laws by which the industry is governed. These are: *the Regulation on Administration of*

Commercial Franchises, *the Administrative Measures for the Registration of Commercial Franchises*, *the Administrative Measures for Information Disclosure of Commercial Franchise* and the *Archival Filling of Commercial Franchises* (Export.gov, 2017a). As their names imply, the four laws address regulation, registration, disclosure and archival filling of franchise agreements respectively. Like in other jurisdictions, franchise laws in China is heavily designed to protect franchisees. Further, one distinctive feature of franchise regulation in China is a provision called "two units and one year" which requires a franchisor to operate at least two outlets for a minimum of one year before franchising (Xu,2015).

Furthermore, it has to be noted that being still a relatively new model in China, there are some challenges that operators in the Chinese franchise industry face and these include poor understanding of the concept by franchisees, difficulty in collecting royalties and making sure that franchisees maintain brand reputation and integrity (Export.gov,2017a).

Thus, it is clear from the above discussion on Chinese franchise industry that the business model has gradually become a popular way of doing business in the country. With the regular review of the enabling laws and China's increasing openness to the world, franchising seems to hold a great promise for the economy of the country.

2.2.4.3 Franchising in Africa

Given there cent economic turmoil and saturation of franchise markets in the developed world, many international franchise brands now look to African as the next frontier in franchising (Aderibigbe *etal*.,2016;FASA,2017).This section contains reviews of the state of franchising in South Africa and Tanzania.

2.2.4.3.1 Franchising in South African

Despite the recent downturn in the performance of the South African economy, the country remains the number one destination for foreign direct investment in Africa (FASA, 2017; Sidler, 2016). As an important vector for FDI inflow, the South African franchise industry recently got a boost with the recent arrival of high profile international franchise brands such as Starbucks, Paul Bakeries, Krispy Kreme, and

Dunkin Donuts (Sidler, 2016). Burger King, Domino, Pizza Huts, KFC and McDonald's have been operating in the country since the last few years and together have more than two thousand out let sin the country (Export.gov,2016c; Sidler, 2016). Given its contribution to GDP, job creation and competitiveness, the franchise industry is an important driver of South African's economy.

According to the Franchising Association of South Africa (FASA,2017), franchise industry in the country account for 12.5% of the GDP. As at 2014, the industry had a turnover of R465.27 billion (US$34.46) (Export.gov, 2016c). In 2015, there were 627franchise systems and 39,119 outlets in South Africa (Business Tech, 2016) and this numbers were expected to grow significantly given the expressed interests of many foreign brands to start operations in the country by the year 2016 (Sidler, 2016). The most interesting part of the industry statistics recently released by FASA is the fact that nearly 80% of franchisees in the country indicated that they were satisfied with their businesses while 72% expressed optimism about the future (BusinessTech,2016;FASA,2017).Figure2.4 shows four of the popular South African-based franchise brands. These are Nandos (food), Shoprite (retailing), 2nd Take (clothing) and Amandla Plumbing (plumbing).

Figure 2. 6: Notable South African Franchise Brands

In terms of the regulatory and legal environment, franchisors and franchisees are not statutorily required to register with any agency before entering into franchise agreement (Export.gov, 2016c).

However, in order to protect their brands and safeguard them against possible infringements, foreign franchisors are advised to register their brands with Companies and Intellectual Properties Commission–CIPC(Protulis,2017). Broadly, the South African franchise industry is overseen by the National Consumer Commission and the National Consumer Tribunal with FASA playing the complimentary role of ensuring high ethical practice among industry players (FASA, 2017). But unlike other emerging economies such as Malaysia, Brazil and China which have enacted specific laws to govern their franchise industry, South Africa has no such laws (Export.gov, 2016c). Moreover, the important legislation that regulates franchising practice in the country is the Consumer Protection Act(CPA)No.68“2008”(Strachan, Visser, & Adams, 2016).The Act addresses such issues as definition of franchise, disclosure, “coolingoff” period (10 working days), good faith and fair dealing, online trading, contract terms and renewal, transfer, termination and other issues (Protulis,2017).

Apart from the Consumer Protection Act, there are other laws that may have bearing on franchising practices in the country and these include the Copyright Act No. 98 of 1978, the Competition Act No.89of1998, Contract Laws, Intellectual Property Laws, the South African Reserve Bankex change Control Manuals (which stipulates modalities for payment of royalties to foreign franchisors) (Export. gov, 2016c; Protulis, 2017; Strachan*etal*., 2016). Lastly, a key development in the regulatory environment expected in 2017 is the establishment of Franchise Industry Ombudsman (FIO) that will be charged with the responsibilities of receiving complaints, settling disputes and enhancing relationship among parties (Strachan *et al*.,2016). Thus, the above review of the South African franchise industry has demonstrated that the industry is a key driver of the country’s economy and even though there are no specific laws guiding franchising practices in the country, the regulatory environment seems to be structured and its being improved to enhance the industry.

2.2.4.3.2 Franchising in Tanzania

Business format franchising in Tanzanian is still at its infancy as the industry only recently started to attract the attention of international investors and foreign franchise brands (Maestre et al., 2014). However, there are many factors that indicate that with the right environment, the country could become a dominant player in the African franchise market. Just like other African countries, Tanzania could benefit from the renewed interest of international franchise brands in exploring the African markets (FASA, 2017). Given the country's huge population of more than 55 million people, growing middle class, increasing purchasing power and high taste for recognized brands, there is a high chance for franchise business to thrive and achieve higher returns in Tanzania (Nelson et al., 2013). More so, over the last two years, there have been renewed efforts on the part of the government to improve the general environment for doing business in the country and the newly launched Economic Recovery and Growth Plan is expected to have positive impact on food and retail sectors of the country (Maestre et al., 2014). All these are factors that will boost the franchise industry in Tanzania. Perhaps due to the above indicators, the United States of America in particular has been tracking development in the Tanzania's franchise industry. A survey by the US Commercial Service in 2010 valued the market size of the industry exported goods worth US$2.7 million and a total local sales amounted to US$75 million(Sutton & Olomi, 2012).

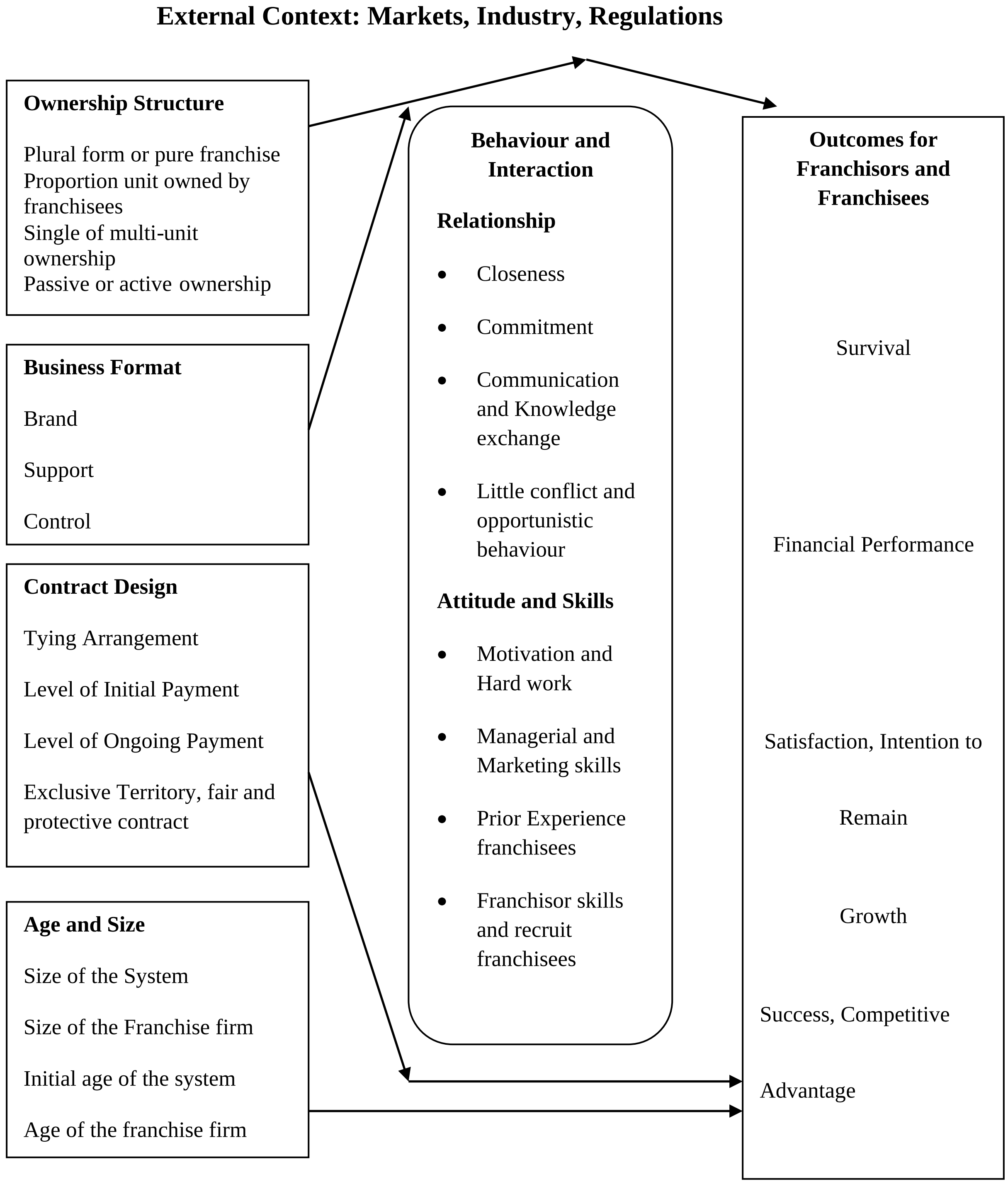
2.3 Model of Franchise Firm Performance

The previous section has reviewed the state of franchising practice in some selected countries. This section focuses on reviewing the state of empirical understanding of factors that could influence franchisees business performance. The ultimate objective of this section is the derivation of the preliminary theoretical framework and the research issues that will guide the conduct of the study. To this end, this study adopts the outcome-related model of factors for franchise firm performance developed by Nijmeijer, Fabbricotti, & Huijsman (2014) (please see figure 2.9 below). The model is adopted on the basis of three key reasons.

First, the model was developed based on the synthesis and review of the most recent empirical studies on franchise system performance and so contains relatively current issues that potentially drive franchise firms' performance in most parts of the world. The second reason for adopting the model as the conceptual guide for this study is that it incorporates both the process and structural issues or elements that have been found to have the potentials to influence franchisees' performance.

The above call is most instructive in the context of African, particularly Tanzania given that the synthesis that led to the construction of Nijmeijer and colleagues' model does not include any study conducted in African. Therefore, this study attempted to explore and confirm the relevance of the identified factors in the performance of franchise firms in Tanzania.

Figure 2.7: Model of Factors Related to Franchising Outcomes



Source: Nijmeijer et al, 2014

Having justified the adoption of the conceptual framework, attention now turns to the description of the factors contained in the model as well as the modification thereof. Thus, as showninfigure2.9above, the model has two main parts, namely: the outcome part and element (main factors) part. The outcome part contains measures of performance for both franchisees and franchisors used in the studies that were reviewed. These measures include: satisfaction, intention to remain, survival, financial performance, growth, success and competitive advantage, and managerial effectiveness. The factor part on the other hand, contains five process and structural elements including ownership structure; business format; contract design; behavior and interaction; and age and size. Each of these main elements contains a number of specific factors that have direct influence on franchise firm performance.

Under ownership structure, there as such factors as plural form or pure franchise, proportion of unit owned by franchisees, single or multi-unit ownership and passive or active ownership. In the case of business format, there are such factors as brand value, support and control. Interms of contract design, there are such key factors as level of initial payment, level of ongoing payment, exclusive territory and tying agreement. The aspect of behavioral and interaction is further divided into–relationship, and attitude & skills. The *relationship* division include such factors as closeness, commitment, trust, communication and knowledge exchange, little conflict and opportunistic behavior while *attitude & skill* division has factors such as motivation & hard work; managerial & marketing skills; prior experience; and franchis or skills and attitude to manage, support and recruit franchisees.

Meanwhile, since this model relates to both franchisors and franchisees whereas the present study is interested only in franchisees, the model is thus redrawn (see figure 2.10 below) to reflect only franchisees-specific elements and factors. From the original model, there are two groups of elements that have possible influence on franchise business performance. These are structural and process elements. Structural elements relate more to franchisors while process elements are more relevant to franchisees (Nijmeijer eta al, 2014).

The structural elements in the model include ownership structure and age & size of the system. Both of these relate more specifically to franchisors and are thus excluded from the redrawn framework and consequently from the review. Similarly, the review places more emphasis on outcomes that are directly related to franchisees. While outcomes like financial performance, success and survival are relevant to both parties, others such as growth, network competitive advantage and managerial effectiveness are more relevant to franchisors (Nijmeijer, *et al*, 2014).There drawn model retains such franchisees-specific outcomes as financial performance (or success),

Thus, having explained the relevant parts of the conceptual model adapted for this study, the focus will now be to synthesis extant literature and establish empirical findings on the elements and their respective factors that have potential to influence franchisees business performance in Tanzania. The synthesis starts with performance outcomes for franchisees after which each of the identified elements as well as their respective factors are discussed.

2.3.1 Performance Outcomes for Franchisees

2.3.1.1 Financial and Non-Financial Performance

Most studies on franchisors' performance usually measure organizational outcomes in such terms as numerical growth of sales, profits and outlet (Nijmeijer *et al*., 2014). This is because many franchisors are publicly quoted companies and their data is in the public domain and accessible. This is not the case with franchisees who are mainly SMEs and privately owned, and thus do not publish their financial records (Shane, 2005). Hence most studies from the franchisees perspective focus on obtaining subjective assessment of their financial performance. Respondents' subjective assessment of financial performance is found to be equally reliable and useful for research purpose (Gorovaia & Windsperger, 2013). This study sought franchisees' subjective assessment of their financials to get a sense of their business performance or success.

Other commonly used metric for judging franchisees performance are non-financial aspects of performance such as outlet survival, managerial effectiveness (Nijmeijer *et al*, 2014) overall satisfaction (Altinay, Brookes, Madanoglu, & Aktas, 2014) and intention to remain. Of all these, overall satisfaction and intention to remain have been recognized to be better determinants of franchisees' business outcomes and commitment (Lucia-Palacio *et al*., 2014). The next two sections discuss more on overall satisfaction and intention toremain.

Hitherto, evidence of performance based on process and structural issues have been scanty, disorganized and sometimes confusing (Nijmeijer *et al*, 2014). The third reason for adopting the model is to use it as a base for providing a scholarly answer to the call for further studies in other contexts to verify the relative importance of the different factors identified in the model. Such a study, as noted by Nijmeijer *et al,* (2014:77) will help to "determine whether it is truly problematic that the current empirical studies mostly focus on the US and the restaurant/food sector or whether the results of such studies can be generalized to other countries and industries".

2.3.1.2 Overall Satisfaction

Research in franchisees' overall satisfaction is presumed to be rooted in the concept of consumer satisfaction (Bordonabe-Juste & Polo-Redondo, 2008), as franchisees are usually seen not just as business partners to franchisors but also in many ways as customers to franchisors (Abdullah, Alwi, Lee, & N. and Ho, 2008; Frazer & Winzar, 2005; Hing, 1999). Although different definitions abound in both marketing and franchising literature, the understanding of satisfaction remains the same. It is the degree of fulfilment or contentment with key aspects of business relationship (Chiou, Hsieh, & Yang, 2004; Eser, 2012).

In the marketing literature, consumer satisfaction has been conceptualized in several different ways. It has been seen as a conscious appraisal or cognitive evaluation regarding how well or poorly particular product or service has performed (Swan, Trawick,&Caroll,1982). It is the evaluation of the overall fit of a particular purchase decision (Fornell, 1992). In this sense, the evaluation could be positive or negative. But some studies seem to suggest that satisfaction is used to signal only positive evaluation. Satisfaction is mainly a favorable subjective assessment of the different results and experiences derived from using a particular service or product (Westbrook,1980).In effect, satisfaction is the point at which consumers have the feeling that their resources have not been wasted. Hence, it is the consumers' cognitive feeling that adequate rewards have been obtained from sacrifices being made (Howard & Sheth, 1969).

Meanwhile, some other scholars have taken the definition of consumer satisfaction beyond being a mere evaluation of purchase decision to include responses to the evaluation. It is the consumers response to the assessment of difference between what is expected and the actual experience using a particular product or service (Tse & Wilton, 1988). It is a feeling inspired and shaped by experiences with use of a particular product or service (Cadotte, Woodruff, & Jenkins, 1987).

More so, other scholars in this group have conceptualized consumer satisfaction as a transaction-specific affect response resulting from the customer's comparison of product performance to some pre-purchase standard. In the latter sense, satisfaction is the extent to which experiences parallel expectations. When experience equals or exceeds expectations, satisfaction is achieved but when actual experience falls below expectation, dissatisfaction arises (Halstead, Hartman, & Schmidt, 1994). The sources of franchisees' expectation is another important issue in the discourse of franchisees' satisfaction, and it is believed that franchisees form their expectations mainly from the promises and sales pitches of franchisors (Frazer *et al*., 2012; Frazer & Winzar, 2005).

Given this background, franchisees' overall satisfaction cant hus be defined as the 'pleasurable fulfilment' (Chiou *et al*., 2004:23) and feeling of 'contentment' (Eser, 2012:778) arising from the conscious appraisal or cognitive evaluation of every aspects of experience with joining the franchise system(Swan*etal*.,1982). Going by the conceptualization of Churchill & Suprenant (1982), it is the net result of purchasing a franchise license resulting from the franchisee's comparison of the cost and benefits of the investment decision in relation to the envisaged outcomes. And in the light of Halstead *et al* (1994)'s multisource effect conceptualization of satisfaction process, franchisees' overall satisfaction can be described as the investment- specific ‘affect response’ consequent to comparison of their unit performance to a number of pre-engagement yardsticks. Pre-engagement yardsticks could be both financial and non- financial. In effect, franchisees’ overall satisfaction is the affective state of being rewarded higher than or at least equal to the opportunity cost of joining a franchise system.

Thus, drawing from all the above definitions, this study conceptualizes franchisees overall satisfaction as the evaluable and positive assessment of overall experience with joining a franchise network.

It is argued that franchisees’ overall satisfaction is an important measure of franchise unit performance in the sense that most measures of franchisees’ overall satisfaction include both financial and non-financial indicators, making it a robust and all-inclusive determinant of performance (Abdullah*etal*.,2008). Moreso, franchisees’ overall satisfaction is said to be the key determinant of coordination (Tuunanen,2002)and cooperation in a franchise arrangement (Liu, Chen, & Hsu, 2014; McDonnel, Beatson, & Huang, 2011). High cooperation between franchisees and franchis or spredict other key performance measures including level of conflicts (Davis, 2012), free-ride behaviors (Davies, Lassar, Manolis, Prince, & Winsor, 2011), franchisees’ turnover rate and system stability (Frazer *et al*., 2012; Frazer & Winzar, 2005; Holmberg & Morgan, 2003), productivity (Tuunanen, 2002), system growth (Hing, 1999). Franchisees’ satisfaction has also been linked to a positive post engagement behaviours and this obviously contributes to excellent goodwill for the franchise system and improvement of the franchise brand equity (Tuunanen, 2002). More so, satisfied franchisees are more likely to recommend the franchise system to other prospective franchisees (Hing, 1999), thereby facilitating the growth of the system.

Given the above, a number of studies have used franchisees’ satisfaction as a measure of outlet performance (e.g. Abdullah *et al*., 2008; Altinay *et al.*, 2014a; Bordonabe-Juste & Polo- Redondo, 2008b; Chiou & Droge, 2015; Chiou *et al*., 2004; Mysen & Svensson, 2010; Tuunanen, 2002). For example, in a study designed to gauge the long-term performance of Finnish franchisees, Tuunanen (2002) concludes that the general allure of franchise career as well as the long-term success of a franchise system are, to a significant extent, determined by franchisees' satisfaction.

Thus, it appears that efforts to improve franchisees' satisfaction has impact not just for franchisees alone but for the entire franchise system. The findings of Tuunanen (2002) confirmed the conclusion of Hing (1999), that a satisfied franchisee is a valuable and most efficient franchise marketing tool to the system as their recommendations to prospective franchisees stand a better chance of winning those potential franchisees to join the system. Similarly, Chiou *et al*. (2004) confirmed the appropriateness of using franchisees' satisfaction as a measure of franchise unit performance and found that highly satisfied franchisees have intension to remain with the franchise system. More so, Bordonabe-Juste & Polo-Redondo (2008b) analyzed the effects of relational norms, interdependence structures and commitments within Spanish franchise system and found that the ultimate outcomes of these three variables is franchisees' satisfaction. The authors argue that in order to assure the commitment of franchisees to the franchise system and consequently facilitate the success of the chain, franchisees' satisfaction must be emphasized through investment in developing excellent relational norms and overall effective management of the interdependence between the two parties.
In terms of the key indicators for franchisees overall satisfaction, previous studies used such items as 'expectation being met' (Tuunanen, 2002), 'happy business relation', 'positive relationship' and 'satisfied relationship'. Others have used such indicators as' happiness about decision to choose the franchise', 'believe in having done the right thing in the decision' and 'satisfied overall with the franchise relationship' (Chiou *et al*. (2004). More so, franchisees overall satisfaction has been conceptualized as consisting of five dimensions namely: satisfactory social interaction, satisfactory service support, satisfactory financial gains, and franchisors' assurances and competencies (Abdullah *et al*,2008).

From a synthesis of these various indicators, this study will explore such elements of overall satisfaction as: satisfaction with outlet's financial performance (outlets' sales and profits), satisfaction with relationship with franchisor, satisfaction with franchisors' service support, and satisfaction with franchisors' delivery on contractual and implied promises.

Thus, the foregoing discussion has been about the meaning of franchisees overall satisfaction and its appropriateness in measuring franchisees business performance and long-term commitment. Thus, this study uses franchisees overall satisfaction as an indication of their business performance.

2.3.1.3 Intention to Remain

This is commonly understood to be willingness to continue business relation with the other partner. It is the business-to-business version of behavioral intention in business-to-customer circle. Just like overall satisfaction, franchisees' intention to remain in the franchise system is a commonly used dependent variable in franchise studies (Chiou *et al*., 2004; Doherty *et al*., 2014; Lucia-Palacio *et al*., 2014; McDonnel *et al*., 2011), probably due to its predictive power of franchisees' long-term commitment to the franchise system as well as being an important indicator of franchise chain's long-term success (McDonnel *et al*.,2011).

Like consumer behavioral intention, franchisees' intention to remain in the franchise system could be either affirmative or negative. Intention to remain is affirmative when franchisees have a firm plan to renew their contracts and maintain a long-term relationship with the franchise system. When this is the case, franchisees must have had a positive evaluation of the important aspects of their relationship with their franchisors and a positive evaluation is often indicated by willingness to enhance cooperation, comply with standards, prevent conflicts and to recommend the system to other prospective franchisees (Davies *et al*., 2011; Davis, 2012; Frazer *et al*., 2012; Roh & Yoon, 2009). Negative intention on the other hand often implies, at best, indifference to the brand and minimal efforts at promoting it and at worst, all sorts of negative behaviors including non-compliance, opportunism, negative word-of-mouth and in some cases, litigations (Frazer *et al*., 2007).

Franchisees intention to remain is often judged by such indicators as franchisees' willingness to introduce other prospective franchisees to their system, willingness to collaborate with their franchisor in the future (for example open new stores under this franchise system) and current rating of their franchise system relative to others (Chiou *et al*., 2004; McDonnel *et al*.,2011).

Thus, the foregoing discussion has attempted to justify the importance of such franchisees performance outcomes as outlets sales and profits growth, overall satisfaction and intention to remain. Hence, this study focuses on exploring these three franchisees outcomes. The next section presents a synthesis of the key empirical findings on the influencing factors identified in the adapted conceptual framework.

2.3.2 Factors Influencing Franchisees' Business Performance

According to the redrawn Nijmeijer *et al* (2014)'s model (please see figure 2.10 above), there are three major elements and a number of respective factors that have the potentials to influence franchisees business performance. The major elements are business format, contract design, and behavior and interaction. Business format include such specific factors as brand name, supports and amount of control that franchisees have. Contract design element include such key contract terms as level of initial payment, level of ongoing payment, exclusive territory, and tying agreement. The last element–behaviour and interaction issue divided into relationship and, attitude & skills. The relationship part include factors such as closeness of the relationship, commitment, trust, communication, and little conflicts & opportunistic behavior while the attitude and skills part include franchisees' motivation and hard work, managerial and marketing skills and prior experience.

Therefore, the focus of this review is to identify and discuss empirical findings on the specific factors under each of the main elements in there drawn conceptual model .Because of the sheer volume of papers on each of the issues in fields other than franchising and the need for a focused discussion, the review adopted three criteria for inclusion of article. First, given the necessity for trusted materials for the study, there view included only articles that are published in recognized (scopus and above) journals. Secondly, the articles whose empirical findings would be quoted must not be earlier than 2000 (i.e must have been published between 2000 and 2017) and thirdly, articles to be included must be either about franchising specifically or business-to-business relationship.

Thus, with the above three criteria in mind, suitable articles on each of the identified factors for franchisees business performance were retrieved and synthesized. The synthesis is organized under four (4) main headings, namely; *business format factors* (brand name, supports and control), *contract design* (initial payments, ongoing payments, exclusive territory and tying), behavior and interaction – *relationship (*closeness, commitment, trust, communication and relationship satisfaction) and *attitude & skills* (motivation & hard work, managerial & marketing skills and prior experience).

2.3.2.1 Business Format Factors

Business format factors are the first set of factors in the redrawn conceptual model that have the potentials to influence franchisees' business performance. They areas etofoperational and management structures that facilitate franchisees outlets to produce, market and deliver the offerings – services and products – of the franchise system (Nijmeijer *et al* (2014). According to the model, these facilitators are essentially three: brand name, supports and amount of control that franchisees have in operating their outlets. Each of these is thus discussed with synthesized empirical findings on their respective influence on franchisees business performance. Table 2.3 below contains the summary of the discussions.

2.3.2.1.1 Brand Name

The importance of brand and branding in a successful marketing programme has been well documented (e.g. D. A. Aaker & Biel, 2013; J. L. Aaker, 1997). Successful brand is the most valuable resource that a company can have (Sasmita & Mohd Suki, 2015). Brands whose personality matches that of their target customers are more likely to achieve greater customer awareness, trust and long-term commitment (Molinillo, Japutra, Nguyen, & Chen, 2017).

In the modern world where customers choice set keeps expanding and time for evaluation is increasingly shortening (Sasmita & Mohd Suki, 2015), respected brand name is an important asset for any organization (O'Neill & Mattila, 2004). Customers have been found to choose brands that stand out, have a track record of delivery and is found to be credible among consumers (O'Neill *et al*., 2006).

Table 2. 4: Summary of Literature Synthesis on Business Format Factors

S/N.	Business Format Factors	Literature Synthesis	Justification for Further Exploration
1.	**Brand Name**	**Mostly positive:** • Highly valuable brand name is a key factor in improving franchisees bottom line (e.g. Chien, 2014; Doherty, 2009).	Extant findings relate mostly to Western countries. Need to confirm relevance of the factor in different contexts (Nijmeijer, *et al*, 2014).
2.	**Supports**	**Mostly positive:** • Facilitates smooth take-off of franchisees outlets (e.g. Altinay *et al*, 2014). • Enhances franchisees outlet performance (e.g. Lucia-Palacio *et al*., 2014). • Critical to franchisees satisfaction and intention to stay (e.g. Chien, 2014). • Reduces relational conflict (e.g. Frazer et at, 2012).	More empirical findings from different settings are needed in order to firmly establish the relevance of franchisors supports in franchisees business performance (e.g. Vaux, 2014; Frazer *et al*, 2012).
3.	**Controls**	**Autonomy:** • More autonomy enhances franchisees satisfaction and business performance (e.g. Cochet *et al*, 2008; Davies *et al*, 2011).	➢ More investigation needs to be done to affirm the relevance of autonomy on franchisees performance (Dant, *et al*, 2013).

Further Justifications:

➢ There is a need to develop a reliable model linking franchisors' resources to franchisees performance (Frazer *et al*., 2012; Vaux, 2014).

Source: Developed for this research

Empirically, the value of franchisor's brand name has been found to have significant influence on the business performance of franchisees (Chien, 2014; Doherty *et al*., 2014; Michael & Combs,2008;Roh&Yoon,2009;Watson&Johnson, 2010).In a study involving US franchise systems operating in different industrial sectors, it was found that franchisees' decision to buy the license of and stay with a franchisor for the long haul depends on the their perception of value of the franchise brand (Lucia-Palacio *et al*., 2014). The same conclusion was reached in a study of franchisees in China where brand name is highlighted as being very important not just to the initial decision to join the franchise system but also for the anticipated return on investment (Doherty *et al*.,2014).

These conclusion lends supports to Watson & Johnson (2010)'s admonition that franchisors must take the responsibility of building an excellent brand by investing in quality leadership, effective communication and excellent supports services. More directly, highly valuablebr and name has been found to be an important factor in improving franchisees bottom line (Chien, 2014). When franchisors invest reasonable resources in building and promoting their brands, franchisees benefit by way of increased customer awareness and patronage which subsequently translates into better financial performance for their outlets as well as enhanced overall satisfaction (Chien, 2014; Michael & Combs, 2008).

Thus, having discussed brand name as a key business format factor and demonstrated that empirically, it has been found to have a measure of influence on franchisees business performance, this study considers the factor for further exploration in Tanzania. Supports

Support is the second business format factor in the adapted model that is thought to have influence on franchisees business performance. In this study, support services is defined as a collection of business services and infrastructures that enable franchisees to establish and successfully launch their business units, grow them and achieve reasonable and sustainable level of performance (Franchising World, 2014; Frazer*etal*.,2012; Hnuchek, Ismail,&Haron, 2013; Roh & Yoon, 2009). Provision of quality business support services to franchisees is recognized as critical for sustaining cooperative franchise relationship and for achieving superior organizational performance for the entire chain (Altinay & Brookes, 2012; Chien, 2014; Chiou *et al*., 2004; Doherty *et al*., 2014; Roh & Yoon,2009).

For most franchisees, a key disincentive for starting an independent business is lack of experience (Chien, 2014). Thus, franchisees' single most important reason for joining a franchise system rather than an independent start-up in the first place is the expectation of provision of reliable support services by franchisors (Frazer *et al*., 2012; Roh & Yoon, 2009; Watson & Johnson, 2010). Hence, it is reasonable to observe that a perception of inadequate support will elicit all sort of undesirable effects.

The range of support services to be provided to franchisees may depend on the terms of the franchise contract. But generally, franchisors' support services may be divided broadly into training and management services (Chiou *et al*., 2004). Each of these support services may be provided at the initial period and/or continuously throughout the duration of the contract. In essence, support services include initial and ongoing training on the one hand, and initial and ongoing management services on the other hand. In specific terms, support services include: assistance in site selection, provision of initial and ongoing training, financing supports, management services, operations management services, marketing and promotional supports, research and development supports (Abdullah *et al*., 2008; Chien, 2014; Chiou *et al*., 2004; Hnuchek *et al*., 2013; Michael & Combs, 2008). Other supports include market analysis, sales forecast, new product development, brand promotion and assistance in employee recruitment (Roh & Yoon,2009).

The importance of good quality training support for franchisee's outlet and indeed the entire chain cannot be overstressed. The centrality of training is underscored by the fact that knowledge predicts the operational success and competitiveness of any organization (Minguela-Rata, Lopez-Sanchez, & Rodriguez-Benavides, 2010) and more so for a business firm in a fast-paced and ever-dynamic world. Through pre-opening briefings, initial training and continuous dissemination of relevant information, franchisees acquire the necessary business skills and experiences as well as the share division of the chain, understand the chain's unique value proposition and appreciate the need to work for the long-term success of the system (Altinay *et al*., 2014b; Minguela-Rata *et al*., 2010; Roh & Yoon, 2009). In addition to its positive impact on franchisees' mentality, training also has a significant positive effect on the job satisfaction and commitment of staff at the outlet (Choo&Bowley,2007;Latif,2012). Similarly, management services such as site selection, assistance in employee recruitment, central purchasing, accounting and operational guidance, market analysis and sales forecast, new product/service development, advertising etc. facilitate the smooth take off, operational and marketing efficiency, and ultimately improve the overall satisfaction and profitability of franchisees' outlet (Abdullah *et al*., 2008; Chien, 2014; Frazer *et al*., 2012; Minguela-Rata *et al*., 2010).

Empirical findings have revealed that the major source of conflicts and disagreement in franchise as well as cause of franchisees' opportunistic behaviors, disconnection from franchisors and subsequentex it from the system is the perceived in adequacy of support services provided by franchisors (Doherty *et al*., 2014; Frazer *et al*., 2007, 2012; Hnuchek *et al*., 2013; Lucia-Palacio *et al*., 2014). When it comes to provision of support services, franchisees are said to have are dline, what Spinelli & Birley (1998:329) term 'zone of tolerance' below which they experienced is appointment and frustration in the franchise relation. They may also engage in opportunistic behaviors and comply less with system standards when franchisors' services go below their 'zone of tolerance' (Doherty *et al*., 2014). The ultimate consequence of poor service provision is that franchisees may not only exit from the system, but also instigate a costly litigations and in some cases, set up their own independent outlet in direct competition with the franchise chain (Frazer *et al*., 2012). Empirical investigations have indeed revealed occasions when franchisees abandoned their franchise system and stared operating an independent venture simply because they experienced poor supports or were disappointed in the type and quality of services they received from their franchisors (Frazer *et al*, 2007).

Meanwhile, adequate and quality training enables franchisees to apply system-specific knowledge to obtain better performance, quickly recoup initial investment and facilitate speedy response to market conditions (Lucia-Palacio *et al*., 2014; Minguela-Rata *et al*., 2010). Well- planned and excellently delivered training programs for franchisees and their employees have positive effects on their job satisfaction, turnover and retention rates (Choo & Bowley, 2007). An important consequence of a culture of excellent training for franchisees and their outlet personnel is improved brand image and value which are necessary ingredients for securing and maintaining long-term commitment of franchisees (Lucia-Palacio *et* *al*.,2014).

In a similar vein, delivery of excellent initial and ongoing operational assistance and management services to franchisees have been found to be critical for building and sustaining excellent franchise relationship (Chien,2014;Chiou*etal*.,2004). Franchisors can significantly shore up the trustworthiness of their systems by ensuring that adequate range of quality assistance is delivered to franchisees (Chiou*etal*, 2004). Indeed, findings have shown that the best route to growing a franchise chain is the provision of excellent services to franchisees. This is because service provision is positively associated with franchisees' performance and overall satisfaction which in turn not only lead to fewer disagreements, lower opportunistic behaviors and avoidance of costly franchisee turnover, but also result in higher franchisees' satisfaction, higher commitment to an improved relationship (collegial work ethics) and ultimately intention to remain and recommend others to the system (Abdullah *et al*., 2008; Harif, Hoe, & Chin, 2013; Heong, 2014; Hnuchek *et al*., 2013; Roh & Yoon,2009).

Thus, the above synthesis has shown the relevance of support as a key business format factor in franchisee' performance. However, although the importance of franchisor support in the performance of franchisees outlets has been highlighted by a number of empirical studies, scholars contend that more empirical findings from different settings are needed in order to firmly establish the relevance of franchisors supports in franchisees business performance (Frazer*etal*.,2012;Vaux,2014). Hence, this study considers the factor for further exploration in Tanzania.

2.3.2.1.2 Control

Control refers to extent of franchisees *autonomy* in the management of their outlet. Autonomy refers to the capacity of an individual to act independently towards the realization of set objectives such as initiating a new venture and exerting every necessary action to make it successful (Lumpkin & Dess, 2001; Rauch, Wiklund, Lumpkin, & Frese, 2009). Autonomy is often associated with setting ones' own goals and evolving ones' own plan of action towards achieving set goals (Rauch & Frese, 2007b), characterized by tendency to avoid or even rebel against environment that constrains independent actions. It is also sometimes seen as the capacity to function effectively in an independent environment (Campo, Parra, & Parellada, 2012).

In franchising, it has been found that since most franchisees join the network as a mean of realizing their entrepreneurial ambition (Frazer *et al*., 2007), mounting too much constraints on the operations of their outlets has the potential to invoke a sense of disappointment in them (Cochet, Dormann, & Ehrmann, 2008) and consequently, the risks of undesirable behaviours. For example, in a study examining the challenge of autonomy and dependence in franchised channels, Dant & Gundlach (1999) conclude that franchisees that are granted autonomy are more motivated to perform than others who are given none. Similarly, Cochet *et al*. (2008)'s study on capitalizing on franchisees' autonomy, involving as ampleof208Germanfranchisees concludes that granting franchisees autonomy can enhance chain-wide adaptation and improve franchisees' overall satisfaction. In the same vein, Davies *et al* (2011)'s study which culminated into the development of model of trust and compliance in franchising found that a major cause of conflict and franchisees' dissatisfaction is lack of autonomy. Franchisees usually feel that they do not join the franchise network merely to implement the dictates and commands of a central bureaucracy but to be able to act within certain bounds to advance the interest of their own outlets (Kidwell *et al*., 2007).

There are two key reasons why more autonomy results in better result for franchisees. First, it has been found that autonomy or flexibility conveys the message that franchisees are being trusted (Doherty *et al*., 2014) and this places a responsibility on them to justify the trust. Perhaps in an effort to justify the trust, they inadvertently take actions that lead to the success of their outlets. In essence, franchisees are more motivated, committed and experience personal satisfaction when certain decisions are left in their hands (Kidwell *et al*., 2007). Secondly, autonomy encourages innovative thinking and this helps franchisees to generate ideas that could enhance the operational efficiency of their outlets (White, 2010). Franchisees are more knowledgeable about local opportunities and trends and so, more flexibility in the operations of their unit, instead of a 'strict blanket approach', enables them to exploit these opportunities (Abdullah *et al*.,2008:196).

Thus, the forgoing discussions have demonstrated that although franchisee's autonomy is a key control issue in franchising and franchisees tend to perform better when it is granted, it is however unclear if this relationship holds in contexts other than the West and another countries. To confirm this, scholars (e.g. Dant *et al*, 2013) urged that more investigations be done on the relevance of autonomy to franchisees business performance. Therefore, this study considers the factor for further exploration in Tanzania.

By and large, the above discussions have been about business format factors that have the potential to influence franchisees' business performance in Tanzania. Given the need to explore and confirm relevance of previous findings in other settings, the three (3) main factors identified in the adapted conceptual model and subsequently synthesised have all been considered for further exploration in this study. These factors are brand name, franchisors' supports and nature controls.

2.4 The Underpinning Theories

The two commonly used theories in franchise research are *agency* and *resource scarcity theories* (Alon *et al*., 2017). Resource-based view is also being increasingly used to explain franchising realities (e.g. Gillis, Combs, & Ketchen, 2014). Given the call to deepen the theoretical base of franchise research (Combs*etal*.,2011b) and looking at the key assumptions and predictions of the above-mentioned theories as illustrated in table 2.8 below, resource- based theory is found to be more relevant to the research issues identified for exploration in this study. Nonetheless, a brief explanation of agency and resource scarcity theories is given, with a highlight on why they are not found suitable for explaining the issues being currently investigated.

2.4.1 Agency Theory

Agency theory essentially explains the relationship between wo individuals–the principal and the agent, whereby the principal hires the agent to undertake some services on his/her behalf for certain agreed considerations/rewards (Hill and Jones, 2001). The basic assumption of agency theory is that the interest soft he principal and that of the agent are not usually the same (Gillis & Combs, 2009). So, in order for the principal to reduce the negative effect of divergence of interest with the agent, he or she has to institute some incentives for the agents (Doherty and Alexander, 2006; Hill and Jones, 2001).

Table 2. 5: Key Assumptions and Predictions of Agency, Resource Scarcity and Resource-based Theories

Theories	Key Assumptions	Key Predictions
Agency Theory	Parties in a relational exchange are self-interested and rational. ➢ Corporate outlet managers exhibit shirking behavior. ➢ Franchisees potentially free ride on the brand name. ➢ It is costlier to deal with company employee (vertical agency cost) than franchisees (horizontal cost).	➢ Being residual claimants on profits motivates franchisees. ➢ Efficient franchising results in better performer. ➢ Franchising is more appropriate than company-owned option when monitoring cost is high and when it is not so easy to free-ride.
Resource Scarcity Theory	Franchising makes it easier to acquire capital and managerial resources (e.g. money, talents or skills). ➢ It is more profitable for firms to own their distribution outlets than to franchise them. ➢ Minimum efficient scale is a survival imperative for business firms.	➢ Younger firms will franchise heavily at the early years. ➢ Firms will ultimately own all units as they mature by repurchasing all franchised units. ➢ Possibility of survival can be enhanced through franchising.
Resource-Based Theory	Better performance is the main goal of every firm. ➢ The condition for better performance is the possession of a collection of resources and capabilities. ➢ That resources and capabilities result in sustainable performance only if they are firm specific.	➢ Deficiency in resources will lead to poor performance. ➢ Firms with valuable and rare resources will perform better. ➢ Firms with non-imitable and non-substitutable resources will sustain better performance.

Source: Developed for this research.

More so, because of the twin problem of adverse selection and moral hazards (Eisenhardt, 1989),the principal needs to ensure that only well qualified and capable hands as well as those requiring little supervision are engaged (A. E. Akremi *et al*., 2015; Boulay, 2010; Michael & Combs, 2008). Another way to overcome agency problem is to increase or restructure the firm's incentive systems in ways that align the interests of both the agents and the principal (Bryant, 2011). It is believed that finding this balance within a corporate structure is challenging as the costs involved could prove prohibitive (Alon *et al*.,2017).

Meanwhile, franchising is seen as a useful framework for addressing the above mentioned agency problems that are often associated with outlet managers (Michael & Combs, 2008). First, interm of problem of adverse selection (wrongly hiring people because they exaggerated their talents), it is believed that franchising addresses this problem in the sense that franchisees who join a franchise system are reasonably confident that they have the requisite skills and capabilities to run the business (Gillis*etal*., 2014). And in terms of moral hazards (not exalting maximum commitment and energy for company's success), franchising resolves the problem by giving franchisees high amount of incentives which keep them aligned and committed (Perdreau, Le Nadant, & Cliquet, 2015). Another way in which moral hazard problem is resolved is due to the fact that the business model offers a level of independence to franchisees (IHS Markit Economics, 2017) which enables them to take actions and decisions that satisfy their psychological needs for achievement and success. More so, franchisees are the primary beneficiaries of the residual profits made by their outlets and so they are more likely to work harder for the success of their outlet than a company manager would (Kotliarov,2013;Weaven & Frazer,2006). Thus, given the above discussion, it is clear that agency theory is most helpful when explaining reasons for franchising particularly from the franchisor's perspective (Gillis & Combs, 2009). It is however not so appropriate for explaining other issues in the field (Combs, Ketchen, & Short, 2011) such as influencing factors for franchisees success which this study focuses on. On this basis, the theory is not found suitable and thus not adopted for the investigation.

2.4.2 Resource Scarcity Theory

Resources are critical for firm's performance, survival and growth (Lockett, 2005; Nair, Trendowski, & Judge, 2008). Resources include human, physical and organizational assets (Barney, 1996). While established and older firms have access to rich amount of each of these resources with which they can pursue various strategies and achieve their corporate objectives, young firms on the other hand are generally resource-constrained (Carney&Gedajlovic,1991; Castrogiovanni, Combs, & Justis, 2006). It is this paucity of resources that forces young firms to search for external opportunity for growth (Madanoglu*etal*.,2017). Franchising offers such an opportunity to overcome resource constraints and access external assets for rapid expansion (Carney&Gedajlovic,1991;Oxenfeldt&Kelly,1969). The theoretical basis that is often used to explain this phenomenon is resource scarcity theory.

According to the theory, firms franchise when internal resources are not enough to satisfy desire to achieve economies of scale in advertising and promotion (Castrogiovanni *et al*., 2006). The key prediction of resource scarcity theory according to Alon *et al* (2017) as illustrated in table 2.8 above include that (i) franchising will enhance firm survival (ii) young firms will franchise heavily at the early stage and that (iii) franchised systems will ultimately become purely company-owned as they mature and repurchase franchised units. The resource scarcity theory of franchising was popularized by Oxenfeldt & Kelly (1969). According to the authors, the central proposition of resource scarcity theory of franchising is that the growths of young firms are constrained by lack of resources. These firms would therefore seek or accept individuals or other firms that have human and financial resources to expand, grow and achieve scale economies. The firm would continue to use franchising up to the point when it can generate enough resources to achieve scale and competitive advantage. The firm will at this point not only stop franchising, but also start pursuing ownership redirection by acquiring successful franchised outlets and converting them to wholly company- owned (Castrogiovanni *et al*., 2006; Oxenfeldt & Kelly,1969).

Meanwhile, according to Castrogiovanni *et al* (2006), although resource scarcity is a dynamic theory, its application in franchise research is typically confined to three issues, all of which apply to franchisors. These are: to assess general resource endowments of the system; to examine specific indicators of resources which include age, size and growth of the system and thirdly to analyze franchisors motive for franchising. More so, results of empirical studies so far conducted through the lens of resource scarcity has largely been mixed (Combs *et al*., 2011b), making it difficult to verify the reliability of the theory as an explanatory framework for franchising reality.

From the foregoing, it is clear that just like agency theory, resource scarcity theory focuses on franchisors and it is often used to explain propensity to franchise. It has a limited application and it appears inappropriate to explain success factors and/or consequences of franchising (Castrogiovanni *et al*, 2006; Combs *et al*. 2011a; Combs *et al*, 2011b). As such, this theory is not considered relevant for this study. Thus, given the central arguments of both agency and resource scarcity theories, it is apparent that they both address franchise realities from the perspective of franchisors. This present study focuses on franchisees and therefore, agency and resource scarcity theories are not suitable as theoretical underpinning. Then extsection discusses the resource-based view which is believed to be a more appropriate explanatory framework for explaining issues in franchisees performance (Stanworth, Stanworth, Watson, Purdy, & Healeas, 2004).

2.4.3 Resource-Base View (RBV): the Underpinning Theory

i. Meaning and Evolution of RBV

The relevance of resources in the enduring performance of a firm has long been espoused in the literature. The work of Penrose (1959) marked an important epoch in the discussion of the critical importance of resources in the performance of a business firm. Much of what is today known as the resource-based theory is credited to Penrose's work which posits, essentially, that the performance of a firm, in form of return on investment (ROI) or growth, can be achieved through optimal combination of internal and external resources (Lockett,2005).

The Resource-Based Theory (RBT), otherwise called Resource-Based View (RBV) is a theoretical perspective that gives structure to Penrose's ideas and emphasized the relevance of different types of resources in the firm's attempt to achieve a sustainable competitive advantage (Rugman & Verbeke, 2002). It provides an explanatory framework for advantages accruable to a firm that controls a unique collection of vocational, human, material and organizational resources (Rindova & Fombrun, 1999).

RBV was first popularized by the seminar work of Werner felt (1984) who argued that instead of the hitherto product-based analysis of the firm championed by Porter (1979), it is more useful to analyze firms' ability to earn rent (above average performance) by looking at their resource endowment. However, scholars (e.g.Arend&Levesque,2010;Newbert,2007;Priem & Butler, 2001) believe that it is the various works of Barney (e.g. Barney 1991, 1996, 2001) that influence understanding of the modern RBV.

ii. Assumptions and Prescriptions of RBV

According to Barney (1991) (cited in Priem & Butler, 2001), there are two elemental assumptions that are central to the theoretical proposition of RBV. First, that resources are heterogeneously distributed among firms operating in a particular industry and second, that resources are imperfectly mobile, that is, it is expensive to transfer them from one firm to another. Based on these foundational assumptions, four implicit prescriptions of RBV can be drawn and according to Rugman & Verbeke (2002), these prescriptions include: That the main goal of a firm is to achieve an enduring – better than rival – performance (ROI).

- That the essential precondition for firm's performance is the possession of a collection of resources and capabilities that are not available to other firms
- That resources and capabilities result in sustainable performance only if they are firm specific (i.e. imperfectly mobile).
- That innovation in the process of configuring resources can enhance sustainable or enduring performance.

iii. Key Concept and Definition in RBV

Central to RBV is the concept of resources. According to Barney (1991), a firm's resources consist of assets, knowledge, capabilities, attributes, processes, information etc. which enable it to initiate and execute action plans that enhance its effectiveness and efficiency. Resources could be broadly categorized into physical capital resources, human capital resources and organizational capital resources (Barney, 1996). The capacity of any resource to help a firm to create and sustain enduring performance depends on whether it has any or a combination of four characteristics. This include (i) that the resources must be valuable, that is, they must be such that can exploit opportunities or make threat irrelevant or both; (ii) the resources must be rare, that is, they must be such that both current and potential competitors do not have easy access to (iii) the resources must be imperfectly imitable, that is, they must be such that it is highly expensive for current and potential competitor stocopy and that (iv) there sources must be non-substitutable (Barney, 1991; Newbert,2007).

iv. Acceptability and Criticism of RBV

A meta-analysis of empirical studies grounded in RBV revealed that the theory has received a modest overall empirical support (Newbert, 2007). Given the versatility of RBV, it is no surprise that it has been widely applied in many fields of studies including strategic management (Newbert, 2007), competitive advantage (Lewis, Brandon-Jones, Slack, & Howard, 2010), information system research (Wade&Hulland, 2004), diversification research (Nath, Nachiappan, & Ramanathan, 2010), tourism excellence research (Denicolai, Cioccarelli, &Zucchella, 2010) and even film industry research (Miller&Shamsie, 1996). RBV is believed to be‘ one of the most widely accepted theories of strategic management’ (Newbert,2007:121) and apparently, it has generated immense interests among scholars and practitioners.

Moreover, regardless of the wide acceptance of RBV, it has received its share of criticism just like every theory that have sought legitimacy. The most robust critique of RBV as well as counter responses and dialectics can be found in the interesting intellectual exchanges between Priem (2001); Priem & Butler (2001) and Barney (2001); Makadok (2001). Essentially, RBV especially as espoused by Barney(1991) has been criticized on two major grounds by Priem & Butler (2001) viz. that the theory is tautological and that it lacks practical application. These criticisms and counter responses from Barney (2001) are discussed below.

Citing Popper (1959)’s falsifiability requirement, Priem & Butler (2001)’s major criticism of RBV is that the theory is tautological in the sense that its empirical content–its propositions– are untestable. The authors argue that the cardinal proposition of RBV that “valuable and rare organizational resources can be a source of competitive advantage" does not need to be confirmed by any data, it is true by definition. Barney(2001) however dismissed this criticism arguing that Priem&Butler (2001) merely based their critic is mon one part of the theory–the definitional part–to reached the conclusion that it is tautological. Barney further argues that if this were to be the case, every other theories including Porter's' industry attractiveness model' and 'transaction cost economies' would be termed as tautological as well, and they are not.

The second major criticism of RBV by Priem & Butler (2001) has to do with the practical strategic management use of the theory. The authors argue that 'simply advising practitioners to obtain rare and valuable resources in order to achieve competitive advantage and, further, that those resources should be hard to imitate and non-substitutable for sustainable advantage, does not meet operational validity criterion' (Priem & Butler, 2001:32). Their contention is that there should be a prescription that specifies how to measure each resources on the focal characteristic of value, rarity, imitability and non-substitutability, arguing that without this system of'parameterization', the prescription of RBV may not be very useful for managers. In response, Barney (2001) acknowledges that some of the attributes of resources are indeed not amenable to managerial manipulation, but however argued that non-manipulability of resource attributes in itself is not a limit to practical use of RBV. Barney (2001) spelt out three specific applications of the logic of RBV. First, managers who are currently strategically disadvantaged can use the logic to identify and mobilize critical resources that can help them move to par with those who presently enjoy advantage. This can be done through either imitation or substitution. Second, RBV can help managers to bridge the gap between manifest and latent potentials of their resources to achieve superior performance. Some managers have resources that are capable of earning high rents but are yet to fully deploy these resources. The author argue that RBV logic can help this group of managers to get the best out of their resources. And lastly, RBV logic can enable firms to deliberately develop and protect current resources that have the potentials to be valuable, rare, imitable and on-substitutable.

Thus, the foregoing discussion demonstrates that RBV is a versatile theory for explaining the interconnection between resources and firm performance.

2.4.3.1 Relevance of the Underpinning Theory to Research Issues

As the above discussions show, RBV is generally appropriate for explaining issues in small business performance as differences in level of performance are usually attributed to resource availability (Woschke, Haase, & Kratzer, 2017). From the literature synthesis of the issues in this study (please see *sections 2.2.2.1.1 to 2.2.2.3.6* for details) it is reasonably clear that that most of the elements and specific factors to be explored–business for matfactors (brandname, supports and control), contracted sign (initial payments, ongoing payments, exclusive territory and tying), behavior and interaction (relationship: closeness, commitment, trust, communication and relationship satisfaction; attitude & skills: motivated and hardworking franchisees, managerial and marketing skills and prior experience) – directly or indirectly constitute some kind of resources to franchisees upon which their business performance could rest as predicated by RBV (Lin & Wu, 2014). Table 2.9 below summarizes literature supports for the relationship between RBV and the research issues in this study.

Table 2. 6: Summary of Literature Supports for the Link Between RBV and the Research Issues in this Study

Research Issue (RI)	Literature Support Factors being a Resource	RVB'S Relevance
RI-1 Business Factors	Brand name, support services and appropriate controls are important resources to franchisees (Doherty *et al*., 2014; Hnuchek *et al*., 2013; Roh & Yoon,2009	RBV is relevant to explain this research issue
RI-2 Contract Design	Unfavourable contract terms such as increase in rate of payments (initial and ongoing), poor territory and cut-throat tying arrangement extract valuable resources from franchisees (Michael & Combs, 2008; Roh & Yoon,2009).	RBV is relevant to explain this research issue
RI-3 Relationship Quality	Close and satisfactory personal relationship	RBV is relevant to explain this

	(Abdullah *et al*., 2008; Heong, 2014), trust (Dickey *et al*., 2008; Doherty *et al*., 2014), commitment (Wright & Grace, 2011), effective communication (Chiou *et al*., 2004) are key resources that could enhance franchisees performance	research issue
R1-4 Attitude and Skills	Attitude and skills are example of intangible resources (Barney, 2001	RBV is relevant to explain this research issue

Source: Developed for this Research 2019.

The idea is that when franchise partnership is structured in such a way that each of the factors leaves more resources in the hands of the franchisees, RBV postulates that such a condition will help to improve franchisees business performance (Michael & Combs, 2008). For example, *business format factors* such as brand name, support services and appropriate autonomy (control) are important resources to franchisees (Doherty *et al*., 2014; Hnuchek *et al*., 2013; Roh & Yoon, 2009). As predicted by RBV, slack or inefficiency in the provision of any of these key resources will affect franchisees business performance. Therefore, RBV is suitable in explaining the relationship between business form at factors and franchisees business performance. Further, in terms of *contract design*, unfavourable contract terms such as increase in rate of payments (initial and ongoing) as well as unfavourable territory (Michael & Combs, 2008) and tying arrangements (Roh & Yoon, 2009) constitute extraction of excess cash (a valuable resources) from franchisees which ultimately leaves them with little resources to implement strategies that can improve their outlet efficiency.

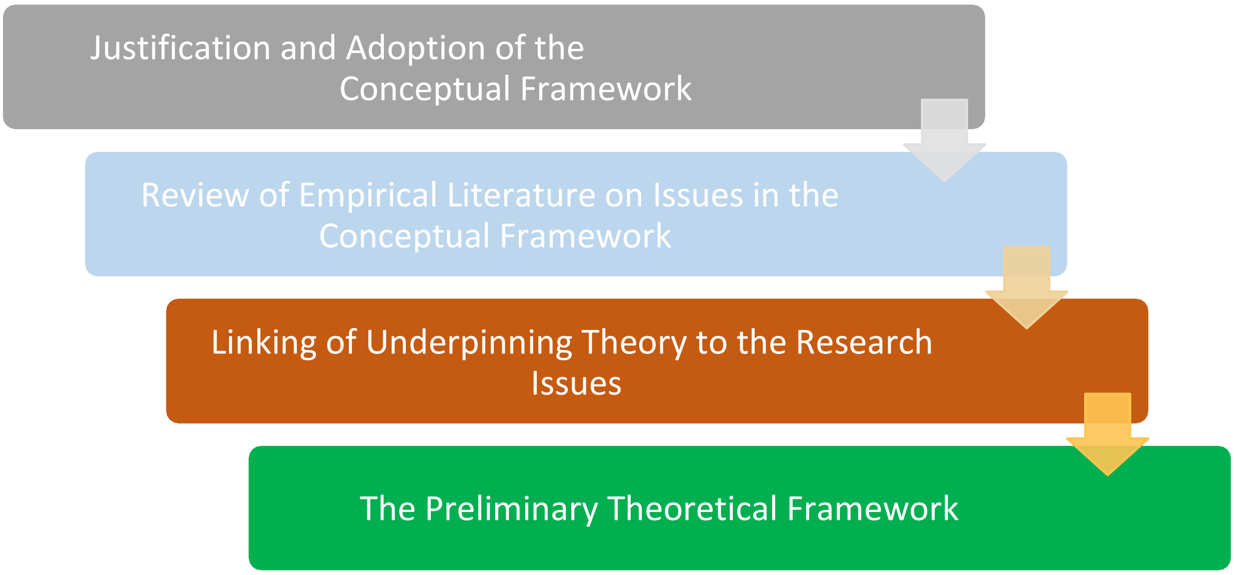
Similarly, consistent with the prediction of RBV, it has been noted that more or less of such *relationship factors* as close and satisfactory personal relationship (Abdullah *et al*., 2008; Heong, 2014), trust (Dickey*etal*.,2008; Doherty*etal*.,2014), commitment (Wright & Grace, 2011), effective communication (Chiou *et al*., 2004), from the franchisors can determine the extent to which franchisees achieve reasonable business performance. In the same vein, franchisees *attitude and skills* are example of intangible resources that proponents of RBV believe could be instrumental in creating and sustaining a superior performance for their business (Barney, 2001).

By and large, it has so far been demonstrated that each of the research issues under investigation is a resource center and as predicted by RBV (Barney, 1996), reduction and/or in appropriate deployment of each of these key resources is likely to adversely affect franchisees business performance. This analysis has firmly established the connection of resource-based theory with the research issues being investigated, confirming the appropriateness of the theoretical lens for exploring and describing factors influencing franchisees' business performance in Tanzania.

Thus, having justified the appropriateness of the underpinning theory in explaining the key research issues, a preliminary theoretical framework can now be developed for the study. The next section discusses this. The Preliminary Theoretical Framework. It is stated in the introductory section that the aim of chapter two is to lay a solid foundation within which the current study can be located in the broader franchising literature. As would be found in the various sections of this chapter, the discussions have attempted to achieve this aim. *Section 2.1* clarifies the nature of franchising including discussions on the definition, the benefits, and the major typesa nd current state of franchise business in many countries of the world. *Section 2.2* presents the conceptual framework which reflects the current empirical state of knowledge regarding factors that potentially influence franchisees business performance. In terms of theoretical explanations for franchising reality, *section 2.3* discusses the common theories in franchise research. Subsequently, justifications were given for the appropriateness and adoption of one of the theories to explain the research issues.

Thus, the above sections have laid an excellent foundation for the development of the preliminary theoretical framework for the study. As shown in figure 2.11 below, the preliminary theoretical framework was derived as a product of three stages of discussion.

Figure 2. 7: Flow of Discussion for the Development of the Preliminary Theoretical Framework



Source: Developed for this research 2019.

These stages include justification and adoption of conceptual framework, review of related empirical literature and linking of underpinning theory to the research issues.

To elaborate, the development of the preliminary theoretical framework shown in figure 2.12 below began with identification of a suitable conceptual framework. This is consistent with the approach adopted by a number of scholars for a study of this nature. For example, Mansor (2011) applied the same approach in a research aimed at developing a framework for tax administration performance management in developing countries. Thus, Nijmeijer *et al* (2014)'s model of factors influencing franchise firm performance was subsequently adopted and justified to be suitable for the study

Once the conceptual framework was explained and appropriately adapted to suite the scope of the study, the next stage in the development of the preliminary theoretical framework was the review of empirical studies on the performance-influencing factors identified in the adapted model. The position of the empirical literature as well as other justifications such as the need to verify relevance of the identified factors in different contexts and general paucity of research on some of the factors informed considerations of the relevant factors for further exploration in this study.

The third and last stage in the development of the preliminary theoretical framework was the presentation of theories commonly used to explain franchising realities. Three theories were discussed and eventually, the resource-based theory was found to be more relevant to the research issues and thus adopted as the underpinning theory for the study

2.5 The Research Questions.

Previous sections presented and discussed the preliminary theoretical framework developed for this study. This section explains the key factors in each of the research questions shown in table below. In order to confirm the above theoretical framework, four research questions were derived. These were generated from the adapted (redrawn) conceptual framework (figure 2.10). First, it could be recalled that there are three main elements in the redrawn conceptual framework. These are business format, contract design, behavior and interaction. Each of these elements corresponds to and gives rise to one research issue, except the behaviour and interaction element that divides into two research issues. This came about based on feedback from the preliminary investigation which points to the fact that although attitude and skill factors are related to behaviour and interaction, they nonetheless constitute a unique setoff factors and in order to enhance clarity of ideas and presentation, it would be better to group these factors separately. Thus, the next paragraphs explain the four research issues.

Table 2. 7: Research Questions.

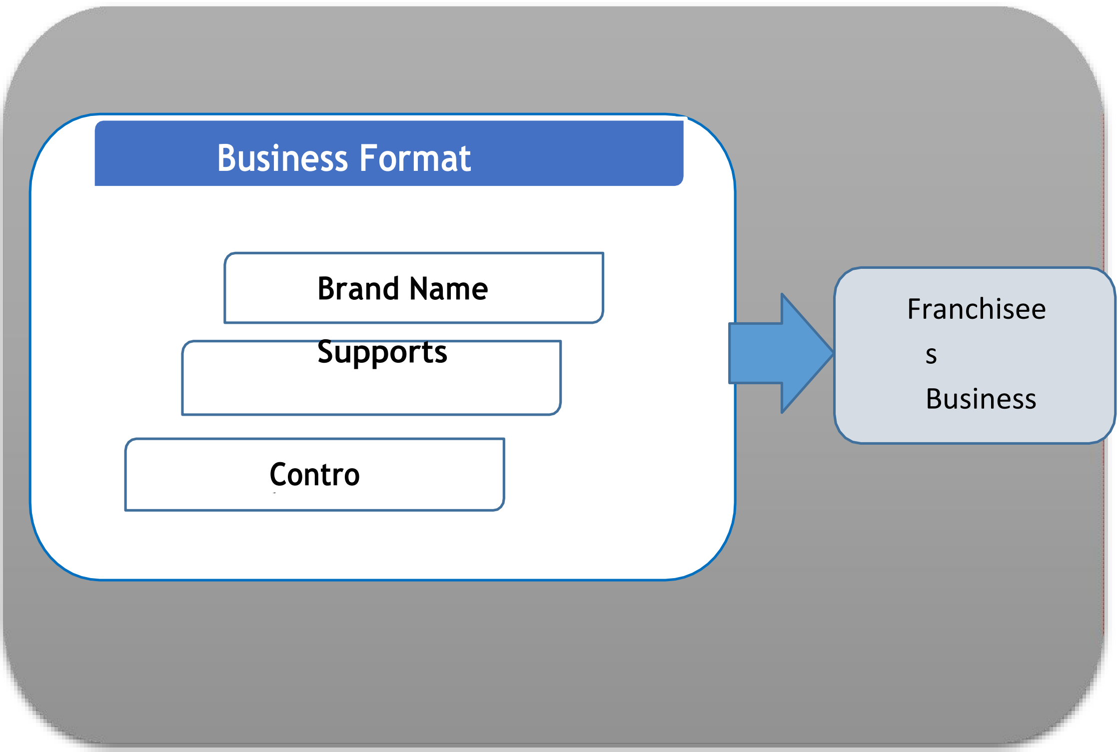
	Research Question (RQ)	Elements in the Conceptual Framework
1.	What are the important **business format factors** that influence franchisees business performance in Tanzania?	Business Forma

2.5.1 Research Question -1

Business Format Factors Influencing Franchisees Business Performance

Based on the adapted conceptual framework and the subsequent literature synthesis as reflected in the preliminary theoretical framework, there are three main business for mat factors that have the potentials to influence franchisees' business performance in Tanzania. The three factors as illustrated in figure 2.13 below are brand name, supports and control. Brand name includes brand marks and all other means used to identify and distinguish a particular franchise system or franchisor from the others Supports are resources and services that enable franchisees to form, launch and run their outlets. Control is about franchisees autonomy in the operation and management of their outlet.

Figure 2. 8: Business Format Factors Influencing Franchisees Business Performance



Source; Developed for this Research 2019

Thus, the corresponding research issue considered for detail exploration in this study is stated as:

What are the important business format factors that influence franchisees' business performance in Tanzania?

2.6 Summary of the Chapter

Sequel to chapter one which discusses the need and offers extensive justifications for the conduct of the study, chapter two aimed to provide an understanding of the current state of knowledge on the factors that could potentially influence franchisees business performance in Tanzania. To provide structure to the discussion of the possible factors, a suitable conceptual framework was adapted. Based on the adapted conceptual model, the chapter presents syntheses of findings of previous studies on the identified issues and factors.

Moreover, in an effort to establish a solid theoretical base for the study, the chapter explains the major theories commonly used in franchise research. Subsequently, a justification was given for the selection of one of the theories – RBV to underpin the study. A preliminary theoretical framework was developed to guide the study and the four-staged process that resulted in the development of the framework was extensively discussed. The chapter outlines and discusses the research issues that were derived to confirm the preliminary theory framework.

Thus, from the adapted conceptual framework and synthesis of relevant literature, it emerged that although modest efforts have been made by scholars to identify factors that have influence on franchisees' business performance, the efforts so far have suffered from two prominent problems. First, it is apparent from the literature review that research efforts in to performance- enhancing factors for franchisees is still at its infancy and so full complement of factors on various issues such as relationship development, personality attitudes, contract design and soon have not yet been identified (Altinay *et al*, 2014b; Dant *et al*., 2013).

The second problem is that the preponderance of extant research in franchising were conducted in North America and other Western countries with emerging markets far behind (Dant *et al*., 2011; Kacker, Dant, Emerson, & Coughlan, 2015). This would not have been a problem if institutions which largely determine the nature of business in emerging markets were not different from the developed world (Hoskisson *et al*., 2013). With this reality, generalization of findings from the West would be problematic. More so, it is believed that even where institutions are similar, it is not yet clear if findings of previous studies regarding performance-enhancing factors in franchising can be confidently generalized to other contexts (Nijmeijer*et al*,2014). Itiso n these bases that many scholars (e.g.Altinay*etal*, 2014a,2014b; Nijmeijer*et al*,2014) have recently called formore studies in different settings for the purpose of verifying conclusions and developing a reliable framework for franchise system performance in general and franchisees in particular. This present study is an answer to these calls.

CHAPTER THREE
METHODOLOGY

3.1 Introduction

The previous chapter has outlined and synthesized the state of knowledge regarding the key issues which culminated into the development of the preliminary theoretical framework for the study. Now, chapter three presents the step-by-step approach and procedures that were adopted for the conduct of the investigation. Specifically as illustrated in above, this chapter describes such methodological issues as the philosophy and paradigm of the study; justification for selection of qualitative approach; the research instrument; setting and population of the study; sampling design and sample size; data collection procedures; techniques of data analysis; and validity and reliability.

3.2 Research Design

Informed by the research questions being posed for this study, the basic design of the investigation is exploratory. The questions of the study suggest that the core aim is to explore. As an exploratory research, this study attempts to gain a deep understanding into the issues under investigation. Exploratory approach is often adopted when little is known about a subject (Cavana, Delahaye, & Sekaran, 2001; Cooper & Schindler, 2014; Sekaran & Bougie, 2013), as is the case with factors influencing performance of franchisees in Tanzania (Agu, 2013). The exploratory approach is also often used in business and management research when not much previous work has been done on the issues or elements of interest within the context of the study to serve as credible reference points (Cooper & Schindler, 2014; Sekaran & Bougie, 2013).

Meanwhile, in order to explore and achieve the objectives of this study, the selection of an appropriate research paradigm and philosophy is necessary. The paradigm and philosophy will provide appropriate interpretation for the findings of the study. The next few paragraphs explains the common paradigms in scientific research with a conclusion on why constructivist paradigm is chosen as an organizing conceptual foundation for the study. Philosophy on the other hand is essentially the anchor or the conceptual foundation guiding the search for knowledge (Ponterotto, 2005).

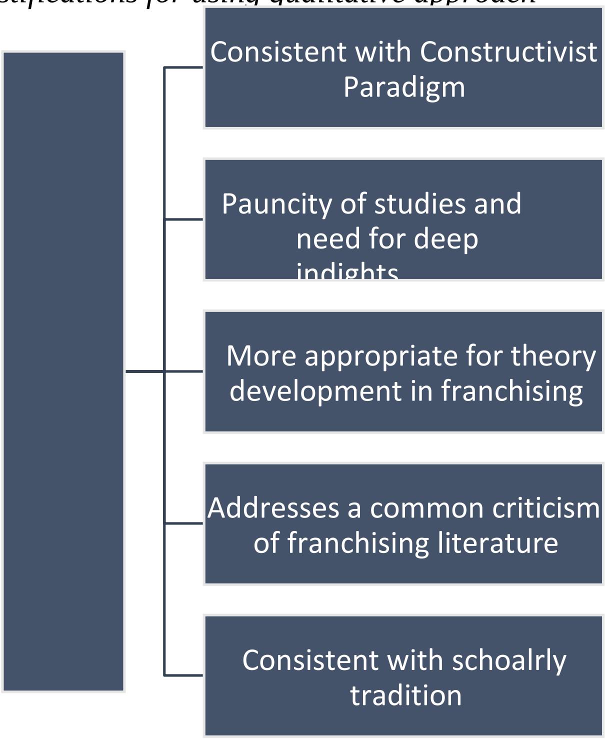
These conceptual foundations include epistemology, ontology, axiology, rhetorical structure and methodology. The relationship between paradigm and philosophy is that each paradigm adopted for a research must be guided by appropriate philosophies (Ponterotto, 2005). The next paragraphs explain the meaning of the highlighted philosophical issues in research and subsequently major paradigms are discussed, indicating the philosophical position of each.

Moreover, with regards to research paradigm, scholars have classified paradigms in different ways (please see Denzin & Lincoln, 2000; Guba & Lincoln, 1994; Ponterotto, 2005) but this study adopts the more recent schema of Waller *et al*. (2016) because of its conciseness. This schema categories research paradigm into four, namely: positivism, post-positivism, criticalist and constructivism. As discussed hereunder, each of these paradigms has different philosophical positions regarding objectivity of the researcher (epistemology), nature of reality (ontology), roles of researcher's values and emotion (axiology), language of presentation (rhetorical structure) and procedure for investigating a subject(methodology).

3.3 Justification for Using Qualitative Approach

Consistent with the nature of most exploratory designs and the constructivist paradigm adopted for the present study, the data collection approach suitable for the investigation is qualitative (Cavana *et al*., 2001; Cooper & Schindler, 2014; Sekaran & Bougie, 2013). Other reasons for adopting qualitative approach in this study are shown in figure 3.2 below.

Figure 3. 1: Justifications for using qualitative approach



Source: Developed for this research 2019.

Moreover, since it has been established that franchising practices differ from one culture to another (Altinay *et al.*, 2014b) and no prior comprehensive study has been done to understand the practice in Tanzania, qualitative approach is the appropriate method for a new study of this nature as it helps to gain a deeper understanding of the context and real-life situation of the practice (Cooper & Schindler, 2014; Sekaran & Bougie, 2013; Zikmund *et al.*, 2012). This argument is also consistent with the observation of Creswell (2007:40) that qualitative studies help to understand participants' contextual style of solving a specific problem 'as we cannot separate what people say from the context in which they say it'.

More so, franchising research domain is being criticized for lacking theories that link contextual factors and firm performance (Combs, Ketchen, & Short, 2011). This makes qualitative methods appropriate for study in the area as it permits deeper exploration and understanding of the issues and building of theories (Ajayi-Obe, 2007; Brookes & Altinay, 2011; Elango & Fried, 1997). Qualitative methods help to build or elaborate a theory that is not only rich in itself, but also one that is contextually-informed and process-oriented (Elsbach, 2005).

Thus, the adoption of qualitative approach in this study contributes to enhancing the understanding of the contextual issues in franchisees performance in Tanzania, hence elaborating relevant theories in the field of franchise research.

Hence, the use of qualitative method in this study is consistent with the usual scholarly tradition of using the approach to first explore the contextual issues about franchise business model in a particular country prior to application of quantitative methods. The above discussion has demonstrated why qualitative approach is appropriate for this study. The key justifications include general paucity of empirical studies in franchising, need for deep knowledge of franchising practice in Tanzania, suitable for theory building, part of efforts to address common criticism of extant franchising literature and lastly need to be consistent with scholarly tradition.

Thus, having discussed the conceptual paradigm as well as the data collection approach adopted for the study, the next sections explain the specifications taken for the conduct of the study. First the suitability of the research instrument is explained, then sampling techniques as well as specific approaches taken for data collection are discussed.

3.4 Research Instrument

In order to explore the factors that influence franchisees business performance in Tanzania, the research instrument used for the investigation was there searcher. This instrument is consistent with qualitative interview-based methods (Glaser, 2009; Myers, 2013). Apart from his familiarization with the ethics of qualitative research, the researcher has had reasonable amount of training on how to identify suitable respondents, make contacts, establish rapport, secure respondents confidence and obtain unbiased responses and evidences that will enable appropriate triangulation of data. The researcher’s personal contacts and appreciable familiarity with the general business environment and context of the study were also leveraged upon in managing the logistics of the study.

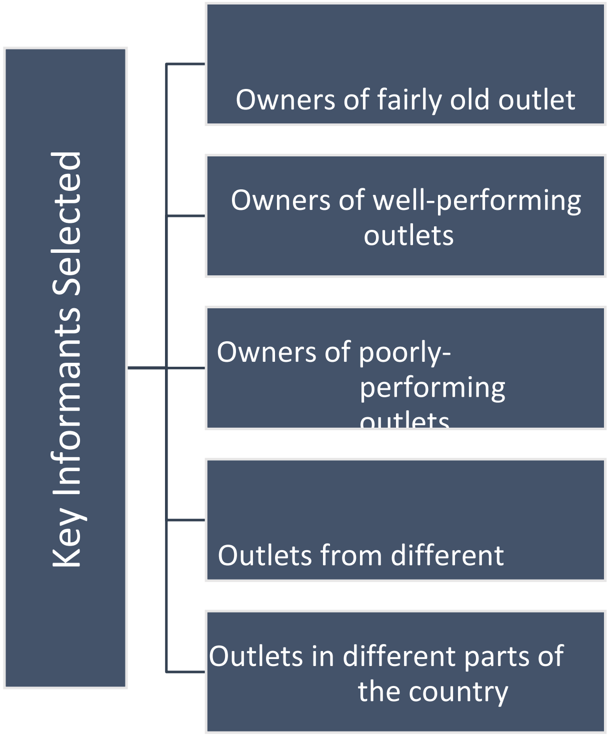
More so, the researcher understands and familiarization with the subject matter of the study permitted good grasp of participants’ responses and the significance of what they say, thereby enabling productive exploration of only relevant questions (Corbin & Strauss, 2008). It must however be stressed that while the researcher drew on his knowledge and familiarity with the subject area to get the most valuable responses from the study’s participants, conscious efforts were made to guard against the possibility of projecting personal understanding into the research agenda. The researcher only used his knowledge and understanding to guide interpretation of the data.

Thus, armed with training in data collection strategies, familiarity with the research context and understanding of the subject, the researcher made contacts with each of the respondents and secured their willingness to participate in the study. The researcher also personally designed the interview protocol, conducted and meticulously recorded every interview.

3.5 Sampling Technique

Consistent with the qualitative design of the study, purposive sampling technique was used in both the preliminary and main phases (of data collection) to select appropriate subjects for the investigation. Purposive technique was considered to be appropriate for this study because there was a need to obtain the real-life expert views of some specific types of respondents (Cooper&Schindler, 2014; Sekaran&Bougie, 2013; Zikmund*etal*.,2012) and to ensure that the different voices of the population is represented in the study (Alharbi, 2014; Myers, 2013; Sekaran & Bougie,2013). As shown in figure 3.5 below, the specific types of respondents sought and were reached through this sampling methods include owners, that is, franchisees (or their knowledgeable representative like unit manager) of fairly older outlets (more than five years in operation) as they are likely to have reasonable experience with the focal issues of the investigation and have probably seen the intricacies of the business model. Other categories of respondents considered for inclusion in the sample include:

Figure 3. 2: Criteria for Selecting Respondents



Source: Developed for this research 2019

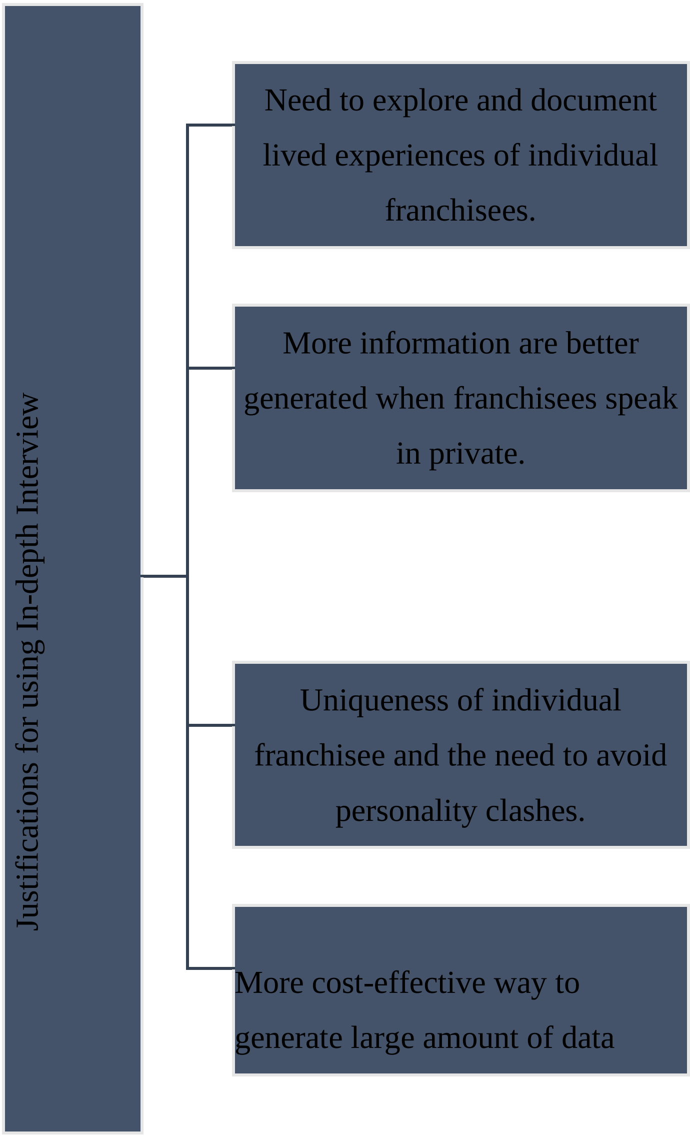
Owners of well-performing franchise outlets; owners of poorly performing franchise outlets; and franchise outlet owners in different parts of Tanzania as experience and observation revealed that there exist some differences in business sophistication and entrepreneurial behaviors of people from these different locations in Tanzania. The sources of information for understanding and identifying these specific types of respondents prior to detail face-to-face interview include preliminary search (through website and referral), contact with, and opinion of respective franchisors, as well as initial contact with the particular franchisee.

Having identified and located the addresses of the franchisees that fit the outlined criteria, initial contacts were made via phone and visits to the respective outlets. As explained under section on procedure for interview, contacts had earlier been made with the respective franchisors and the regulatory agency to get them to encourage their franchisees to participate in the study. Subsequently, six (6) franchisees participated in the preliminary phase of data collection while twenty-six (26) franchisees took part in the main phase. Detail discussions on each phase of data collection are presented in the respective subsection below. Mean while, the next session explains why in-depth interview was adopted as the method of data collection in both phases of the investigation.

3.6 In-depth Interview

Interview is an exchange of view between two individuals for the purpose of constructing knowledge and making meanings (Marshall & Rossman, 2010). In keeping faith with the constructivist paradigm and qualitative approach of the study which necessitates that individual respondent's perspectives on the research issues are uncovered (Marshall & Rossman, 2010), face-to-face semi-structured in-depth interview was adopted as the method of data collection in both the preliminary and main phases of the investigation.

Figure 3. 3: Justifications for using in-depth interview



Source: Developed for this research 2019.

Moreover, there are other types of interview commonly used in qualitative research. Convergent interview is one of such and it is where researchers conduct one-on-one discussion with successive research participant with the aim of arriving at a converged consensus (Rao& Perry, 2003). This study aims for depth and understanding of individual experiences and so convergent interview was not deemed to be suitable for the investigation. More so, because of the high potential for interviewer bias inherent in convergent interviewing and its inflexibility compared to in-depth interview (Bellenger, Bernhardt, & Goldstucker, 2011; Rao & Perry, 2003), it was not considered appropriate for this study. As shown in figure 3.6 above, other justifications for the adoption of in-depth interview for the investigation include the following.

First, in-depth interview method is most appropriate when are search project aims to understand and document detail lived experiences of individual respondent on a particular issue of concern (Myers,2013). This study desires depth of information and thus aims to explore the individual views and opinions of franchisees with regards to factors that influence their business performance. The ultimate aim is to analysis the narrated experiences of each franchisee in Tanzania and identify the most important factors they agree on as having impact on their outlet performance. Alternative method like focus group discussion may not be able to generate the deep individuals' insights (Marshall & Rossman, 2010) that are needed to construct a good picture of reality of franchise business practice in the country due to what scholars refers to as peer-pressure or group influence (Creswell,2007).

Second, closely related to the need to gain insights into individual experiences, interview method is also most appropriate when more information is likely to be gained when respondents speak in private (Ritchie *et al.*, 2013). The sensitivity of the issue involved was a key consideration for using interview in this study as preliminary investigation revealed that a number of franchisees were having dysfunctional relationships with their franchisors with a few others having cases before the courts. In such instances, respondents may not want to speak openly for both legal and relationship implication. Hence one-on-one, rather than group discussion, was more appropriate.

The third reason for using in-depth one-on-one interview is the uniqueness of individual franchisee and the need to avoid personality clashes and draw out maximum insights from individual experiences. Owing to variations in business experience, location, potentially uneven level of business performance, personality and so on, it was reasoned that in order to achieve the goal of obtaining insights into the unique individual experiences, bringing franchisees together, for example in a focus group discussion, might not help much and could lead to unproductive clash of ideas and personality. Meanwhile, although scholars express the concerns that in-depth interview is time-consuming, poses greater challenges in terms of transcription and analysis, and can only be used with a few respondents (Sekaran & Bougie, 2013), however, rigorous measures as detailed under validity and reliability section below were taken to address these concerns. Efforts were also made not to rely only on in-depth interview for making sense of respondents' responses as regards their business performance.

In addition to the in-depth interview, the researcher observed the body language of the respondents, the interaction with colleagues and customers as well as the physical surrounding of the business premises in order to build a good picture of the franchisee's business practice. Relevant documents were also sought to confirm participants 'position and to achieve rich data. Such documents as franchise contract, web pages, corporate memos, newsletters, blogs, social media timelines and so on complemented interviews and field observation as they provided additional evidences for building a robust picture of realities and actual business practices (Myers,2013;Yin,2014). Arguably, this data triangulation increases the richness of each case data and thus useful in constructing an insightful picture of factors that influence the performance of franchisees in Tanzania.

More so, to guarantee consistency of structure throughout the interviews and enhance the overall reliability of approach (Yin, 2009), the interview protocol (please see appendix I) was used as a guide. The protocol spells out the steps and procedures that must be undertaken before, during and immediately after each interview. The interview questions (please see appendix II) were designed to seek participants' responses to broad questions relating to the focal issues of the study. However, it must be stressed that being an exploratory study, these questions were only a necessary guide. Other issues that emerged from the stories of the respondents were also explored using appropriate follow-up and probing questions

(Myer, 2013).

Thus, in-depth interview was adopted for data collection because of the nature of the study, the advantages of the method and its justified suitability compared to other qualitative methods. The method is not without its weaknesses as highlighted in the discussion but efforts were made to address the weaknesses while maximizing its advantages.

The forgoing discussion has been about 'the what' and 'the why' of in-depth interview as applied in this study. The next section discusses other key procedures for data collection.

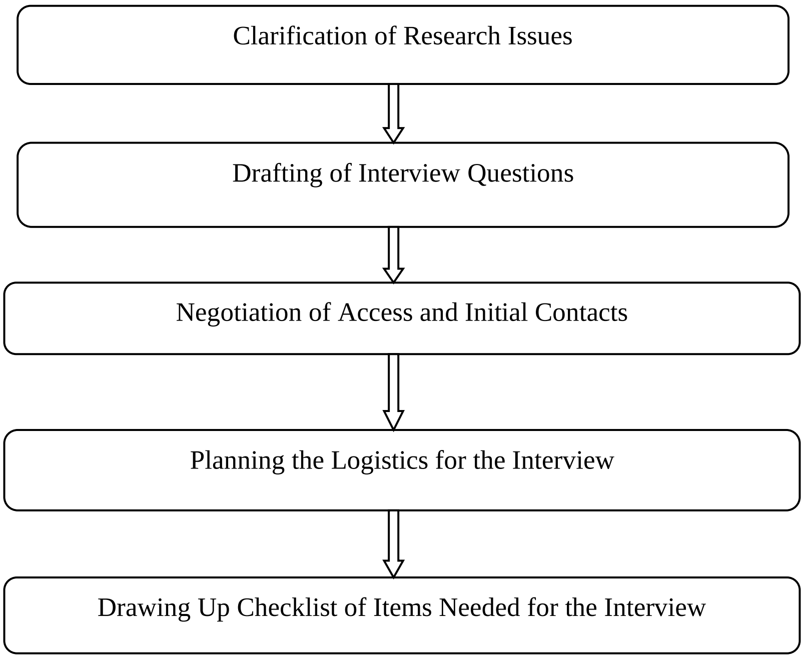
3.6 Procedures for Data Collection

Data for this study was collected in two phases, namely: preliminary phase and the main phase. Purposive sampling procedure and in-depth interviews were used in both phases. The next subsection describes the pre-fieldwork and other procedures that are common to and used in both phases. The subsequent section gives the detail explanations of what was done during each phase of the investigation.

3.6.1 Pre-Fieldwork Procedures

Having used purposive technique to identify franchisees that suit the selection criteria outlined in section 3.5 above, a number of actions as illustrated in figure 3.7 below were undertaken before actual contacts were made. These actions include review and clarification of the research issues, drafting of interview questions, negotiation of access to respondents, planning the interview logistics and drawing up checklist of needed items. The first main activity undertaken before the first interview visit was clarification of research issues. The researcher conducted a detailed analysis of each of the four research issues and took mental notes of the primary purpose of the questions. Being clear about the purpose of each issue/question was necessary to keep the conversation on track as well as to ensure that relevant clarifications were sought as respondents narrate their experiences. Flowing from the review of the research issues, the next pre-fieldwork activity was the drafting of interview questions in line with the respective research issues.

Figure 3. 4: Flow of Pre-Fieldwork Activities



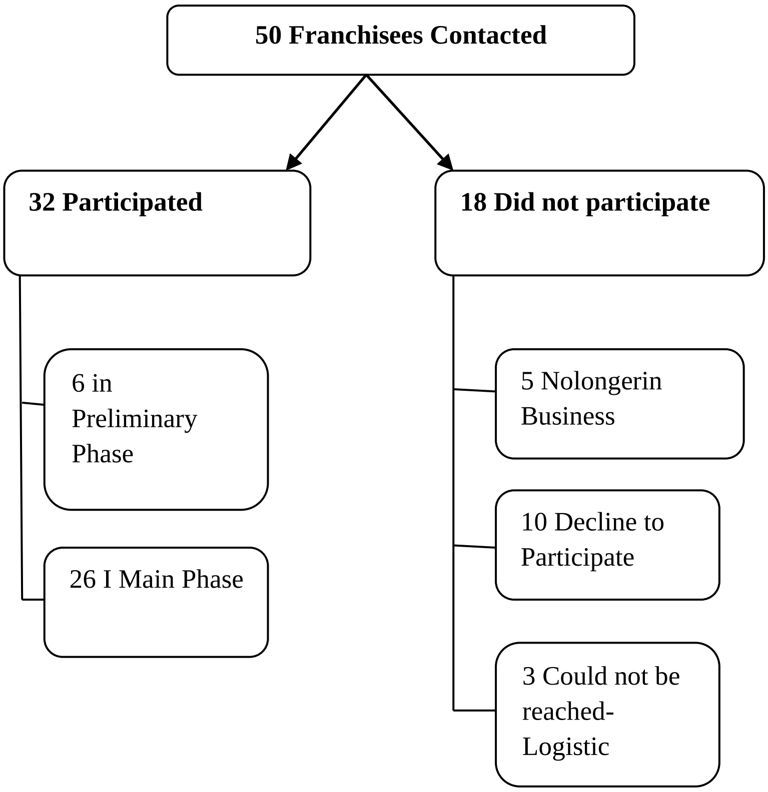
Source: Developed for this research 2019.

The questions were designed to be open-ended and broad in order to give the respondents freedom to narrate all relevant experiences on the issues. Two individuals who are expert in English Language were contacted to review the wordings of the questions and this resulted in further editing and reviews. This review helped to simplify the questions in language that would be easily understood by the respondents. The review also led to reordering of the questions in ways that would ensure good flow of thoughts and exchanges with the respondents.

Having ensured that there search issues and their corresponding interview questions were clear and in harmony with the objectives of the study, the researcher's attention turned to the issues of accessing the respondents that have been identified and sampled to participate in the study. It is believed that in an interview-based research, access to respondents is a key issue that requires thoughtful planning and execution (Witzel & Reiter, 2012). In order to secure access to the sampled respondents and obtain their commitment to participate in the study, the researcher used dual approaches for contact: franchisees were contacted directly on the one hand and then contacts were also made with the respective franchisors.

The rationale for contacting the franchisors and the regulatory agencies was to explain the objectives as well as to sell the merits of the study to them and thereby obtain their assistance in getting their franchisees and members to freely participate in the study. The approach of using franchisors to sell the research objective and secure the commitment of their franchisees was successfully adopted by Frazer*etal* (2012) in their study of reasons for franchise conflicts and franchisees' exit in Australia. Similarly, Doherty *et al* (2014) secured a rare access to franchisees in China in their study of franchise relationship development in the country by making contact with the regulatory authority.

Figure 3. 5: Initial Contacts and Eventual Participants in the Interviews



Source: Developed for this research

Thus, based on the outlined plans, phones calls and pre-approved visits were made to the sampled franchisees. As illustrated in figure 3.8 above, out of the 50 sampled franchisees that were initially contacted via phone calls, personal visits and introduction by respective franchisors, a total of thirty-two (32) franchisees participated in the study. For various reasons, the other eighteen (18) franchisees in the sample could not be interviewed. Five (5) of these franchisees were no longer in business while ten (10) declined to participate in the study for undisclosed reasons. For the remaining three (3), suitable and convenient time for both the researcher and the franchisees could not be found after several trials.

Of the total of thirty-two (32) franchisees that were interviewed, the first six (6) respondents took part in the preliminary study while the remaining 26 participated in the main phase of the study. Meanwhile, it should be noted that there-field work activities up till this point were done before the very first interview. The next two pre-field work activities were carried out before every visit to the interview location.

Thus, once access to respondents have been properly negotiated and reasonable commitment to participate in the study was secured from most of those sampled, the next set of activities were efforts to fore see and plan all necessary logistics for the interviews. This was usually done at least three (3) to two (2) days before the interview day. Among the logistic arrangements include getting familiar with traffic flow in the respondents' city, securing and testing tape- recorders, keeping back-up tape and batteries, obtaining /body microphone (in case there was a need to amplify any interviewee's voice), making provision for writing materials–a notebook and pens, and budgeting stipends for lunch at respondents outlets in the case of QSR franchisees.

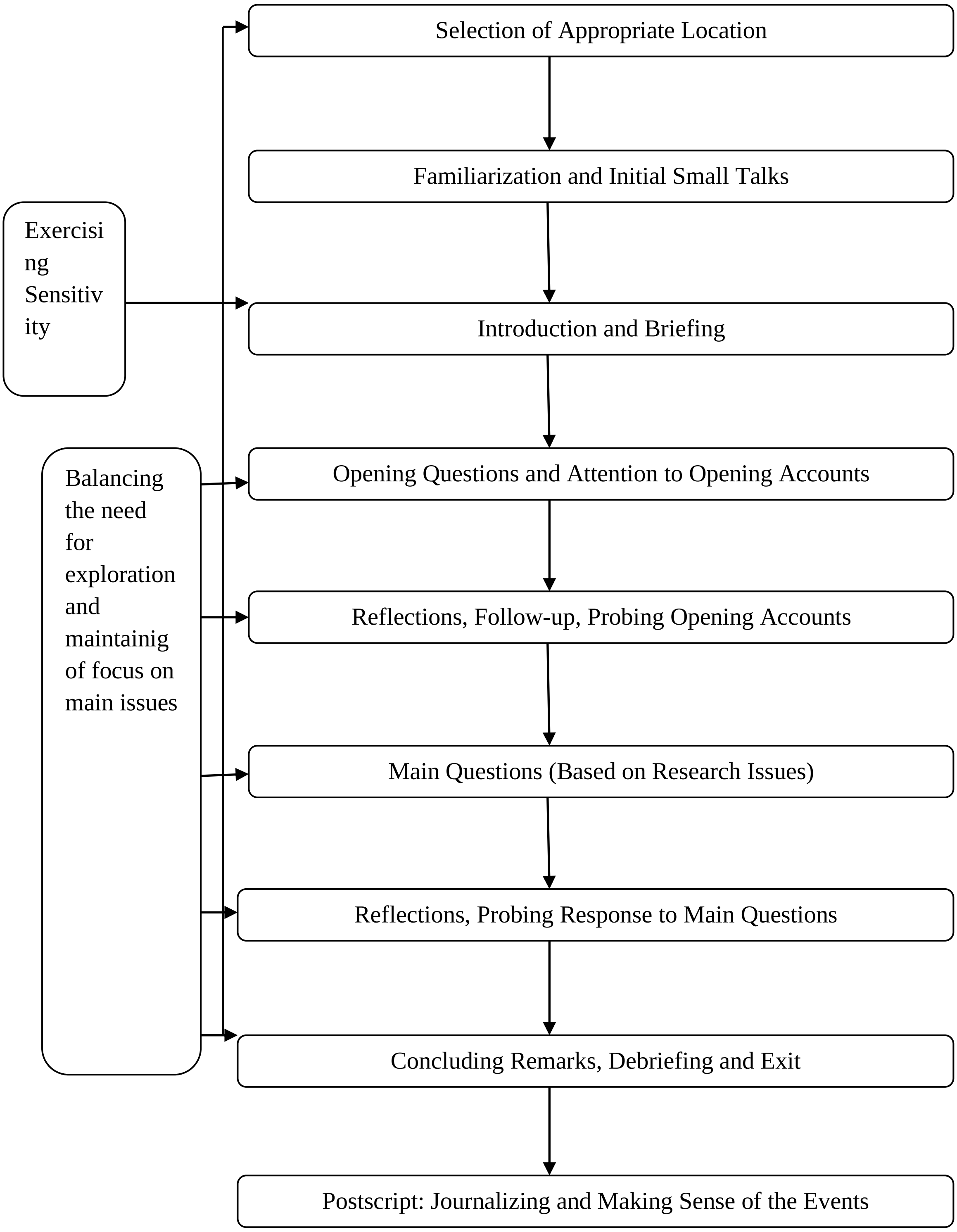
The final part of the pre-field work activity was drawing up of checklist of all necessary logistics and items for each interview. Some of the items listed above were written out in the checklist. They were usually cross-checked and properly packed for each interview.

Thus, having discussed the pre-fieldwork arrangements preceding actual visitation for interview, the next two sections explain the specific details of each of the phases of the data collection. First the preliminary phase and then the main phase were explained.

3.6.2 Data Collection: Phase One – Preliminary Study

The preliminary phase of the study involved the first six respondents that were interviewed. These were purposively selected following the criteria outlined under section 3.5 (sampling techniques).The six respondents operate outlets in Dar es salaam (a city where more than half of all franchised outlets in Tanzania operate) and they are from 3 different franchise brands, across three industrial sectors of quick service restaurants, retailing (convenience stores) and ice- cream vending.

Figure 3.7: Highlights and Flow of the Interview



Source: Developed for this research

This phase of the investigation was designed to achieve two objectives. First, to explore and confirm the relevance of the factors identified in the preliminary theoretical framework of the study. This preliminary confirmation was necessary to get quick inputs into the relevance of the identified issues prior to detailed design. Secondly, the preliminary study was undertaken to ensure that the interview protocol as well as the individual questions were relevant and clear enough to the respondents.

Thus, the interviews were conducted following the structure outlined in figure 3.9 above. This include; first, selection of appropriate and convenient location; familiarization with the respondents; briefing and introductory explanation, comments on the objectives of the study and clarification of issues bordering on research ethics; asking warm up and opening questions for general exploration; listening and taking notes of respondents opening account; reflecting, follow-up and probing questions to clarify meanings; maintaining sensitivity throughout and taking control of the conversation; concluding discussion including giving respondents the opportunity to ask questions and share final thoughts.

The last important part of the interview process was outside the conversation. This was post- interviewing journalizing by the researcher which served to reflect and make sense of respondent’s thoughts.

Mean while, since this same structure was followed in both preliminary and main phases of data collection and in order to avoid repetition, the details of the flow are explained under the main phase of data collection below.

3.6.3 Data Collection: Phase Two - Main Study

Following the preliminary phase which led to adjustments in the interview protocol and revision of the preliminary theoretical framework (please see figure 4.3 in chapter four), the main data collection began. In order to interview appropriate and adequate number of respondents for the study, the researcher aimed for theoretical saturation (Myers, 2013). Saturation is the point at which none win formation or different view is expressed by successive respondent (Vaux,2014).

Thus, bearing the idea of data saturation in mind, 50 franchisees were initially contacted for participation in the face-to-face interviews. Eventually, using purposive sampling technique, a total of thirty-two (32) franchisees participated in the study; six (6) in the preliminary phase and twenty-six in the main phase (please see tables 4.1 and 4.9 in chapter) and this number is considered to be a reasonable sample size for a study of this nature as it is within the recommended range of 20-30 considered adequate to reach saturation (Corbin&Strauss,2008; Creswell,2007). This is also well above and consistent with the common size adopted in some recent franchise studies. For example, Doherty *et al* (2014) used a sample size of 18 respondents to investigate franchisor-franchisee relationship in China. Similarly, Altinay *et al*. (2014b) investigated franchisees' perception of relationship development in both Turkey and Macau using 25 and 23 samples respectively. Frazer *et al* (2012) also utilized 25 sample cases to analyze the cause of conflicts between franchisors and franchisees in Australia.

As outlined in the preliminary phase, the flow of both phases of the interviews was structured to address such issues as selection of appropriate setting; familiarization with respondents; briefing and introductory explanation; warm up and opening questions; taking special note of respondents opening account; reflecting, asking follow-up and probing questions; sensitivity to respondents and taking control of the conversation; and conclusion, debriefing and exit. Detailed explanation of each of these elements as undertaken during the two phases is thus presented. In terms of the setting, all the interviews were conducted in the participants' business premises, mostly in their personal offices. This setting was generally quiet and less noisy except for the occasional interruptions by staff members which were well within tolerable frequency and did not have any negative impact on the conversations. In fact, the occasional bump in of staff and colleagues provided the researcher an opportunity to observe respondents interaction with colleagues and team members, an insight that would be valuable in making sense of some of the issues being discussed. More so, this location not only helped to observe and gain insights into the daily real-world business experiences of the respondents, it provided a comfortable and safe space for franchisees to freely express themselves, thereby facilitating generation of depth and breadth of information needed to construct reality.

Meeting on the appointed date for the interview, the researcher made effort to establish good rapport and get personally familiar with each of the respondents. This was necessary to establish and build a relationship of trust with the respondents

(Witzel & Reiter, 2012). The respondents were engaged in a few small talks on topics outside the research such as their families, interests after business thousand soon. However, care was taken not to un necessarily prolong this initial talks in order not to waste respondent's time. The initial talk served the purpose of helping the respondents to get used to speaking and hearing their own voices before the beginning of the actual interview. Through this warm up and familiarization talks, the researcher got to understand the communication style of the respondents in terms of clarity of voice, articulateness and willingness to talk. This piece of knowledge was useful for managing and directing conversation during the actual interview.

The next step in the flow of the interview process is introduction and briefing. Although the researcher would have earlier introduced himself and where he works during the preliminary contacts, it was nonetheless necessary to restate these facts on the first one-on-one meeting with the respondents. Once this was done, the researcher proceeded to briefing the respondents on the subject matter of the interview. First, the objective of the study, the expected practical benefits to participants' respective outlets and the entire franchise system in Tanzania were explained. The researcher also highlighted the fact that the respondent was deemed an expert on the issue under investigation and hence their selection to participate in the interview.

Part of the briefing was comments on issues regarding research ethics. First the shape of the interview and how long it would likely take to conclude was discussed. The participants were given assurance that their responses would continue to remain anonymous and that no identifying information about hem would be reported in the study. After this, at each interview, the printed copy of the informed consent was handed out to the interviewee for endorsement and this was followed by a request to have the conversation recorded. While about half of the respondents signed the informed consent, others gave verbal approval and this is accepted as good enough a consent to proceed with the interview (Witzel & Reiter,2012).

Having established rapport, briefed the respondent on the purpose of the research and secured their informed consent to participate in the interview, the researcher setup (turnedon) the tape- recorder and asked the opening question. In addition to tape-recording, notes were taken throughout all the interviews. The opening question was simply ‘tell me about this business, how you got started and your assessment of the way things are currently’? This opening question was for general exploration and essentially meant to break the ice and facilitate the establishment of conversational flow of ideas that would emerge based on the priority of the respondents. The respondent’s remarks to the opening question led to follow up questions and rewording of the initial broad questions drafted for the interview. There wording of subsequent questions did not change their focus but merely reframed them based on the opening accounts of the respondents.

Generally, the researcher listen carefully and maintained a reflective posture in asking follow- up and probing questions. This ensured that the interview was more a conversation aimed at uncovering important insights relating to each of the research issues, rather than questioned answer session. Given that social (and business) realities are likely to be local and specific to each individuals including language used in expressing such reality (Ponterotto, 2005; Waller *et al*., 2016), efforts were made to first get respondents to define and state their own meaning of elements or factors associated with each research issue. For example, there were questions that specifically asked respondents to define such elements as relationship quality, contract, business format and relationship and attitude.

Even as the researcher probed and encouraged respondents to dive deep into their experiences and express same, care was taken to maintain high level of sensitivity to their feelings. This include avoiding questions that are judgmental as well as those that unfavorably compared them to other franchisees. Efforts were also made not to lead them or influence their position on any of the research issues. However, in order to strike a balance between deep exploration and discussion of issues that are most relevant to the investigation, the researcher occasionally tried to redirect the conversation as appropriate.

The last stage of the interview was exit and debriefing. Satisfied that all relevant issues have been explored and appropriate clarifications obtained from the respondents, the researcher gradually guide the interview to wind down. This was done by using expressions that help to transit the conversation from formal interview back to every day conversation. The researcher would usually asked question such as *'I would like to work here someday, what will it take to get you to hire me'?* At other times, the researcher would say *'I will like to invite you to speak in my entrepreneurship class some day, I hope you will oblige the request'*. After these transitional conversations, the researcher thanked the respondents for their participation and restated the promise to keep their responses confidential.

Moreover, part of the exit conversation was requests to respondents to make any final contributions and share further thoughts on the investigation. They were also asked whether they would be available for follow-up research. It was pertinent to get the post-interview views of the respondents regarding the research project and how the interview went. Hence, respondents were urged to ask any question they might have about the study and to share their general feelings about the just concluded interview.

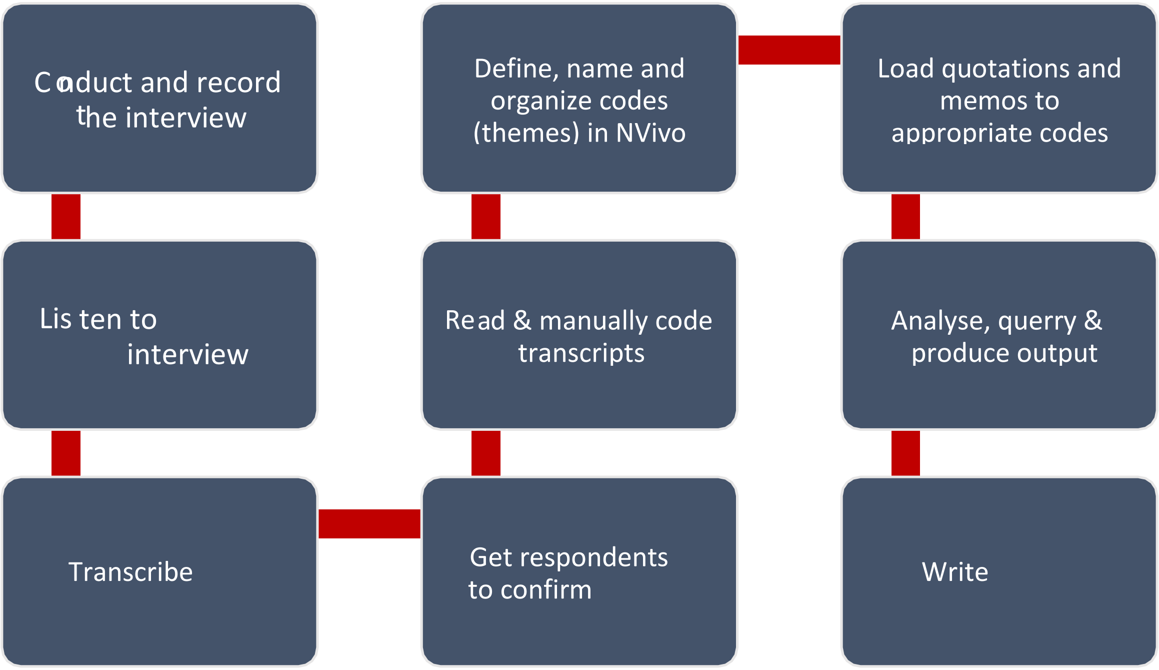
Finally, given the emphasis of scholars (e.g. Corbin & Strauss, 2008; Witzel & Reiter, 2012) on the importance of postscript, memos were written immediately after each interview. This was done to capture the thoughts and impressions of the researcher with regards to what transpired *before the interview* (e.g., experience establishing contacts with the particular respondent, notable moments before the interview and the respondent's initial dispositions); *during the interview* (e.g. respondent's believability, emotions and thought process) and *after the interview* (e.g. respondent's questions, concluding thoughts on the research, follow-up plan and so). The memos do not form part of the data but merely an instrument to reflect and interpret both the spoken and unspoken words of the respondents.

Each interview at both phases of data collection lasted between one and one-and-a-half hours. Once the interviews were completed and memos written for each conversation were assembled, transcriptions begin immediately. The next section discusses how transcription was done as well general issues regarding data analysis.
Thus, the above discussions have been about the key highlights and flow of the interview. It begins with selecting appropriate location for the conversation, formal introduction and familiarization, actual conversations, note-taking and asking follow-up questions, and finally concluding and expression of appreciations. The

discussion also highlights that memos were written immediately after each interview for reflection and to make sense of the conversation.

3.7 Techniques of Data Analysis

Figure 3. 6: Procedures for Data Analysis



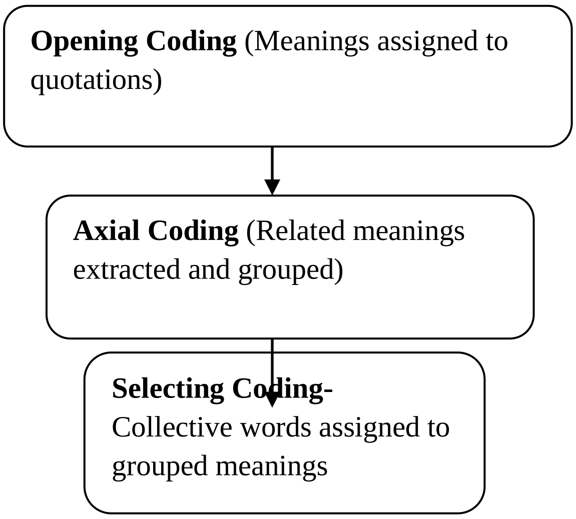
Source: Developed for this research

Similar techniques were adopted for analyzing data collected in the two phases of the interview. As illustrated in figure 3.10 above, data analysis process started from conducting and recording the interviews. The analysis involved eight (8) other steps after interviewing respondents. The steps include listening to the interview tapes; transcribing the tapes; getting respondents to confirm transcripts; manually coding the transcripts once confirmed; defining, naming and organizing codes (themes) in NVivo; loading quotations and memos to appropriate codes; analyzing, querying and producing outputs; and lastly writing reports. Detail of these is discussed below.

First, the researcher meticulously listened to the recorded interviews twice to get a sense of what the respondents were saying. The interviews were subsequently transcribed with the assistance of a transcription program called *'Transcriber Pro' (version 1.0.3.1)*. In order to ensure that what has been transcribed is exactly what the respondents said; the transcripts were given to respective franchisees for confirmations. All the transcripts were retrieved usually between 2 to 3 days with minor adjustments.

Subsequently, the transcripts were manually coded following Corbins &Straus,(2008)'s three- stage coding style of open, axial and selective coding as illustrated in figure 3.11 below. Once coding was done, the relevant themes, sub-themes and sub-sub themes (in some cases) were loaded into the latest version of the Computer-Assisted Qualitative Data Analysis Software (CAQDAS) called NVivo (version 11). NVivo, previously called NUD*IST (Non-numerical Unstructured Data, providing ways of managing ideas by Indexing, Searching and Theorizing) is one of the most popular data analysis software commonly used in qualitative research (Myer, 2013:177). According to QSR International (2015), NVivo is a powerful platform used for analyzing all types of unstructured data. The software has the capacity to quickly code data and appropriately organize same. There are also features to interrogate data, count words and display a descriptive analysis of responses.

Figure 3. 7: Stages in Coding Interview Transcripts



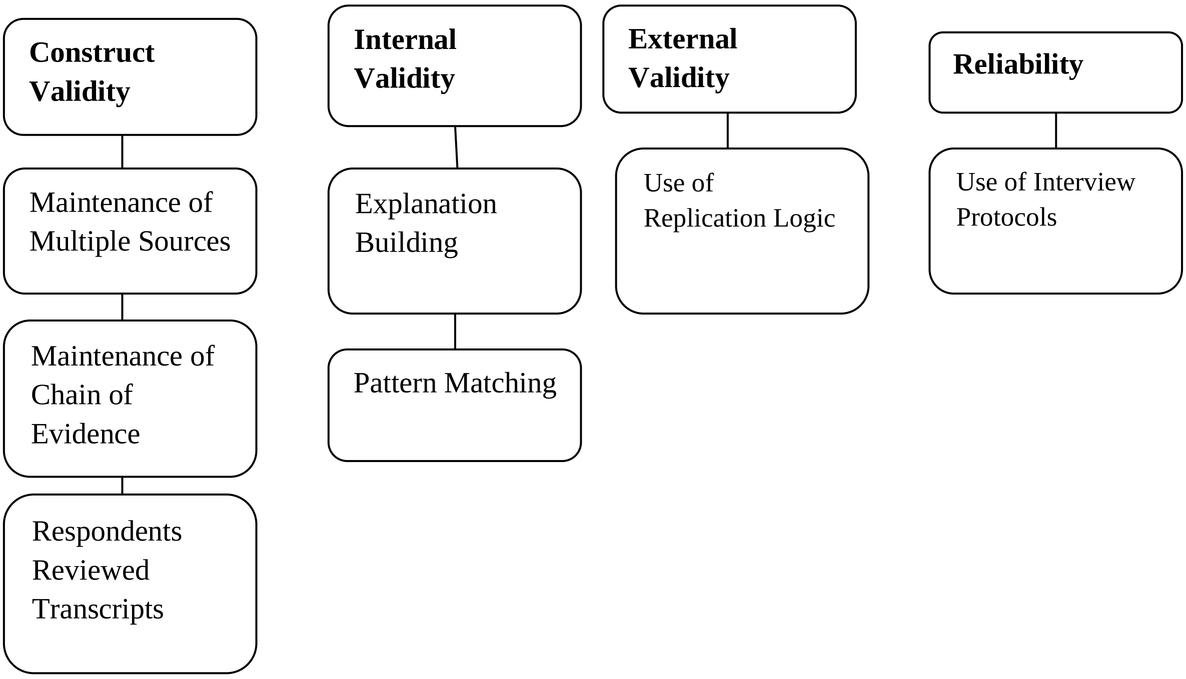
Source: Developed for this research

The researcher used this software to define, name organize code or themes for the data; appropriately organize and link memos and annotations to relevant quotation; uncover connections, analyze opinions of different groups of respondents, search for common themes, visualize data, justify findings and assist in report writing. Finally, the themes, the various sub themes and other output of the analysis were extracted from the software and converted to word documents. This was necessary for ease of use in the final report.

Thus, the above discussions has been about the techniques adopted for analyzing the data from the two phases of the study. The analysis was stage-wise including listening to each interview twice, transcribing the interview and giving to respondents to confirm, coding the transcripts, naming and organizing the analytical codes(themes) in NVivo, loading quotations and memos to NVivo, producing outputs and writing the reports. Validity and Reliability

The foregoing discussions have been about the specific methods and procedures adopted for conducting the investigation. Meanwhile, it is pertinent that the specific measures taken to ensure the validity and reliability of the procedures are equally documented. Thus, for findings and conclusions of qualitative research to be acceptable as meeting quality standard and contributing to knowledge, they must be verified to be plausible, valid and reliable (Sekaran & Bougie, 2013).There are four tests for establishing the quality of any qualitative research (Yin, 2014). These are construct validity, internal validity, external validity and reliability. The author recommends a number of tactics for guaranteeing each of these four measures of quality. As illustrated in figure 3.12 below and subsequently discussed, these tactics were in corporate throughout the conduct of the study.

Figure 3. 8: Measures to Assure Validity and Reliability of Study



Source: Developed for this research 2019

Construct validity deals with outlining appropriate operational measures for the constructs under investigation. To meet this test, attempt was made to define the key issues, elements and factors explored in this study. These are found throughout the chapter on literature review. Further, as recommended tactics suggested by Yin (2014) for assuring constructs validity, this study used *multiple sources of evidence* (interviews, documents and observation), *maintained chain of evidence* (by using digital recording device and software for handling data transcription and analysis), and *had respondents review transcripts* prior to final usage.

Internal validity is about establishing cause and effect relationship whereby some specific conditions are linked to the occurrence of other conditions. Although Yin (2014) argued that internal validity is not an issue for an exploratory study such as this, nonetheless the recommended tactics such as *explanation building* and *pattern making* were useful, and were incorporated in analyzing the case data.

External validity relates to establishing the basis on which findings from the study can be generalized beyond a particular immediate case. Yin (2014) suggests that *replication logic*, a system of strengthening theory by applying the same questions derived from literature (theory)- based concepts. This was the approach adopted in this study as the same set of protocol was adhered to for each interview.

Reliability has to do with showing evidence that the same findings will be arrived at if another researcher follows the same approach in data collection and analysis on the same case. Reliability is a test of amount of error and biases in a study(Ajayi-Obe,2007).Consistent with Yin (2014)'s recommendations, this study utilized *interview protocol*, a manual of steps and broad questions that guided the conduct of the interviews (pleases appendix).The protocol is the blue print of the processes and actions that were taken during there search process. It also helped the researcher to get a handle on the logistics of the data collection process and to stay on the subject matter of the study. Thus, this section has outlined the key measures taken to guarantee validity and reliability of the study. The measures were adapted from Yin (2014) and used as guides throughout the different stages of the investigation.

3.8 Summary of the Chapter

This chapter has discussed the details of the methodologies and procedures adopted for the conduct of the study. The basic design of the study is exploratory. In terms of the philosophical and paradigmatic base of the study, constructivist paradigm guided the investigation. This is justified primarily on the ground that the core objective of the study is to explore and describe the lived experiences of individual franchisees in Tanzania. Consistent with the exploratory nature and constructivist paradigm of the study, qualitative methods were used to collect data. Specifically, in-depth interview was adopted and this is because of the need to generate deep insights into the practice of franchising in Tanzania. The other justification for using in-depth interview is the need to elicit maximum openness from franchisees and to get them to freely express their experiences.

Furthermore, in line with the qualitative nature of the study, purposive sampling technique was used to select key informants for the study. Following a structured protocol which includes negotiation of access and planning of interview logistics, data were collected in two phases: preliminary phase with six respondents and the main phase with twenty-six respondents. Subsequently, the interviews were transcribed, coded and analyzed using a computer-aided qualitative data analysis software. The next chapter presents findings of the analysis done for both phases of the study.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS OF FINDINGS

4.1 Introduction

Chapter three has explained the procedures and methods adopted for data collection and analysis in both the preliminary and main phases of the investigation. This chapter now presents the findings of each phase in line with the research issues derived for the study. The aim of the chapter is to confirm the validity of the preliminary theoretical frame work (figure2.12, chapter two) and to identify new insights generated during the investigation. Figure 4.1 gives the highlight of the issues covered in this chapter.

The ultimate objective of chapter four is to create a familiarization with some of the issues that have impact on franchisees business performance in Tanzania. The analysis is presented in two phases and at each phase, a brief profile of the respondents is given. Subsequently, the results of the analysis generated from NVivo are presented. From these results, answers are provided to the research issues formulated for the study. The four research issues investigated relate to business format factors, contract design, relationship quality and franchisees attitude and skill factors. Findings that answer each of the research issues are presented accordingly at each of the two phases of the analysis.

4.2 Data Analysis Phase One: Preliminary Study

As highlighted in figure4.2 below, phase one of the investigation was designed to achieve two objectives. First, to explore and pre-confirm the relevance of the factors identified in the preliminary theoretical framework (figure 2.12, chapter two) of the study. This preliminary confirmation was necessary to get quick inputs into the identified research question prior to detailed design. It was believed that this would help to further clarify and scope the research question ford entail exploration. Secondly, the preliminary study was undertaken to ensure that the interview protocols as well as the individual questions were relevant and clear to the respondents. Some of the key insights from the preliminary study and the appropriate adjustments made are illustrated in figure 4.2 below:

On the first objective, the result of the preliminary study as presented in the respective section generally confirmed that the initial issues identified in the preliminary theoretical framework are the top factors that have varying level of influence on franchisees' business performance in Tanzania. Second, the preliminary study informed a number of adjustments in the interview protocols as follows.

First, some questions were found to be a bit ambiguous and these were redrafted and clarified. The follow-up questions were also re-worded to elicit direct responses that indicate whether or not a particular factor has a direct impact on franchisees' business performances. Second, one new main question and two probing questions were added to the original protocol (please see appendix II). At the initial stage, there was one general opening question, four (4) main (open-ended) questions–one for each of the four (4) research issues and ten (10) probing and follow up questions. But based on feedback from the preliminary study, the main questions were increased to five (5) while two (2) more follow-up questions were added bringing the total follow-up questions in this category to twelve (12).

Thirdly, it was learnt that richer information and responses would be obtained if the main questions were mailed to the respondents at least a day ahead of the interview day. This was subsequently done and the value was apparent in the richness of information obtained from successive interviews.

Thus, having explained the objectives of the preliminary study as well as insights gained and adjustments made to the interview protocols, the next section now presents the key findings of this phase of the study. First, a brief profile of the six (6) respondents that participated in the study is given and then the key findings are presented based on the research issues.

4.2.1 Profile of Respondents – Preliminary Phase

Table 4. 1: Profile of the Respondents – Preliminary Study

S/N	Respondents	Designation	Organization	Unit Size	Sector	Location	Yearsin Business
1.	Informant 1	Franchisee	Brand 3	Medium	Retail	Dar-es-salam	7years
2.	Informant 2	Outlet Manager	Brand 1	Small	Ice-Cream	Dar-es-salam	5years
3.	Informant 3	Franchisee	Brand 1	Small	QSR	Dar-es-salam	7years
4.	Informant 4	Franchisee	Brand 2	Medium	QSR	Dar-es-salam	5years
5.	Informant 5	Franchisee	Brand 3	Medium	Retail	Dar-es-salam	6years
6.	Informant 6	Franchisee	Brand 2	Small	Ice-Cream	Dar-es-salam	5years

Source: Developed for this research 2019.

The preliminary phase of the study involved the first six (6) respondents that were interviewed at the beginning of the study. These were purposively selected following the criteria outlined under section 3.6 (sampling techniques in chapter three). As shown in table 4.1 above, all the six respondents operate outlets in Dar es Salaam, a city where more than half of all franchised outlets in Tanzania are located. The respondents are from three (3) different franchise brands that operate in Coca cola. Except for one respondent who is an outlet manger, the other five respondents were the franchisees themselves. The researcher got reasonable confirmation that the outlet manager interviewed is knowledgeable about every aspect of the franchise partnership and had the authority of her franchisee to give accounts of the business relationship.

Thus, having given a brief profile of the respondents, the next section presents the results of data analysis from the preliminary phase.

4.2.2 Results of Data Analysis – Preliminary Study

As illustrated in figure 3.10 (flow of data analysis) and subsequently discussed in detail under *techniques of data analysis* in chapter three, the analysis in this phase of the study involved nine (9) steps including interviewing and recording, listening to recorded tapes, transcribing the tapes, getting respondents to confirm transcripts, manually coding the confirmed transcripts using Corbin & Strauss (2008) style, naming and organizing codes in NVivo, loading quotations and memos to appropriate codes, analyzing and producing outputs using NVivo, and lastly writing the reports. For clarity, codes here refers themes or subthemes. In the software, the name ‘family codes ’was used to represent the main themes while ‘codes ’simply means subthemes.

Following the data analysis process described above, the software was used to organize and appropriately group the various themes and subthemes as shown in table 4.2 below. As the table shows, the analysis produced nineteen (19) subthemes and 4 themes. The four themes correspond to the four research issues formulated for this study. These are also referred to as elements or main factors in this study. The subthemes on the other hand are the specific factors that have influence on franchisees business performance.

Table 4. 2: Sub-Themes, Themes and Research Issues - Preliminary Study

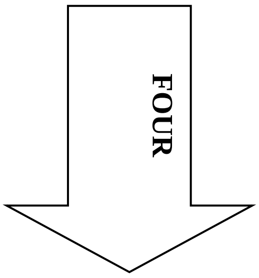
Interview and Transcribe	**NVivo Analysis on Coded Transcripts**	**Sub- Themes**	**Themes**	**Research Issues**
Confirmed Transcripts		BF1-Brandname BF2-Supports BF3- Controls (Autonomy)	**Business Format**	What are the important business format factors that influence franchisees business performance in Tanzania?

Source: Developed for this research 2019

Thus, having explained the general summary of the results of NVivo analysis, the next subsections highlight the findings under each main factors as shown in table 4.3 below. The accompanying discussions demonstrate how the findings achieve the objective of this phase and answer the research question/issues derived for the study.

Table 4. 3: Summary of Factors Influencing Franchisees Business Performance in Tanzania - Preliminary Study

Business Format Factors



- **Brand Name**
- **Support**
- **Controls**
- **Quality of Supervision**

From table 4.3 above, the first phase of the study identified four (4) factors as having influence on franchisees business performance in Tanzania. The next section explains how these results address the research issues outlined for the study.

4.2.3 Research Questions and Findings of Preliminary Study

The previous sections have explained how the analyses were done and the key factors that were identified as having influence on franchisees business performance in Tanzania. This section now discusses and indicates how the findings address the research questions formulated for this study.

4.2.3.1 Research Question (RQ) and Preliminary Findings

The research question relates to business format factors that could have influence on franchisees business performance in Tanzania. Based on series of arguments and discussions in section 2.6 (research question in chapter three), the first relevant question or issue posed to guide the conduct of this study is stated as follows:
RQ 1 (One): What are the important **business format factors** that influence franchisees business performance in Tanzania?

Business format are a group of factors that facilitate the smooth running of franchisees business. From the in-depth interviews conducted with six (6) franchisees in Tanzania and subsequent analyses that were done using a computer-aided qualitative data analysis software during the preliminary study, all the respondents indicated that business format factors are critical and that they do have influence on the performance of their business. The six respondents also gave their views on the important business format factors that have the most influence on their performance. From the analysis of the interview transcripts as illustrated in table 4.2 and subsequently summarized in table 4.3 above, four business format factors were identified as having influence on franchisees business performance in Tanzania. As shown in table4.4 below, these factors include brand name, franchisors supports, controls and quality of supervision.

Brand name is the first business format factor identified to be having influence on franchisees business performance. Brand name is the unique name used to identify and distinguish one firm or their offering from the others (D. A. Aaker & Biel, 2013). All the respondents except informant for agreed that the value of the franchisor brand has influence on franchisees business performance.

Table 4. 4: Summary of Data Analysis on Business Format Factors in Relation to the Preliminary Theoretical Framework – Preliminary Study

S/N	Respondents	Business Format Factors			
		Brand Name	**Supports**	**Controls**	**Supervision***
1.	Informant1	□	□	□	□
2.	Informant2	□	✓	x	□
3.	Informant3	□	□	□	x
4.	Informant4	x	□	□	x
5.	Informant5	□	✓	x	□
6.	Informant6	□	□	□	□
Total Confirmation		*5*	*6*	*4*	*4*

*Legend: * Newly found factor*

Source: Developed for this research 2019

The expressions of informant 2 and 5 below are representative of what the other franchisees in this preliminary study feel about the influence of respected franchisor brand.

Frankly that's the reason I sold off my previous business to join this network. I have always known that operating a franchise under a respected brand brings a lot of immediate advantages. The first day we opened, our customers only saw, not my name. And we thank God the company doesn't joke with its brand reputation. The brand value sure helps us. (Informant2).

I earlier told you I was operating under a different brand before right? I left them mainly because their brand lost its original spark. Customers no longer bring their family and children as they used to be and sales were way down. I left even before my contract expired. (Informant5).

Thus, brand name is confirmed as an important business format factor that influences franchisees' business performance in Tanzania.

The second business format factor that has been identified as having influence on franchisees business performance in Tanzania is *support*. Franchisor support refers to a collection of infrastructures that enable franchisees to establish and successfully operate their businesses (Franchising World, 2014). All six of the franchisees that participated in this preliminary phase of the study believe that franchisors continuing supports are essential to the performance of their business. The following quotations from informants 1 and informants 6 indicate the relevance of quality supports for franchisees out let performance.

Surely, good support program is very critical to our success, not just at the beginning but throughout. Most of us don't know anything about this business and it's their guidance and assistance that can really move us towards the path of success. If for whatever reason they don't measure upon that guidance at the right quality and as at when needed, then we are likely to be negatively affected. Yes, they fall short once in a while and the effect is always never good for us. (Informant6).

For about two years now, I have been the one supporting myself, providing all the basic things that my franchisor is supposed to help me with? I decided to run my things my own way because I am not one to beg people for what they know very is their responsibility. But frankly, it's not been easy running things without their help. But 'how I go do'. (Informant4).

From the above expressions, it is clear that franchisors support is key and thus confirmed as an important business format factor influencing franchisees business performance in Tanzania.

Control is the third business format factor that analysis revealed to behaving influence on franchisees business performance in Tanzania. Theoretically, control connotes one or a combination of three things: use of good quality procedures by franchisors to select qualified franchisees, manipulation of resources by franchisors to elicit compliance and thirdly, allowing franchisees a reasonable autonomy in the running of their outlets. However, majority of franchisees that participated in this preliminary phase of the study tended to understand control in respect of the last definition. In that sense, four (4) out the six (6) respondents believe that control, that is autonomy for franchisees, has a positive influence on the performance of their outlets. The following expression by informant 3 confirm this position.

Yeah, we have some control regarding a number of operational issues. We largely chose our suppliers for vegetables and chickens. They used to insist that they must approve but they eventually gave us free hands when they realized that we know *what we are doing. It would have been unwise for them to insist on supplying us those items as local issues play a role in amount of use of such items. I heard some systems still on supplying everything. Well what I can say is that I have seen the difference and I am convinced that leaving such matters in franchisees hands is better. Especially if the franchisees can be trusted. (Informant3).*

Therefore, control in the form of franchisees autonomy is confirmed as an important business format factor influencing franchisees business performance in Tanzania.

The fourth business format factor identified to be having influence on franchisees business performance in Tanzania is *quality of supervision*. Effective supervision by franchisors is seen as an important means of maintaining the reputation and integrity of the system. Four (4) of the six (6) franchisees that participated in this phase of the study believe that franchisees in general benefit when franchisors ensure that other franchisees are not engaging in free-ride behaviors. The following expression by informant 5 represents the position of the other three respondents in this regard.

We have talked about it many times. The only way they can help every one of us to maintain our customer is to ensure that these customers get the same value from all our outlets everywhere, city, town and villages. If you tolerate infringement from one group of franchisees and feel that it would not harm the brand perhaps because those outlets are not in the city, you are gradually eroding the value of the brand. Customers travel everywhere and their experience in one outlets is a story. If that story happens to be bad, we all pay for it. The only way to keep that story from being bad is through franchisors investment in effective monitoring of especially those outlets in the villages. (Informant 5).

With the above points, it is obvious that quality of supervision by franchisor do matter and therefore confirmed as one of the important business format factors that influence franchisees business performance in Tanzania. Meanwhile, as indicated in table 4.3 above, this particular business format factor emerged newly from this study, hence a contribution to the literature.

To summarize findings relating to research question, four (4) factors including one newly found have been identified to be the important business format factors influencing franchisees business performance in Tanzania. These factors are; brand name, supports, control (franchisees autonomy) and quality of franchisors' supervision. Hence, this finding addresses the objective of the preliminary phase of the study as well as answer the first research issue of this study. The finding has also confirmed the business format part of the preliminary theoretical framework (figure2.12, chapter two).

.Table 4. 5: Summary of answers to the research issues – Preliminary Study

Research Issues	**Factors Influencing Franchisees Business Performance in Tanzania**
1. What are the important **business format** factors that influence franchisees business performance in Tanzania?	BF1: Brand Name BF2: Supports BF3: Control (Autonomy) BF4: Supervision*

As summarized in table 4.8 above, analysis of data in the preliminary phase resulted in the identification of four (4) factors that have influence on franchisees business performance in Tanzania. The only one factor in the preliminary theoretical framework that did not get empirical support in the preliminary study is franchisees prior experience. The plausible reason why this factor was not mentioned by franchisees could be the fact that one of the reasons individuals join a franchise system is to acquire experience, not to prove one. For franchisees, lack of experience is a known hazard which the system is designed to remedy and enable them to succeed regardless. It is therefore implausible to cite lack of previous experience as a reason why a franchisee could fail or succeed.

Thus, taken on the basis of research question, the analysis of data in the preliminary study confirmed four (4) in business format factors including one newly found factor and all the three factors originally identified in the preliminary theoretical framework (figure 2.12, chapter two).

Finally, arising from the above preliminary confirmatory process, the preliminary theoretical framework is therefore revised as shown in figure 4.3 below. Obviously, the preliminary phase of the data collection proved useful and it has laid a solid foundation for the main phase of the study. The next section discusses the main phase of data analysis and the key findings there from.

4.3 Data Analysis Phase Two: Main Study

The preliminary phase of the study has done a first-stage confirmation of the preliminary theoretical framework (figure 2.12, chapter two) and unravelled additional factors that have influence on franchisees business performance. The phase also helped to refine the interview protocols and made it suitable for use in the main study. This section now presents the results of data analysis in the main study. First a brief profiles of the respondents are given and subsequent sections explain the analytical process and the key results of the analysis.

4.3.1 Profiles of Respondents in the Main Study

A total of twenty six (26) franchisees participated in the study. As used in the preliminary phase, the participating franchisees are referred to as informants in this report. The informants were purposively drawn from across six franchise systems herein labelled simply as *system 1, system 2, system 3, system 4, system 5 and system 6*. The franchise systems cut across six industrial sectors including quick service restaurants (QSR), retailing, transportation, telecommunication and mobile devices, and ice-cream vending. Table 4.9 below gives the business profiles of the respondents.

Due to the dominance of QSR sector which represents 85% of the companies in the Tanzanian franchise industry (Ndumanya & Quadri, 2014a; Orji, 2013), about two-third (18) of the informants were drawn from the sector. Three (3) of the interviewees are from retail sector, two (2) are from ice-cream and related products sectors, two (2) are from mobile phone sector and 1 informant is from the transportation sector. Nearly 50% of the respondents are from Ilala, Temeke and Kinondoni which is the commercial hub of the country where more than 50% of all franchise units in Tanzania operate.

Table 4. 6: Profile of the Respondents – Main Study

S/N	**Respondents**	**Designation**	**Organization**	**Unit Size**	**Sector**	**Location**	**Yearsin Business**
1.	Informant1	Franchisee	*System 1*	Small	QSR	Temeke	7years
2.	Informant2	Franchisee	*System 2*	Medium	QSR	Kinondoni	4years
3.	Informant3	Franchisee	*System 2*	Small	QSR	Kinondoni	3years
4.	Informant4	Franchisee	*System 1*	Medium	QSR	Ilala	5years
5.	Informant5	Franchisee	*System 1*	Medium	QSR	Ilala	3years
6.	Informant6	Franchisee	*System 1*	Medium	QSR	Ilala	7years
7.	Informant7	Franchisee	*System 1*	Large	QSR	Temeke	6years
8.	Informant8	Franchisee	*System 1*	Medium	QSR	Temeke	6years
9.	Informant9	Franchisee	*System 3*	Large	Retail	Temeke	5years
10.	Informant10	Franchisee	*System 2*	Medium	QSR	Ilala	4years
11.	Informant11	Franchisee	*System 1*	Large	QSR	Kinondoni	8years
12.	Informant12	Franchisee	*System 2*	Medium	QSR	Kinondoni	7years
13.	Informant13	Franchisee	*System 1*	Medium	QSR	Temeke	6years
14.	Informant14	Franchisee	*System 2*	Small	QSR	Temeke	6years
15.	Informant15	Franchisee	*System 1*	Small	QSR	Temeke	7years
16.	Informant16	Franchisee	*System 1*	Medium	Mob.-Tele	Temeke	6years

17.	Informant17	Franchisee	*System 3*	Medium	Retail	Temeke	10years
18.	Informant18	Franchisee	*System 4*	Medium	Ice-C	Kinondoni	5years
19.	Informant19	Franchisee	*System 5*	Medium	Trpt	Ilala.	4years
20.	Informant20	Franchisee	*System 2*	Small	QSR	Ilala	8years
21.	Informant21	Franchisee	*System 3*	Large	Retail	Ilala	6years
22.	Informant22	Franchisee	*System 1*	Medium	QSR	Temeke	8years
23.	Informant23	Franchisee	*System 4*	Medium	Ice-C	Temeke	5years
24.	Informant24	Franchisee	*System 1*	Small	QSR	Kinondoni	6years
25.	Informant25	Franchisee	*System 6*	Medium	Mob-Tele	Kinondoni	4years
26.	Informant26	Franchisee	*System 2*	Medium	QSR	Ilala	6years

Source: Developed for this research 2019

Effectively, four geo-political zones of the country where franchise businesses mainly operate are represented in this study, not many franchise outlets do business in the zone and hence non-inclusion of franchisee from this zone is not considered to have negative impact on the richness of the data for this study. The subsequent sections present the key findings of the study.

4.3.2 Results of Data Analysis – Main Study

Table 4. 7: Sub-themes, Themes and Research Issues – Main Study

Sub-themes, Themes and Research Issues – Main Study

Interview & Transcribe	**NVivo Analysis on Coded Transcripts**	**Sub-themes Issues**	**Themes**	**Research**
BF1:Brand name			Business	**Research**
Issue#1:				
BF2: Supports			Format	What are the important business format factors that influence franchisees business performance in Tanzania?
BF3: Franchisees autonomy BF4: Quality of supervision				

*Legend: *Newly found factor*

Source: Developed for this research 2019

The previous section has presented a brief profile of the respondents. This section now gives the details of data analysis and the results generated. Similar to the preliminary phase, data analysis in this main phase of the study involved four (4) steps as illustrated in figure 3.10 (flow of data analysis in chapter three). These steps include interviewing and recording, listening to recorded tapes, transcribing the tapes, getting respondents to confirm transcripts, manually coding the confirmed transcripts using Corbin & Strauss (2008) style, naming and organizing codes in NVivo, loading quotations and memos to appropriate codes, analyzing and producing outputs using NVivo, and lastly writing there ports.

Table 4. 8: Summary of Factors Influencing Franchisees Business Performance in Tanzania – Main Study.

Business Format Factors

4	6	6	5
✓ Brand Name			
✓ Supports	✓ Controls		
✓ Quality of Supervision			

*Legend: *Newly found factors*

Source: Developed for this study 2019

As part of the analytical process described above, the software was used to organize and appropriately group the various themes and subthemes as shown in table 4.10 above. As the table shows, the analysis produced 4 themes.

The four themes he four themes are consistent with the research question derived for this study. The subthemes on the other hand correspond with the specific factors that could have influence on franchisees business performance.

Thus, having explained the general summary of the results of NVivo analysis in the main study, the next subsections highlight the findings under each main factor as shown in table 4.11 above. The relevant discussions show how the findings achieve the objective of this main phase and answer the research question/issues derived for the study.

From table 4.11 above, the main phase of the study found that 4 factors have influence on franchisees business performance in Tanzania. Of this total number, there are four (4) business format factors. The next section explains how these results address the research issues outlined for the study.

4.2.3 Research Question and Findings of Main Study

The previous sections have explained how the analyses were done and the key factors that were found to have influence on franchisees business performance in Tanzania. This section now discusses and indicates how the findings in this main study address the research question derived for the study.

4.2.3.1 Research Question and Findings of Main Study

The research question relates to business format factors that could have influence on franchisees business performance in Tanzania. Based on several discussions and arguments in section 2.6 (research question in chapter two), the first relevant question derived to guide the conduct of this study is stated as follows:

What are the important business format factors that influence franchisees business performance in Tanzania?

From the in-depth interviews conducted with twenty-six (26) franchisees in Tanzania and subsequent analyses that were done using NVivo, 96% of the respondents indicated that business format factors are critical and that they do have influence on the performance of their business. The respondents also expressed their views on the important business format factors that have the most influence on their performance. From the analysis of the interview transcripts as illustrated in table 4.10 and subsequently summarized in table 4.11 above, four business format factors were found to have influence on franchisees business performance in Tanzania. As shown in table 4.12below, these factors include brand name, franchisors supports, controls and quality of supervision by the franchisors.

Brand name is the first business format factor found to be having influence on franchisees business performance. All the respondents except informants 8 and 14 agreed that the value of franchisor's brand has influence on franchisees business performance.

The expressions of informants 5, 10, and 25 below are representative of what the other franchisees feel about the influence of brand on franchisees business performance.

The brand has lost some energies and customers are not that excited about us like before. For example, they were supposed to start a new advertising campaign to re-launch the brand last year but up till now, that has not been done and I have not heard any explanation why. If our business will pick up again, we need to bring the children back. (Informant 5)

Our brand is dying now because they have failed to honor their promise to increase marketing and promotional activities. What value has a dying brand (Informant10).

Before they embarked on the corporate rebranding that led to change of management, I had very little regard for whatever came from them. But things have changed for the better now. The rebranding efforts helped not just to increase our trust in the mutt also restore customer confidence in our business. The results is clear (Informant25). Therefore, brand name is confirmed as an important business format factor that influences franchisees' business performance in Tanzania.

Table 4. 9: Summary of Data Analysis on Business Format Factors in Relation to the Revised Preliminary Theoretical Framework – Main Study.

S/N	**Respondents**	**Business Format Factors**				
		Brand Name	**Supports**		**Controls**	**Supervision**
1.	Informant1	□	□		□	□
2.	Informant2	□	✓	x		□
3.	Informant3	□	□		□	x
4.	Informant4	□	□		□	x
5.	Informant5	□	✓	x		x
6.	Informant6	□	□		□	□
7.	Informant7	□	□		□	□
8.	Informant8	x	□		□	x
9.	Informant9	□	□		□	□
10.	Informant10	□	□		□	□
11.	Informant11	□	□		□	x
12.	Informant12	□	□		□	□
13.	Informant13	□	□		□	□
14.	Informant14	x	□		□	x
15.	Informant15	□	□		□	□
16.	Informant16	□	□		□	□
17.	Informant17	□	□		□	□
18.	Informant18	□	□		□	□
19.	Informant19	□	□		□	□
20.	Informant20	□	□		□	x
21.	Informant21	□	□		□	□
22.	Informant22	□	□		□	x
23.	Informant23	□	□		□	□
24.	Informant24	□	□		□	□
25.	Informant25	□	□		□	□
26.	Informant26	□	□		□	x
		24	*26*		*22*	*17*
Confirmation (%)		*(92%)*	*(100%)*		*(85%)*	*(65%)*

Source: Developed for this research 2019

The second business format factor that has been found to have influence on franchisees' business performance in Tanzania is *support*. All the twenty-six (26) respondents believe that franchisors' supports are essential to the performance of their business. The following quotations from informants 1, 11 and informants 13 indicate the relevance of quality supports for franchisees outlet performance.

The current support system is almost non-existent and it is hurting our business. I don't know of any support they render to us now, apart from always shouting to bring money. Now wet rain our own workers and rumours system ourselves. The marketing and advertisement they are supposed to provide to create more awareness to customers, they don't do. Before I came in, they promised to help me secure bank loan with good terms, it never happen. So all these things. (Informant1).

Yes, I can say that those initial supports were helpful. I can still remember the day we first opened, we were overwhelmed as customers trooped in to order food. The entire first few weeks of our opening was so hectic that for days, I was not sleeping. But I was very happy as we were making a lot of money. (Informant 11).

The training as well helped. In fact without the training, we wouldn't know what to do. For sure I was managing an outlet before but that's still not enough to run the new outlet. I had to be trained from the perspective of a franchisee, not as an outlet manager. (Informant 13).

From the above expressions, it is clear that franchisors support is key. It is thus confirmed as an important business format factor influencing franchisees business performance in Tanzania.

Autonomy (control) is the third business format factor that has been found to have influence on franchisees business performance in Tanzania. 85% of the respondents believe that level of autonomy for franchisees has an influence on the performance of their outlets. The following expression by informants 4, 7, 14 and 22 confirm this position.

I think that allowing us some control especially in terms some basic raw materials and where to buy from can help. A situation where you have to always wait for the head office to give and dictate everything, every minor things slow us down and make it difficult to operate smoothly sometimes. (Informant 4)

Being in charge helps. I have been in business for long to know that when you don't take charge, when you wait to blame others, you will eventually fail. (Informant 7). If you are in control, you take action immediately to solve problems. But where you *always have to seek approval, the problem may get out of hands and that actually happened to us. (Informant 14).*

I used to think that they are the ones to control everything so I relaxed and was not doing everything I should be doing to run the outlet. I later discover that I didn't have to wait for them for everything and so I take charge now. I am beginning to see difference and trust me it is a positive difference. (Informant22).

Therefore, control, that is, autonomy is confirmed as an important business format factor influencing franchisees business performance in Tanzania.

The fourth business format factor being found to have influence on franchisees business performance in Tanzania is *quality of supervision*. 65% of the respondents believe that all franchisees would benefit when franchisors take measures to make cheating by other franchisees hard. The following expression by informants 12, 18 and 24 represent the position of the other three respondents in this regard.

They have the responsibility to improve supervision and find those who are doing that and remove them from the company immediately. When you that and everyone know you are serious about it, they will comply and we will all be better for it. (Informant12).

We are really feeling the heat. They need to be monitoring the account officerstoo.Someofthemdon'tdotheirwork.Iheardtheydon'tliketotravel to those village outlets to supervise. Why won't those franchisees there do whatever they like? (Informant18).

We are few and that's good for their supervision. Complying with their standards could be very nerve-wrenching but it is good for the business. I personally appreciate it. (Informant 24).

With the above points, it is obvious that quality of supervision by franchisor do matter and therefore confirmed as one of the important business format factors that influence franchisees performance in Tanzania.

To summarize findings of data analysis on research question, four (4) factors (brand name, supports, control and supervision) have been found and confirmed to be the important business format factors influencing franchisees.

Hence, this finding addresses the objective of the preliminary phase of the study as well as answer the research question of this study. The finding has also confirmed the business format aspect of the revised preliminary theoretical framework shown in figure 4.3.

Table 4. 10: Summary of answers to the research question – Main Study

Research Issues	Factors Influencing Franchisees Business Performance in Tanzania
1. What are the important **business format** factors that influence franchisees business performance in Tanzania?	BF1: Brand Name BF2: Supports BF3: Control (Autonomy) BF4: Supervision

4.4 Summary of the Chapter

This chapter aimed to analyze and report the results of the investigation on factors influencing franchisees business performance in Tanzania. The study was conducted in two phases – preliminary and main studies. The chapter has presented the findings of each phase of the study conducted through in-depth interview and analyzed using NVivo. The analyses were done in line with the research question derived for the study. As shown in table 4.16 above, the research issues were designed to address franchisees business performance from four perspectives, namely: business format, contract design, relationship quality and franchisees attitude and skills. Each phase of the analysis starts with a brief profile of the respondents while the results generated are subsequently presented. From these results, the research question was answered in both stages of the study.

Table 4. 11: Summary of Answers to the Research Question in Relation to the Preliminary Theoretical Framework (Figure 2.12, chapter two). Preliminary and Main Studies

Research Question	Factors Influencing Franchisees Business Performance
What are the important business format factors that influence franchisees business performance in Tanzania?	BF1- Brand name
	BF2-Supports
	BF3- Control (Autonomy)
	BF4- Supervision

Legend: * Newly found factors.

Source: Developed for this research 2019

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter reviews the entire study and outlines the major conclusions drawn from the analysis of data. As shown in figure 5.1 below, the chapter is organized into six (6) main sections.

The first main section (5.2) gives the summary of all the chapters. The next two sections (5.3 and 5.4) outline the findings and the conclusions that have been reached on both the research question and the research problems respectively. Section 5.5 highlights the key implications of the findings while section 5.6 critically evaluates the entire study and raises some possible limitations of the approach adopted. Based on the identified limitations, suggestions for further studies are also offered in the section. The last section (5.7) concludes the chapter.

5.2 Summary of the Study

This study was designed to find answers to the research problem: *What are the factors that influence franchisees' business performance in Tanzania?* The report of the investigation is organized into five chapters. The five (5) chapters collectively answered the questions of "why", "what", "how", "who", and "so what" of this study.

Chapter one introduced the study and presented arguments justifying the need for the investigation. The first main section of the chapter provided the background of the study. The next section is problem statement which explained the motivation and justification for the study. Flowing from the justification of the study, the two subsequent sections outlined the research question and the objectives of the study respectively. The last four sections are the significance, scope, organization of the study and summary of the chapter respectively.

Chapter two presented the current state of knowledge on the issues being explored in this study. The first main section of the chapter gave the definition, types, benefits and practice of franchising in some selected countries of the word. The key highlight to this section was the presentation of a review of the franchise industry of eight (8) countries. Next after the review of franchising practice was the section on the adapted conceptual framework. This section presented empirical findings on factors related to the research issues of the study. The last three sections in this chapter were the theoretical underpinning, development of the preliminary theoretical framework and the research issues.

Chapter three explained how the research was conducted. The first two main sections of the chapter discussed and justified the philosophies, paradigms and data collection approach of the study. The subsequent sections explained the setting and population of the study, the sampling techniques, and justifications for use of in-depth interview, procedures for data collection and techniques of data analysis. The chapter also highlighted measures that were taken to guarantee the validity and reliability of the study.

Chapter four described the results of data analysis. The chapter is broadly divided into two; the preliminary findings and the main findings. In general, the chapter provided detail empirical evidences and analyses that addressed the key issues underlining the conduct of the study.

The last part of the thesis is chapter five. In this chapter, a review of the entire study is presented. Following the presentation of the review, the chapter highlighted the key conclusions arrived at on each of the research issues and the main problem that the study attempted to address. Based on the conclusions, the chapter explained what the implications are for practice. The section after implications presented a critical review of the investigation and suggested areas for further studies. Thus, this section has given the overall summary of the entire work including the contents of each chapter. The next section summarizes and compares the key findings of the study with extant literature and the underpinning theory. The comparison informs conclusion on each of the findings.

5.3 Conclusions on the Research Question

Having summarized the contents of all the chapters in the previous section, this section now gives the highlight of the key findings and the conclusions of the study. Meanwhile, in order to comprehend the conclusions and put them in proper context, a recap of the background of the study is necessary.

This study investigated factors influencing franchisees' business performance in Tanzania. The research effort was motivated by three key problems: (i) dwindling fortunes of franchise systems across the world and particularly in Tanzania (ii) unclear understanding of factors that influence franchisees success and (iii) general paucity of studies on franchise business model.

To facilitate a focus exploration, the above problems were translated into one research problem as: *What are the factors that influence franchisees' business performance in Tanzania?* First, it was necessary to explore current state of knowledge about this research problem. To this end, a conceptual model of factors in franchise system performance was adapted and redrawn to suit the focus of the study. Based on the factors identified in the model, extensive literature review was conducted. The review and literature synthesis resulted into derivation of a research question for the study. This research question relates to four groups of factors that have the potential to influence franchisees business performance in Tanzania. They include business format, contract design, relationship quality and franchisees attitude and skills.

Having described the background, methodology and how the findings of the study were analyzed and organized, the following discussions will summarize the major findings and conclusions that were drawn.

Research question relates to business format factors that influence franchisees performance whereby four (4) factors were found, among which is one newly discovered factor. The other three factors were confirmed as identified in the extant literature.

This study has generated findings that affirm factors influencing franchisees business performance. Therefore, it is concluded that the present study has made important contribution to the literature.

Second, the identification of new factors in franchisees business performance in this study is an important contribution to franchising literature. One of the major criticisms of extant franchising literature is that it is incomplete and partial as full compliments and dimensions of important issues in the successful practice of the business model are not known (Altinay & Brookes, 2012; Altinay *et al*., 2014b). By identifying new dimensions of relevant issues in franchisees business performance in Tanzania, this study has contributed to address the aforementioned criticism and hence made important contributions to literature.

The third important way in which this study has made contribution is in the aspect of widening the understanding and applicability of franchise business model. It has been observed that much of what is currently known about franchising relates to how it is practiced in the West (Choo, Mazzarol, & Soutar, 2007; Dant *et al*., 2011). The knowledge-base of the business model is particularly limited in the context of Africa as revealed in the review conducted by Nijmeijer *et al* (2014). Thus, by investigating issues in franchisees business performance in Tanzania, this study has contributed to franchising literature in terms of enhancing the contextual understanding of how franchise business model.

Thus, the above discussion has summarized the key findings and highlighted the major literature contributions that this study has made. The next section presents the specific conclusions that has been drawn from the key findings.

5.3.1 Conclusion on Important Business Format Factors Influencing Franchisees' Business Performance

Research question relates to business format factors that influence franchisees performance in Tanzania. Two key conclusions could be drawn from the findings on Research question, namely: confirmatory conclusion (conclusion A) and exploratory conclusion (conclusion B). Confirmatory conclusions relate to literature-identified business format factors that have been confirmed while exploratory conclusions are about the new factors that were found in this study.

Conclusion 1A (i): *Brand Name* ***does*** *influence franchisees business performance in Tanzania****.*** The first conclusion under business format factors is that *brand name* can influence franchisees business performance in Tanzania. A number of previous studies (e.g. Chien, 2014; Doherty *et al*. 2014; Michael & Combs, 2008; Roh & Yoon,2009; Watson & Johnson,2010) have drawn a similar conclusion. Reputable brands not only influences franchisees current business performance, it is an excellent indicator of future return on investment (Doherty *et al*, 2014).

From this study, all the respondents in both stages of the investigation confirmed that brand name influences franchisees business performance. This finding is consistent with previous studies. Therefore, brand name is included in the theoretical framework of this study.

Conclusion 1A (ii): *Supports* ***do*** *influence franchisees business performance in Tanzania****.*** The second conclusion is that *supports* can influence franchisees business performance in Tanzania. Many previous studies have concluded in this same way (e.g. Abdullah*etal*.,2008;Altinay& Brookes, 2012; Chien, 2014; Chiou *et al*., 2004; Doherty *et al*., 2014; Frazer *et al*., 2012 Roh & Yoon, 2009; Watson & Johnson, 2010). Adequate and quality supports enable franchisees to achieve better performance, quickly recoup initial investment and facilitate speedy response to market conditions (Lucia-Palacio *et al*., 2014; Minguela-Rata *et al*.,2010).

In this research, all the respondents in both preliminary and main studies confirmed that supports influence franchisees business performance. This finding is in line with the findings of previous research efforts. As such, support is included in the theoretical framework of this study.

Conclusion 1A (iii): *Control (franchisees autonomy)* ***does*** *influence franchisees business performance in Tanzania****.*** The third conclusion under business format factor is that *autonomy* can influence franchisees business performance in Tanzania. Many previous studies have reached similar conclusion (e.g. Cochet *et al*., 2008; Dant & Gundlach; 1999; Davies *et al*,

2011; Frazer *et al*., 2007). A major cause of conflict and franchisees' dissatisfaction is lack of autonomy (Davies *et al*, 2011).The finding of this study has corroborated conclusion of earlier studies that franchisees need reasonable amount of autonomy in order to achieve improved business performance. Hence, autonomy is included in the theoretical framework of this study.

The three (3) conclusions above have been about business format factors identified in the literature and confirmed in this study to have influence on franchisees business performance in Tanzania. The next paragraph discusses conclusion on one newly found business format factor that influence franchisees business performance in Tanzania.

Conclusion 1B (i): *Supervision* ***does*** *influence franchisees business performance in Tanzania****.*** The conclusion on the newly found business format factor is that quality of *supervision* by franchisors can influence franchisees business performance in Tanzania. This factor is neither identified in the adapted conceptual framework (figure 2.10, chapter two) nor explored by any previous study that the researcher is aware of. In the present study, effective supervision of franchisees has been confirmed to have influence on the performance of franchisees in general in Tanzania Hence; this newly found business format factor is included in the theoretical framework of this study.

By and large, it must be noted that all the above conclusions are also consistent with the major predictions of RBV, the underpinning theory of this study. It is clear that all the confirmed business format factors–brand name, supports, autonomy and quality of supervision, are forms of resources to franchisees. RBV postulates that firms with valuable resources will perform better and that deficiency in any resource will have negative influence on firm's performance (Barney, 2001).

5.4 Conclusions on the Research Problem

The conclusions drawn on the research question have been discussed in the previous section, paving the way for addressing the core research problem in this study. The research problem is restated thus: *What are the factors that influence franchisees' business performance in Tanzania?*

Based on the review and synthesis of previous studies on the key issues in this study, a preliminary theoretical framework was developed in chapter two (figure 2.12). In this framework, a total of fifteen factors were identified to have the potential to influence franchisees business performance in Tanzania, specifically: business format.

As table 5.2 below shows, the adapted conceptual framework (figure 2.10, chapter two) and subsequent literature review led to the identification of three business format factors that could influence franchisees business performance in Tanzania. All three factors were confirmed in this study and they include brand name, supports and control.

Table 5.1: Preliminary Theoretical Framework and Findings of this Study

Issues	Preliminary Theoretical Framework	Findings of this Study
Business Format	Brand name	Brand name
	Supports	Supports
	Control	Control
		Supervision
Total	3 Factors	4 Factors

Source: Developed for this research 2019

Moreover, one new business format factor, quality of *supervision* was found in this study. Supervision refers to measures taken by franchisors to ensure that all franchisees comply with system standards and practices.

Thus, the above discussions on the confirmed and newly found factors have prepared the ground for the second revision of the preliminary theoretical framework. The first revision was done after the preliminary study as shown in figure 4.3 (chapter four). The next section explains more on the final revision.

5.4.1 Revised Theoretical Framework

The preceding section has compared the preliminary theoretical framework (figure 2.12, chapter two) and the findings of this study. This section now explains the final revision of the preliminary theoretical framework. The final revision will become the theoretical framework of factors influencing franchisees business performance in Tanzania. The main discussions that results in the development of this final framework are contained in section 5.3 subsections 5.3.1 to 5.3.4 (conclusions on the research issues). Recall that in these sections, indications of inclusion in the final framework was made for each of the factors that were confirmed. As presented in figure 5.3 below, the final theoretical framework as well as the key conclusions outlined below serve as the answers to the core research problem: *How and why the influencing factors of franchisees business performance in the Tanzania franchise system could be established.*

From the below final theoretical framework, conclusions are drawn. These are as follows:

Franchisees business performance in Tanzania can be influenced by business format factors.

In conclusion, this study has explored empirical evidences and developed a framework for franchisees business performance in Tanzania. The framework has been systematically designed and it is a useful tool for both franchisees and franchisors in their decisions and actions. The framework is also quite useful to parties in other forms of business alliance such as licensing, contracting and joint venture in structuring their contracts, establishing support system and guiding interactions and behaviors.

5.5 Managerial Implications and Recommendations

Given the key findings of the study and the conclusions that have been drawn, this section highlights the implications and offers four (4) specific recommendations that could help both parties to achieve a sustainable business performance.

Facilities and supports are important factors in the consciousness and performance of franchisees. Existing franchisees need to have an explicit understanding of the franchisors services and support structures and operate based on the understanding. This research study therefore recommends that franchisors need to be honest and up front with regards to these issues. Temptation to over sell must be avoided. Franchisors need to make regular and honest evaluation of brand value and service provision a part of the system's culture.

QSRs contribute immensely to the GDP of the country and stand out as one of the common and profitable routes to entrepreneurship in Tanzania. Therefore, it is recommended that specific research effort to improve its performance is not only going to be of great theoretical relevance, it will have immediate practical application in the management of restaurant businesses in the country.

Looking at the frequency with which respondents made reference to the importance of having a business partner that is suitable, caring and take a long-term view of the relationship, it is recommended that generating insights and making actionable recommendation for improvement on the parties' thought processes that lead to the selection of partner could be an interesting area for future research.

5.6 Limitations and Suggestions for Further Studies

This section highlight the key limitations of the approach adopted in this study and suggest further studies that could remedy the limitations. First, this study adopted a qualitative approach to data collection and this approach has its weaknesses, principal among which is that it limits generalization of findings. Further research efforts that combine both qualitative and quantitative methods of data collection may be needed to affirm and statistically verify the findings of this study. Second, the present study is cross-sectional, snapshot of happenings during the period of data collection. Although efforts were made in the study to get as much comprehensive insights into participants' experiences as possible, the period of data collection is nevertheless too short to truly understand how the focal issues have evolved. This is a piece of insight that could help to build a more robust picture of realities of franchising practice in Tanzania. Therefore, a longitudinal study may be needed to track developments in the performance of franchisees in Tanzania and the factors that contribute in determining franchisees' performance.

Lastly, while this study may be credited for ensuring a good representation of the different sectors services, retailing, mobile telecommunication, transportation, ice-cream, quick service restaurants and so on that make up the Tanzanian franchise industry, it will be of great relevance if future studies can zero in on specific sector. This kind of efforts will generate insights that will enable players in the particular sector and the franchise research community to understand the peculiarities and nuances of such sector thereby providing the knowledge base for improving franchise practices that are of particular relevance.

5.7 Chapter summary

This chapter has presented a review of the whole study. The key highlight of the chapter includes drawing conclusions on the core research problem and issues that were addressed in the study. The chapter also raises relevant managerial implications and offers suggestions for improving practice.

In general, this study has been able to identify important factors that have impact on the business performance of franchisees in Tanzania. The factors have been outlined in a framework for ease of understanding and application. Essentially, the study has unraveled some of the issues that account for the observed downturn in the performance of franchise firms in Tanzania. It is expected that the recommendations offered in this study will help to improve the performance of franchise outlets in the country. By reasonable extension, this study has contributed towards building a theory of factors that drive franchising success in the world. It is also worthy of note that this research has generated insights that will enhance understanding of franchising practice in cultures outside the West thereby helping to improve the knowledge base of the business model.

REFERENCES

Aaker, D. A., & Biel, A. (2013). Brand equity & advertising: advertising's role in building strong brands. *Psychology Press.*

Aaker,J.L.(1997).Dimensions of Brand Personality. *Journal of Marketing Research*,*34*,347.

Retrieved from http://www.jstor.org/stable/3151897?origin=crossref

Abdullah,Alwi,F.,Lee,M.R.,&N.andHo,V.B.(2008).Measuring and managing franchisee satisfaction: a study of academic franchising. *Journal of Modelling in Management*,*3*(2), 182–199.

ACCC. (2015). Competition and Consumer (Industry Codes - Franchising) Regulation 2014: Franchising Code of Conduct. Retrieved May 18, 2017, from https://www.accc.gov.au/business/industry-codes/franchising-code-of-conduct

Ajayi-Obe, O. O. (2007). *Franchising: The entrepreneurial paradoxes*. University of Surrey.

Akremi,A.E.,Perrigot,R.,&Piot-Lepetit,I.(2015).Examining the drivers of franchise chains performance through the lense of the dynamic capability approach. *Journal of Small Business Management*, *53*(1),145–165.

Alharbi,M.M.(2014).Barriers to franchising in Saudi Arabia. *Journal of Marketing Channels*, *21*(3), 196–209. Retrieved from10.1080/1046669x.2014.913218.

Ali, N. S. A. (2017, March). Franchising: A Risk Worth Taking? *Franchise News - Malaysian Franchise Assoaition*. Kuala Lumpur. Retrieved from http://www.mfa.org.my/newmfa/franchising-a-risk-worth-taking/

Aliouche, E. H., & Schlentrich, U. (2009). Does franchising create value? an analysis of the financial performance of US public restaurant firms. *International Journal of Hospitality and Tourism Administration*, *10*, 93–108.

Alon, I., Madanoglu, M., & Shoham, A. (2017). Strategic agility explanations for managing franchising expansion during economic cycles. *Competitiveness Review:An International Business Journal*, *27*(2),113–131.

Altinay, L. (2004). Implementing international franchising: The role of intrapreneurship.
International Journal of Service Industry Management, *15*(5), 426–443.

Altinay, L., & Brookes, M. (2012). Factors influencing relationship development in franchise partnership. *Journal of Service Marketing*, *26*(4), 278–292.

Altinay, L., Brookes, M., Madanoglu, M., & Aktas, G. (2014). Franchisees' trust in and satisfaction with franchise partnerships. *Journal of Business Research*, *67*, 722–728.

Altinay, L., Brookes, M., Yeung, R., & Aktas, G. (2014). Franchisees' perception of relationship development in franchise partnerships. *Journal of Service Marketing*, *28*(6), 509–519.

Altinay, L., & Wang, C. L. (2006). The role of prior knowledge in international franchise partner recruitment. *International Journal of Service Industry Management*, *17*(5), 430– 443.

Anderson, E., & Weitz, B. (1992). The use of pledges to build and sustain commitment in distribution channels. *Journal of Marketing Research*, *29*(2), 18–34.

Arend, R. J., & Levesque, M. (2010). Is the Resource-Based View a Practical Organizational Theory. *Organizational Sciences*, *21*(4), 913–930.

Azoulay, P., & Shane, S. (2001). Entrepreneurs, contracts, and the failure of young firms.
Management Science, *47*, 337–358.

Barney, J. (1991). Firm Resources and Sustained Competitive Advantage. *Journal of Management*.

Bates, T. (1998). Survival patterns among newcomers to franchising. *Journal of Business Venturing*, *13*, 113–130.

Bellenger, D. N., Bernhardt, K. L., & Goldstucker, J. L. (2011). *Qualitative research in marketing.* Marketing Classics Press.

Benjamin, J. D., Chinloy, P., Jud, G. D., & Winkler, D. T. (2006). Franchising in residential brokerage. *Journal of Real Estate Research*, *28*(1), 61–70.

Benjamin, J. D., Chinloy, P., & Winkler, D. T. (2007). Sorting, franchising, and real estate brokerage firms. *Journal of Real Estate Finance and Economics*, *34*, 189–206.

Bevis, J. (2015). Owning a franchise as a second career. Retrieved from http://franchisingworld.com/owning-a-franchise-as-a-second-career/

Binh, N. B., & Terry, A. (2013). Meeting the challenges for franchising in developing countries: the Vietnamese experience. In *Proceedings of the International Society of Franchising Conference.* Franchise Management School, Beijing Normal University- Zhuhai, People Republic of China.

Bordonabe-Juste, V., & Polo-Redondo, Y. (2004). Relationships in franchised distribution system: the case of the Spanish market. *The International Review of Retail, Distribution and Consumer Research*, *14*(1), 101–127.

Bordonabe-Juste, V., & Polo-Redondo, Y. (2008). The effects of relationship marketing strategy on franchise channels. *Journal of Marketing Channels, 15*(1), 71–91.

Boulay, J. (2010). The roles of contract, information systems and norms in the governance of franchise systems. *International Journal of Retail and Distribution Management*, *38*(9), 662–676.

Brickley, J. A. (2002). Royalty rates and upfront fees in share contracts: Evidence from franchising. *Journal of Law, Economics and Organization*, *18*, 511–535.

British Franchise Association. (2016). Franchise Industry Research: bfa/NatWest Franchise Survey. Retrieved May 18, 2017, from http://www.thebfa.org/about- franchising/franchising-industry-research

British Franchise Association. (2017b). The History of Franchising. Retrieved May 19, 2017, from http://www.thebfa.org/about-franchising/the-history-of-franchising

Brookes,M.,&Altinay,L.(2011).Franchise partner selection: Perspectives off ranchisors and franchisees. *Journal of Service Marketing*, *25*(5), 336–348. Retrieved from http://dx.doi.org/10.1108/08876041111149694

Bryant, P. (2011). Regulated change effects on boards of directors: a look at Agency Theory and Resource Dependency Theory. In *Proceedings of the Academy of Strategic Management, Volume 10, Number 1* (pp. 19–23).

BusinessTech. (2016). What you need to know about franchising in South Africa. Retrieved May 20, 2017, from https://businesstech.co.za/news/business/110723/what-you-need-to- know-about-franchising-in-south-africa/

Caceres, R. C., & Paparoidamis, N. G. (2007). Service quality, relationship satisfaction, trust, commitment and business to business loyalty. *European Journal of Marketing*, *41*(7/8), 836–867.

Cacioppo, J. T., Semin, G. R., & Berntson, G. G. (2004). Realism, instrumentalism, and scientific symbiosis: psychological theory as a search for truth and the discovery of solutions. *American Psychologist*, *59*(4), 214–223.

Cadotte, E. R., Woodruff, R. B., & Jenkins, R. L. (1987). Expectations and norms in models of consumer satisfaction. *Journal of Marketing Research*, *24*, 305–314.

Campo, H. M., Parra, J. P. N., & Parellada, F. S. (2012). The entrepreneurial orientation- dominant logic-performance relationship in new ventures: An exploratory quantitative study. *Brazilian Administration Review*, *9*(4), 60–77.

Canada-China Business Council. (2012). Franchisng in China - More enforcement coming. Retrieved June 24, 2015, from http://www.ccbc.com/fr/2012/01/franchising-in-china-—- more-enforcement-coming-3/

Carney,M.,&Gedajlovic,E.(1991).Vertical integration in franchise systems: Agency theory and resource explanations. *Strategic Management Journal*, *12*(8),607–629.

Cavana,R.Y.,Delahaye,B.L.,& Sekaran,U.(2001).*Applied Business Research: Qualitative and Quantitative Methods* (1st ed.). New York: John Wiley & Sons Ltd.

Chanut, O., N., G., & Fernandez, D. B. (2013). Institutional environment and the internationalization of franchise chains: the contrasting cases of North African Countries. In *Proceedings of the International Society of Franchising Conference*. Franchise Management School, Beijing Normal University-Zhuha.

Chaudey, M., & Fadairo, M. (2010). Contractual design and network performance: Empirical evidence from franchising. *Applied Economics*, *42*(2), 529–533.

Chien, S.-Y. (2014). Franchisor resources, spousal resources, entrepreneurial orientation, and performance in a couple-owned franchise outlet. *Management Decision*, *52*(5),916–933.

Chiou, J., Hsieh, C., & Yang, C. (2004). The effect of franchisors' communication, service assistance, and competitive advantage on franchisees' intention store main in the franchise system. *Journal of Small Business Management*, *42*(1), 19–36.

Choo, S., & Bowley, C. (2007). Using training and development to effect job satisfaction within franchising. *Journal of Business and Enterprise Development*, *14*(2), 339–352.

Cochet, O., Dormann, J., & Ehrmann, T. (2008). Capitalizing on franchisee autonomy: Relational forms of governance as controls in idiosyncratic franchise dyads. *Journal of Small Business Management*, *46*(1), 50–72.

Cochet, O., & Garg, V. K. (2008). How franchise contracts evolve? A study of three German SMEs. *Journal of Small Business Management*, *46*(1), 134–151.

Combs, J. G., Ketchen, D. J., Shook, C. L., & Short, J. C. (2011). Antecedents and Consequences of franchising: Past accomplishments and future challenges. *Journal of Management*, *37*(1), 99–126.

Combs,J.G.,Michael,S.,& Castrogiovanni,G.(2004).Franchising: A review and a venues to greater theoretical diversity. *Journal of Management*, *30*(6), 907–931. http://doi.org/10.1016/j.jm.2004.06.006

Cooper, D. R., & Schindler, P. S. (2014). *Business Research Methods* (12th ed.). New York: McGraw-Hill/Irwin.

Corbin,J.,& Strauss,A.(2008). *Basics of qualitative research* (3rd ed.). Thousand Oaks, CA: Sage Publications.

Creswell, J. W. (2012). *Qualitative inquiry and research design: Choosing among five approaches.* Thousand Oaks, CA: Sage Publications.

Dant, R. P. (2008a). A futuristic research agenda for the field of franchising. *Journal of Small Business Management*, *46*(1),91–98.

Dant, R. P. (2008b). A futuristic research agenda for the field of franchising. *Journal of Small Business Management*, *46*(1),91–98.

Dant,R.P.,Perrigot,R.,&Cliquet,G.(2008).Acroos-cultural comparison of the plural formsinfranchisenetworks:US,FranceandBrazil.*JournalofSmallBusinessMan* *agement*, *46*(2), 286–311.

Dant, R. P., Weaven, S., & Baker, B. L. (2013). Influence of personality traits on perceived relationship quality within a franchise-farnchisor context. *European Journal of Marketing*, *47*(1/2), 279–302.

Davies,M.A.,Lassar,W.,Manolis,C.,Prince,M.,&Winsor,B.(2011).Amodeloftrustand compliance in franchise relationships. *Journal of Business Venturing*, *26*(3),321–340.

Davis,P.J.(2012).A model for strategy implementation and conflict resolution in the franchise business. *Strategy and Business*, *40*(5),32–38.

Dean, J., Brat, I., & Gasparro, A. (2015). *McDonal's CEO is out as sales decline*. Retrieved from http://www.wsj.com/articles/mcdonalds-ceo-steps-down-1422485574

Dickey, M. H., McKnight, D. H., & George, J. F. (2008). The role of trust in franchise organizations. *International Journal of Organizational Analysis*, *15*(3), 251–282.

Drakes, G. (2017, May). The Legalities of Franchising in the UK: What an international franchisor need to know. *Fieldfisher Briefing Paper*. Retrieved from http://www.fieldfisher.com/media/2381629/Franchising-in-the-UK.pdf

Duckett, B. (2008). Business format franchising: A strategic option for business growth - at home and abroad. *Strategic Direction*, *24*(2).

Duncan,T.,&Moriarty,S.E.(1998). A communication-based marketing model for managing relationships. *Journal of Marketing*, *62*(2),1–13.

Dwyer, F. R., & Tanner, J. F. (2014). *Business Marketing: Connecting strategy, relationships and learning* (Fourth). London: McGraw-Hill.

Eisenhardt, K. M. (1989). Agency Theory: An Assessment and Review. *Academy of Management Review*, *14*(1), 57–74. http://doi.org/10.2307/258191

El Akremi, A., Mignonac, K., & Perrigot, R. (2011). Opportunistic behaviors in franchise chains: the role of cohesion among franchisees. *Strategic Management Journal*, *32*(9), 930–948. http://doi.org/10.1002/smj.912

Elango, B., & Fried, V. H. (1997). Franchising research: A literature review and synthesis.
Journal of Small Business Management, *35*(3), 68.

Elsbach, K. (2005). Weired ideas from qualitative research. In K. Elsbach (Ed.), *Qualitative Organizational Research* (pp. 1–14). Greenwich, Connecticut: Information Age Publishing.

Eser, Z. (2012). Inter-organizational trust in franchise relationships and the performance outcomes: The case of fast-food restaurants in Turkey. *International Journal of Contemporary Hospitality Management*, *24*(5), 774–790.

Export.gov. (2016a). Brazil - Franchising. Retrieved May 19, 2017, from https://www.export.gov/article?id=Brazil-Franchising

Export.gov. (2016b). Franchising - Tanzania. Retrieved May 20, 2017, from https://www.export.gov/article?id=Tanzania-Franchising

Export.gov. (2016c, September). South Africa - Franchising Industry Sector. *South Africa Country Commercial Guide*. Retrieved from https://www.export.gov/article?id=South- Africa-Franchising-Industry-Sector

Export.gov. (2017b, January). China - Franchising Industry Sector. *China Country Commercial Guide*. Retrieved from https://www.export.gov/article?id=China- Franchising-Industry-Sector

Fernandes, H. V. M., & De Oliveira, A. F. (2017). Relevant Legislation and Rules Governing Franchise Transactions. Retrieved May 19, 2017, from http://www.mondaq.com/brazil/x/585098/Trademark/ICLG+Franchise+2017
.

Franchise Act, 1998. Laws of Malaysia, Pub. L. No. 590 (1998). Malaysia: the Gazete. Retrieved from
http://ciis.cdri.org.tw/files/attachment/0E338331718813156510/FRANCHISE ACT 1998.pdf

Frazer, L. (2001). Causes of disruption to franchise operations. *Journal of Business Research*, *54*, 227–234.

Frazer, L., Merrilees, B., & Wright, O. (2007). Power and control in the franchise network.
Journal of Marketing Management, *23*, 1037–1054.

Frazer, L., & Perry, C. (1998). Innovative fee structure by Australian franchisors. *Small Enterprise Research: The Journal of SEAANZ*, *6*(1), 10–30.

Frazer, L., & Winzar, H. (2005). Exits and expectations: Why disappointed franchisees leave. *Journal of Business Research*, *58*, 1534–1542.

Gensler, L. (2015). *McDonald's latest sales are worse than expected*. Retrieved from http://www.forbes.com/sites/laurengensler/2015/03/09/mcdonalds-latest-sales-are- worse-than-expected/

Giammona,C.(2015).*McDonald's posts sales decline as new CEO takes helm*. Retrieved from http://www.bloomberg.com/news/articles/2015-03-09/mcdonald-s-u-s-sales-declined- more-than-projected-in-february

Gillis, W. E., & Combs, J. G. (2009). Franchisor strategy and firm performance: Making the most of strategic resource investments. *Business Horizons*, *52*, 553–561.

Gillis, W. E., Combs, J. G., & Ketchen, D. J. (2014). Using resource-based theory to help explain plural form franchising. *Entrepreneurship Theory and Practice*, *38*(3), 449–472.

Retrieved from http://groundedtheoryreview.com/wp-content/uploads/2012/06/GT-

Gorovaia, N., & Windsperger, J. (2013). Real options, intangible resources and performance of franchise network. *Managerial and Decision Economics*, *34*(3–5), 183–194.

Grace,A.R.,Frazer,L.,Weaven,S.K.,&Dant,R.P.(2016).Building franchisee trust in their franchisor: insights from the franchise sector. *Qualitative Market Research: An International Journal*, *19*(1),65–83.

Grace, D., & Weaven, S. (2011). An empirical analysis of franchisee value-in-use, investment risk and satisfaction. *Journal of Retailing*, *87*(3), 366–380.

Guba,E.G.,& Lincoln,Y.S.(1994).*Competing paradigms in qualitative research. Handbook of qualitative research (pp. 105–117). Thousand Oaks, CA: Sage*. (N. K. Denzin & Y. S. Lincoln, Eds.). Thousand Oaks, CA: Sage.

Hao,L.,&Yu,Z.(2013).The effect of franchising on firm growth: An empirical analysis from China. In *27th Annual International Society of Franchising Conference*. Franchise Management School, Beijing Normal University-Zhuha: International Society of Franchising.

Hashim, K. F., & Tan, F. B. (2015). The mediating role of trust and commitment on members continuous knowledge sharing intention: A commitment-trust theory perspective. *International Journal of Information Management*, *35*, 145–151.

Heong, N. S. (2014). An empirical analysis of franchisee satisfaction in Malaysia: An agency relationship perspective. *World Journal of Management*, *5*(1), 93–107.

Hing, N. (1999). Maximising franchisee satisfaction in the restaurant sector. *Journal of Consumer Marketing*, *16*(5), 502–513.

Hnuchek, K., Ismail, I., & Haron, H. (2013). The influence of perceived franchisor support toward franchisee satisfaction in the food and beverage industry in Thailand. *Asia Pacific Journal of Management & Entrepreneurship*, *2*(1),5–25.

Holmberg, S. R., & Morgan, K. B. (2003). Franchise turnover and failure: New research and perspectives. *Journal of Business Venturing*, *18*(3), 403–418.

Hoskisson, R. E., Wright, M., Filatotchev, I., & Peng, M. W. (2013). Emerging multinationals from mid-range economies: the influence of institutions and factor markets. *Journal of Management Studies*, *50*(7),1295–1321.

Howard, J. A., & Sheth, J. N. (1969). *The Theory of Buyer Behaviour*. New York: John Wiley and Sons.

Hua, N., & Dalbor, M. C. (2013). Evidence of franchising on outperformance in the restaurant industry: A long-term analysis and perspective. *International Journal of Contemporary Hospitality Management*, *25*(5), 723–739.

Hua, N., Xiao, Q., & Yost, E. (2013). An empirical framwork of financial characteristics and out performance in troubled economic times: Evidence from the restaurant industry. *International Journal of Contemporary Hospitality Management*, *25*(6), 945–964.

Huang, Y., & Phau, I. (2008). Mapping the profiles of franchisees: Getting to know the black sheep, rough diamonds, whingers and best buddies. *Direct Marketing: An International Journal*, *2*(4), 221–238.

Hunt, S. D., Arnett, D. B., & Madhvaram, S. (2006). The explanatory foundations of relationship marketing theory. *Journal of Business and Industrial Marketing*, *21*(2), 72– 87.

Jiang, X., Yang, Y., Pei, Y., & Wang, G. (2014). Entrepreneurial orientation, strategic alliances, and firm performance: Inside the box. *Long Range Planning*, 1–14.

Kacker, M., Dant, R. P., Emerson, J., & Coughlan, A. T. (2015). How Firm Strategies Impact Size of Partner-Based Retail Networks: Evidence From Franchising. *Journal of Small Business Management*, n/a-n/a.http://doi.org/10.1111/jsbm.12155

Knight, R. M. (1986). Franchising from the franchisor and franchisee points of view. *Journal of Small Business Management*, *24*, 8–15.

Kosova, R., & Lafontaine, F. (2010). Survival and growth in retailing and service industries: Evidence from franchised chains. *Journal of Industrial Economics*, *58*(3), 542–578.

Lagarias, P., & Boulter, R. (2010). The modern reality of the controlling franchisor: The case for more, not less, franchisee protections. *Franchise Law Journal*, *29*(3), 163–172.

Larty, J. (2010). *Contribution of franchise research to entrepreneurship: A review and new opportunities* (No. 2010/027). Retrieved from http://eprints.lancs.ac.uk/49009/1/Document.pdf

Latif, K. F. (2012). An integrated model of training effectiveness and satisfaction with employee development interventions. *Industrial and Commercial Training*, *44*(4), 211– 222.

Lee, Y.-K., Kim, S.-H., Seo, M.-K., & Hight, S. K. (2015). Market orientation and business performance: Evidence from franchising industry. *International Journal of Hospitality Management*, *44*, 28 – 37.

Lee,Y.K.,Nor,Y.,Choi,J.,Kim,S.,Han,S.,&Lee,J.H.(2016).Whydoesfranchisorsocial responsibility really matter?. *International Journal of Hospitality Management*, *53*, 49– 58.

Li, C. A., & Stittle, J. (2014). Privatisation and Franchising of British Train Operations.
Australian Accounting Review, *24*(1), 53–65. http://doi.org/10.1111/auar.12016

Lim, J., & Frazer, L. (2004). Exploring the link between goal congruence and satisfaction in the franchising channel. In *2004 Inaugura Academy of World Business, Marketing and Management Development Conference*.

Lincoln, Y. S., Lynham, S. A., & Guba, E. G. (2011). Paradigmatic controversies, contradictions, and emerging confluences, revisited. *The Sage Handbook of Qualitative Research*, *4*, 97–128.

Liu, T.-C., Chen, J. V., & Hsu, P.-Y. (2014). Opportunity recognition and cooperation flexibility of entrepreneurial franchisees. *Industrial Management and Data Systems*, *114*(4), 506–525.

Lockett, A. (2005). Edith Penrose's Legacy to the Resource-Based View. *Managerial and Decision Economics*, *26*(2), 83–98.

Makadok, R. (2001). A Pointed Commentary on Priem and Butler. *The Academy of Management Review*, *26*(4), 498–499.

Minguela-Rata, B., Lopez-Sanchez, J. I., & Rodriguez-Benavides, M. C. (2010). Knowledge transfermechanismandtheperformanceoffranchisesystem.*AfricanJournalofBusiness Management*, *4*(4),396–405.

Mohd Harif, M. A. . (2002). *Financial Planning in the Establishment of a New Franchise System in Malaysia: An Action Reseach Study*. University of Southern Queensland, Toowoomba, Australia.

MohdHarif,M.A..,Othman,S.N.,Isa,F.M.,Din,M.S.,Chee,H.H.,&Hussein,Z.(2011). The determinants of factors of successful franchise business in Malaysia. *International Review of Business Research Papers*, *7*(1),1–15.

Mohr,J.,&Nevin,J.R.(1990).Communicationstrategiesinmarketingchannels:Atheoretical perspective. *Journal of Marketing*, *54*(4),36–51.

Moorman,C.,Deshpande,R.,&Zaltman,R.(1993).Factorsaffectingtrustinmarketresearch relationships. *Journal of Marketing*, *57*(1),81–101.

.

Myers, M. D. (2013). *Qualitative research in business and management*. London: Sage Publications Ltd.

Mysen,T.,&Svensson,G.(2010).RELQUAL'simpactonsatisfactioninNorwegianbusiness relationship. *Journal of Business and Industrial Marketing*, *25*(2),119–131.

Nairametrics. (2015). UAC Restaurant's Mr. Bigg's Post 63% Drop in Profit. Retrieved from www.nairametrics.com/uac-restaurants-mr-biggs-post-63-drop-in-profits-gala-also- disappoints

Nasri, B. M. (2014). Emergence of local retail franchises in the Middle East: the influence of the foreign franchises- Focus on Saudi Arabia and United Arab Emirates. In*Proceedings of the International Society of Franchising Conference.* Ernest N. Morial Convention Centre, New Orleans, Louisiana,USA.

Ndumanya, N., & Quadri, D. (2014a). Expert tip franchising as an ideal way to tap into Tanzania's huge market. Retrieved June 28, 2015, from http://www.Tanzanianfranchise.org/home.html

Ndumanya, N., & Quadri, D. (2014b). *Experts tip franchising as an ideal way to tap into Tanzania's huge market*. Dar es salaam. Retrieved from http://www.Tanzanianfranchise.org/

Nelsons. (2014). Issues Affecting Franching in the UK. Retrieved May 18, 2017, from https://www.nelsonslaw.co.uk/issues-affecting-franchising-in-the-uk/

Ofodile, U. E. (2014, May). Franchising Law in Tanzania. Retrieved May 20, 2015, from http://www.soeasyfranchise.gr/index.php/en/articles-en/country-profiles- franchising/558-franchising-law-in-Tanzania

Olotu, O. A., & Awoseila, F. (2011). Reinventing business growth through franchising in developing economies: A study of the Tanzanian fast food sector. *International Journal of Marketing Studies*, *3*(1), 162–170.

Orji, C. (2013). *Franchise Business in Tanzania: The Tanzanian Franchise Directory*. Dar es salaam: Business Franchise Solutions.

Penrose, E. (1959). *The theory ofthe growth of the firm.* New York: John Wiley & Sons. Perdreau, F., Le Nadant, A.-L., & Cliquet, G. (2015). Human Capital Intangibles and

Performance of Franchise Networks: A Complementary View between Agency and Critical Resource Perspectives. *Managerial and Decision Economics*, *36*(2), 121–138. http://doi.org/10.1002/mde.2656

Popper, K. R. (1959). *The logic of scientific discovery.* London: Routledge & Kegan Paul. Porter, M. E. (1979). How competitive forces shape strategy. *Harvard Business Review*, *57*(2),

Prebble, J. F., & Hoffman, R. C. (1999). The nature of ethics codes in franchise association around the globe. *Journal of Business Ethics*, *18*(3), 239–253.

Priem, R. L., & Butler, J. E. (2001). Is the Resource-Based "View" a useful perspective for strategic management research? *Academy of Management Review*, *26*(1), 22–40.

Protulis, A. (2017). Relevant Legislation and Rules Governing Franchise Transactions. Retrieved May 20, 2017, from https://iclg.com/practice-areas/franchise/franchise- 2017/south-africa

Rao, S., & Perry, C. (2003). Convergent interviewing to build a theory in under-researched areas:principlesandanexampleinvestigationofinternetusageininter-firmrelationships. *Qualitative Market Research: An International Journal*, *6*(4),236–247.

Rauch, A., & Frese, M. (2007b). Let's put the person back into entrepreneurship research: A meta-analysis on the relationship between business owners personality traits, business creation, and success. *European Journal of Work*

Roh, E. Y., & Yoon, J.-H. (2009). Franchisor's ongoing support and franchisee's satisfaction: A case of ice cream franchising in Korea. *International Journal of Contemporary Hospitality Management*, *21*(1), 85–99.

Rugman, A. M., & Verbeke, A. (2002). Edith Penrose's Contribution to the Resource-Based View of Strategic Management. *Strategic Management Journal*, *23*(8), 769–780.

Shane, S. (2001). Organizational incentives and organizational mortality. *Organization Science*, *12*, 136–160.

Shane, S. (2005). *From Ice Cream to the Internet: Using Franchising to Drive the Growth of Your Company* (1st ed.). Upper Saddle River, NY, USA: Prentice-Hall.

Sidler,V.(2016).FranchisinginSAlooksreallygoodfor2016.RetrievedMay20,2017,from https://businesstech.co.za/news/industry-news/109513/franchising-in-sa-looks-really- good-for-2016/

SME Malaysia. (2017). *Franchise Industry in Malaysia*. *SME Malaysia: the Comprehensive Business Directory for Small & Medium Enterprises* (15th ed.). Kuala Lumpur: Tourism Publications Corporation Sdn Bhd.

Smith, R., & O'Brien, M. O. (2014, July 9). Franchising in Tanzania. *Wiley Rein LLP, News & Insights Newsletter*. Washington DC. Retrieved from http://www.wileyrein.com/newsroom-newsletters-item-5028.html

Smith, R., & Peterson, P. N. (2014). *Franchising in Brazil*. *Wiley Rein LLP, News & Insights Newsletter*. Washington DC. Retrieved from http://www.wileyrein.com/newsroom- newsletters-item-4977.html

Soontiens,W.,&Lacroix,A.(2009).Personalitytraitsoffranchisees–McDonald'srestaurants in Australia. *Problems and Perspectives in Management*, *7*(1),238–244.

Terry, A., & Forrest, H. (2008). Where's the beef-Why Burger King is Hungry Jack's in Australia and other complications in building a global franchise brand. *Northwestern International Journal of Law and Business*, *28*(2), 171–213.

Thomas, K. W. (1992). Conflict and management: Reflections and update. *Journal of Organizational Behavior*, *13*(2), 265–274.

Tikoo, S. (2005). Franchisor use of influence and conflict in a business format franchise system. *International Journal of Retail and Distribution Management*, *33*(5), 329–342.

Vaux, J. S. (2014). *Relationship conflict in construction management and how it affects performance and profits*. Washington State University. Retrieved from http://media.proquest.com/media/pq/classic/doc/3616297891/fmt/ai/rep/NPDF?hl=&cit

Wade, M., & Hulland, J. (2004). Review: The resource-based view and information systems research: Review, extension, and suggestions for future research. quarterly. *MIS*, *28*(1), 107–142.

Wahba, P. (2015). *McDonald's sales bleed continues despite turnaround efforts*. Retrieved from http://fortune.com/2015/04/22/mcdonalds-sales-decline/

Waller,V.,Farquharson,K.,&Dempsey,D.(2016).*Qualitativesocialresearch:contemprary methods for the digital age*. London:Sage.

Watson, A., & Johnson, R. (2010). Managing the franchisor-franchisee relationship: A relationship marketing perspective. *Journal of Marketing Channels*, *17*(1), 51–68.

Weaven, S., Frazer, L., & Giddings, J. (2010). New perspectives on the causes of franchising conflict in Australia. *Asia Pacific Journal of Marketing and Logistics*, *22*(2), 135–155.

Whitten, S. (2016, July). McDonald's shares fall after US sales disappoint. *CNBC Earnings Alert*. Retrieved from http://www.cnbc.com/2016/07/26/mcdonalds-reporting-second- quarter-2016-earnings.html

Witzel, A., & Reiter, H. (2012). *The problem-centered interview: principles and practice*.

Woods,W.,Hurwitz,A.,&McKenzie,B.(2016).*FranchisingintheUnitedStates:Overview*. New York. Retrieved from https://content.next.westlaw.com/8-631-2421?transitionType=Default&contextData=(sc.Default)&lrTS=20170518041806904 &firstPage=true&bhcp=1

Woschke, T., Haase, H., & Kratzer, J. (2017). Resource scarcity in SMEs: effects on incremental and radical innovations. *Management Research Review*, *40*(2),

Yin, R. K. (2014). *Case study research: Design and Methods* (5th ed.). London: Sage Publications Ltd.

Young,J.A.,McIntyre,F.S.,&Green,R.D.(2000).TheInternationalSocietyofFranchising Proceedings: A Thirteen-Year Review. In *Proceedings of the International Society of Franchising Conference.* San Diego, CA: International Society ofFranchising.

Zikmund, W., Babin, B., Carr, J., & Griffin, M. (2012). *Business research methods.* (12th ed.).

APPENDICES

APPENDIX I

INTERVIEW PROTOCOLS

A. Overview of the Study

Project Objective

The aim of this research project is to explore the key factors that influence franchisees' business performance in Tanzania. It is expected that findings from the investigation will help in evolving policies and strategies for improving the performance of the entrepreneur-franchisees in the country. Findings will be useful for franchisors, the regulatory agencies (NIFA), the policy- makers on SME development and the research community.

a. The Research Problem and General Proposition

The core problem for this investigation is: *why and how of factors influencing franchisees business performance in Tanzanian.* In order to address this core problem, the following general research propositions have been designed to guide the conduct of the study.

- Franchisees whose outlets are well facilitated and supported are likely to achieve better business performance.
- Franchisees who perceive their franchise contract to be fair and considerate are likely experience higher business performance.
- Franchisees who perceive their relationship with franchisor to be of high quality are likely to achieve better business performance.
- Franchisees with positive attitude and excellent skills are likely to achieve better business performance.

B. Data Collection Procedures

a. Name of Organization

In keeping faith with the promise of confidentiality, the names of the respondents' organizations will not be displayed. All 32 respondents (6 in preliminary study and 26 in main study) are referred to as informants.

b. Preparation Before the Actual Site Visit

- Following the initial contacts and subsequent agreement to participate, the researchers ends two reminders (two weeks and five days before the appointed date) to the respondents.
- Prior to the appointed date of visit, the researcher tries to gain as much understanding about the particular outlet and the key informant as possible using their websites and other available sources. This will be necessary to create good rapport and relationship during the interview.
- The researcher studies all logistics and traffic flow in the respondents' city before the interview day.
- The researcher makes use of a checklist of all items necessary for a successfuldatacollectionbeforevisitingeachrespondent.Thischecklist includes list of questions, informed consent form, tape recorder, backup batteries, body mic (in some cases), writing materials etc.

c. Data Collection Plan

- The interview will be conducted between January and May,2019.

- The research will dress properly and formally

- The researcher will great and formally introduce himself.

- The researcher will engage in small talks and warm-up discussion

- The researcher will use ‘5 whys’ method to dig deep and obtain deep insights into each issue.
- Each interview must be digitally-recorded and notes taken a swell.

- The researcher will be considerate of the respondent and show sensitivity to their way of life before, during and after interview.
- The researcher will thank the interviewee and tell them that within 3 days from the day of interview, they will be given their responses verbatim for them to reflect on before final usage in the study.
- The research will observe and take notes of other evidences (documents and observation) during the visit. This must be properly documented.
- The researcher will write memos immediately after each interview detailing his impressions of the respondent’s responses. This was however not part of the data.

C. Case Study Questions/Interview Schedules

The case study questions are contained in the interview schedule below

APPENDIX II

THE INTERVIEW SCHEDULE

Name of the Organization:

Name and Position of the Respondent: Size of the Outlet:
State/Location:

Years in Business:

1. **General Warm-up Questions**

a. Tell me about this business, how did you start?

b. What is your assessment of the way things are currently'?

2. **Main Questions**

a. Kindly explain the nature of facilities, structures and policies put in place by your franchisors to ensure your success.

i. How well are these provided?

ii. What impact can/does this (named factor) have on your business performance?

b. Could you explain the quality of relationship between you and your franchisor?

i. In your opinion, what are the main factors that improve a franchise relationship?

ii. What impact can/does this (named factor) have on your business performance?

c. How can you describe the terms of your franchise contract.

i. In your opinion, what are the key contract terms that have the biggest impact *on your business performance*

d. What impact can/does this (named term) have on your business performance? What kind of attitude do you believe are necessary for franchisees success

i. How do you rate yourself on this (named) attitude?

ii. What impact can/does this (named attitude) have on your business performance?

e. How about the essential skills that this partnership and business require to be successful.

i. How do you rate yourself on this (named) attitude?

ii. What impact can/does this (named skill) have on your business performance?

3. *Concluding Questions*

a. Apartfromtheissueswehavebeendiscussingsofar,whatotherfactorsdoyou think have a direct influence on the performance of your outlet?

b. Do you have any question forme?

c. How has the interview been sofar?