FACULTY OF COMMERCE

DEPARTMENT OF MARKETING MANAGEMENT

FRANCHISING AS A STRATEGY FOR FIRM COMPETITIVENESS: A CASE STUDY OF DAIRIBORD ZIMBABWE PRIVATE LIMITED.

DISSERTATION SUBMITTED BY:

RUDO CHIBONDO

(R111952Z)

THIS DISSERTATION IS SUBMITTED TO THE MIDLANDS STATE UNIVERSITY IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR BACHELOR OF COMMERCE HONOURS DEGREE IN MARKETING MANAGEMENT

NOVEMBER 2014

RELEASE FORM

Name of Student	R111952Z
Dissertation title	Franchising as a strategy for firm competitiveness. A case study of Dairibord Zimbabwe Private Limited. .
Degree title	Bachelor of Commerce in Marketing Management Honours Degree
Year this degree granted	2014

Permission is hereby granted to the Midlands State University Library to produce single copies of this dissertation and to lend or sell such copies for private; scholarly or scientific research purpose only. The author reserves other publication rights and neither the dissertation nor extensive extracts from it may be printed or otherwise reproduced without the author's written permission.

Address 15688 Muonde road

New Zengeza 5

Chitungwiza

Signed ………………………………………………

Date ………………………………………………

APPROVAL FORM

The undersigned certify that they have supervised the student dissertation entitled: **Franchising as a strategy for firm competitiveness. A case study of Dairibord Zimbabwe Private Limited** submitted in Partial fulfillment of the requirements of the Bachelor of Commerce Marketing Honours Degree at Midlands State University.

……………………………   ……………………………

Supervisor   Date

……………………………   ……………………………

Chairperson   Date Stamp

……………………………   ……………………………

Librarian   Date Stamp

DEDICATIONS

This research is dedicated to beloved family, may God bless you abundantly.

ACKNOWLEDGEMENTS

I want give God all the glory for he has given me the opportunity, skill and ability to learn. My extended gratitude goes to management and customers of Dairibord Zimbabwe for accessing me to the confidential and vital information needed for the completion of this research. Special thanks to Dairibord Zimbabwe Sales and Marketing executive, Mr. Napata, the franchise manager, Mrs. Muteweye and the accounts manager, Mr. Chipanga among other staff members for their continuous assistance and support during my research.

My endless gratitude goes to my supervisor for his suggestions, opinions, guidance and support throughout the research period. I give my sincere gratitude to the Midlands State University Marketing Management staff for being with me for the entire period of my study and for making me who I am now in the field of commerce. To my fellow Marketing students who have walked with me throughout my academic journey, l thank you all. I also want to appreciate the special people in my life who have always been there for me in good and bad times, Tariro, Teramai, Anesu, Confidence, Patience and Ndomupeishe.

Last but not least, my deepest appreciation goes to the most important people in my life; my parents, siblings, and brother in-law for their guidance, spiritual, moral and financial support. May God bless you all.

ABSTRACT

This research was undertaken to evaluate the effectiveness of franchising as a strategy for Dairibord to achieve competitiveness. The research was motivated by the challenges that the company is facing such as stiff competition, decrease in sales volume and market share and high operational cost. The major aims of this research were to determine the contribution of franchising on sales volume and market share, determine the contribution of product distribution and trademark franchising in enhancing product availability and market coverage, establish the cost and benefits of business format franchising and determining other distribution forms that Dairibord can incorporate to improve company performance. Company sales and financial reports and published books, articles and journals were used for literature review to evaluate the opinions, concepts and arguments of various authors who previously researched on the similar concept under study. The researcher used descriptive and exploratory research designs and both questionnaires and interviews were used to collect data. The target population was 100 respondents and a sample size of 80 respondents was used. Pie charts, bar graphs, tables and continuous paragraphs were used to present and analyze data. The major findings and conclusions were that franchising is a distribution strategy that is enhancing product availability and market coverage for Dairibord. Franchising as a distribution channel increases sales volume and market share of the firm. Dairibord advertising campaigns, selling proven products and using a reputable brand name are some of the benefits a franchisee enjoys from franchising strategy. The franchisees incur high costs such as legal, labour, outlet set up and equipment purchasing cost and face challenges such as limited freedom, limited product line, and franchisor's bad publicity. Loss of control, trademark infringement and misuse and loss of confidentiality are some of the challenges Dairibord face by implementing the franchising strategy. The researcher recommends Dairibord to venture into strategic alliances and joint venture so as to make use of other business's resources to achieve its objective. Dairibord should increase the number of countries in which they do foreign direct investments so as to improve its performance. Dairibord should take the franchising distribution strategy to global markets hence introducing international franchising which enables the firm's growth.

TABLE OF CONTENTS

LIST OF TABLES

Table **Page**

LIST OF FIGURES

Figure **Page**

LIST OF APPENDIX

Appendix **Page**

DEFINITION OF TERMS

Franchising – in this research the term can be defined as a system in which one party (the franchisor) gives the right to another firm (the franchise) to use the brand name ,logo, system of doing business in return for royalty fees to the franchisor.

Strategic alliance – in this research a strategic alliance is a situation where two parties enter into a relationship in order to share strategic resources.

Joint venture – in this research a joint venture is established when two firms, the local and entrant join together to form a new company in which resources, ownership, control and profits are shared.

Licensing –in this research licensing refers to the distribution system in which one firm (licensor) grants a license to another firm (the licensee) to use the former’s products and services.

CHAPTER ONE

Introduction

The research focused on carrying out an in depth analysis of franchising as an effective strategy for company competitiveness. The chapter provides a statement of the problem which has inspired the researcher to embark on the study; questions which are to be answered by this research are given being derived from the specific objectives of the research. The research also outlines the delimitations, limitations and assumptions being considered during the time of the study.

1.1 Background

Empirical research shows that franchising is an important distribution strategy that firms can ignore at their own expense. Lavonen (2010) revealed that one of the potential ways Aku and Ada clothing store could survive in the competitive environment was through the adoption of the franchising strategy. The author goes on to reveal that the potential growth strategy for the company is franchising which will enable them to open more retail outlets and compete with other brands in Finland. Aliouche and Schlentrich (2004) in their paper; does franchising create financial value, provided support for the notion that US public restaurant franchisors create more value than their non-franchising competitors. The authors found out that franchisors have a slightly higher propensity to create market value and economic value than non-franchisors. They went on to explain that the dominant theories explaining the franchising phenomenon imply that firms choosing to expand through franchising may have significant advantages over firms that grow through their own means. Franchising firms minimize agency problems, and have access to cheaper capital, motivated managerial expertise, and better local market knowledge. It can then be hypothesized that these advantages should translate into superior financial performance for the franchising firms.

Evidence of franchising as a strategy for growth and competitiveness can also be seen from Spar group of companies in which the group gave franchisee agreements to more than 100 agents in Zimbabwe who are using the Spar, Spar Express and Savemor formats. Franchising has enabled SPAR to have a high market share, high sales volumes and a wider market coverage ensuring product availability in the market. McDonalds, General Motors, Holiday Inn and Innscor Africa are some of the companies that have employed the franchising strategy and are even more successful today.

Andrew et al (2008) defined franchising as the business based contractual arrangement that exists between the franchisor that develops or manufactures the product and the franchisee who buys the right to use the franchisors trade name and sell their products. Combs and Michael (2004) suggests that franchising involves an arrangement in which the franchisor sells the right to market goods and services to the franchisee that uses the franchisor's brand name and business operating system. Franchising can be used as a strategy for expanding into the foreign market or geographically or culturally remote markets. Quinn (1999) postulates that franchising is now being viewed as the cornerstone for companies to expand rapidly and lower risky and costs by sharing them across all outlets.

The importance of franchising can also be seen in the work of Barringer et al (2010) who suggests that franchising act as a means of acquiring rapid growth for firms that wants to expand both in the local and international market. Bennett et al (2008:11) states that "the beauty of franchising is in the win-win situation that both parties have in the business, franchisor (owner) who seeks to grow the existing business with little financial input and franchisee that are ready to spend the money in order to do a business without having to start from scratch". Franchisee will make a significant contribution in terms of capital, sales volume and revenue in a way strengthening and expanding the goodwill and brand image associated with the franchisor's business. Combs and Michael (2004) suggest that franchising constitute approximately 40% of the US retail sales and is more prominent in industries such as lodging, printing, restaurants and tax preparations. Many organizations that are more successful in the world have grown from franchising.

Above success stories of franchising as a growth strategy has motivated the researcher to carry out a research based on franchising as a competitive strategy for Dairibord. Dairibord Zimbabwe Private Limited (DZPL) is the largest dairy company in Zimbabwe that manufactures, process, markets and distributes a wide range of nutritious milk products which include liquid milk (long shelf life milk, fresh milk and cultured milk), foods (yoghurts, cheeses and ice creams) and beverages (dairy and non-dairy beverages, mineral water and soy milk). The company started as a parastatal and changed its legal status to a commercial company in 1994. In 1997 it became the first state-owned company to privatise. The company was transformed into Dairibord Holding Limited in 2006 with four subsidiaries; Dairibord Zimbabwe, Dairibord Malawi, Lyons and NFB Logistics. DZPL is the flagship subsidiary of Dairibord Holding Limited and has its head office located at Zb Towers, Harare. The company has factories in Harare, Gweru, Chitungwiza and Chipinge and depots in almost every city and town nationwide.

The company's customers include wholesalers, retailers, supermarkets, schools, government institutions and the final consumers. Currently, the company devotes much of its effort in marketing and distributing its products in the domestic market and has set up a foreign direct investment in Malawi. Nevertheless export opportunities are still available for ice creams, ice cream cone shells, mineral water and juices in other countries. The company's main competitors in all product range are Lyons, Nestle, Kefalos, Dendairy, and Alpha and Omega, Limpopo Dairy, Kershemel, Parmalet, Clover, Revive and Delta Beverages. The company is facing stiff competition from both locally emerging dairy companies and foreign competitors. The dairy industry of Zimbabwe has no barriers to entry hence there is free entrance and exist in the industry and ultimately the customer switching costs are relatively low. The company has lost some of its market share to Den dairy, Kefalos, Lyons, Nestle and the recently emerged Alpha and Omega as indicated by statistics in table 1.1

According to Dairibord annual report for 2013, the company recorded a 3% decrease in sales volume. The report also states that the sales volume for 2012 was $58.44 million and $56.86 million for 2013. The company is experiencing a decline in sales volume in almost all product ranges. Recently, the company closed down the Bulawayo and Mutare factories in an attempt to centralize production and reduce production costs. The company invested about 10 million United States dollars to acquire a new steri milk plant, ice cream cones and stick lines and aquilite processing and filling machine to improve production efficiency and reduce the challenge of product unavailability. The cost of distribution is becoming high with the company being liable to pay water, rent and power bills for each depot and the transportation of the products hence has led to closure of various depots in many parts of the country.

According to 2013 Dairibord annual report, the company recorded decrease in market share in ice cream and beverages and a slight increase in market share in liquid milk, lacto and yoghurt. The company annual report for 2013 reveals the following market share:

Table 1.1 Dairibord market share statistics

Product category	2012	2013
Liquid milk	30%	31%
Lacto	29%	30%
Yoghurt	56%	60%
Bulk ice cream	70%	68%
Beverages	66%	52%

Industries differ in the factors that affect competitiveness. In the dairy sector of Zimbabwe, among others distribution seems to be the key success factor. In the past years, Dairibord has been investing in franchising as a distribution strategy to improve company competitiveness. The company has employed the concept of product and trademark franchising in its operations in order to improve its performance. Barringer and Ireland (2008) states that in a product distribution and trademark franchise agreement, the franchisor grants the franchisee the right to buy its products and sell them in its trade name. Dairibord has franchised depots in Zvishavane, Shurugwi, Kwekwe, Chiredzi, Victoria falls, Kariba, Bindura, Norton, Mvurwi, Chivhu, Checheche and Mvuma. The company is still in the process of finalizing the franchising of many other depots in the country. The company’s desire is to be left operating the Harare, Gweru, Mutare, Chipinge, Bulawayo and Chitungwiza depots only hence sharing business risk and lowering costs. Dairibord has engaged in franchising as it has realized that it is a relatively low cost strategy of geographically expanding and will increase its sales revenue as well as market share. The franchisee will pay for all the expenses such as labour, rent, water and power and Dairibord will only cater for the production, distribution and advertising costs.

Researches on franchising as a strategy to improve organizational performance and firm competitiveness have been done in many sectors including restaurant and retail sector and available evidence shows that no similar studies were carried before in the dairy sector in Zimbabwe. The researcher has been a witness of Dairibord franchising efforts during the time of Work Related Learning and this triggered interest to carry a research on the effectiveness of franchising as a strategy for improving company performance in terms of long term profitability, geographical coverage and product availability.

1.2 Statement of the problem

Despite the efforts being made by the company to improve its performance through franchising strategy, Dairibord is still facing stiff competition, a decline in sales volume and market share as well as high operational costs. For the past 5 years the company has been employing the product and trademark franchising strategy. To what extent can franchising be an effective strategy for Dairibord in achieving market coverage, product availability and business growth?

1.3 Research objectives

- To determine the contribution of franchising on sales volume and market share at Dairibord.
- To determine if product distribution and trademark franchising is an effective growth strategy on enhancing product availability and market coverage.
- To establish the costs and benefits of business format franchising.
- To determine if other forms of distribution can be incorporated to improve performance at Dairibord.

1.4 Research questions

- What is the contribution of franchising on sales volume and market share?
- Is product distribution and trademark franchising an effective growth strategy to enhance product availability and market coverage?
- What are the costs and benefits of employing business format franchising?
- Can the company incorporate other forms of distribution to improve performance?

1.5 Significance of the study

To the university

- The university may use this research as a reference to future studies on franchising.
- The university may use the findings from this research to reinforce research findings by previous researchers.

To Dairibord Zimbabwe

- This research may benefit Dairibord with information on the effectiveness of franchising as a strategy to increase market share and sales volume and attaining growth.
- The research may form a literature base for future researches in the dairy manufacturing industry.
- The study may benefit management with in-depth knowledge of the company's current franchising position and recommendations to be done to improve its performance.

To the researcher

- The study enhanced the researcher's knowledge in the area of study.
- The researcher gained experience in research which will be used as a basis for future researches.
- The study helped the researcher in being a competent graduate who is equipped with research skills and experience for the betterment of the industry.

1.6 Assumptions

- The results from the sample would be generalized to the whole population.
- The company would not abandon the franchising strategy during the time of the research.
- Prices of Dairibord products would remain unchanged during the time of research.
- Franchising strategy would improve Dairibord performance in terms of product availability, market coverage, sales volume and market share.

1.7 Delimitations

- The research was carried out at Dairibord, Harare and Zvishavane branch.
- The data that was used in this research is from Dairibord sales and marketing reports from the year 2012 to date.
- The data in this research was obtained from the sales and marketing department, Zvishavane franchising outlet, employees and customers.
- The research focused on measuring the effectiveness of employing product distribution and trademark franchising as a growth strategy in enhancing product availability and market coverage, establishing the costs and benefits of business format franchising. Furthermore, the research focused on determining the contribution of franchising on sales volume and market share and if employing other forms of distribution would improve performance at Dairibord.

1.8 Limitations

- Out of a population size of 100, the researcher used a sample size of 80 respondents which may not give a reflection of the whole population however the researcher made use of approved models to calculate the sample size so as to improve the representation.
- The researcher used exploratory and descriptive research designs in carrying out the study which may produce different results if the same research is done using a different research design like causal.
- The research is more focused on qualitative approach which may produce different results if the same research is done using a different research approach.

Summary

The researcher focused on the introduction and brief summary of the whole research. The writer introduced the research topic and gave a background of Dairibord Zimbabwe revealing some of the problems that the company is facing which triggered this research. The writer spelt out the statement of the problem and articulated the objectives of the research as well as the questions this research seeks to answer. The researcher went on to highlight some of the delimitations, limitations and the assumptions that were considered during the time of the research.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

The researcher focused on evaluating the variety of literature in published books, journals, articles, internet and other literature sources. The main focus of this research was on evaluating the concepts, opinions, arguments and views of different authors whose previous researches are similar to the one under current study. The review was centered on identifying gaps from the existing board of knowledge, noting the areas of convergence and divergence of different authors in the field of franchising and evaluating whether it is an effective strategy for firm competitiveness. Literature review was directed on determining if product distribution and trademark franchising is an effective growth strategy on enhancing product availability and market coverage, establishing the cost and benefits of business format franchising, determining the contribution of franchising on sales volume and market share as well as determining if other forms of distribution can be incorporated to improve performance of Dairibord Zimbabwe.

2.1 Concept of franchising

Franchising is a concept that is not new to civilization and today the concept has become an important facet of distribution. Scarborough et al (2009) stated that back in the middle ages a franchise was a right or a privilege that the lord would give to an individual to hold a market, to operate a ferry or to hunt on his land. The authors went on to suggest that, the concept extended to the Kings where they would grant a franchise to perform commercial activities such as road construction and the concept of franchising was later incorporated into the European Common Law. Bennet et al (2008) suggest that in 1845 the first retail franchise was recorded in which the breweries and the tavern owners decided to conduct business in a way of exclusive distribution. The authors also claim that in 1858, Isaac Singer from USA decided to increase the distribution of his sewing machines through other business people. Dugan (1998) agrees with the above authors and goes on to say, Mr. Singer lacked capital to finance his mass production and also his customers had no idea on how to use the machines. Mr. Singer adopted the idea of selling rights to other business people to sell the machines and train the customers on his behalf and in turn would pay him a licensing fee. He then used the money from licensing fees to finance the mass production and that’s how his business grew rapidly. Watson et al (2005) suggests that franchising accounts for approximately one third of the US retail sales and one half of the UK retail sales. Price Waterhouse Coopers (2004) pointed out that more than 56 percent of fast-service restaurants and 13 percent of full-service restaurants are franchises. According to Michael and Combs, (2008) the restaurant industry is now the largest user of franchising.

2.1.1 Reasons why firms adopt the franchising strategy

Various authors have suggested a number of reasons why firms employ the franchising strategy. Among others Alon (2001) suggested two major reasons why firms embark on franchising which are resource scarcity theory and agency theory.

Resource scarcity theory

In 1969, Oxenfeldt and Kelly put forward the resource scarcity theory as the main reason why firms embark on franchising. The authors suggested that franchising was the solution to the capital, managerial and informational restriction faced by expanding firms. The theory argues that the franchisor (expanding firms) access scarce capital (franchisee's capital) in a more cost effective manner. Authors who support this theory include Lashley and Morrison, (2003) who explain that business respond to shortage of necessary resources required for its expansion by adopting the franchising strategy. Dant and Kaufmann, (2003) and Stocks and Wilson, (2010) agree with the above authors when they suggested that business are motivated to franchise because of the lack of resources such as financial capital, labour capital, managerial talent and local market knowledge which are necessary for expansion. The above authors further reviewed that the franchisor's .overall risk is reduced by the key three resources which are low cost capital, better local market knowledge and motivated managerial expertise and these presents a significantly positive impact on financial performance of the franchisor. In disagreement, Lafontaine and Kaufmann, (1994) suggested that they are some companies who have resources but still use franchising as a mode of operation meaning there are other explanations to why they choose the franchising strategy. In support of the above authors, Combs and Castrogiovanni (1994) suggested that firms that already have resources and are large tend to use franchising as their growth strategy. In agreement with the above authors, the theory's weakness lies on the view that only firms with insufficient resources for expansion embarks on franchising. This research argues that there are other firms that are performing well and have all the resources but still employ the franchising strategy to improve their performance.

Agency theory

Stocks and Wilson (2010) claim that the agency theory concerns the system in which the principal delegate responsibility and authority to make decisions to another party (agent).The authors suggest that the reason for franchising is reducing the level of risk inherent and thus achieving low cost capital. A conflict of interest may exist if the two parties have different attitude and interest towards risks. Castrogiovanni et al (2006) and Pizanti and Lerner (2003) agree on the need for monitoring and controlling franchisees (agents) to prevent opportunism against franchisors. Opportunistic behaviors may include releasing of confidential information, failing to pay fees and failing to maintain standards and may have negative consequences on the cooperate image. Kidwell et al (2007) and Chaudhey and Fadairo (2008) suggest that coercive methods of control such as non-compliance penalties may be used to prevent free riding by other franchisees in the franchise system.. However Doherty and Quinn (1999) argue that the use of non-coercive methods such as reward is more effective than coercive methods in protecting the franchisor against opportunistic behaviors. Moore et al (2004) and Doherty and Alexander (2006) support the above authors when they stated that the use of non-coercive methods of control such as the franchise manual contribute to more collaborative relationships.

2.1.2 Competitive advantage

In this global village the need to withstand competitive pressure and market specificities increasingly rises. Preble and Hoffman (1994) suggest that franchising may provide a source of competitive advantage for business endeavors by having access to scarce resources for expansion as well as using a proven product brand name. Oslen et al (2008) defines competitive strategy as a process in which a firm's range of products and services are intended to convey its unique resources and capabilities to gain advantages over its competitors. Porter (2000) agrees with the above author when he suggested that a competitive advantage is a key element that provides the business with an edge beyond what the competitors can offer. The author states that basic units of competitive advantage are activities that create, produce, sell and deliver product or service. Cole (2008) describes a competitive advantage as an advantage gained over competitors by offering customers greater value either by lower prices, additional benefits that justify similar or possibly higher price. The above author defined competitive advantage as a single key element that provides an edge to a business beyond what competitors have and suggested some of the strategies that can be used to differentiate a firm's products from those of competitors and these include product features and benefits, location, human resources, operational procedures, prices brand recognition, quality and many others.

Barone and DeCarlo (2003) agree with the above author's work that competitive advantage is created by offering customers greater value when they suggested in their work that, a firm can build a sustainable competitive advantage by differentiating a product from the competition along features that are important and relevant to customers. A firm must try to provide what buyers will perceive as superior value so as to build competitive advantage (www.montana.edu). Hills and Jones (2008) suggested that various theories propose that competitive advantage is based on unique competencies and distinctive competitiveness differentials in products to achieve substantially lower cost than its rivals. Michael porter (1985) cited in Kotabe and Helsen (2004) suggested that competitive strategies consist of all activities and approaches of a firm to attract buyers, withstand competitive pressures, and improve its market position. The authors revealed that competitive strategies are categorized into three and these are low cost, differentiation and focus strategy. A company has competitive advantage whenever it has an edge over rivals in securing customers and defending against competitive advantage. However there is a gap on how distribution can be a source of competitive advantage thus the researcher will focus the study on franchising (one of the forms of distribution) as an effective strategy for firm competitiveness.

2.2 The meaning of franchising

Combs et al (2004) and Stocks and Wilson (2010) view franchising as an organizational form when they suggested that franchising entails a business arrangement in which one party (a franchisor) sells the right to and or allow the other party (the franchisee) to market products and services using the franchisor's brand name and business operating system for a specified fee. Kleiner and Luangsuvimol (2004) and Pride and Ferrell (2000) agree with the above authors when they described franchising as a long-term continuous business relationship ,where the franchisee is granted the right by the franchisor to market its products using its trade name and specified business operational standards in exchange for a financial commitment and assistance on market situations. Thus the above authors define franchising as a continuous relationship between the franchisor and the franchisee in which the former sells the right to the latter, to market and sell its products and services. Scarborough et al (2009) and Inma (2005) slightly differs with the above when they suggested that its not just a continuous relationship but a legal and binding formal contract in which the franchisor licenses the franchisee to use its trade name in exchange for some sort of payment. The researcher support the above authors in that franchising as a organizational form is not formed by ordinary relationships but is created and governed by a legal contract which stipulates the operational standards to follow and which support to give for the better performance of the organization. Heffman and Preble (2004) have a different perspective on franchising in which they view it as a cost effective way of expanding in new markets. The above authors suggest that franchising is an effective strategy that helps companies to adapt to new different business environments at a lower cost of investment. Quinn (1998) supports the authors and claim that franchising is now being regarded as a cornerstone for firms to penetrate new markets in both domestic and international markets, enabling the business to grow at a faster rate than when using company owned outlets which call for large capital and direct investment on all business aspects. This research agrees with the above authors in that franchising is becoming the most successful strategy to enter local as well as international new market at a lower cost and giving a quicker return on investment.

Some authors view franchising as distribution strategy. Barringer et al (2010) suggest franchising as a strategy that enables firm's products and services to reach wider markets through the endeavors with business partners. Bennett et al (2008) and Seid (2009) support the above authors when they defined franchising as a business strategy, an approach of doing business and a method of distributing products and services intended to satisfy customer needs and wants. This research agrees with all of the above authors perspective on franchising and therefore wants to evaluate the extent to which franchising can be incorporated in the organizational form, be used as a expansion and distribution strategy to improve firm competitiveness. However the limitation for the above authors contributions is the failure to elaborate firms and sectors in which franchising can be used as a business strategy, hence this research seeks to evaluate the applicability of franchising as a business strategy to improve firm's competitiveness in the dairy sector of Zimbabwe.

2.2.1 Franchising and sales volume

Barringer et al (2010) suggest that an increase in sales volume is achieved through greater sales and marketing efforts. The authors went on to say, the organization must be standardized; as it is the core aspect of franchising, such that the prices and quality of a product must be the same in all outlets. Bennet et al (2008) revealed that franchising is an effective way of increasing organizational sales volume. The above authors note that franchisees are looking for proven products with a strong brand name which will have a positive impact on sales volume. Holmes and Lofstrom (2003) suggested that independently owned operations typically outperform company-owned units. The author further revealed that since franchisees are dedicated to their investment which is at risk they will work extra hard to increase sales and protect their investment. The research supports the above authors in that franchisees usually possess highly motivated personnel than company managers because their financial commitment is at a greater risk therefore to enjoy profits franchisees have to put extra effort in marketing and selling the products and services thus will lead to an increase in sales volume.

This is also supported by franchising times; the top 200 largest franchises saw an increase in sales volume by 6.3% on average. According to their ranking, McDonald restaurants of Chicago had an increase of 2.7% from US$88.3 billion sales of the previous year. 7-eleven a Japanese giant convenience store chain reported 10.7% sales growth from last year sales of US$84.8 billion. Cinnabon, an Atlanta- based cinnamon roll chain’s sales increased by 29%. The Sub-way restaurants sales volume also grew by 9%. Jimmy John’s the Champaign, Illinois-based sub chained experienced an increase in sales volume of 30.2%. Jersey Mike also had an increase in sales of 19.3% and 25 of the 200 companies on their ranking reported sales growth exceeding 15%. The above statistics from the franchise time’s rankings reflects a strongly positive contribution of franchising on the firms sales volume. On the contrary some authors such as Alon et al (2004) concluded that franchising does not provide any improvement in sales performance after they study the financial performance of franchised and non-franchised restaurants. Combs and Ketchen (1999) supported Alon et al when they stated that there is not linear relationship between franchising and sales performance. However the literature did not reflect the contribution of franchising on sales volume in the dairy manufacturing sector of which the researcher seeks to evaluate in this study.

2.2.2 Franchising and market share

A few authors have had an in depth study on the subject of market share although they constantly refer to it. Kotler (2000) termed a company with a market share that is over 100% a market leader. The author also highlights that if a company has a relative market share of exactly 100% it reflects that the company is tied to the lead. Chee and Harris (1995) also found that market share is a percentage of the market a firm is controlling. The above authors further revealed that market share relies on an analysis of competitors positions and the marketing strategies designed to serve in that market. The researcher support the view point of the above authors definitions of market share and defines overall market share as the company's sales expressed as a percentage of the total market sales. The researcher also defines market share in terms of the company's served market, which is the total number of buyers who are willing and have the ability to purchase the product. Served market share is defined as the percentage of total sales in a company's served market. The company's market share in relation to its largest competitor is referred to as the relative market share.

Michael (2002) suggests that franchising is a strategy that helps a firm in gaining market share and, consequently improves organizational financial performance. Franchising has been viewed as a strategy that is becoming prominently used by organizations to increase their market share. The author goes on to explain that, through franchising the organization extends to new markets that the organization could have never dreamt of penetrating on its own investments. Market extension through franchising will subsequently increase the organization's market share hence pre-empting competition. Franchisees usually operate in a market that is far from the franchisor's existing markets hence will be able to recoup new customers which will generally lead to an increase in market share.

2.3 Product Distribution and Trademark franchising

Dickie (1992) suggested that in the early 20th century, the United States manufactures introduced this type of franchising in order to secure the local distribution of their products. The author's work went on to review that product and trade mark franchising depict franchising as it was in the early days; Isaac Singer had sewing machines and GM had cars, this has not changed; Coca Cola Company and British Petroleum (BP) are some of the new product and trademark franchisors that have been successful on the market. Tuunanen (2005) and Beshel (2010) describes the concept of product distribution and trademark franchising as a way in which companies (franchisors) sell the right to franchisees to distribute products in their trade name and logo. They further postulated that the franchisor typically does not provide rules on how the entire franchisee should be operated. Scarborough et al (2009) agree with the above authors in that the franchisor will only license the franchisee to sell specific products under the franchisor's brand name and trademark through a selected, limited distribution channel but do not offer ways in which the franchisee should operate.

Seid (2009) suggest that in product distribution and trademark franchising, products are manufactured by the franchisor for sale by the franchisee and this type of franchising is prominent in soft drinks, beer, bottling, automobiles and trucks and gasoline to mention just a few. In agreement with the above, Andrew et al (2008) agrees that product distribution franchising involves the franchisor producing the products and distributing them to customers through franchised outlets. This study agrees with the above authors' contribution on the concept of product distribution and trademark which does not give an operational manual to follow when running the franchise. The franchisor only sells the right to sell the products in their trade name but does not stipulate on how the business is suppose to be operated. Coca Cola Bottling Franchise; Tuunanen 2005, 18, 141; Barringer, et al. 2010, 514 and Bennett, et al. 2008, 9 agree on how a product distribution and trademark franchise is operated and suggested that a good example is how the franchisor (Coca Cola Company) gives the licensed Coca Cola trade name and logo to the use of the franchisee (the bottling factories that will distribute the drink to the retailers) and the franchisees operates their business the way they want and sell the product to whom they want. The factories buy the concentrate/syrup from the Coca Cola Company, add filtered water, bottle it and sell it to the retailers who then sell it to the end-users. By selling the concentrate/syrup to the factories Coca Cola Company gets their income while the factories will get their income from selling the drink to the retailers.

2.3.1 Product distribution and market coverage.

Distribution strategy must be concerned with market coverage. Murphy (2006) states that franchising permit a firm's products or services to reach wider markets through the endeavors with the business partners. Keup (2007) postulates that franchising requires less capital and indirect managing of all business aspects which in turn allows the business to expand at a faster rate. Franchising enables a company to establish a large number of business outlets in a relatively short period of time. The researcher agrees with the authors that franchising permits a company to penetrate other markets, for example Coca Cola beverages can be found everywhere in supermarkets, neighborhood convenience stores, vending machines, restaurants, coffee shops and other retail outlets in different parts of the world; their main goal being to have the product in every market. This research believes that companies should use intensive distribution in order to absorb the market and place their product in every outlet available. According to the franchise times,7-eleven a giant convenient store in Japan has increased retail outlets to 50 000 units through franchising and Sub-way, the 4th largest franchise in the world has increased its outlets to 40 000 through franchising. The effort in increasing the number of outlets is to ensure total market coverage.

2.4 Business format franchising

Although product distribution and trademark franchising predominates, business format franchising has become the distinct mode that most clearly differentiates franchising from other distribution models. Lashley and Morrison (2003) noted that business format franchising also called the pure franchising was introduced by entrepreneurs in the service industry in the 1950s. The authors further claimed that McDonald's restaurant was the first company to introduce the business format franchising. Michael (2002) states that business format franchising has become the key mode of expansion for the US and European firms in foreign markets and there are over 1 million franchisees worldwide. Sorenson and Sorensen (2001) postulates that, in this type of franchising the franchisor is suppose to provide the franchisee with all elements necessary for business operation. Sen (1998) agrees with the above author when and noted that the franchisee will not only sell the products in the franchisor's trade name but will operate the business according to the system provided by the franchisor. Barringer et al (2010) also support the above authors when they suggested that the franchisor will provide the entire formula of the business to the franchisee and it comes with a specific plan on how to conduct business, training and support hence basically everything is covered. This research is in agreement with the above authors' description of business format franchising in that the franchisees will operate the business according to the guidelines given by the franchisor and in return of a successful business model, the franchisee is liable to pay royalties and franchising fees.

2.4.1 The benefits of business format franchising to the franchisor

Various authors have suggested a number of benefits associated with the franchising strategy. Andrew et al (2008) suggests that, the use of capital, managerial skills and personnel resources of independently owned franchisees will permit rapid growth of a distribution system more that what the franchisor would have done if own capital and resources were relied upon. Murray (2004) and Murphy (2006) agree with the above authors in that franchising enables the business to expand much faster than growing through company owned units. Lashley and Morrison (2003) and Andrew et al (2008) postulate that, unlike using other methods of distribution the cost of compliance with the innumerable local legal requirements for operating a retail business is reduced by adopting the franchising distribution strategy. The above authors proposed that local consumer protection rules, local licensing requirement, environmental compliance, employment laws and payroll taxes are some of the legal costs and responsibilities a franchisor shifts to the local franchisee.

Watson et al (2005) and Dant and Kaufmann (2003) argued that the benefit of the franchising strategy is not financial capital only but also the access to local market knowledge provided by the franchisee. Sen (1998) supports with the above authors and suggested that franchisees provide other forms of human capital such as risk-taking, motivation and the ability to resolve local market crises. Holmes and Lofstrom (2003) pointed out that if managed well franchising will have a superior image over other distribution methods. The above authors suggested that there is need for uniformity in areas such as retail presentation, marketing methodology and operational compliance so that both the franchisor and the franchisee will portray the same image in turn will affect the sales positively. Stocks and Wilson (2010) identified another benefit of franchising and stated that, lesser amount of capital is committed to a franchising distribution system than other methods such as joint venture, dealership and sales agents. The above authors went on to show that, franchisor's cost of distribution is reduced through the franchising strategy hence own financial resources and capital resources are devoted to manufacturing, marketing and administrative needs.

Holmes and Lofstrom (2003) showed that franchisee participation and support can benefit the whole company if managed well. The above authors also view that franchisee incorporates valuable input and creative participation in initiatives of expansion and proper operation of the entire company, and sometimes produce new ideas as well as alerting the franchisor to non-compliance problems created by other franchisees. The franchisor has an advantage of a system-wide marketing support paid for by the franchisees thus franchisees are required to contribute to national marketing fund and participate in local marketing co-operatives, support retail marketing, advertisements, promotion and public relations, (www.franchise.org). According to Lashley and Morrison (2003) and Holmes and Lofstrom (2003), franchisors have improved control over legal and institutional structure at retail level allowing them to control every unit's marketing and operational activities, thus a success in one unit will be a success for the whole organization. Seid (2009) suggested that the franchisor benefits more from franchising through market penetration. The above author claims that there is increase in brand recognition as locations open and enable penetration of smaller markets which accelerate market dominance over competitors.

Murray (2004), Keup (2007) and Barringer et al (2010) agree on franchising being a method of raising capital, where franchisees bring in capital as royalties and a guaranteed income from ongoing fees. Their work went on to suggest that franchisees are also liable to pay a certain contribution towards marketing activities which reduces the cost of advertising, all in all the financial risks for the franchisor are smaller. In agreement with the above, Seid (2009) claimed that franchising creates revenue for the franchisor through franchise fees and on-going royalties. However Murphy (2006) argues that there are costs of training and other legal expenses involved in operating a franchise. Conclusively this research agrees with the above authors on the benefits that franchisors enjoy from employing the franchising strategy however, the authors failed to reveal that franchising strategy improves product availability, market coverage, increases sales volume as well as market share.

2.4.2 The challenges of business format franchising to the franchisor

Seid (2009) suggested that franchisors lose control of the system since franchisees are independent business owners who are responsible for the day to day management of the business. The author went on to postulate that franchisors have limited control over price setting and major changes in business direction may be limited due to franchising agreements. In agreement with the above author, Andrew et al (2008) propose that in franchising, the franchisor has limited managerial discretion on retail pricing and redistribution of products. Holmes and Lofstrom (2003) suggested that given the demonstrated potential rapid expansion of franchising, there is likely to be a too rapid expansion which will result in franchisees needs outstripping the support capabilities of the franchisor. Keup (2007) stated that if too much growth occurs the franchisors may lose control of the whole system. Perryman and Combs (2012) suggested that franchisees are self-profit motivated and might end up behaving opportunistic and damage company's image. The above authors went on to postulate that in trying to solve issues associated with corporate owned outlets, franchising lead to an alternative set of opportunistic behaviour problems because of the misalignment of interests between franchisors and franchisees.

Andrew et al (2008) are for the view that franchising may lead to loss of company confidentiality. They went on to reveal that franchisees may disclose sensitive information such as weak financial statements, unfavorable litigation histories and record of past bankruptcy to competitors or even the public which will be a strong disincentive to the franchisor. Seid (2009) put forward that franchisors incur high costs in the franchise system development. The author reviewed that the franchisor incur costs such as professional fees, legal costs, consulting fees, registration and filling fees as well as franchisee recruitment costs. Lafontaine and Blair (2005) claim that franchisors have a disadvantage on franchising fees. The above authors reviewed that the franchising fees can not be changed during the term of the franchise and can not be dependent on competition, anticipated and realistic growth projections for the system, cost of services offered to the franchisees as well as on return on investment for the franchisees and franchisors. Andrew et al (2008) stated that franchisees can misuse, infringe and dilute the franchisor's trademark. The authors explain that franchisors must be aware of the on-going steps to protect their trademark against misuse, infringement and dilution. Pandit et al (2008) suggested that the franchisor has a risk of assisting in the creation of a local domestic competitor. This research is in support of the above authors' contributions on challenges faced by franchisors however the literature left out the issue of damage on reputation due to the failure of a single franchisee outlet and the fact that franchisees are becoming more organized and creating groups which will exert pressure on franchisors.

2.4.3 The benefits of business format franchising to the franchisee

Elango and Fried (1997) suggest that franchising is a less risky investment in which franchisees can co-own a business with a proven format for success. Lashley and Morrison (2003) support the above authors when they postulated that franchisees operate a less risky business that has already proven successful than setting up their own firms. Seid (2009) suggest that the franchisee uses a well established trade name which already has potential customers that are familiar and comfortable with the products or services offered by the company and it will take a shorter time to establish the business. Scarborough et al (2009) supports the authors in that franchisees benefit a quick wider customer base from a widely recognized name, the trade name that customers recognize and gain confidence in the quality of the product. Elango and Fried (1997) review that franchising facilitates a rapid expansion of a distribution network through franchisees. The authors went on to say that franchisees enjoy many advantages of operating under an established business such as selling tried and tested products and operations are guided by a well established operational guide. Scarborough et al (2009) and Stocks and Wilson (2010) agree with the above authors when they stated that through franchising, the franchisee gains access to a business system that has a proven track record hence ensuring a faster, more efficiently and more effectively business operation. The authors suggest that the ways of operating the business has already been worked out and tested and starting up using the proven system is easier and faster.

Lashley and Morrison (2003) stated that the franchisor will offer training and support in all business aspects such as customer service standards, product knowledge, book-keeping, inventory management, VAT returns and legal matters such as healthy and safety which leads to the smooth operation of a franchisee. Scarborough et al (2009) support the author in that franchisors offer managerial training programs to franchisees to reduce number of franchisee casualties. Franchisees require less capital for initial investment than independently starting a company and can use proven successful strategies and trademarks, (www.wikinvest.com). Andrew et al (2010) and Stocks and Wilson (2010) suggested that both national and local advertising and promotional support undertaken by the franchisor will promote the franchisee's business. In agreement, the franchisee is provided with advertising and promotional support by the franchisor who undertakes both local and national marketing activities, (hsbc.co.uk/franchise). Scarborough et al (2009) suggested that franchisees get industrial and expertise knowledge from the franchisor which offers a competitive advantage.

Seid (2009) suggest that franchisees also enjoy economies of scale in various aspects such as bulk buying and negotiating power. The author further reviews that significant discounts can be negotiated since all purchases are made through a central point. Stocks and Wilson (2010) support the above author when they stated that the franchisees will enjoy economies of scale in knowledge and experience; knowing the marketing techniques that have worked best for other franchisees. Stocks and Wilson (2010) suggested that every business needs to develop and change and franchisees benefits from the research and development performed by the franchisor on their behalf to keep up with the abreast of environmental changes. Franchisees have a semi-monopoly environment to operate or conduct business in, conduct business in a particular geographical boundary with an existing customer base which guarantees sales, (www.piperpat.com).

2.4.4 The challenges of business format franchising to the franchisee

Andrew et al (2008) state that, for the first five years of operation franchisees will be under financial exposure, being exposed to lower profitability, higher costs and greater financial risk. Sen (1998) agreed with the above authors when the author suggested that franchisees are typically required to pay an initial fee to the franchisor, take responsibility for primary investment in the outlet, and pay ongoing royalties. Scarborough et al (2009) stated that franchisees suffer from market saturation. The above authors suggested that the franchisor's websites tend to take some of the customers for the franchisee leaving them exposed to a market that is fully saturated hence will affect the sales volume and profits of the franchisee. Lafontaine and Blair (2005) suggest that franchisees suffer from legitimate power of franchisors in imposing prices. Seid (2009) suggest that franchisors have a legitimate interest in controlling the nature of quality of products sold under its trademark. The authors work goes on to suggest that franchisees are restricted to the type, brand, origin of the product, sources of equipment and repairs or maintenance for equipment they purchase for use in the franchisee business thus leaving them with a restricted purchasing discretion. Scarborough et al (2009) support the above authors when they postulated that franchisees have less control as independent owners since the franchisors spell out the principles to be followed in running the business; these include the dress code, operating policies and procedures, product specification and confidentiality requirements.

Lashley and Morrison (2003) and Andrew et al (2008) put forward that, franchise agreement traps a franchisee in a business covenant that prohibits involvement in other business. The above authors postulated that franchisees are restricted to do business with competitors, which will leave the franchisee with few choices for reinvestment and growth if other growth opportunities arise during the term of the franchise. Andrew et al (2008) suggested that some franchisors are too reluctant to respond to market changes which will result inflexibility to changing competitive, technological or regulatory circumstances that will harm the business. Lafontaine and Shaw (2005) suggest that franchisees are extremely exposed to the overall business performance of the franchisor, if the franchisor fails financially, consequently it can be a disastrous situation for the franchisee since some system, human resource and products may be lost upon whom the franchisee relied on for its success. In support of the above authors, failure of the franchisor may be a major implication for all franchisees which may even damage the whole franchise business, (www.franchise.org).

Stocks and Wilson (2010) suggest that a franchisee can be exposed to competitive encroachment through the nearby franchisor's outlets or distribution of competitor products through other channels of distribution under the same trade name. A franchisee can be subject to negative implications from shared brand identification, HSBC bank business (2010).In agreement, Andrew et al (2008) suggested that bad publicity from the franchisor's breakdown, for example food contamination consequently injure the franchisee in the same brand. Seid (2009) described a franchise as an immobile business since the franchisors have an interest in controlling where their retail outlets are located and in which markets they are operating, definition of the site or market boundaries for the franchised business. In agreement, Andrew et al (2008) suggest that it is a difficult problem for the franchisee to decide on issues like location and relocation of the business. This research agrees with the above authors work on challenges of franchising to the franchisee however they failed to reveal that financial costs faced by franchisees can be considerably high with costs such as initial fee, on-going royalties, cost of buying equipment, fitting out premises, trade signs and initial stocks of materials and stationery. Furthermore, this research suggests that a franchisee has limited freedom in the operations since the franchisor ensure regular disclosure of information so as to protect their royalties and the franchise arrangement. The franchisors can end up being an intruder in the financial affairs of the franchisee.

2.5 Definitions of distribution

Blythe (2005) and Pandit et al (2008) defines a distribution channel as a way that a company uses to facilitate the movement of products from the producer to the convenient place for purchase by the consumer. Ostrow (2009) support the above authors when he defined a distribution channel as the route which goods and services travel from producer through the intermediaries to the final consumer. Berkowitz et al (2000) and Rosenbloom (2004) stated that a distribution channel is comprised of individuals and firms involved in the process of making products available for use or consumption by the consumers. Hill (2010) and Coyle et al (2003) support the above authors when they defined a distribution channel as one or more companies or individuals who are involved in the flow of goods, services, information and finances from the producer to the final user or consumer. The work of Kotler and Armstrong, (2006) and Coughlan et al (2006) reveals that distribution channels are all those independent organizations that a product has to go through between its production and consumption. Guan (2010) stated that the vital goal of a distribution channel is to bridge the gap between producers and consumers by adding value to products or services. The researcher agree with the work of the above authors in defining a distribution channel as all activities, system, companies and individuals that a product or service goes through from the point of production to the point of consumption. Distribution is defined as a process of market exchange. The main aim of distribution is to ensure that products are available to the buyer in the appropriate time and place, in good quality and with the most comfortable forms and conditions of shopping at the lower available prices..

2.5.1 Joint venture

Pandit et al (2008) state that a joint venture is established when two firms, the local and entrant join together to form a new company in which resources, ownership, control and profits are shared. The authors go on to explain that a joint venture reduces business risk, entails sharing of financial burden and the local firm provides information of the local market. Business of any size may embark on a joint venture to strengthen long-term relationships or to collaborate on short-term projects (www.bgateway.com).

Aponte 2014 claimed that a joint venture is established when two or more established businesses agree to combine their resources and skills to achieve a set of goals. The author went on to review that joint ventures are formed only for a shorter period of time so as to achieve specific business goals. Both parties contribute cash, property, assets or other resources to the business venture and then they will also agree on how profits, losses, management and control of the venture will be divided (www.bgateway.com). A joint venture involves two or more partners pooling their resources and expertise to achieve a particular goal (www.infoentrprenuers.org). The researcher support the above authors in that through taking advantage of another business's strength in areas where your business are weak and offering a corresponding benefit to the other business, a joint venture agreement can be beneficial to both business.

The partners who get into a joint venture are likely to benefit an easy access to new markets and distribution channels (www.infoentrprenuers.org). Aponte (2014) suggest that both parties will gain specialized expertise and resources, including research and development, technology, business growth and profitability. The author further review that the parties will gain additional financing and purchasing power, share risks (political and financial) and costs and increase capacity through a joint venture. However there are also risks associated with a joint venture and these include the difference in objectives for the partners, an imbalance of level of expertise, investment or assets brought into the venture by different venture and the fact that the objectives are not usually communicated or not clear to everyone involved in the venture (www.bgateway.com). The researcher agree with the author however they failed to note that when they separate after accomplishing the goals of the venture, one of the partners may become a strong competitor for the other partner's line of business.

2.5.2 Licensing

Rashed (2005) states that licensing is another strategy in which firms can incorporate for better performance. Combs and Ketchen (1999) suggest licensing as a good strategy for firms to integrate with suppliers in which the licensee pays a percentage of its sales called royalties in exchange for being granted a license. Combs and Michael (2004) licensing allows organizations to expand. Beshel (2010) suggested that in licensing, a licensee pays for the right to use a specific trademark. The author goes on to explain that, unlike franchisors, the licensor does not influence the licensee's operations and there is no exercising of too much power and control over the licensee but is more concerned in collecting royalties and monitoring the use of the license.

According to the International Licensing Industry Merchandisers Association (2014), the major reason for an intellectual property owner to grant a license is to generate revenue from the guarantee and royalty payments. The authors went on to explain some of the reasons that pushes the licensor to license intellectual property rights and these include i) marketing support for the core product; the retail display and proliferation of licensed products doesn't only generate product sales, but also promotes the core property ii) extending a corporate brand into new categories, areas of a store, or into new store; overall licensing represents a way to move a brand into new businesses without making a major investment in new manufacturing processes, machinery or facilities. In a well licensed program, the property owner maintains control over the brand image and how it's portrayed, but eventually reaps the benefit in additional revenue, but also in exposure in new channels or store passageway iii) trying out potential new business or geographical markets with relatively small upfront risk-by licensing its brand to a third party manufacturer, a property owner can try new business, or move itself into new countries with smaller upfront investment than by building and staffing its own operations iv) maintaining control over an original creation; for brand owners (particularly those doing business in global markets) licensing and registering the brands in multiple markets is a way to protect the brand from being used by others without authorization.

The association further explain the benefit of licensing to the licensor through the licensee and these include i) gaining the consumer awareness and marketing benefit of a well-known brand, character, logo, design ii) moving into a new distribution channels iii) reducing in-house costs. The main functions of the licensee are buying, storing, selling, transporting, breaking bulk, providing market information to the licensor, providing customer service to the consumer, warehousing, product handling, inventory control and order processing.

2.5.3 Strategic Alliance

Pacock et al (1997) and Wagner et al (2002) define strategic alliance as a situation where two parties enter into a relationship in order to share strategic resources. Pandit et al (2008) support the above authors when they defined a strategic alliance as a collaborative relationship between two independent parties. Yoshino and Rangan (1995) defined strategic alliance as a partnership between two or more parties to pursue a set of agreed upon objectives needed while remaining independent organizations. Pellicelli (2003) and Mockler (1999) support the above authors when they defined a strategic alliance as an agreement between two or more independent companies to share resources or knowledge, to be beneficial to all parties involved. The above authors went on to postulate that strategic alliance is a way to complement internal assets, capabilities and activities, with access to needed resources or practices from various outside players including suppliers, customers, competitors and companies.

Douma (1997) defined a strategic alliance as an organizational and legal arrangement in which partners are willing to act in a mutually benefiting manner and share core competences. Dussauge and Garrette (1995) agree with the above author in that a strategic alliance is an agreement between two companies that have decided to share resources to undertake a specific, mutually beneficial project. The above authors further reviewed that a strategic alliance is less involved and less permanent than a joint venture in which two companies typically combine resources to create a new entity. Yi Wei (2007) suggested that a strategic alliance is an arrangement for cooperation by two or more independent firms to mutually work towards common objectives. The author went on to suggest that, unlike a joint venture, strategic alliance partners do not form a new entity to pursue their set goals but collaborate while remaining independent. Berkowitz et al (2000) describe strategic alliance in distribution as a recent innovation in marketing channels that is used to sell another firm's products. The author reviewed that in a strategic alliance each partner maintains its autonomy while gaining a new opportunity and also helps a company develop a more effective process, expand into a new market or develop a competitive advantage. This research supports the above authors definition of a strategic alliance in that the partners do not form a separate entity but rather mutually benefit from combining resources to take advantage of an opportunity so as to create a competitive advantage.

With every business partnerships there are benefits and risks involved in pursuing the business adventure. A few authors have tried to explain some of the benefits enjoyed by parties in a strategic alliance in distribution. Soares (2007) suggested shared risk as an advantage for the partnership which allows the involved parties to offset their market coverage thus strategic alliances probably work best if the portfolio of the companies that compliments each other, but not directly competing. The author also states that through strategic alliance partners will also share knowledge and skills (distribution, marketing, management) brands, market knowledge, technical expertise and assets which will lead to synergistic effects, which further result in pool of resources which are more valuable that the separated single resources in the particular company. The above author further claimed that a company would grow fast through a strategic alliance than on its own because of the use of the partner's distribution networks together with advantages of a good brand image. This research agree with the above author in that natural growth of a company might not be adequate enough to satisfy the strategic requirements of a company, which means a firm cannot grow and extend itself fast enough without expertise and support from partners.

Biggs (2006) suggested the increase in complexity, it is more and more difficult to manage all requirements and challenges a company has to face, so pooling of expertise and knowledge can help to best serve customers. The author also stated that the alliance can help lower cost, especially in non-profit areas like research and development. The study agrees with the above authors' benefits of strategic alliance however the authors failed to point out the benefit of economies of scale because when companies combine their resources, they enable each other to access manufacturing capabilities, economies of scale can be achieved furthermore cooperating with appropriate strategies also allows smaller enterprise to work together and to compete against large competitors.

Strategic alliance as a channel of distribution also has its own challenges. Stout and Beaucaire (2005) suggested some of the challenges that partners in a strategic alliance face and these include the fact that partners must have resources and profits and often skills and expertise which can be critical if business secrets are include in the knowledge hence agreement may protect these secrets but partners might not be willing to stick to such an agreement. The above authors went on to postulate that the partner in a strategic alliance might become a competitor one day, if it profited enough from the alliance and grew enough to end partnership and then it is able to operate on its own in the same market segment. This research agree with the above authors in that focusing and committing is necessary to run a strategic alliance successfully but might discourage partners from taking other opportunities, which might be beneficial as well.

Holmberg and Cumming (2009) suggested that there may be uneven alliances where the decision powers are distributed very uneven, the weaker partner might be forced to act according to the will of the more powerful partners even if it's not actually willing to do so. The partners have risk of losing control over proprietary information, especially regarding complex transactions requiring extensive coordination and intensive information sharing. Also coordination difficulties due to informal cooperation settings and highly costly dispute resolution may result in a strategic alliance. The researcher agrees with the above challenges that the partners in a strategic alliance might face however the authors did not mention that if a company as one of the partners is engaged in a foreign country there is risk that the government of this country might try to seize this local business so that the domestic can have al the market on its own

2.6 Summary

The research focused on evaluating various arguments, concepts and opinions of various authors relating to franchising as an effective strategy to improve firm competitiveness in the dairy sector of Zimbabwe. Major arguments revealed the difference in defining franchising, distribution and different perspectives on benefits and challenges of franchising to both the franchisor and franchisee. Other arguments revealed include the contribution of franchising to sales volume and market coverage and the various definitions on channels of distribution such as strategic alliance, joint venture and licensing. Major gaps noted include the failure by many authors to mention the applicability of franchising on the dairy sector, the failure to mention the benefits and challenges of other distribution channels and the challenges of franchising such as limited freedom and high operational cost for the franchisee. Furthermore, the franchisor will face too much pressure from franchisee groups and its reputation may be tarnished by bad behaviour of a single franchised outlet.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter presents the various methods that were used in carrying out this research, the target population, sample size, sampling methods and techniques, sources of data, research instruments, data collection procedure and administration, analysis and justification on why the researcher will use these methods and techniques. Furthermore, the researcher focused on giving information on validity and reliability of the research designs, ethical considerations and data analysis and presentation tools.

3.1 Research design

Malhotra (1999) suggested that a master plan that specifies the methods and procedures of collecting and analyzing data is termed a research design. Cooper (2007) suggests that a guide or framework that is used for the collection, analysis and measurement of data is constituted in the research design. In research there are three types of research designs; exploratory, descriptive and causal. The researcher made use of exploratory and descriptive research designs in collecting, analyzing and measuring data in this study.

3.1.1 Exploratory research design`

Kumar et al (2005) suggest that exploratory research is often used to seek for insights into the general nature of the problem, available alternative decisions and other variables that need consideration. The researcher used exploratory research in trying to shed more light to the problems being faced by Dairibord. The exploratory research consists of secondary data such as sales invoices, sales reports, account receivable reports, internet and published newspaper articles which were used to explore more information on the effect of franchising on sales volume, market share, and organizational growth. The use of exploratory research enabled the researcher to pinpoint the problems, refine research questions and specify data to be collected.

3.1.2 Descriptive research design

According to Boyde (2004) descriptive research is intended to provide a view of a situation as it naturally occurs. The researcher used descriptive research in order to find out the view that management has on franchising as a strategy to improve company performance. Descriptive research answered questions such as what effect does franchising has on sales volume? To what extent will the adoption of franchising help in building a competitive advantage and whether franchising is the effective growth strategy for Dairibord? In this study, the two research designs were used by the researcher so as to have an understanding and appreciation of the problem.

3.2 Target population

Target population is defined by Zikmund (2000) as the group of people from whom information needed is obtained from. The researcher focused on Dairibord Harare and Zvishavane branches. The targeted respondents were 3 Dairibord management, 5 franchisee employees and 72 customers which give a total of 80 respondents.

3.2.1 Sample frame and sampling procedure

Sample frame

Bartlett et al (2001) defines a sample frame as a reflection or representation of the target population. The researcher used the following respondents:

- Dairibord management (sales and marketing, franchise and account managers).
- The trade and organizational customers (wholesalers, retailers, hospitals, schools and companies)
- Franchisee employees

Sample procedure

During the research process, sampling is unavoidable in terms of ensuring speed in data collection, the availability and reliability of the population selected and lowering costs.

3.3 Sampling methods and techniques

Wilson (2006) categorized sampling methods into two; probability and non-probability sampling. A probability sampling is one in which every unit in the population has a chance (greater than zero) of being selected in the sample, and this probability can be accurately determined. In non probability sampling, all the elements in the population have no equal chance of being selected. The researcher used probability and non probability sampling in carrying out the research in which systematic and purposive sampling were used respectively.

In systematic sampling every nth element from the list is selected as the sample, starting with a sample element n randomly selected from the first k elements. The researcher used systematic sampling in which every 10^{th} element of the sample was selected. The researcher made use of purposive sampling in which specific target respondents were chosen. The respondents were chosen on the basis that they are the ones who possess the data being searched for by the researcher. Thus the researcher focused on sales and marketing team, franchise and account manager, trade and organizational customers and not the whole organization and the final consumers.

3.3.1 Sample size

Churchill (2000) defines a sample size as a portion of the population used to carry out a research. Krejcie and Morgan (1970) suggest that for a target population of 100 respondents a researcher should use a sample size of 80 respondents under a 95% confidence level therefore the researcher will use a sample size of 80 respondents in carrying out the research. Kumar et al (2005) suggests that a lager sample is more certain to be a reflection of the target population than a smaller one.

3.4 Sources of data

The researcher collected data using secondary and primary data.

3.4.1 Secondary data

Kotler et al (2002) defined secondary data as data that already exists and have been collected for the purpose of another research. The researcher made use of secondary data as it took less time to collect and was less costly to obtain. The research used internal secondary data such as Dairibord income statement for costs and revenues, customer data base and sales and market share reports. External sources of secondary data such as books, journals, articles, newspapers and internet were also used in this research.

3.4.2 Primary data

Punch (1998) defined primary data as information that is collected precisely for the research project. Denzin and Lincolyn (2002) suggested that primary data is data that is collected for a specific purpose. The researcher made use of questionnaires and interviews as sources of data to answer the research questions and to achieve the set research objectives. Primary sources are reliable sources of data and usually give information that is necessary and relevant to the study and give a clear picture on the effectiveness of franchising on company performance. The researcher obtained primary information from Dairibord employees and customers.

3.5 Research instruments

Hair et al (2003) defines research instruments as tools that are used to collect information and data needed to find solutions to problems under study. The researcher made use of questionnaires and interviews.

3.5.1 Questionnaires

Kotler (2002) defines a questionnaire as a document that contains questions designed to seek information that will answer the research questions. The researcher prepared and distributed the questionnaires to employees and customers. The researcher used questionnaires because they lessened intrusion as employees and customers would complete the questionnaires at their own convenient time and place. The researcher used closed-ended questionnaires to come up with quantitative data. The researcher preferred the use of questionnaires as they provide respondents with alternative answers to the questions hence the process was shortened.

3.5.2 Interviews

Kajornboon (2002) regarded interviews as an exchange of views between two or more people on a subject of mutual interest. The researcher conducted personal interviews with the selected sample of management. Interviews enabled the researcher to ask various, length and complex questions and make clarifications if ever required to do so. During interviews the researcher made use of open ended questions which enabled the respondents' to express themselves in their own words. The researcher conducted interviews because they allowed the acquiring of more knowledge and accurate information on whether franchising has helped in improving company performance. Also interviews allowed the researcher to acquire information that would never be found under written communication such as respondents' incidental comments and body language. The researcher conducted interviews as they yield a higher response rate compared to other research instruments.

3.6 Data collection procedure and administration

The researcher used various steps in collecting and administering data from the subjects under study. The researcher used the drop and pick method in distributing the questionnaires. The researcher gave the respondents' time to answer the questionnaires and then picked them at a later date to ensure that they answer the questions without pressure and at a convenient time .The researcher employed good public relations and communication skills to ensure a high response rate. The researcher also made appointments with the managers for the interview and when given a slot for the interview, the researcher made a follow up days before the interview to ensure that they are still aware of it.

3.7 Validity and reliability of research design

- To ensure that the research remained valid and reliable, the researcher asked simple, short, precise and unambiguous questions.
- The researcher used the respondents' preferred language in clarifying questions they did not understand.

- The researcher made use of a justifiable sample size to ensure reliability of the data from the sample.
- The research was further validated by conducting pilot study which was done using fellow students at school that were not part of the actual sample.
- To ensure the research remained valid and reliable the researcher used data, theoretical and methodological triangulation.

3.8 Ethical consideration

Ethics are norms and values, a form of morality that governs the way people behave. In this study, the researcher was honest in all communications such as reporting of data, results, conduct and distribution of the final findings. The researcher avoided misinterpretation of all data in the study. In carrying out the research, the research honoured all confidentiality and privacy to all data that was contributed to the research. Patents, copyrights, laws and all other forms of intellectual property rights were also honoured in this research.

3.9 Data presentation and analysis tools

3.9.1 Data presentation

After all research data has been collected, the researcher focused on the presentation of data obtained from questionnaires and interviews. The researcher made use of tables, pie charts, and bar graphs in presenting the quantitative data. The researcher used pie charts because they summarize the data and enables easy communication of the meaning of the data. The researcher also used cross tabulation so as to facilitate the comparison of variables within the research findings. The researcher used statements and paragraphs in a continuous form to present qualitative data.

3.9.2 Data analysis tools

The researcher made use of computer applications such as Microsoft excels, percentages and frequencies to analyze quantitative data. For analyzing qualitative data, the researcher used thematic analysis which is a qualitative analytic method that identify, analyze and report patterns within data, Bougie and Sekaran (2013). The researcher quantified data into themes of the most repeated responses which enabled the researcher to identify the most important subjects in the data collected.

Summary

The researcher clearly outlined the research methodologies that were employed to obtain information in line with the study. The researcher also outlines the activities that were done during the research process. The researcher outlined the research design, target population, sampling techniques and the data collection procedures that were used in the research.

CHAPTER FOUR

DATA ANALYSES, PRESENTATION AND DISCUSSION OF FINDINGS

4.0 Introduction

This chapter focused on presenting data that was gathered from questionnaires and interviews. Both qualitative and quantitative approaches were used in the analysis of data. The researcher used bar graphs, pie charts and tables to present data from questionnaire while quotations and continuous paragraphs were used to present qualitative data from interviews.

4.1 Response rate

The researcher distributed 80 questionnaires to different categories of respondents in which 72 were corporate customers and 5 employees. The researcher further carried out interviews with 3 managers. A summary of responses from both questionnaires and interviews is presented below on table 4.1.

Table 4.1 showing response rate from different research participants

Category of respondents	Questionnaires distributed	Questionnaires returned	Response rate
Wholesalers	10	10	100%
Retailers	34	30	86.5%
Schools	15	11	80%
Hospitals	3	3	100%
Companies	10	10	100%
Employees	5	5	100%

Category of respondents	Number of Dairibord staff	Number of staff interviewed	Response rate
Management	3	3	100%

Total	**80**	**72**	**90%**

The response rate from all research participants was high as shown by the average response rate of 90%. The high response rate can be attributed to the great interest that the research participants showed in the research topic. The 10% of non response rate was probably due to work commitments.

4.1.2 Demographic data of the respondents

Respondents' gender

From the 90% response rate above, the researcher had to establish the gender distribution amongst the respondents. Data was gathered and is presented on table 4.2 below:

Table 4.2 Respondents' gender

Group	Female	Male
Management	33.3%	66.7%
Customers	31.25%	68.75%
Employees	60%	40%

Table 4.2 above shows that 33.3% of the management were females and 66.7% were males; 31.25% of customers were females while 68.75% were males and lastly 60% of the franchisee employees were females whilst 40% were males. The demographics above indicate that both men and women participated in the research although not evenly distributed. However the males showed much interest on the research topic as indicated by the high gender percentage.

Type of customers

From the response rate above, the researcher investigated on the type of customers Dairibord is serving since they have more local market knowledge. Data was gathered and is shown on fig 4.1 below:

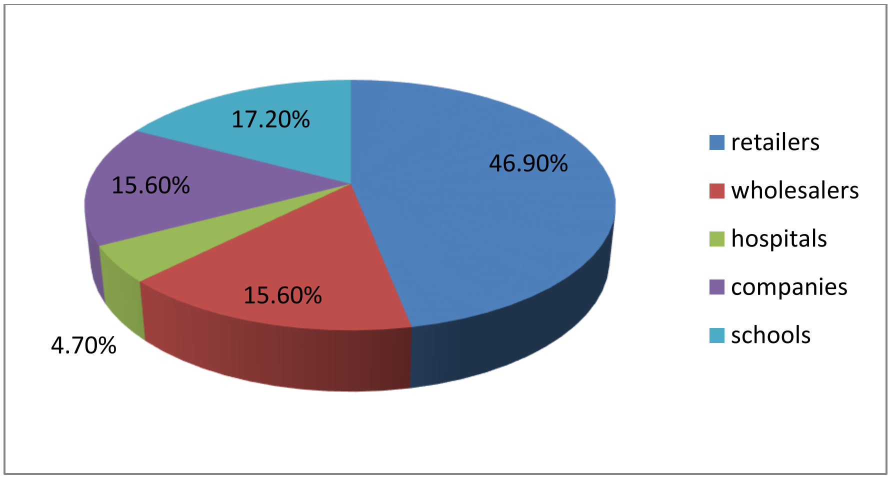

Fig 4.1 showing the type of customers

Fig 4.1 above shows that 46.9% of the customers are retailers, 17,2% are schools, 15.6% are wholesalers, another 15.6% are companies and lastly 4.7% are hospitals. Thus Dairibord serves a variety of customers who showed great interest in the research topic. Retailers had the highest percentage because they interact more with the final consumers hence they showed a greater interest on the research.

Customer experience

The researcher found it necessary to establish the experience in terms of number of years the customers has been with Dairibord. This would assist the researcher to identify the most valuable customers with an in-depth knowledge about Dairibord. Data was collected and presented below on fig 4.2:

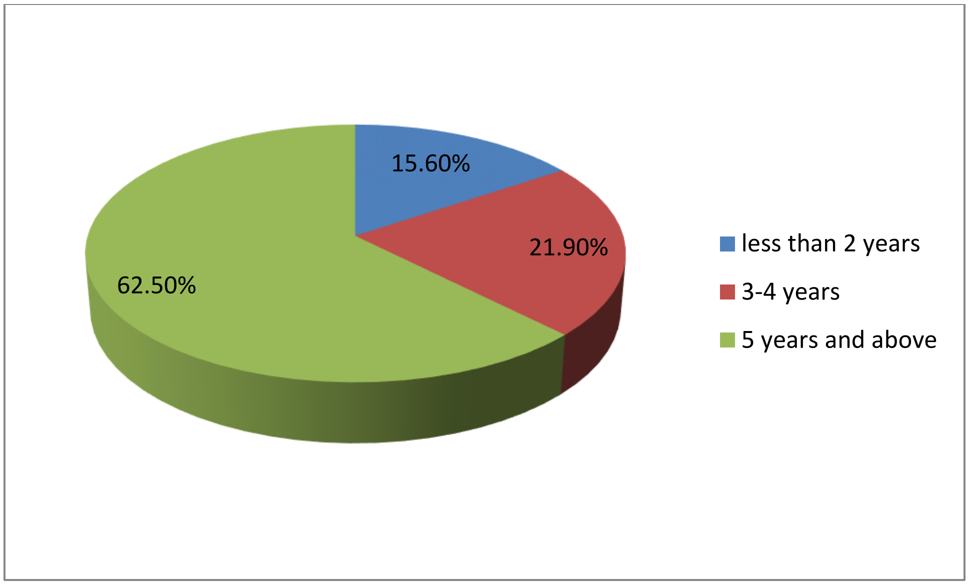

Fig 4.2 showing customer experience in years

62% of the customers have been Dairibord customers for the past 5 years, 21.9% are between 3-4 years and only 15.6% has less than 2 years of being Dairibord customers. Thus the response rate came from Dairibord customers who have a year and above experience with the company.

Working experience

The researcher felt the necessity of investigating the working experience of various respondents. This would help in identifying the right people with the correct information about the company's previous and current position. Data was gathered and presented below on table 4.3:

Table 4.3 showing respondents working experience

Category	Less than 2 years	3-4 years	5 years and above
management		33.3%	66.7%
employees	40%	20%	40%

66.7% of the management has a working experience of 5 years and above and 33.3% has 3- 4 years of experience in Dairibord. 40% of employees have less than 2 years of experience and to the other extreme the same percentage has 5 years of experience while 20% has 3-4 years working experience with Dairibord. This shows that data was gathered from the respondents with the correct and intended information.

4.2 Contribution of franchising in enhancing product availability and market coverage

This research sought to establish the contribution of franchising in enhancing product availability and market coverage. Responses gathered are shown below on fig 4.3:

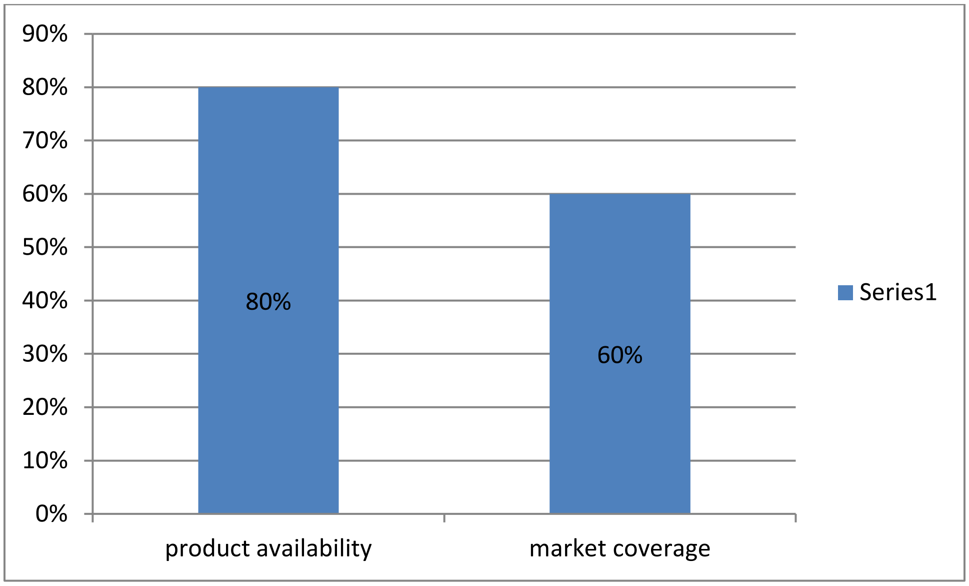

Fig 4.3 showing employees results on contribution of franchising on product avalability and market coverage.

As shown in fig 4.3 above, 80% response rate of the employees suggested that, through franchising Dairibord would increase product availability. Further more, 60% response rate of the employees depicted that market coverage would increase through franchising. The 80% responses explained that franchisees facilitate an intensive distribution of Dairibord products thus leading to product availability in the market. This was also supported by 100% response of the customers who strongly agreed that since the inception of franchising strategy product availability has improved. As supported by the 84% response rate of customer, it has reviewed that product availability in the Zvishavane market has improved for the past 2 years. They further explained that in the past it would be said its product shortage while it was the company facing high distribution costs and having no alternative for power cuts thus selling sub-standard products. The 60% responses of the employees who illustrated that market coverage for Dairibord would increase through the franchising strategy were based on the view that franchising is a low cost and faster method of expanding into new geographical and remote markets. They were supported by the franchise manger who in an interview suggested that "*franchising is a strategy that would take Dairibord to markets that it would have never reached on their own invesment, franchisees will increase the number of Dairibord outlets in different markets hence increasing its market coverage".*

4.3 Contribution of franchising to sales volume and market share

Research also aimed at evaluating the contribution of franchising on sales volume and market share. Responses were gathered and are presented on fig 4.4 below.

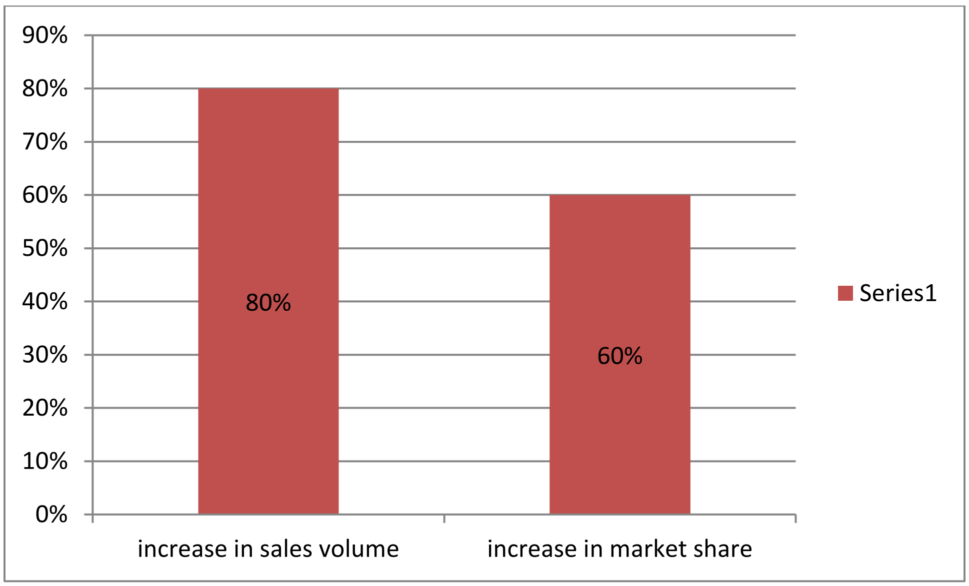

Fig 4.4 showing employees' responses on contribution of franchising on sales volume and market share increase.

As shown in fig 4.4 above 80% of the employees suggested that franchising has helped in increasing sales volume and 60% suggested that franchising also increased market share. The 80% who said sales increased through franchising were basing on the view that since franchisees have a greater financial risks, they will work extra hard to push volume and increase sales since it is the only way they can get return on investment and as a result sales for the whole franchise system will definitely increase. Indicated from interviews, the sales and marketing executive supported the above notion and stated that "*franchisees are independent business people who will earn a profit after a high sale volume thus the franchisee will work extra hard to increase sales volume which definitely will increase Dairibord sales volume*". 60% responses of employees based on the fact that franchisees penetrate new markets and serve new customers which enable the increase in market share. In an interview, the franchise manager supported the above respondents and suggested that "*franchising enables products to reach wider markets thus products are sold in various markets enabling Dairibord to recoup a higher sales volume as well as market share*".

4.4 The costs and benefits of franchising to Dairibord and the franchisees.

4.4.1The benefits of franchising

The research also aimed at finding out the benefits of franchising that Dairibord can encounter if it adopt the franchising strategy.

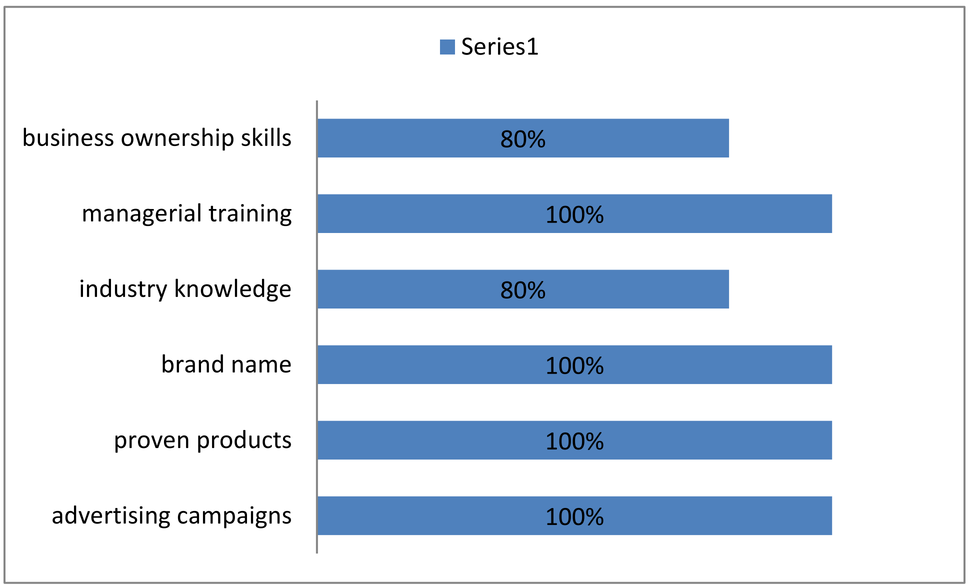

Fig 4.5 showing employees' response on benefits of franchising to the franchisee

The fig 4.5 above depicts that managerial training, brand name, proven products and advertising campaigns were considered by 100% of the employee respondents on each benefit to be some of the benefits a franchisee enjoys from the franchising strategy. On the other hand business ownership skills and industrial knowledge were suggested by 80% of the respondents on each benefit to be benefits franchisees enjoy in their operations. The 100% on managerial training was based on the view that Dairibord would provide managerial training to assist franchisees in running their day to day operations. They further explained that Dairibord provide field support, customer service and product handling trainings to the franchisees. Since Dairibord is a well established firm with a strong brand name, the 100% responses on brand name were based on this view. They explained that by trading under a strong brand name like Dairibord the franchisee would have a well established customer base with confidence in their operations. Further more, 50% of the customers strongly agreed, 31.25% agreed and 18.75% disagreed to the notion that a licensed firm to distribute Dairibord products would benefit from selling products and trading under a strong brand name. The 10% who disagreed to this notion were for the view that any bad publicity about Dairibord such as food contamination would definitely affect the operations of the franchisee hence a strong brand name is not a benefit. Dairibord has a first mover advantage on dairy milk products and the 100% responses based their view on this notion.

They further suggested that since Dairibord products are proven to be of high quality and original, the franchisees will have higher sales from customers who are loyal to Dairibord products. The franchisee would also enjoy a benefit from national and participate in local advertising and other marketing programs. Based on this view the 100% responses further illustrated that through marketing and engaging in advertising activities, the franchisees would raise awareness of the products which will enable them to increase sales volume. This is supported by 93.75 % of customer response who said yes the franchised outlet in their area is engaged in marketing and promotional activities and further suggested that that they enjoyed more benefits from price and quantity discounts offered by the outlet in their area. Further more, 75% of the customers strongly agreed while 25% agreed to the notion that a marketing programs, sales promotions and discounts offered by all Dairibord outlets are the same. 80% of the response suggested the benefit of business ownership skills.

Dairibord is liable to provide on -going operational support to the franchisee and managerial skills in areas of bookkeeping, VAT returns calculations and legal compliance. This is supported by the work of Lashley and Morrison (2003) cited in literature review when they postulated that the franchisor must offer support in areas such as bookkeeping, VAT returns and legal matters such as healthy and safety which leads to a smooth operation of the business. Lastly the 80% who pointed out the benefit of industrial knowledge were based on the fact that Dairibord is the leading dairy manufacturing, distribution and marketing firm in Zimbabwe and has the adequate industrial knowledge which it will provide to the franchisees. They stated that this industrial knowledge will help the franchisee to have know-how on competitors, key success factors and survival strategies in the dairy sector.

Benefits to the franchisor's results analysis

It was also the aim of this research to establish the benefits that the franchisor enjoys by employing the franchising strategy. Responses were gathered from the management using open-ended questions in interviews. Majority of the management indicated that Dairibord is enjoying both financial and non financial benefits from the franchising strategy. In an interview, the franchise manager highlighted business risk transfer as one of the benefits that Dairibord enjoys from franchising. The franchise manager stated that "*the company transfer business risk such as lower return on investment to the franchisee"*. Furthermore, the accounts manager pointed out that that the issue of scarcity of resources made the company to embark on franchising. The manager stated that "*with the current economic situation in the country the company is in a financial crisis position thus had to adopt the franchising distribution strategy so as to raise capital"*. The accounts manager further suggested that the franchisees do not only provide financial resources but also provide local market knowledge on competition, prices and customer complaints. The sales and marketing executive suggested that "*by employing franchising as a distribution strategy, Dairibord will gain revenue in form of royalties and use the managerial skills, personnel resources and networks of the franchisee to penetrate new geographic and remote markets thus enhancing firm competitiveness"*. The respondents further suggested that through the adoption of franchising, Dairibord resources can be devoted to other areas such as manufacturing, distribution and marketing

4.4.2 The Challenges of franchising

The research also aimed at establishing the challenges that Dairibord would incur by adopting the franchising strategy. Responses were collected from different respondents and are presented on table 4.4 below.

Table 4.4 Showing challenges to the franchisor

Challenge	**Number of respondents**
Loss of control	80%
Trade name infringement and misuse	20%
Loss of confidentiality	60%
Price differences	31%
Sub standard products	47%

Table 4.4 above reveals some of the challenges Dairibord would face from the franchising strategy. 80% of the respondents suggested that Dairibord can lose control by implementing franchising as a distribution channel. 20% of the respondents revealed that Dairibord is exposed to trade name infringement and misuse. 60% of the respondents suggested that the company may lose some confidential information through franchising. 31% also suggested that they had bought Dairibord products at different prices in different outlets. Lastly, 47% of the respondents revealed that they had bought sub standard products from the Dairibord outlet in Zvishavane. 80% of the employees who suggested that the company would lose control of the business through franchising were of the analysis that Dairibord would not manage the day to day activities of the franchisee thus would lose control of their financial transactions leading to delay in payment of orders. This was supported by the account clerk in an interview who suggested that "*at times franchisees can go up to 21 days with non-payment of the orders they would have taken ,of which they are suppose to pay within 14 days hence will at times leaves the company in a financial crisis"*. In an interview the franchise manager suggested that "*companies are at risks of trademark infringement by the franchisees since franchisees have a tendency of misusing the trade name in bad reputable issues which will jeopardize the operation of the company hence Dairibord takes strict supervision in how the franchisee uses the trade name and in matters that will affect the company's reputation".*

60% who suggested that franchisees may publish company confidential information company were of the view that franchisees may publish confidential information such as financial position, weakness of the company in which the competitors can take advantage of. In an interview, the franchise manager supported this challenge and stated that "*the franchisees can publish immoral and unethical acts of Dairibord to the public which will tarnish the image of the company*". The other challenge that Dairibord faces from the franchising strategy is that of price difference in Dairibord outlets. 31% of the customers suggested that at times they would purchase same products in different Dairibord outlets with different prices. This is a bigger challenge as it may lead to customers switching to competitor's products. In this study 47% of the customers illustrated that they bought sub-standard products from Dairibord Zvishavane outlet. Their view was based on the fact that some of the products were a day or two from the expiration date and it was unpleasant to resell the products to the final consumers. Some say the sub standard of the product was due to power cuts because the products were not frozen to the required standards. Further in the interviews the management revealed that franchising strategy and end up creating a local competitor and gave an example of Dendairy. The sales and marketing executive stated that "*Dendairy owners were the sole supplier of milk to Dairibord when the Kwekwe factory was still open however after the closure of the factory the supplier decided to open their own dairy company because of the information and experience they had gained from Dairibord'*. Thus the same situation can happen with franchisees after terminating the agreement the franchisee can decide to be a competitor of Dairibord because of the knowledge, experience and expertise they will have gained from working with Dairibord. The franchise manager also talked about tarnishing of image and stated that the company's image can be tarnished by failure of a single franchise outlet.

Challenges to the franchisee

Major costs faced by the franchisee

This research also aimed at establishing the costs that the franchisee faces in the franchise agreement. Responses were gathered a are presented below on fig 4.6

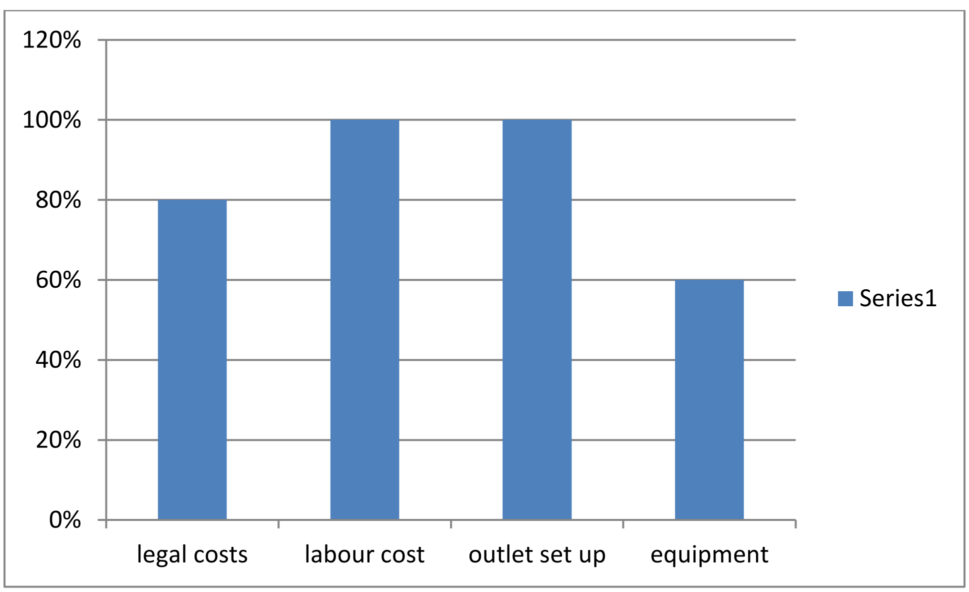

Fig 4.6 Showing challenges to the franchisee

The above fig 4.6 reveals that the biggest challenge a franchisee faces is on costs. 100% of the employees' response revealed that both labour and outlet set up costs are the biggest costs faced by a franchisee. They are followed by legal cost which was suggested by 80% of the employees' response and lastly is the cost on equipment which was suggested by 60% of the employees. The view of the 100% response that suggested that the franchisee is facing high labour cost was that, the franchisee hire their own employees including cleaners, sales reps, mangers even merchandisers hence the monthly salaries are too costly to the franchisee. Also 100% response suggested that the cost of setting up an outlet is extremely high. Their view was that franchisee has to pay rents, water and electricity bills and cost of designing the outlet to be appealing to customers hence the cost is much higher. 80% of the employees postulated that the legal costs paid by the franchisee are very high were of the view that the franchisee is supposed to pay VAT returns and other taxes. This was also supported by the work of Lashley and Morrison (2003) and Andrew et al (2008) cited in literature review who suggested that franchisees may be asked to pay payroll taxes and VAT returns. Finally 60% of the employees suggested that equipment is a high cost for the franchisee. Their view was that the franchisee is required to own blast freezers, trucks and computers to facilitate the operation of the distribution and selling business and these heavy industrial equipments are expensive to purchase as well as to repair and maintain. The higher costs of operating a franchisee was supported by the franchise manager when she suggested that Dairibord only incur costs of manufacturing and distributing the products, the rest (labour, advertising, water and electricity) are transferred to the franchisee. This was further supported by 30 customers who strongly agree and 34 customers who agreed that Dairibord would incur lower costs and financial risks by licensing someone to distribute their products on their behalf.

Table 4.5 Showing other challenges faced by franchisees

The research also focused on establishing other challenges besides high operational costs that the franchisee faces in the franchise agreement.

Challenge	**Number of respondents**
Limited freedom	**60%**
Limited product line	**80%**

Franchisor's bad publicity	**40%**

The above table 4.5 presents that 80% employee respondents suggested that franchisees will have limited product line if they undertake the franchising strategy, followed by 60% responses who stated that franchisees will have limited freedom and lastly 40% of the respondents who revealed that franchisees will suffer from the franchisor's bad publicity. The employees who suggested limited product line as a challenge were for the view that the franchisee is restricted to buy and sell only Dairibord products thus if an opportunity comes up in other product lines of competitors the franchisee is prohibited to venture into business with them thus reduces the chances for growth.

60% of the employees who suggested that franchisees had limited freedom based their argument on the view that Dairibord usually uses its legitimate power to interfere in financial statements of the franchisees thus the franchisee has limited freedom in deciding the payment dates for orders. Lastly 40% of the employees who suggested that the franchisee is prone to suffer from the franchisor's bad publicity such as food contamination were of the view that bad reputations of Dairibord will affect the operations of the franchisee. The employee also suggested that franchisor's are too reluctant to react to the ever changing economic and technological environment which affects the operations of a franchisee. They further illustrated that franchisees are vulnerable to the commercial performance of the franchisor. Dairibord financial performance will affect its production which in turn will affect the operations of distribution by the franchisees.

4.5 Distribution strategies that Dairibord can incorporate to improve its performance

It was also the researcher's objective to establish distribution strategies that Dairibord can incorporate to improve its performance. Response gathered is presented below on fig 4.7:

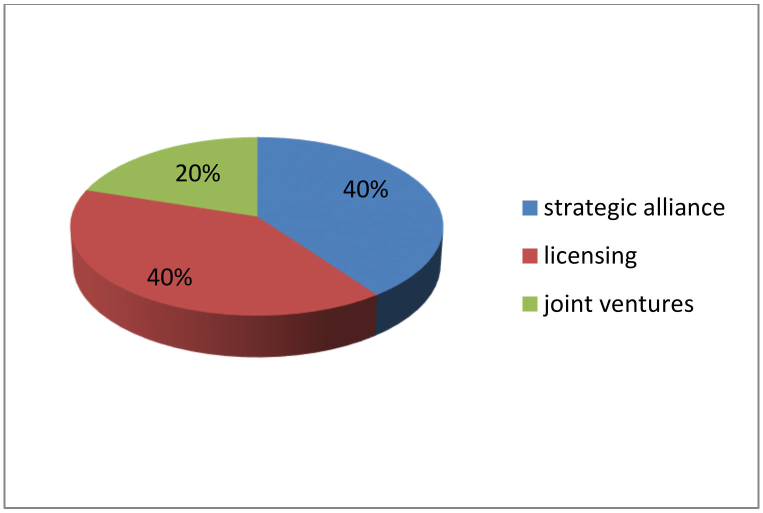

Fig 4.7 Presenting employee's response on forms of distribution

As shown in fig 4.7 above, licensing and strategic alliance were suggested as the most effective distribution channels for Dairibord to improve its performance with each strategy having 40% of the employees suggesting it. They are lastly followed by joint venture which had 20% of the employees suggesting for it. The 40% of the employees who suggested that licensing is an effective strategy for firm competitiveness established that the company can gain a lot of revenue from licensing fees and on-going royalties which will enable the firm to support other operational activities. They went on to explain that through licensing the firm can will be returning control and protecting the brand name or original creation from unauthorized uses. Strategic alliance was viewed as an effective distribution strategy by the other 40% of the employees with the view that strategic alliance will enable the firm to expand to new geographic markets. They explained that the firm can venture into international markets at a lower investment cost thus expanding its distribution outlets with will in turn increase sales and profitability. The view of the 20% employees who suggested that joint venture is an effective strategy for firm competitiveness was on marketing efforts. Their explanation was that, through joint ventures a firm may perform all its activities in a effective manner by taking advantage of each firm's strengths and the knowledge, expertise and financial support from the other partner.

Customers response on forms of distribution

The research aimed at establishing the forms of distribution that Dairibord would incorporate to improve its performance. The responses were collected and are presented on Table 4.6 below:

Table 4.6 Showing customer's response on forms of distribution

Distribution form	Number of responses
Licensing	78%
Franchising	63%
Joint ventures	70%
Strategic alliance	47%

Table 4.6 above shows that 78% of the responses from customers suggested that licensing is an effective distribution channel for Dairibord. They were followed by 63% responses who suggested franchising, followed by 63% of the responses suggesting joint ventures and lastly 47% of the responses suggesting strategic alliance as a distribution strategy that can help the company improve its performance. Most of the customers gave multiple suggestions on which distribution channels Dairibord can incorporate. The 63% of the responses who suggested franchising as an effective strategy for firm competitiveness were based on the view that through franchising the firm would access new geographical and remote markets that it could have never reached using its own investment. They further expressed the view that franchising would benefit the company not only on financial aspects but with local market knowledge which will enable it to make the right decisions for a particular market and product line. The 78% of the respondents who suggested licensing were based on the fact that licensing enables a firm to market and sell its products through others. They further claimed that sales and marketing is the soul of companies such as Dairibord hence the efforts that will be made by the licensee to market and sale the products would positively affect its sales volume, market share, product availability and brand awareness.

Within the respondents, 70% of the respondents that suggested Dairibord to distribute through joint venture revealed that Dairibord would gain specialized expertise and resources, including research and development, technology, business growth and profitability. They further illustrated that the partners in a joint venture would share risks and costs which will be an advantage for Dairibord to distribute its products through this channel. Lastly, 47% of the respondents who depicted that Dairibord can use strategic alliances to distribute its products based their view on strategic alliance being a strategy that allows a distribution network to grow in a more rapid manner. This view is supported by Soares (2007) cited in literature review when the author postulated that in a strategic alliance partners will share risks and resources which will enable them to offset their market coverage. Findings from interviews are also in agreement with results from questionnaires in that licensing is an effective distribution strategy for Dairibord, the company's sales and marketing executive suggested that "licensing helps the company in raising awareness of its corporate brand, reduces in-house costs and transfer duties and responsibilities such as transporting, selling, bulk-breaking, product handling, warehousing, inventory control and order processing and gathering marketing information to the licensee thus enabling Dairibord management to give more attention on other major issues affecting the company".

Summary

Description, interpretation and analysis of major findings were done in both qualitative and quantitative terms. Analysis showed the following finding:

- 80% employee respondents agreed with the management that franchising has increase sales volume for Dairibord and 60% of the respondents agreed with the management that franchising has improved market share
- 84% of the customers agreed with the employees that franchising is a distribution strategy that enhances product availability and 80% of the employees agreed with the management that franchising is improving market coverage for Dairibord.
- The 100% response on high operational cost and 80% response on limited product line shows that these are the major challenges that the franchisees faces. The franchisor faces loss of control and confidentiality as indicated by the 80% and 60% responses respectively. As indicated by a 100% response rate by management the major benefit of franchising to Dairibord is that of access to scarce capital. The major benefits of franchising to the franchisee are using proven products, brand name, advertising and marketing campaigns as indicated by the 100% response rate of employees.
- 78% of the customers agreed with the employees that Dairibord can also use licensing as a distribution strategy and 40% of the employees agreed with the employees that strategic alliances can also be used as a form of distribution to improve competitiveness.

The following chapter focuses on summary, conclusions and recommendations.

CHAPTER FIVE

SUMMARY, CONCLUSSIONS AND RECOMMENDATIONS

5.0 Summary

The main focus of this research was to evaluate if franchising is an effective strategy for Dairibord to improve its competitiveness. This research was motivated by the challenges that Dairibord is facing which include decrease in market share and sales volume, stiff competition and high operational cost. Based on the above problems the main purpose for research was to determine the contribution of franchising in enhancing product availability and market coverage, establish the contribution of franchising on sales volume and market share, evaluate the costs and benefits of the franchising strategy and to determine if Dairibord can incorporate other forms of distribution to improve its performance. The literature review focused on evaluating the opinions, concepts and arguments of various authors whose previous researches were similar to the one under study. The researcher used Dairibord internal sales and financial reports, published books, articles and journals. On methodology the researcher used both descriptive and exploratory research designs. The researcher collected data from primary and secondary data. The target population for this research was 100 respondents and the sample size being 80. The respondents included customers, employees and management. The researcher used questionnaires and interviews as tools for collecting data. The following findings were produced:

- 80% employee respondents agreed with the management that franchising has increase sales volume for Dairibord and 60% of the respondents agreed with the management that franchising has improved market share.
- 84% of the customers agreed with the employees that franchising is a distribution strategy that enhances product availability and 80% of the employees agreed with the management that franchising is improving market coverage for Dairibord.
- The 100% response on high operational cost and 80% response on limited product line shows that these are the major challenges that the franchisees faces. The franchisor faces loss of control and confidentiality as indicated by the 80% and 60% responses respectively. As indicated by a 100% response rate by management the major benefit of franchising to Dairibord is that of access to scarce capital. The major benefits of

franchising to the franchisee are using proven products, brand name, advertising and marketing campaigns as indicated by the 100% response rate of employees.

- 78% of the customers agreed with the employees that Dairibord can also use licensing as a distribution strategy and 40% of the employees agreed with the employees that strategic alliances can also be used as a form of distribution to improve competitiveness.

5.1 Conclusions

Research findings above have allowed the researcher to make the following conclusions:

5.1.1 The contribution of franchising on sales volume and market share

Basing on the findings that 80% of the employees revealed that franchising is a strategy that is helping Dairibord to increase its sales volume and 60% of the respondents indicated that franchising helps in increasing market share. The researcher has come to a conclusion that franchising is the valuable strategy that Dairibord can use to increase its sale volume and market share.

5.1.2 Contribution of product distribution and trademark franchising in enhancing product availability and market coverage

As revealed by an 84% response rate from customers that franchising is enhancing product availability and an 80% response rate from the employees that franchising is also improving market coverage, the researcher can therefore conclude that franchising is an effective distribution channel that boosts product availability and market coverage.

The benefits of business format franchising

As indicated by a 100% response rate by management the major benefit of franchising to Dairibord is that of access to scarce capital. The major benefits of franchising to the franchisee are using proven products, brand name, advertising and marketing campaigns as indicated by the 100% response rate of employees. This research can therefore conclude that, by employing the franchising strategy both the franchisee and the franchisor can enjoy the above mentioned benefits.

5.1.4 The challenges of franchising

The 100% response on high operational cost and 80% response on limited product line shows that these are the major challenges that the franchisees faces. The franchisor faces loss of control and confidentiality as indicated by the 80% and 60% responses respectively. Therefore the study can conclude that high operational costs and limited product line are the major challenges a franchisee face while loss of control and confidentiality are the major challenges a franchisor faces.

Other forms of distribution that Dairibord can incorporate to improve performance

This research found out that 78% of the customers agreed with the employees that Dairibord can also use licensing as a distribution strategy and 40% of the employees agreed with the employees that strategic alliances can also be used as a form of distribution to improve competitiveness. The study can therefore come to a conclusion that licensing and strategic alliances are the forms of distribution that Dairibord can incorporate to improve its performance.

5.2 Recommendations

- Dairibord should venture into strategic alliances and joint venture so as to make use of other business's resources to achieve its objective. This recommendation is made for Dairibord in times of shortages of resources not only financial but knowledge, experience and expertise in the distribution area to improve its competiveness.
- Dairibord should increase the number of franchised outlets by lowering the franchisee fee and royalties so as to improve their market coverage.
- Apart from Malawi, Dairibord should increase the number of countries in which they do foreign direct investments so as to improve its performance.
- Dairibord should take the franchising distribution strategy to global markets hence introducing international franchising which enables the firm's growth.
- The firm should have a collaboration of franchising and intensive distribution so as to improve performance in the market.
- Dairibord should pay close supervision on the use of trade name by franchisees since literature has revealed that franchisees if not monitored may end up infringing or misusing Dairibord trade name.

Further research

This research focused on evaluating franchising as an effective strategy for firm competitiveness in the dairy sector of Zimbabwe. Further research is therefore recommended on supply chain management as a strategy for improving firm competitiveness which was not covered by this research.

Appendix 1

Questionnaires for customers

I am a fourth year Marketing Management student at Midlands State University. I am conducting a research to find out <u>if franchising is a effective strategy for firm competitiveness</u> at Dairibord Zimbabwe Private Limited and it is in partial fulfillment of my degree studies.- Your views are of valuable input to the successful completion of this study.

NB: Confidentiality is guaranteed as a safeguard for your participation and please do not write your name.

Instructions:

You are kindly asked to tick in the box next to your chosen answer. Where spaces are provided please provide your responses by filling in the spaces.

1. State your gender
   a) Male ☐
   b) Female ☐
2. Indicate your age
   a) 20-29 ☐
   b) 30-40 ☐
   c) 41 and above ☐
3. Indicate the dairy companies you purchase your products from

   a) Dairibord ☐
   b) Dendairy ☐
   c) Alfa n' Omega ☐
   d) Nestle ☐
   e) Lyons ☐
   f) Kefalos ☐

   Other , specify…………………………………………………………………………

4. Indicate the type of customer you are

   a) Wholesalers ☐
   b) Retailer ☐
   c) School ☐
   d) Hospital ☐
   e) Company ☐

5. For how long have you been a customer for Dairibord?

   a) Less than 2 years ☐
   b) 3-4 years ☐
   c) 5 years and above ☐

6. What type of products have you been buying from Dairibord?

   a) Liquid milk ☐
   b) Ice creams ☐
   c) Beverages ☐

7. Have you ever experienced product shortages from the year 2011 going backwards?

   a) Yes ☐
   b) No ☐

   If yes, suggest reasons for non availability of such products

   ………………………………………………………………………………………………
   ………………………………………………………………………………………………
   ………………………………………………………………………………………………

8. would you say for the pat two years, product availability has improved in the market

   a) Yes ☐
   b) No ☐

   If no, which of the following reasons might have caused the non improvement of product availability?

   a) Product shortage ☐
   b) power cut ☐

c) high transport cost ☐

Other specify……………………………………………………………………………..

9) Have you ever bought any substandard products from the Dairibord outlet in your area?
   a) Yes ☐
   b) No ☐

If yes, which outlet did you buy the product?

……………………………………………………………………………………………

10) Have you ever had a challenge on prices, where the prices of the same products are different in 2 or more Dairibord outlets?
   a) Yes ☐
   b) No ☐

If yes, state the price, product and outlet from which you bought

……………………………………………………………………………………………

11) Have you ever benefited from Dairibord discounts and payment schemes?
   a) Yes ☐
   b) No ☐

If your answer is yes, indicate the ways in which you benefited

   a) Price discounts ☐
   b) Quantity discounts ☐
   c) Sweep stack ☐
   d) Other, specify…………………………………………………………….

12) Does the Dairibord outlet in your area engage in marketing and promotional activities?
   a) Yes ☐
   b) No ☐

If yes, indicate the promotional activities they are engaged in

a) Sales promotion ☐
b) Product testing ☐
c) New product launch ☐
d) Other, specify…………………………………………………………………

13) Are you experiencing an increase in sales volume on Dairibord products?
   a) Yes ☐
   b) No ☐

If your answer is yes, indicate the reasons that might have caused the increase in sales volume

a) Increase in distribution ☐
b) low prices ☐
c) promotional activities ☐

Other, specify………………………………………………………………………….

14) Which of the following forms of distribution do you think Dairibord can incorporate to improve its performance?
   a) Licensing ☐
   b) strategic alliance ☐
   c) Joint venture ☐
   d) Franchising ☐
   e) Other, specify……………………………………………………………

15) In your opinion what other distribution strategies can Dairibord embark on to improve its performance?

………………………………………………………………………………………

………………………………………………………………………………………

……………………………………………………………………………………………

Please indicate your opinion on the following using a 5 point likert scale where;

SA-strongly agree A-agree N-neutral D-disagree SD-strongly disagree

	SA	A	N	D	SD
a) Dairibord products can be more available in the market if they can license other people to open outlets and distribute their products on their behalf					
b)Dairibord will access more remote markets and increasing its market coverage by licensing someone to trade in their name.					
c) Dairibord will incur low costs and risks by licensing someone to distribute their products on their behalf					
d)A licensed firm to distribute Dairibord products will have a benefit of selling products with strong brands					
e)Product quality and prices of all Dairibord products are the same despite which outlet you purchase them from					
f) Marketing programs, sales promotions and discounts performed by Dairibord are the same in all outlets					
g) By licensing someone to trade on their behalf Dairibord will increase its sales volume and market share					
h) Dairibord can improve its performance if other forms of distribution such as licensing are incorporated					

Appendix 2

Questionnaires for employees

I am a fourth year Marketing Management student at Midlands State University. I am conducting a research to find out if franchising is a effective strategy for firm competitiveness at Dairibord Zimbabwe Private Limited and it is in partial fulfillment of my degree studies. Your views are of valuable input to the successful completion of this study.

NB: Confidentiality is guaranteed as a safeguard for your participation and please do not write your name.

Instructions:

You are kindly asked to tick in the box next to your chosen answer. Where spaces are provided please provide your responses by filling in the spaces.

1) State your gender
    a) Male ☐
    b) female ☐

2) Indicate your age
    a) 20-29 ☐
    b) 26-30 ☐
    c) 31 and above ☐

3) When did you obtain the franchising license?

    ……………………………………………………………………………………………

4) For how long have you been working for the Dairibord franchisee?
    a) Less 1 year ☐
    b) 2-4 years ☐
    c) 5 -9 years ☐
    d) 10 years and above ☐

5) Has franchising improved product availability in the market?

a) Yes ☐

b) No ☐

If your answer is yes, which of the following reasons might have caused the improvement?

a) Franchised outlets ☐

b) low distribution cost ☐

c) increase in production ☐

d) Other, specify…………………………………………………………………………

6) Since you started operating the franchise, has the market coverage improved?

a) Yes ☐

b) No ☐

If your answer is yes, which of the following might have contributed to the improvement?

a) Franchising ☐

b) Opening of company owned outlets ☐

c) Other, specify…………………………………………………………………………

7) Which of the following do you think are the advantages enjoyed by the franchisee?

a) Dairibord advertising campaigns ☐

b) proven products and business format ☐

c) Brand name appeal ☐

d) industry knowledge ☐

e) managerial training ☐

f) Business ownership skills ☐

d) Other, specify………………………………………………………………………

8) Which of the following challenges are being faced by the franchisee in distributing the products?

a) Limited freedom ☐

b) limited product line ☐

c) high operational costs ☐

d) Franchisor's bad publicity ☐

e) Other specify……………………………………………………………………

9) Which of the following benefits do you think Dairibord is enjoying from franchising strategy?

a) Increase in sales ☐
b) Increase in market share ☐
c) Product availability ☐
d) Market coverage ☐

Other, specify…………………………………………………………………………

10) Which of the following challenges do you think Dairibord is facing from the franchising strategy

a) Loss of control ☐
b) Trademark infringement ☐
c) Loss of confidentiality ☐

Other, specify…………………………………………………………………

11) Which of the following costs are being transfer to the franchisee

a) Legal costs ☐
b) labour cost ☐
c) outlet set up cost ☐
d) equipment ☐

Other, specify………………………………………………………………...

12) Which of the following forms of distribution can Dairibord incorporate to improve its performance?

a) Licensing ☐
b) Strategic alliance ☐
c) Joint venture ☐

Other, specify

…………………………………………………………………………………………………

…………………………………………………………………………………………………

13) In your opinion, what other distribution strategies can Dairibord embark on to improve performance?

…………………………………………………………………………………………………

…………………………………………………………………………………………………

Please indicate your opinion on the following using a 5 point likert scale where SA-strongly agree A-agree N-neutral D-disagree SD-strongly disagree

	SA	A	N	D	SD
a) Product availability has improved since the inception of the franchising strategy					
b) Through franchising, Dairibord has penetrated remote markets thus improving market coverage					
c)The training programme done by the franchisor to the franchisee is of greater importance on how to run and manage the business					
d) A franchisee enjoys the benefits from strongly built brands and goodwill by the franchisor					
e) The operational costs for a franchisee are very high					
f)Franchising is increasing Dairibord sales volume as well as market share					
g) Dairibord incurs lower costs of expansion through franchising					
h)If other forms of distribution such as licensing are incorporated, Dairibord can improve its performance					

Appendix 3

An interview guide for Dairibord management

1. How long have you been working on a managerial position in this company?
2. How would you describe the position of Dairibord in the dairy manufacturing sector?
3. When did Dairibord start the franchising?
4. What motivated the company to embark on franchising strategy as a tool to improve performance?
5. What are the forms of franchising being employed by the company to improve its performance?
6. Has product distribution and trademark franchising improved product availability?
7. Has the company realized any increase in market coverage through franchising?
8. How would you evaluate the franchising strategy in relation to growth of sales volume and market share?
9. Are there any benefits Dairibord will enjoy from employing business format franchising?
10. What are of the risks that the company is exposed to through the implementation of business format franchising?
11. Are there any other distribution forms that the company can incorporate to improve its performance?
12. In your opinion what other distribution strategies can Dairibord employ to improve its performance?

REFERENCE LIST

Alon, I (2001) **The use of franchising by US based retailers**, Journal of small business management vol 39, page 111-122

Alon, I, D, R and Gilbert, J, P (2004) **The impact of franchising on the results of equity chains in the restaurant sector, processing of the activities**, International society of franchising conference, Les Vegas.

Aliouche, H, E and Schlentrich, U (2004) **Does franchising create value? An analysis of the financial performance of US public restaurant firm.**

Andrew, C. S, Gipson, R.C and Parker, A. B (2008) **Introduction to franchising**, 3rd edition, Minnesota department of employment and development.

Barringer, B. R and Ireland, R. D (2008) **Entrepreneurship: Successfully launching new ventures**, 2nd edition, Pearson Prentice Hall, USA.

Barringer, Bruce R. Ireland, Duance R (2010), **Entrepreneurship, successfully launching new ventures,** Pearson Education, Inc USA.

Barone, M. J and DeCarlo, T. E (2003) **Emerging forms of competitive advantage: Implications for agricultural products**, Middle West agricultural business trade research and information centre, research paper 03-MRP-5.

Bennett, Julie - Babcock, Cheryl (2008), **Franchise Times, Guide to Selecting, Buying & Owning a Franchise**, Sterling Publishing Co., Inc, New York.

Beshel, B (2010) **An introduction to franchising**, IFA Foundation, Washington

Biggs, P (2006) **Managing cultural differences in alliances**

Blythe, J (2005) **Essentials of Marketing**, 3rd edition, Pearson education limited, England.

Bougie.R and Sekaran U (2013), **Research methods for business**, 6th edition, John Wiley and Sons Limited, UK.

Boyd (2004); **Marketing Research,** 2nd edition, Mason: Thomson South-Western.

Castrogiovanni, G.J., Combs, J.G. and Justis, R.T. (2006) **Resource scarcity and agency theory predictions concerning the continued use of franchising in multi-outlet networks**, Journal of Small Business Management, Vol. 44 No. 1, pp. 27-44.

Chaudhey, M. and Fadairo, M. (2008) **Contractual design as a determinant of performance: Evidence from franchising**, International Journal of the Economics of Business, Vol. 15 No. 1, pp. 117-127.

Chee and Harris, (1995), **Marketing –A Global Perspective** 3rd Edition British Library, UK

Churchill (2007) **Basic Marketing Research,** 6th edition. Mason: Thomson South-Western

Cole, E. M. S (2008) **Strategies for competitive advantage**, Department of agriculture and applied economics, University of Wyoming.

Combs, J. G and Ketchen, D. J. (1999) **Can capital scarcity help agency theory explain franchising? A test of the capital scarcity hypothesis.** Academy of Management Journal, 42(2), 196–207.

Combs, J. G. ad Perryman, A. A (2012) **Who should own it? An agency-based explanation for multi-outlet ownership and co-location in plural form franchising**. Strategic Management Journal, 33(4), 368_386. doi:10.1002/smj.1947

Combs, J. G., and Castrogiovanni, G. J. (1994) **Franchisor Strategy: A Proposed Model and empirical Test of Franchise vs. Company Ownership**. Journal of Small Business management, April, 37-48.

Combs, J. G., Michael, S. C. and Castrogiovanni, G. J., 2004, **Franchising: A Review and Avenues to Greater Theoretical Diversity**, Journal of Management 30, 907 – 931.

Cooper, D, R (2007) **Business Research Methods**, 8th Edition, Tata McGraw Hill, New Delhi.

Coughlan, A, T, Anderson, E, Stern, L. W and Ansary, A. I (2001) **Marketing channels**, 6th edition, prentice hall, Eaglewood Cliffs NJ.

Coyle, J. C, Bardi, E.J and Langley, C. J (2003) **The management of business logistics: A supply chain perspective**, Thompson Learning, South-Western.

Dant, R. and Kaufmann, P. (2003), **Structural and strategic dynamics in franchising**, Journal of Retailing, Vol. 79, pp. 63-75.

Denzin, N and Lincolyn (2002) **The Quantitative Inquiry**, Sage Publishers, New Delhi, India

Dickie, T. S. (1992), **Franchising in the America: The Development of a Business Method**, 1840 – 1980. Chapel Hill NC: University of North Carolina Press.

Doherty, A. and Alexander, N. (2006) **Power and control in international retail franchising**, European Journal of Marketing, Vol. 40 No. 11/12, pp. 1292-1316.

Doherty, A. and Quinn, B. (1999) **International retail franchising: an agency theory perspective**, International Journal of Retail & Distribution Management, Vol. 27 No. 6, pp. 224-236.

Douma, M. U (1997) **Strategic alliance: fit or failure**, PhD Thesis, university of Twente, Netherlands.

Dussage, P, Garrette, B (1995) **Determinants of success in internal strategic alliance: evidence from the global aerospace industry**, Journal of international business studies.

Elango, B. and Fried, V.H. (1997) **Franchising research: a literature review and synthesis**, Journal of Small Business Management, Vol. 35 No. 3, pp. 68-81.

Guan, W (2010) **Developments in distribution channels**: A case study of a Timber product distribution channel, University of Linkoping.

Hair et al, (2003), **Marketing Research**, 2nd Edition, Prentice Hall, USA.

Hill, C. W. L and Jones, G. R (2007) **Strategic management theory**: An integrated approach, 7th edition, Boston.

Hill, A. V (2010) **The encyclopedia of operations management; A field manual and encyclopedia glossary of operations management terms and concepts**, Clamshell Beach Press.

Holmes and Lofstrom (2003) **The advantages and disadvantage of franchising.**

Holmberg, S. R and Cumming, J. L (2009) **Building successful strategic alliance: strategic process and analytical tool for selecting partner industries and firms**, Elsevier limited.

Inma, C (2005) **Purposeful franchising ;Re-thinking of the franchising rationale**, Singapore Management Review, vol 27, number 1,page 27-48

Jonathan Maze (2013) **Top 200 franchises**, franchising Times

Kajornboon, T (2002) **Statistical Techniques for Social and Management Science**, Amftop books, Lagos, Nigeria

Keup, Erwin J. (2007) **Franchise Bible, how to buy a franchise or franchise your own business,** CWL Publishing Enterprises, Inc, USA

Kidwell, R., Nygaard, A. and Silkoset, R. (2007) **Antecedents and effects of free riding in the Franchisor-franchisee relationship**, Journal of Business Venturing, Vol. 22 No. 4, pp. 522-544.

Kleiner, B, H and Luangsuvimol, T (2004) **Effective Franchising Management, Management Research News**, vol 27 number 415 pp 63-71

Krejcie, R. V and Morgan, D. W (1970) **Determining sample size for research activities**.

Kotler, P (2000), **Principles of Marketing**, 8th Edition, Prentice Hall, New Jersey.

Kotler, P (2002), **Marketing Management**, 11th Edition, Eastern Economy Edition, Prentice Hall of India.

Kotler, P, Wang, V, Saunders, J and Armstrong, G (2006) **Principles of Marketing**, Prentice Hall, New Jersey.

Kumar, R. (2005) **Research Methodology: A step by step guide for Beginners**, 2nd Edition, Sage Publications, London.

Lafontaine, F., & Kaufmann, P. J. (1994) **The evolution of ownership patterns in franchise Systems; Journal of Retailing**, 70(2), 97–113.

Lafontaine, F and Blair, R. D (2005) **The Economics of Franchising. Cambridge**: Cambridge University Press.

Lafontaine, F and Shaw, K. N (2005) **Targeting Managerial Control: Evidence from Franchising**, RAND Journal of Economics 36: 131-150.

Lashley, C and Morrison, A (2003) **Franchising in Hospitality Services**, Butterworth-Heinemann, New York.

Malhotra, N, K, (1999), **Marketing Research, An Applied Orientation**, 3rd edition, Prentice Hall, New Jersey

Michael, S. C. (2003) **Determinants of the rate of franchising among nations: Management International Review**, 43(3), 267–290.

Michael, S. C., & Combs, J. G. (2008). **Entrepreneurial failure: The case of franchisees**, Journal of Small Business Management, 46(1), 73–90.

Michael, S. C. 2002. **Can a Franchise Chain Coordinate?** Journal of Business Venturing, 17, 325-341.

Mockler, R. J (1999) **Multinational strategic alliances**, Wiley.

Moore, C. Femie, J. and Femie, S. (2008) **Principles of Retailing**, Linacre House, Jordan Hill, UK.

Murphy, K.B (2006) **The franchise Handbook: A complete guide to all aspects of buying, selling or investing in a franchise**, Atlanta Publishing Group, USA

Murray, I (2004) **How to choose a franchise**. Express newspapers, UK

Oslen, M.D, West, J and Tse, E. C. Y (2008) **Strategic Management in the Hospitality Industry**, 3rd edition, Prentice Hall, New York.

Ostrow, R (2009) **The Fairchild dictionary of retailing**, 2nd edition, Fairchild Book. Inc, New York.

Pacock, J. B, Liu, L. V and Kim, M. K (1997) **Impact of management approach on project interaction and performance**, Journal of operations and production management, vol 19(7) pp 650-73.

Pandit, A. Levy, M. and Wietz, A, B. (2008) **Retail Management**, McGraw Hill Publishing Company, New Delhi.

Pellicelli, A. C (2003) **Strategic alliances, EADI workshop, "clusters and global value chains in the north and the 3rd world**, University of Piemonte, Italy.

Pizanti, I. and Lerner, M. (2003) **Examining control and autonomy in the franchisor-franchisee relationship**, International Small Business Journal, Vol. 21 No. 2, pp. 131-157.

Pride, W.R, and Ferrell, O.C (2000) **Marketing**, Boston: Houghton Mifflin Company

Porter, M (2009) **what is strategy**, Harvard Business Review, number 4134

Porter, M. E (1990) **Competitive advantages of nations**, The Free press, New York.

Price Waterhouse Coopers (2004) **Economic impact of franchised business**: a study for the international franchise association educational foundation.

Punch, (1998); **A Paradigm for Developing Better Measures of Marketing Constructs,** J. Mark. Rest.

Quinn, B (1999) **Control of support in an international franchise network**, international marketing review 16 pp 345-362.

Rosenbloom, B (2004) **Marketing Channels; A management view**, 7th edition, South-Western, Cengage Learning Canada.

Seid, M. H and Associates, (2009) **Strategic Advice and Guidance; Based on Real World Experience, Elements of successful franchising.**

Scarborough, M.N, Wilson, L.D and Zimmerer, W. T (2009) **Effective Small Business Management**, 9th edition, Pearson Education, Inc, USA.

Sen, K. (1998) **The use of franchising as a growth strategy by US restaurant franchisors**, Journal of Consumer Marketing, Vol. 15 No. 4, pp. 397-407.

Soares, B (2007) **The use of strategic alliance as an instrument for rapid growth, by New Zealand based quested companies**, United New Zealand School of business dissertations and thesis.

Sorenson, O and Sorenson, J (2001) **Finding the right franchising, organizational learning and chain performance**, Strategic Management Journal, vol 22,number 6, page 713-724

Stocks, D and Wilson (2010) **Small Business Management and Entrepreneurs**, Cengage Learning EMEA, Canada.

Stout, D and Beaucaire, J (2005) **Strategic alliances and partnership: a way to gain access to new markets and opportunities.**

Tuunam, A. N and Alon (2005) **The international business environments of franchising in Russia**, Academy of marketing science, review 5, 1-18

Wagner, B. A, Macbeth, D. K and Boddy, D (2002) **Improving supply chain management: An integrated manufacturing system**, vol 2(1) pp 12-15.

Watson, A, Stanworth, J, Healeas, S, Purdyb and Stanworth, C (2005) **Retail franchising; An Intellectual Capital Perspective, Journal of Retailing and Consumer Services**, Vol 12 page 25-34

Yi-Wei (2007) **Factors influencing the success of virtual cooperation within Dutch-Chinese strategic alliances**, Doctoral dissertation, University of Twente

Yoshin, M. Y, Rangan, U. S (1995) **Strategic alliances: an entrepreneurial approach to globalization**, Harvard business school press, Boston.

Zikmund W.G (2000), **Business research methods,** 6th Edition, Harcourt Publishers

http://www.piperpat.com accessed on September 14 2014

http://www.franchise.org/faq aspx (2014) accessed on September 14 2014

http://www.bgateway.com/graw-improve/joint venture and partnering/#page-1354 (2011) accessed on September 14 2014.

http://www.wikinvest.com/concept/franchising (2012) accessed on September 14 2014.

http://www.dairibord.co.zw (2014) accessed on 15 September 2014

http://www.montana.edu (2014) accessed on 14 September 2014

http://www.nolo.com/legal-encyclopedia/what-joint-venture,html, Aponte, A (2014) accessed on 15 September 2014

http://www.infoentrepreneurs.org/en/guides/joint-venture and partnering, (2009) accessed on 13 September 2014

Hsbc.co.uk/franchise: HSBC Bank Business (2010), UK (accessed on September 14 2014)