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**FACTORS INFLUENCING FRANCHISEES' BUSINESS  
PERFORMANCE: A STUDY ON THE NIGERIAN  
FRANCHISE SYSTEM**



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UNIVERSITI UTARA MALAYSIA  
August 2017**

**FACTORS INFLUENCING FRANCHISEES' BUSINESS PERFORMANCE: A  
STUDY ON THE NIGERIAN FRANCHISE SYSTEM**



**By**  
**ADAMS ADEIZA**

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**Universiti Utara Malaysia**

**Thesis Submitted to  
Othman Yeop Abdullah Graduate School of Business,  
Universiti Utara Malaysia,  
in Fulfilment of the Requirement for the Degree of Doctor of Philosophy**



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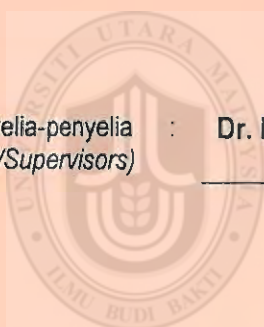
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## ABSTRACT

This study explores factors that influence franchisees' business performance in Nigeria. Using a model of factors influencing franchise system performance as a conceptual framework, an extensive review and synthesis of literature was done. The literature synthesis led to the development of four (4) research issues and a preliminary theoretical framework for the research. The issues and the framework were subjected to empirical exploration using data collected through in-depth interviews. The research was conducted in two stages: preliminary stage and main stage. A total of thirty-two (32) purposively selected franchisees participated in the study; six (6) in the preliminary stage and twenty-six (26) in the main stage. Data were managed and analysed using NVivo version 11. Through the analysis, a total of twenty-one (21) factors were confirmed as having influence on franchisees business performance in Nigeria. Fourteen (14) of these factors are as identified in the preliminary theoretical framework while seven (7) were newly found in the study. Based on the findings of this study, eight (8) key conclusions were drawn. It was concluded that four (4) major issues and a total of twenty-one (21) factors have influence on franchisees business performance in Nigeria. Among these factors are four (4) business format factors, six (6) contract factors, six (6) relationship quality factors and five (5) franchisees attitude and skill factors. Being the first comprehensive attempt to study the practice of franchising in Nigeria, this study makes contributions to franchising literature in three important ways, namely; it reaffirms current understanding, identifies new insights and enhances contextual knowledge of the business model. Finally, the study highlights four (4) major managerial implications and offers recommendations that could address these implications.

**Keywords:** franchising, business performance, Nigeria.

## ABSTRAK

Kajian ini menyelidiki faktor-faktor yang mempengaruhi prestasi perniagaan francais di Nigeria. Kajian ini menggunakan model faktor yang mempengaruhi prestasi sistem francais sebagai konsep rangka kerja. Kajian secara terperinci dan kajian kepustakaan secara sintesis juga telah dilakukan. Hasilnya, kajian kepustakaan secara sintesis membawa kepada empat (4) pembangunan isu-isu penyelidikan dan teori rangka kerja yang terdahulu dalam kajian ini. Isu-isu dan rangka kerja tertakluk kepada penerokaan secara empirikal dengan menggunakan data yang dikumpul melalui temu bual yang mendalam. Kajian ini dijalankan dalam dua peringkat iaitu peringkat awal dan peringkat utama. Sebanyak tiga puluh dua (32) buah francais dipilih untuk mengambil bahagian dalam kajian ini. Enam (6) daripadanya adalah di peringkat awal dan dua puluh enam (26) dalam peringkat utama. Data diurus dan dianalisis menggunakan NVivo versi 11. Melalui analisis ini, sebanyak dua puluh satu (21) faktor telah disahkan mempunyai pengaruh ke atas prestasi perniagaan francais di Nigeria. Empat belas (14) daripada faktor-faktor ini adalah seperti yang dinyatakan dalam teori rangka kerja yang terdahulu manakala tujuh (7) lagi adalah faktor-faktor yang baharu ditemui dalam kajian ini. Berdasarkan dapatan dalam kajian ini, lapan (8) kesimpulan utama telah disediakan. Secara keseluruhannya, empat (4) isu-isu utama dan sejumlah dua puluh satu (21) faktor mempunyai pengaruh ke atas prestasi perniagaan francais di Nigeria. Antara faktor-faktor ini ialah empat (4) faktor format perniagaan, enam (6) faktor kontrak, enam (6) faktor kualiti hubungan dan lima (5) faktor sikap francais serta faktor kemahiran. Sebagai usaha komprehensif yang pertama untuk mengkaji amalan francais di Nigeria, kajian ini dapat memberi sumbangan kepada kepustakaan francais dalam tiga cara yang penting, iaitu mengesahkan pemahaman semasa, mengenal pasti wawasan baharu dan meningkatkan pengetahuan kontekstual pada model perniagaan. Akhir sekali, kajian ini menekankan empat (4) implikasi pengurusan utama dan menawarkan cadangan yang dapat menangani implikasi ini.

**Kata kunci:** francais, pencapaian perniagaan, Nigeria.



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## LIST OF ABBREVIATIONS

<b>Abbreviations</b>	<b>Meaning</b>
APCFE	Asia-Pacific Centre for Franchising Excellence
BFA	British Franchise Association
BFA	Brazilian Franchising Association
BRICS	Brazil, Russia, India, China and South Africa
CAQDA	Computer-Assisted Qualitative Data Analysis Software
CEOs	Chief Executive Officers
EAGLES	Emerging And Growth-Led Economies
ECT	Expectation Confirmation Theory
EFF	European Franchise Federation
EO	Entrepreneurial Orientation
FASA	Franchising Association of South Africa
FCA	Franchise Council of Australian
GDP	Gross Domestic Trade
HIIT	Hands-on Institute of Information Technology
Ibid	in the same source
ICT	Information and Communication Technologies
IFA	International Franchise Association
IFC	International Finance Corporation
IT	Information Technology
KFC	Kentucky Fried Chicken
MATRADE	Malaysia External Trade Development Corporation
MDTCC	Ministry of Domestic Trade, Cooperative and Consumerism
MFA	Malaysia Franchise Association
MINT	Mexico, Indonesia, Nigeria and Turkey
MX	Mixed
Next Eleven	Bangladesh, Egypt, Indonesia, Iran, Mexico, Nigeria Pakistan, Philippines, Turkey, South Korea and Vietnam
NGOs	Non-Governmental Organizations
NIFA	Nigerian International Franchise Association
NOTAP	National Office for Technology Acquisition and Promotion
NUD*IST	Non-numerical Unstructured Data, providing ways of managing ideas by Indexing, Searching and Theorizing)
OP	Organizational Performance
PhD	Doctor of Philosophy
QL	Qualitative
QN	Quantitative
R & D	Research and Development
RBT	Resource-Based Theory
RBV	Resource-Based View
RELQUAL	Relationship Quality
SMEs	Small and Medium Enterprises
UAC	United African Company
UFOC	Uniform Franchise Offering Circular
UNCTAD	United Nations Conference on Trade and Development
WFA	World Franchise Associate

<b>Country Abbreviations</b>	<b>Meaning</b>
AUS	Australia
CHN	China
DEU	Germany
DNK	Denmark
ESP	Spain
GRC	Greece
KOR	Korea
MEX	Mexico
MYS	Malaysia
NLD	Netherland
NZL	New Zealand
SGP	Singapore
SWE	Sweden
TKY	Turkey
TWN	Taiwan
UK	United Kingdom
USA	United States of America



# CHAPTER ONE

## INTRODUCTION

### 1.1 Preamble

This chapter presents arguments that justify the need for the study. The chapter highlights the main problems that motivated the investigation and outlines the research issues and objectives that guided the conduct of the study. As illustrated in figure 1.1 below, other sections in this chapter include significance of the study, scope of the study and organization of the thesis.

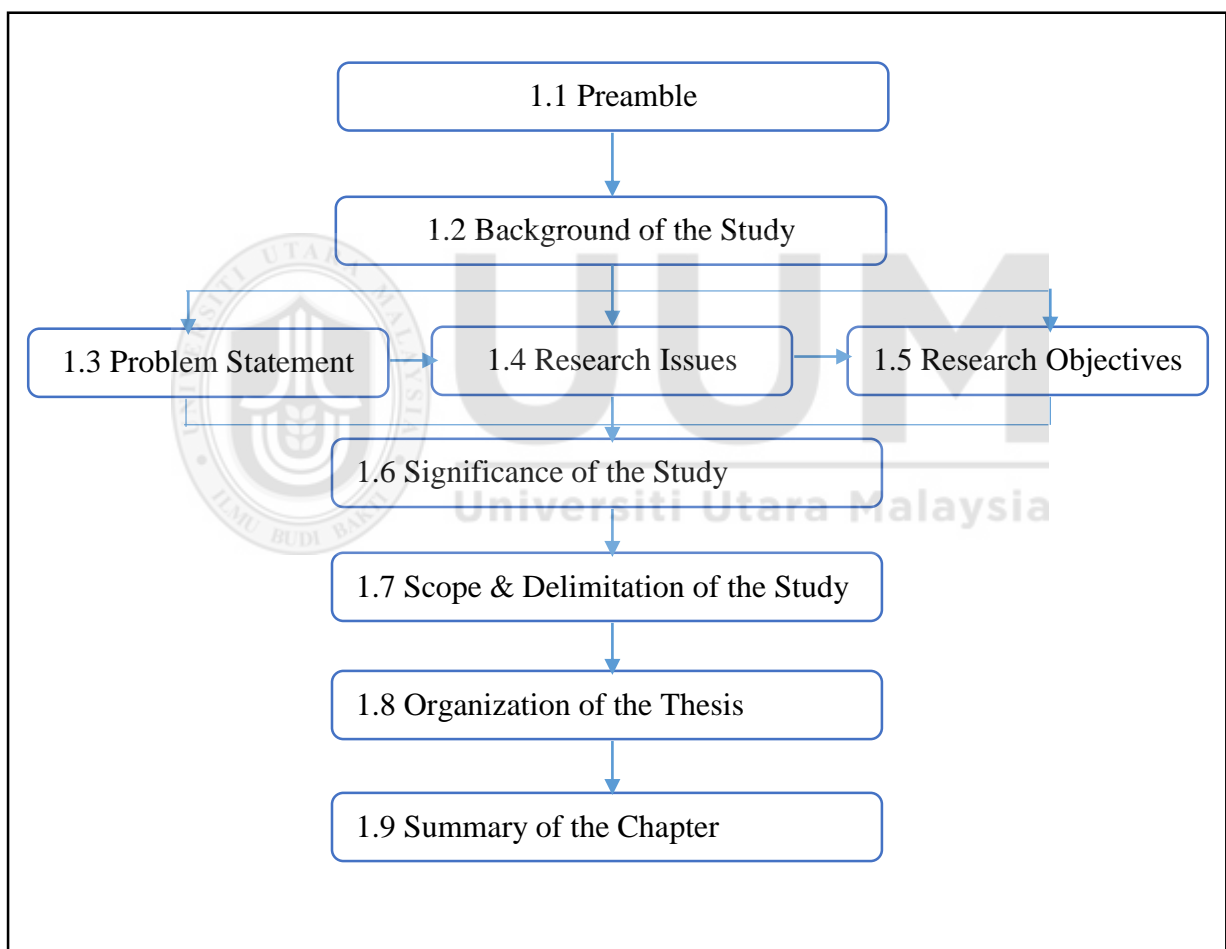


Figure 1.1

*Highlight and flow of chapter one*

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## APPENDIX I

### INTERVIEW PROTOCOLS

#### A. Overview of the Study

##### a. *Project Objective*

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

##### b. *The Research Problem and General Proposition*

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

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

## **B. Data Collection Procedures**

### *a. Name of Organization*

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

### *b. Preparation Before the Actual Site Visit*

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

### *c. Data Collection Plan*

- The interview will be conducted between January and May, 2016.
- The research will dress properly and formally
- The researcher will great and formally introduce himself.
- The researcher will engage in small talks and warm-up discussion

- The researcher will use ‘5 whys’ method to dig deep and obtain deep insights into each issue.
- Each interview must be digitally-recorded and notes taken as well.
- The researcher will be considerate of the respondent and show sensitivity to their way of life before, during and after interview.
- The researcher will thank the interviewee and tell them that within 3 days from the day of interview, they will be given their responses verbatim for them to reflect on before final usage in the study.
- The research will observe and take notes of other evidences (documents and observation) during the visit. This must be properly documented.
- The researcher will write memos immediately after each interview detailing his impressions of the respondent’s responses. This was however not part of the data.

### C. Case Study Questions/Interview Schedules

The case study questions are contained in the interview schedule below

**APPENDIX II**  
**THE INTERVIEW SCHEDULE**

Name of the Organization:

Name and Position of the Respondent:

Size of the Outlet:

State/Location:

Years in Business:

**1. General Warm-up Questions**

- a. *Tell me about this business, how did you start?*
- b. *What is your assessment of the way things are currently'?*

**2. Main Questions**

- a. *Kindly explain the nature of facilities, structures and policies put in place by your franchisors to ensure your success.*
  - i. *How well are these provided?*
  - ii. *What impact can/does this (named factor) have on your business performance?*
- b. *Could you explain the quality of relationship between you and your franchisor?*
  - i. *In your opinion, what are the main factors that improve a franchise relationship?*
  - ii. *What impact can/does this (named factor) have on your business performance?*
- c. *How can you describe the terms of your franchise contract.*
  - i. *In your opinion, what are the key contract terms that have the biggest impact on your business performance*
  - ii. *What impact can/does this (named term) have on your business performance?*

- d. *What kind of attitude do you believe are necessary for franchisees success*
  - i. *How do you rate yourself on this (named) attitude?*
  - ii. *What impact can/does this (named attitude) have on your business performance?*
  
- e. *How about the essential skills that this partnership and business require to be successful.*
  - i. *How do you rate yourself on this (named) attitude?*
  - ii. *What impact can/does this (named skill) have on your business performance?*

### **3. Concluding Questions**

- a. *Apart from the issues we have been discussing so far, what other factors do you think have a direct influence on the performance of your outlet?*
- b. *Do you have any question for me?*
- c. *How has the interview been so far?*

