



Exploring the adoption of franchising as a business growth strategy in the automotive industry in Zimbabwe.

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ABSTRACT

The study explored the adoption of franchising as a business growth strategy in the automotive industry in Zimbabwe. The study sought to establish the effects of franchising as a business growth strategy in the automotive industry. The study was guided by the resource based theory and interaction model. The research applied a mixed research methodology which was based on the pragmatism philosophy. A sample of 55 Car dealership respondents from Harare, Bulawayo, Gweru and Hwange were used to carry out the research. Data was gathered using questionnaires and interviews. The research established that there is marginal growth realized by Franchisees as a result of adoption of franchising. The study recommended that Car Dealers should be motivated by franchisor support instead of brand power as the antecedent factor in deciding whether to adopt a franchise.

1. INTRODUCTION

The survival of businesses in today's highly competitive and volatile market will depend on the strategies that entrepreneurs implement (Barringer and Ireland, 2010). One of the crucial attributes for new business owners is, to have the knowledge and skills to start and successfully manage a business. However, research has shown that the life span for new business entrants in the market are short lived (Calantone, Yeniyurt, Townsend and Schmidt, 2010). The main causes for the failures of small business enterprises are the lack of capital,

deficient managerial skills, a bad decision-making culture and lack of experience on the part of the entrepreneur (Smit, 2007). During the first step of their entrepreneurial venture, entrepreneurs appear limited regarding the requirements for their business career where they set their priorities according to their intentions and interests without focusing on what is actually needed in the market (Konstantopoulos, Tomaras and Zondiros, 2007). Barringer and Ireland, (2010) argue that growing a business can maintain and secure competitive advantage for an organisation but growing without a coherent plan and budget can also undermine the fundamental strengths of the same business. In emerging economies, franchising has not yet reached its saturation level, which is surprising because the three factors relevant for the franchise sales growth on a macro level undercapitalized businesses, high unemployment level, and scarcity of consumer products are present.

Franchising has been hyped as a powerful economic engine which has played an important role in business growth and expansion for nearly half a century (Roh and Yoon, 2009). In developed economies, the franchise business system has been perceived as a fast-developing segment and one of the most adopted growth strategies particularly in the retail sector. Policy makers in emerging markets have observed the economic contributions of franchising in the developed markets and have sought for ways to develop and copy this form of business for their benefit. However, while franchising has been used in developed markets as a tool for economic development and greater global integration, Seid (2019: 4) posits that “its effects as a growth strategy have not been adequately examined in emerging and underdeveloped economies.”

2. BACKGROUND TO THE STUDY

The Zimbabwe automotive industry sector is a very important sector in the economic development of Zimbabwe and plays a pivotal role in the national strategy for industrialisation of the economy. According to the United Nations Industrial Development Organisation (UNIDO, 2010), the Zimbabwean government looks to the sector to provide:

- 1) the much-needed additional investment that will create increased capacities and jobs,
- 2) Sustainable transport infrastructure and
- 3) Services and industrial development.

Government is now looking at ways of supporting the local motor industry through appropriate measures such as tariff protection, indeed that is the importance the Government attaches to and the confidence it has in the sector. Mbayiwa (2010) postulates that the country's automotive industry history sector goes back some 35 years when British Motor

Corporation (formerly Leyland Zimbabwe (Pvt) Ltd and now Quest Motor Corporation (Pvt) Ltd), (MC), was founded in Umtali (now Mutare). Since then the sector has been undergoing a great deal of metamorphosis. In an archived publication, the Motor Traders Association of Zimbabwe (MTAZ, 1996) says the first such transformation was during the Unilateral Declaration of Independence (UDI) era when the country was put under economic embargo for unilaterally declaring independence from Britain in 1965. Government policy then was to look inwards for all forms of development with the ultimate goal of achieving self-sufficiency. The automotive industry sector was no exception to this rule as all but one vehicle assembly plant and most of the vehicle component and material manufacturers supplying the sector today came into being then. It was not until 1986 that a new government policy to replace the UDI policy was put in place. The Vertically Integrated Companies (VIC) policy was aimed at rationalising and standardising the makes and models of vehicles assembled locally in order for the country to reap maximum benefit from the scarce foreign exchange.

Based on the classification provided below, the development stage of Zimbabwe's automotive industry sector would be considered as phase One - those sectors that imported components and materials and have simple assembly activities, phase two - those sectors characterised by access to the market by expanded manufacture with local content rules and phase three those sectors characterised by an export available at the time (Motor Traders Association of Zimbabwe (MTAZ, 2015).

Since January 1994, due to trade liberalisation and other open market policies introduced as part of the Export Revolving Policy (ERP), foreign exchange had become more readily available rendering the VIC policy unnecessary. Although no new policy had been officially announced by the government to replace the VIC policy the latter had since been revoked. The present state of affairs was such that any company using its own foreign exchange resources or the ERS facility was free to set up an assembly plant in Zimbabwe provided the project was approved by Zimbabwe Investment Centre (ZIC).

In the mid-1990s Zimbabwe had four major motor vehicle assembly plants, namely Willow vale Mazda Motor Industries (Pvt) Ltd, Quest Motor Corporation (Pvt) Ltd (MC), W. Dahmer and Company (Pvt) Ltd and Hubert Davies (Pvt) Ltd (HD). UNIDO (2010) says the local industry sector had the capacity of manufacturing the majority of the country's vehicle requirements (estimated to be 20 000 - 30 000) with a production potential of at least 25 000 units per annum on a single shift basis. All four plants relied on imported Completely

Knocked Down (CKD) and Specially Knocked Down (SKD) kits to assemble vehicles completely under one roof. In other words, all of Zimbabwe's automotive assembly plants were fully integrated, as there were no sub assembly plants.

Currently, the most contentious issue concerning the country's automotive industry sector is that of competition ushered in by liberalisation of the economy. The floodgate was opened resulting in fierce competition between locally assembled vehicles and imported Completely Built Units (CBU) vehicles on the one hand and between local components and materials and imported components and materials on the other hand. This notwithstanding, several businesses within the automotive industry are closing due to undercapitalization, low business volumes and scarcity of consumer products. In line with objective c) to create employment with particular attention to the small-scale sector as it has the greatest potential to create employment, this study sought to explore how franchising was used as a growth strategy in the Zimbabwean automotive industry.

3. STATEMENT OF THE PROBLEM

Indigenous Car Dealers in Zimbabwe are failing to grow their businesses, due to lack of capital. This study sought to explore how franchising could be used as a growth strategy in the Zimbabwean automotive industry.

4. OBJECTIVES OF THE STUDY

The study was guided by the following research objectives:

- i. To determine the effect of franchising on revenue collection by car dealers in Zimbabwe.
- ii. To establish the influence of franchising on the level of employment by car dealers in Zimbabwe.
- iii. To determine how franchising could be used as a growth strategy by car dealers in Zimbabwe.

5. RESEARCH QUESTIONS

The study was guided by the following research questions:

- i. To what extent did franchising affect revenue collection by car dealers in Zimbabwe?
- ii. To what extent did franchising affect the level of employment by car dealers in Zimbabwe?
- iii. How can franchising be used as a growth strategy by car dealers in Zimbabwe?

6. DELIMITATION OF THE STUDY

Geographically, the study covered all Car Dealerships in Zimbabwe that are members of the Zimbabwe Motor Traders' Association during the period 2010 to 2020. Figure 1 below illustrate the geographical location of the Car Dealerships in Zimbabwe which were covered in the study.

Figure 1: Map of the Car Dealerships in Zimbabwe



Source: Automobile Association of Zimbabwe (AA)

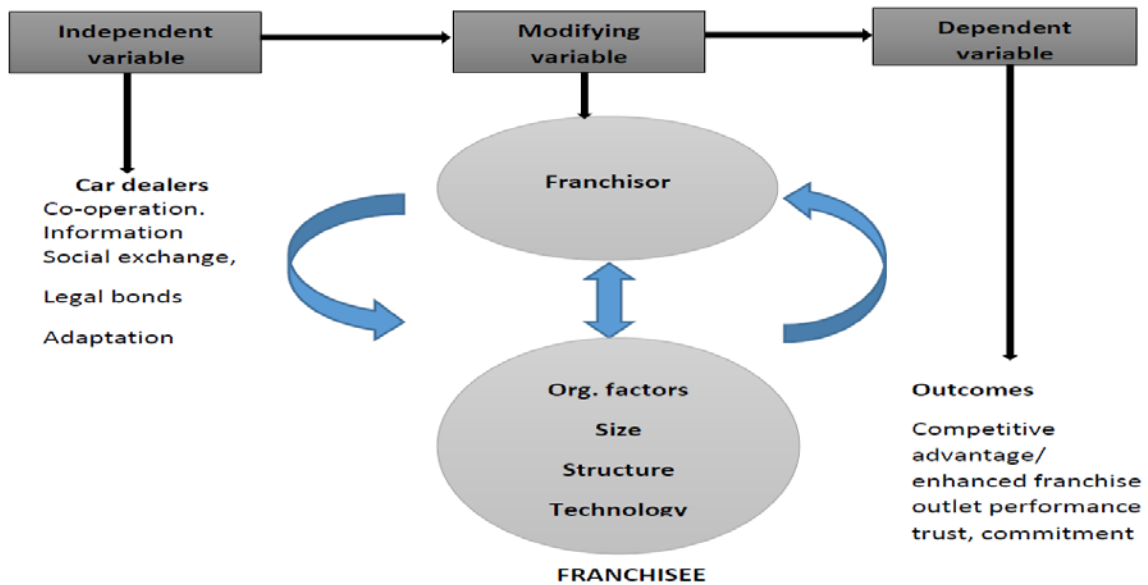
The study covered a total of 20 car dealers in Harare, Gweru, Bulawayo and Hwange towns.

7. CONCEPTUAL FRAMEWORK

The conceptual framework of this study was based on the study by Trifunavska and Trifunovski (2011). According to Trifunavska and Trifunovski (2011), lack of resources by

car dealers leads to the adoption a franchise agreement. Adoption of a franchise agreement leads to a long-term franchise relationship between Franchisor and Franchisee which will have positive outcomes and competitive advantages, depending on franchise outlet performance, trust and commitment. The environment is analysed based on organizational factors such as firm size, structure and technology which act as modifying variables. Figure 2 below illustrate the conceptual framework on franchising in car dealership.

Figure 2: Conceptual framework of franchising in car dealership



Conceptual framework franchising as a growth strategy for car dealers: Source: Trifunovska and Trifunovski, (2011).

8. THEORETICAL FRAMEWORK

The study was guided by the resource based theory and the interaction model.

8.1 Resource based theory

Theoretically the study was anchored on the resource based theory whose fundamental premise is that a reason for becoming a franchisee is because of the resource contributions the franchisor provides to the franchisee (Hitt, et al, 2000). The central proposition of the Resource Based Theory, is built on the notion that organizations' survival depends on their ability to acquire critical resources from the external environment (Pfeffer & Salancik, 1978). Therefore, organizations will try to restructure their dependencies using a variety of tactics to reduce uncertainty in the flow of resources, such as entering into collaborative relationships. Basically, organizations' need to collaborate with other organizations in inter-organizational relations due to the fact that they do not possess all of the resources required to perform their

activities and therefore they depend on exchange relations to achieve their goals (Schiele, Ellis, Ebig, Henke and Kull, 2015, p. 136).

Inherent to the Resource Based Theory is the concept of dependence, which has received considerable attention by scholars in this area (Jacobs, 1974; Pfeffer & Nowak, 1976; Provan, Beyer, & Kruytbosch, 1980). The dependence can be understood as the extent to which one-part needs another in relation to a given resource. This relationship also expresses the measure of power of one over another. Emerson (1962) explains that the dependence of an actor A in relation to an actor B provides the basis for the power of B over A because B is in control or has influence on the goods and services that A wants.

8.2 Interaction model

The relationship between a franchisor and franchisee is examined in this study by using the interaction model and analysing the environment, based on organizational factors, within which interaction takes place (Ford, 2002). Franchising is often described as a powerful economic engine which has played an important role in business growth and expansion for nearly half a century. The franchise business system is a fast-developing segment and one of the most adopted growth strategy particularly in the retail sector (Kwong, 2001; Roh and Yoon, 2009). The United States marketplace is crowded by 600,000 franchise outlets and The International Franchise Association estimates that franchise businesses will account for 40 percent of U.S retail sales in the near future (Spinelli et al., 2004; Tikoo, 2005). With over 100,000 employees and annual sales of over 80 billion Swedish kronor, franchising is today an important part of Sweden's economy (Effectum Franchise Consulting, 2012). Franchising means that a franchisor sells the rights to use an established brand name and business model to a franchisee who is legally independent; in exchange the franchisor receives a share of the profits. By applying a complete and well tested business concept, the franchisee thereby minimizes the risks associated with opening a new business (Roh and Yoon, 2009).

The central proposition of the interaction model is that the transactions between a franchisor and franchisee is a lot more complex than traditional buyer-supplier interactions, not only are there certain responsibilities in a franchise relationship to retain the value of the trademark, but the relationship is also sensitive to conflicts due to power and dependence between the parties. Hence, there is need for research that examines the relationship within this particular business format (White, 2010; Tikoo, 2005). The franchise relationship is a long-term cooperation between the parties who have entered into a binding contractual agreement with specified obligations. Both parties are dependent of each other; the franchisor is dependent on franchisee's effectiveness, the franchisee on the other hand is dependent on the help and

experience from the franchisor (Harmon and Griffiths, 2008). According to Kwong (2001), franchisor and franchisee strive to maximize their own profit, therefore, the relationship between these two parties is different from an employer-employee perspective because there is less necessity for a franchisor to monitor the performance of the franchisee since the franchisee makes considerable investments in his or her own outlet (Combs and Ketchen, 2003).

According to Ford (2002), the interaction relationship depends on the characteristics of the interacting parties which includes organizational factors such as technology, organizational size and structure, also known as contingency factors. Contingency theory is described as a theoretical lens which is used to view organizations (Donaldson, 2001). The theory argues that firm effectiveness is a result of the coherence of organizational characteristics with contingency factors (Ifinedo and Nahar, 2009). The description of organizational size is connected to the number of employees in the workforce. Firm size is classified as follows; firms with less than 50 employees are considered to be small and firms with more than 250 employees are large firms. Firms with a number of employees between 50 and 250 are described as medium-sized companies (Ifinedo and Nahar, 2009). Organizational structure is described as a framework that has an impact on the interaction process where the extent of centralization and specialization influence the exchange and communication channels between the parties (Ford, 2002). Centralization and specialization dimensions are believed to be suitable for describing technology-structure relationships. A centralized company means that the decision making process is retained at the top of the organizational hierarchy, whereas the decisions in a decentralized firm are delegated to lower levels (Ifinedo and Nahar, 2009; Morton and Hu, 2004). According to Ifinedo and Nahar (2009),” structural dimensions create a basis for measuring and comparing organizations” (p.121). The organizational structure of smaller firms is flatter and the firm culture is often more trusting and cooperative compared to larger firms (Jayanth et al., 2010). Technology and IT systems are argued to be more common in larger firms due to financial resources and general computer skills among employees (Ifinedo and Nahar, 2009). Computerized applications are less successful in smaller organizations which is supported by Sedera et al. (2003) who reports that firm size is directly related to the performance of information systems.

As for the relevance of the interaction model to this study, what must be born in mind is the fact that the success of a franchise is also a result of the synergy that exists between a franchisor and franchisee. Organizations’ need to collaborate with other organizations in inter-organizational relations is due to the fact they do not possess all of the resources

required to perform their activities and therefore they depend on exchange relations to achieve their goals (Klein and Pereira, 2016). The coming together of these two parties does not automatically bring to the success of the resulting business. While the franchise persisted for a considerable time, the franchise could does not endure the test of change of ownership of the local franchisee. This is precisely why the relationship between a franchisor and franchisee has to be examined by using the interaction model and analysing the synergy, the cohesion and environment, based on organizational factors, within which interaction takes place (Ford, 2012).

Franchising is often described as a powerful economic engine which has played an important role in business growth and expansion for nearly half a century. Franchising means that a franchisor sells the rights to use an established brand name and business model to a franchisee who is legally independent; in exchange the franchisor receives a share of the profits. By applying a complete and well tested business concept, the franchisee thereby minimizes the risks associated with opening a new business (Roh and Yoon, 2009). Thus this is not just the coming together of resources but of minds that brings about the success of the resulting firm.

The central proposition of the interaction model is that the transactions between a franchisor and franchisee is a lot more complex than traditional buyer-supplier interactions, not only are there certain responsibilities in a franchise relationship to retain the value of the trademark, but the relationship is also sensitive to conflicts due to power and dependence between the parties (Roh and Yoon, 2009).

9. RESEARCH METHODOLOGY

9.1 Research Philosophy

This study was based on a pragmatist philosophy because it used both quantitative and qualitative techniques (Hussey & Hussey, 1997). The reasoning was deductive because the hypotheses were derived first and the data were collected later to confirm or negate the propositions. Bryman and Bell (2007) indicated that the deductive approach is related to quantitative research that follows objectivism, ontological realism and epistemological positivism. Gill and Johnson (2002) argue that the development of a conceptual and theoretical structure prior to its testing through empirical observation is needed in a deductive research method. As a result, quantitative data was used as the evidence required for testing the hypotheses in this study. According to Cooper and Schindler (2014) the positivist approach enable the researcher to test the adopted theory against unique and large sample

surveys that make findings more generalised to the study population as a whole. The data of this research was quantitative because rigour needed to be applied to ensure the accuracy of the measurement (Collis and Hussey, 2003). Consequently, the data that was used for this study is from a questionnaire and secondary sources, which was the method used in much of the existing research on social research.

9.2 Research approach

There is no fixed meaning to either research approach and research paradigm hence the concepts can be used interchangeably (Larson, 2013). Creswell (2018: 18) says research approaches are “plans and the procedures for research that span the steps from broad assumptions to detailed methods of data collection, analysis, and interpretation. In this study this plan involved several decisions, and they needed not be taken in the order in which they made to the researcher and the order of their presentation here. The overall decision involved which approach was used to study a topic. Sekaran and Bougie (2016) say the selection of a research approach is based on the nature of the research problem or issue being addressed, the researchers’ personal experiences, and the audiences for the study. Thus, research approaches, research designs, and research methods are three key terms that represent a perspective about research that presents information in a successive way from broad constructions of research to the narrow procedures of methods. Creswell (2018) sites three research approaches namely (a) qualitative, (b) quantitative, and (c) mixed methods. Unquestionably, the three approaches are not as discrete as they first appear. Qualitative and quantitative approaches should not be viewed as rigid, distinct categories, polar opposites, or dichotomies. Instead, they represent different ends on a continuum (Newman & Benz, 1998). A study tends to be more qualitative than quantitative or vice versa. Mixed methods research resides in the middle of this continuum because it incorporates elements of both qualitative and quantitative approaches.

Basing on the above analysis therefore this study employed a mixed-methods research approach in which more quantitative and less qualitative data was collected and triangulated. Quantitative data was obtained by use of survey questionnaires, whilst qualitative data was obtained by using interviews with established Car Dealers. Kothari (2008) remarks that the survey questionnaires aim to establish conditions of objectivity in which franchisees are relatively detached from the respondents, gathering data by posing already formulated questions (Creswell, 2018). The qualitative interviews allowed for more in-depth expression of subjective experience and reference to context. The quantitative and qualitative approaches were fundamentally complementary, and provided opportunities for deductive and inductive

approaches to data analysis in order to gain insights into the social environment in which franchising was implemented.

9.3 Research Design

A research design is 'a strategic framework for action that serves as a bridge between research questions and the execution or implementation of the research' (Cooper and Schindler, 2014:19). It is a plan and structure of the investigation used to obtain evidence to answer research questions with. Sekaran and Bougie (2016) further point out that research design concerns planning how the project is carried out, which includes selection of participants, specifying procedures and optimizing the chances that the data and analysis will provide most valid, meaningful answers to the research questions.

In this study the research design was an important aspect of the investigation because it showed individuals that were studied, when, where and under which conditions they were studied. In other words, the research design provided a plan that specified how the research was executed in such a way that it answered the research questions clearly. This study adopted a descriptive research design as the researcher explored how franchising has been used as a growth strategy in the Zimbabwean automotive industry. Johnson and Christensen (2017:250) points out that descriptive studies are primarily concerned with finding out "what and how." Put differently descriptive research involves gathering data that describe events and then organizes, tabulates, depicts, and describes the data collection process. In this study the study sought to find out how franchising was could be used as a growth strategy in the automotive industry by Car Dealerships in Zimbabwe. In this way the researcher sought to find out what the Dealerships' level of understanding of franchising up to the challenges encountered by Car dealers in Zimbabwe in the adoption of Franchising as a strategy for business growth? This is in line with Johnson and Christensen's (2017) reasoning that descriptive studies are devoted to the gathering of information about prevailing conditions, or situations for the purpose of describing and interpretation.

9.4 Target Population

According to the Zimbabwe Motor Traders Association database, the association has a membership of 21 Car Dealerships, however the population in this study comprised of 63 members broken down to 21 General managers of car dealerships, 21 Accountants of Car Dealerships and 21 Car Dealership Administrators.

9.5 Sampling techniques

In this study, the researcher used convenience sampling technique to select those Dealerships that were included in the sample. According to Saunders et al (2018:122), a convenience

sample is “either a collection of subjects that are accessible or a self-selection of individuals willing to participate.” The convenience sampling technique became ideal because the research occurred round about the time when the Car Dealerships were operational and operations were running, hence Car Dealership entrepreneurs were busy attending to their daily chores at work as the research was being conducted.

9.6 Sample size

Sekeran and Bougie (2010) contends that a sample size is one element of the research design that researchers need to consider as they plan their study. Greener (2008) identified four methods of determining the sample size as, using a census for small populations, imitating a sample size of a similar study, using published tables, and applying formulas to calculate a sample size. According to the above breakdown there are 63 Car Dealership officials who make up the population in this study. As a result, this population was too large for the researcher to carry out a census. Accordingly, for purposes of determining the sample size which accurately represented the population of 63 Car Dealership officials, the researcher resorted to the use of “Slovin’s formula” to calculate the sample size. According to Yin (2019), Slovin’s formula is a formula used to find out the sample size of a population of X people a researcher needs to conduct a survey.

This is obtained by $n = N / (1 + N e^2)$

where: -

n = Sample size

N = Population size of the study area

e = Allowed probability of committing an error in selecting a representative of the population.

Therefore, using $N / (1 + N e^2)$

$$n = 63 / (1 + 63 \times 0.05^2)$$

$$n = 55.$$

From the above calculation a sample size of 55 Car Dealership Officials were targeted to represent the population that was studied in carrying out this research. The sample size in the study comprised of 55 Car Dealership Officials.

Table 1: Target population used in study

Category	Target population	Sample size	Instruments
Car Dealership Officials	63	55	Questionnaire/ interview guides

9.8 Data collection instruments

According to Saunders, Lewis and Thornhill (2018) a research instrument is “a tool used to collect data as well as a tool designated to measure knowledge, attitude and skills.” In this study the research instruments that was used were questionnaires and interview guides.

9.8.1 Questionnaires

In this study questionnaires provided large and varied amounts of appropriate and easily comparable data at a low cost per respondent. The advantage of using the questionnaire was that in addition to being a quick data collection tool the respondents had the freedom of private response to more personal questions as they were provided with enough time to answer the questions (Stockemer, 2019). The questionnaires also provided a reliable, practical and effective way of collecting data that was easily be managed by the researcher.

9.8.2 Face to face interviews

The study also utilized on line interviews with Key Informant Interviewees who are directors of established Franchisees or Car Dealerships. Creswell (2018) says an interview is “a data-collection method in which an interviewer asks questions of an interviewee (the research participant). That is, the interviewer collects the data from the interviewee, who provides the data. A strength of interviews is that a researcher can freely use probes (prompts used to obtain response clarity or additional information). The interviews with directors of established franchisees was done to provide insights into how franchising had been used as a growth strategy in the Zimbabwe automotive industry. Once again, interviewing was valuable to this study because it was flexible and adaptable and therefore it enabled the researcher to probe cases where greater clarity was needed. Interviews were also essential in this study because non-verbal as well as verbal behaviour was easily noted by the interviewer (McMillan and Schumacher, 2003).

9.9 Data collection procedures

For some Car dealers based in Bulawayo the questionnaire was administered personally by the researchers and in-depth interviews were simultaneously conducted with directors of established car dealers who played the role of Key Informant Interviewees (KII). The researchers first sought authority from the General managers of the established Car Dealers before embarking on the data collection exercise. For the rest of the Car Dealerships who are based out of Bulawayo the researchers obtained email addresses from the MTAZ and then emailed the questionnaire to the various Car Dealerships.

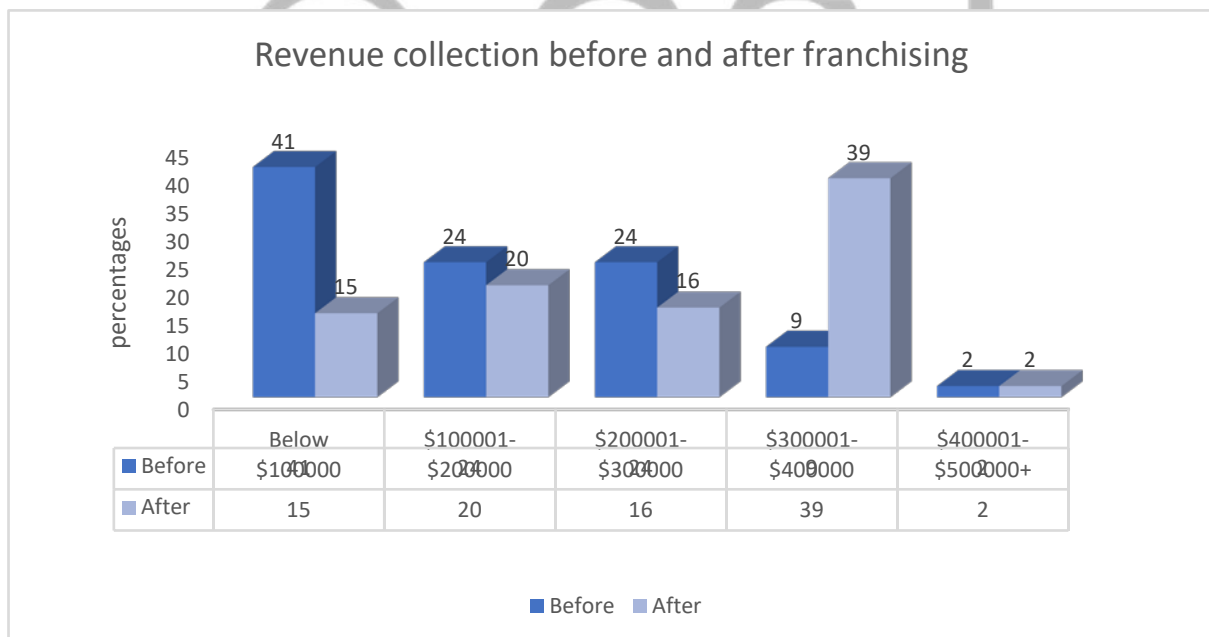
9.10 Ethical issues

Ethical aspects addressed by the researchers included seeking permission from the General Managers of Car dealerships, volunteerism, confidentiality and privacy. All individuals were asked to participate freely prior to the study. Participants were adequately informed about the nature of the study and that they were free to withdraw anytime during the period of study. The researchers used the various visits to participants’ premises as an opportunity to acquaint the participants with the research topic before the structured interviews, to arrange suitable dates for data collection as well as to assure respondents of their anonymity and confidentiality of the data they provided to the study.

10. FINDINGS AND DISCUSSION

10.1 To ascertain the effect of franchising on revenue collection by car dealers in Zimbabwe.

The study focussed on establishing the effect of franchising on revenue collection by car



dealers in Zimbabwe. In order to get an insight of the difference, before and after franchising both the descriptive analysis and non-parametric analysis was performed and presented using bar graphs and tables.

Figure 3: Revenue Collection before and After franchising

The distribution in Figure 3 summarises the revenue collected before and after franchising and it is evident that revenue was skewed towards the \$100000 bracket and the numbers dwindled on high revenues before the franchising. However, the bar graph shows that after franchising the majority of people had improved revenues with 39% having up to \$300000.

The findings of this study are inconsistent with literature findings regarding the franchising success factors in an inflationary socio-economic environment. According to Sanghavi (2018), it has been proven that the development of franchising depends on the overall economic and political environment in the country and that its growth can be significantly impacted by the performance of the economy as a whole. Therefore, it should be noted that failures in franchising are possible and that franchising is not ‘a panacea’ to cure ailments in the business development process.

Table 2: Test statistics on revenue

	MONTHLY REVENUE COLLECTION AFTER FRANCHISING - MONTHLY REVENUE COLLECTION BEFORE FRANCHISING
Z	-7.758
Asymp. Sig. (2-tailed)	.000

a. Wilcoxon Signed Ranks Test; Based on negative ranks.

The analysis in Table 2 indicates that there was a significant difference (*sig-value* = 0.00) between revenue collected before and after franchising. Further analysis using regression will give a clear picture of the effect of franchising on revenue collection. Thus, both the category of franchise and type of franchise were used as the independent variables while the revenue collected before and after franchising as the dependent variables. The statistics used included the *Pillai's trace*, *Wilks' lambda* and *Hotelling's trace* and the *sig-value*.

Table 3: The effect of franchising on revenue collection

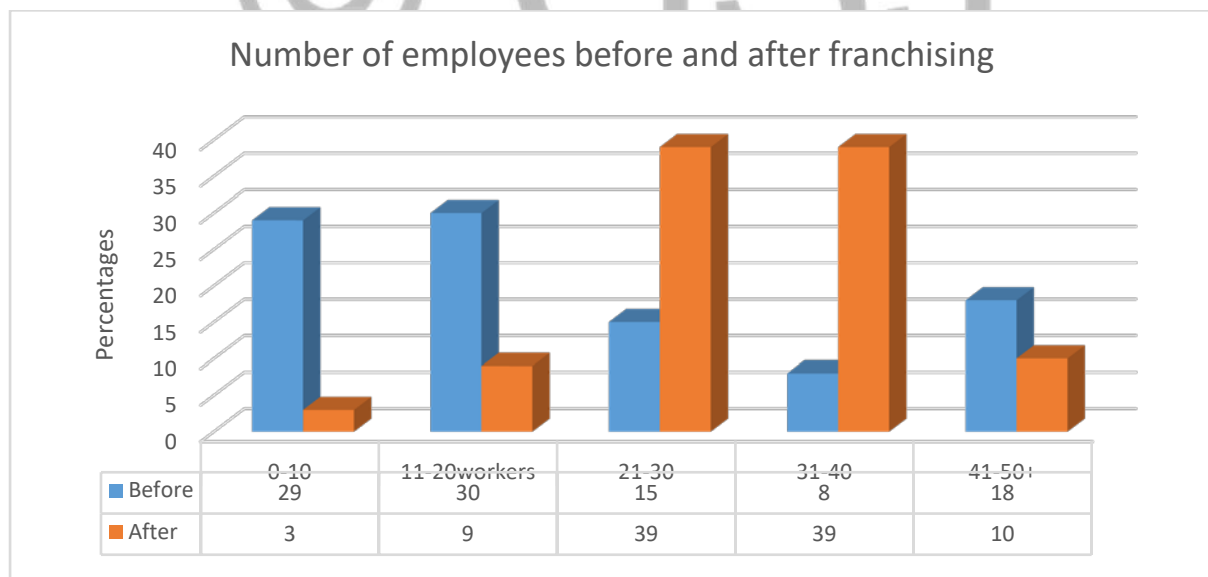
Effect		Value	F	Sig.	Partial Eta Squared
Category of franchise	Pillai's Trace	.001	.043	.958	.001
	Wilks' Lambda	.999	.043	.958	.001
	Hotelling's Trace	.001	.043	.958	.001
	Roy's Largest Root	.001	.043	.958	.001
Type of franchise	Pillai's Trace	.054	2.755	.069	.054
	Wilks' Lambda	.946	2.755	.069	.054
	Hotelling's Trace	.057	2.755	.069	.054
	Roy's Largest Root	.057	2.755	.069	.054

According to the analysis in Table 3 the category of franchise (*vehicle assembly and mechanical repairs*) did not affect revenue collection (*sig-value = 0.958 >5%*) and so was the type of franchise (*product distribution and business format*) which had an insignificant effect (*sig-value = 0.069 >5%*). This was supported by the weak values of *Pillai's*, and *Hotelling's trace*. However, if one looks at type of franchise's sig-value (*0.069*), it is very close to 5% (*0.05*) a sign that the influence of type of franchise was somehow inconclusive.

10.2 The influence of franchising on the level of employment by automobile firms in Zimbabwe.

The study sought to establish the influence of franchising on the franchisee's number of employees. Bar graphs, parametric tests and multiple regression were used to give a clear picture of the relationship.

Figure 4: Number of employees before and after franchising



Source: Primary data

According to Figure 4, the number of employees before franchising were mostly between zero up to 30 workers and the diagram indicates that after franchising, the numbers increased

to between 20 and 40 workers. Thus, based on the bar graph, it is clear that franchising positively influenced the number of workers.

Table 4: Test statistics on the number of workers.

	NUMBER OF EMPLOYEES AFTER FRANCHISING - NUMBER OF EMPLOYEES BEFORE FRANCHISING
Z	-6.461
Asymp. Sig. (2-tailed)	.000

a. Wilcoxon Signed Ranks Test, Based on negative ranks.

The relationship between number of employees before and after franchising was sought using the *Wilcoxon rank test*. Results in Table 4 indicates that there was a significant difference (*sig-value = 0.00*) between the groups.

Table 5: Regression analysis on the effect of franchising on number of employees

Effect		Value	F	Sig.	Partial Eta Squared
Category of franchise	Pillai's Trace	.011	.543	.583	.011
	Wilks' Lambda	.989	.543	.583	.011
	Hotelling's Trace	.011	.543	.583	.011
	Roy's Largest Root	.011	.543	.583	.011
Type of franchise	Pillai's Trace	.097	5.144	.008	.097
	Wilks' Lambda	.903	5.144	.008	.097
	Hotelling's Trace	.107	5.144	.008	.097
	Roy's Largest Root	.107	5.144	.008	.097

Source: Primary data

The regression analysis in Table 5 indicates that there was a significant effect caused by franchising on the number of employees. This support the result in Tale 5 where there was a significant improvement in employee numbers. The contribution was positive as represented by the test statistics (*Pillai's = 0.097, Wilks' = 0.903 and Hotelling's = .107*). However, the effect of whether the franchise is mechanical or vehicle assembly was insignificant (*sig-values = 0.583 >5%*). Thus the conclusion that can be drawn from this objective is that

franchising does affect the number of employees that an organisation can have. This represent growth in the industry.

10.3 To determine how franchising can be used as a growth strategy in the automotive industry in Zimbabwe.

No conclusive result could be deduced on this objective due to the fact that Zimbabwe's industry shrunk dramatically during the hyperinflation era experienced from the year 2014 to 2020 with the inflation rate reaching an official figure of 431 percent (Berger, 2018). As a result, many Car Dealerships failed to operate their businesses normally. Franchise entrepreneurs were faced with huge challenges of controlling costs, as prices of raw materials were continually rising within a short period of time. The period was also characterized by power outages as there was no guarantee of supply for power, lack of working capital, high wages, credit and liquidity crunch. As a result, many well-known Car Dealerships closed some of their branches during this period (Ndlovu, 2014).

11. RECOMMENDATIONS OF THE STUDY

The following recommendations are suggested:

- It is recommended that instead of opting for brand power as the antecedent factor in deciding whether to adopt a franchise or not, Car Dealerships should rather be motivated by franchisor support instead of just considering brand power.
- Support services entail all the services offered by the franchisor to the franchisee to aid the growth of the franchise business. Akremi, Perrigot, and Piot-Lepetit (2015) examined the drivers for franchise chain performance through the lens of the dynamic capabilities approach and discovered that the length of training given to a franchisee is a motivation for franchising. They observed that support services in the form of training given to a franchisee positively relates to the performance of franchise chains. A review of the antecedents and consequences of franchising by Combs, Ketchen, and Short (2011) also showed that advice and assistance, and the franchisor's support services to a franchisee positively relate to the franchisee's decision to franchise. In addition, some scholars have argued that the level of support given to a franchisee differs from market to market (Baena, 2009). Shane (2001), in identifying organizational incentives, concluded that there is a positive relationship between training, communication, services and assistance

to franchisees, and the decision to franchise. Therefore, there is conclusive empirical evidence that, although support services offered to a franchisee are seen as a cost to the franchisor, the association is beneficial in the long run.

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