EVALUATING THE IMPACT OF FRANCHISING PRACTICES ON BUSINESS PERFORMANCE

(A CASE STUDY OF SHOPRITE IN ILORIN)

BY

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CERTIFICATION

This research work has been read and approved as meeting of requirement of Department of Business Administration, Institute of Finance and Management Studies (IFMS), Kwara State Polytechnic, Ilorin for the award of Higher National Diploma (HND) in business administration.

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DEDICATION

I dedicate this project to Almighty God my creator, my strong pillar, my source of inspiration, wisdom, knowledge and understanding.

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ABSTRACT

Franchising has emerged as a dynamic and widely embraced business model, carrying significant implications for both franchisors and franchisees. This research study aims to thoroughly analyze the impact of franchising on business performance, focusing on aspects such as sales performance and sustainability. By synthesizing existing literature and empirical data, the study illuminates the complex relationship between franchising and business outcomes.

Utilizing a quantitative approach, this research examines the multifaceted effects of franchising. Initial findings suggest that franchising often enhances business performance through various mechanisms. The study employed a survey design, collecting data via questionnaires from a sample of 161 respondents, determined using the Taro Yamane formula.

The results indicate that intellectual property significantly influences the sales performance of Shoprite Company in Ilorin, with notable effects on sustainability as well. Additionally, trademarks are found to significantly impact sales performance and play a crucial role in ensuring sustainability. In conclusion, this research underscores the intricate interplay between franchising and business performance, highlighting both the potential benefits and challenges of this model. As franchising continues to shape the contemporary business landscape, understanding its effects on performance is vital for informed decision-making and strategic planning. The study recommends that organizations focus on enhancing the recognition of intellectual property to boost sales performance.

CHAPTER ONE

INTRODUCTION

1.1   Background to the Study

Franchising plays a central role in the contemporary business landscape, serving as a prevalent avenue for firm growth, entrepreneurial wealth creation, and national development (Winzar, 2010). In today's fiercely competitive market, businesses strive to differentiate themselves through strategies such as multi-product development, price variation, and market segmentation to effectively market their products or services. Previous research on franchising has primarily focused on its marketing aspects, especially in retail distribution and channel solutions, as well as its role in expanding business networks.

The risk of inadequate integration and excessive reliance on individual owners underscores the importance of adopting the franchise business format to mitigate such risks (Winzar, 2010). Consequently, understanding the intricacies of a successful franchise model has become a significant challenge for academic researchers in the business domain. The rapid evolution and potential for growth in franchising make it a dynamic field with promising future prospects.

Franchising offers opportunities for individuals and businesses looking to expand their distribution outlets. However, many businesses face capital constraints that limit their ability to expand their product and service offerings (Hoffman &Preble, 1991; Ojo, 2008). Recognizing franchising as a crucial strategy for global business growth, job creation, and economic development highlights its substantial impact on overall business performance.

As a business model, franchising involves independent business owners (franchisees) paying fees to a franchisor for the right to market goods or services using the franchisor's

brand name and business systems. The legal framework defining mutual obligations between franchisees and franchisors is complemented by a broader interdependent commercial partnership guided by a psychological contract that encompasses behavioral norms and social support (Combs, Ketchen, & Short, 2011). This collaboration occurs within a complex business and social framework known as a franchise network.

The franchising system is characterized as a network of interdependent organizations involved in delivering products or services to consumers through negotiation and exchange. In the franchisor-franchisee relationship, the franchisee is granted or sold the right to use the franchisor's distribution system or trademark (Alon, 2014). Contractual formalization, with durations ranging from three to twenty years or sometimes without a fixed limit, dictates various aspects such as the startup date, contract duration, renewal periods, and termination clauses.

Franchising, as a unique entrepreneurial activity, encompasses both symbolic and legally differentiated economic forms. The franchisor-franchisee relationship maintains a distinct separation between the two entities while being closely linked, leading to the characterization of franchising as a partnership or strategic alliance (Hisrich, Peters & Shepherd, 2005). When selecting the most suitable type of franchising, interested parties must consider the associated costs and benefits, taking into account factors such as product differentiation, creation, and affiliation requirements. This thoughtful consideration is crucial for individuals and entities aiming to optimize returns, enhance quality, and improve effectiveness in a competitive business environment (Ojo, 2011).

1.2 Statement of Research Problems

Franchising has emerged as a dynamic and widespread business model, significantly impacting both franchisors and franchisees (Winzar, 2010). It facilitates rapid outlet expansion, strategic alliances, and the incorporation of foreign trademarks, which

contribute to its vibrancy across various sectors (Winzar, 2010). Despite its common use as a growth strategy, there remains a limited understanding of its true impact on key performance indicators and long-term sustainability.

As a prevalent concept for capital expansion in the contemporary global economy, franchising is particularly influential in the food industry (Hoffman & Preble, 1991; Ojo, 2008). The importance of trademarks and branding in maximizing output and profitability is clear (Hoffman & Preble, 1991). This study aims to investigate the relationship between trademarks and cost reduction in organizational performance.

In Nigeria, franchising has not garnered sufficient attention as a critical factor in the growth and performance of businesses (Ojo, 2011). The impact of franchising on business performance is still ambiguous, with conflicting results reported in previous studies (Ojo, 2011). Understanding how branding affects organizational output is a vital aspect of this inquiry.

Both franchisors and franchisees may face challenges, especially when service satisfaction is compromised (Combs, Ketchen, & Short, 2011). Terminating a franchising contract can also be difficult and costly due to contractual obligations (Combs, Ketchen, & Short, 2011). This study aims to explore the implications of these challenges.

Moreover, franchising has expanded beyond tangible products and services to encompass intellectual property (IP) (Alon, 2014). Intellectual property—such as patents, trademarks, copyrights, and trade secrets—represents valuable intangible assets that can be licensed and franchised (Alon, 2014). This research seeks to unravel the intricate relationship between franchising intellectual property and its impact on sales performance, addressing the challenges and opportunities presented by this evolving trend.

As franchising enables brand expansion without significant capital investment, trademarks are crucial for brand identity (Hisrich, Peters & Shepherd, 2005). Understanding how franchising trademark activities influence sustainability efforts is essential in a time when sustainability is gaining global prominence (Hisrich, Peters & Shepherd, 2005). This research will explore potential conflicts between the growth-oriented nature of franchising and the increasing emphasis on sustainable business practices, examining how franchising affects resource consumption, waste generation, and local socio-economic factors while considering variations in local regulations, consumer behaviors, and franchisee motivations.

1.3 Research Questions

i. To what extent does intellectual property affect the sales performance of Shoprite Company in Ilorin?

ii. To what extent does intellectual property affect the sustainability of Shoprite Company?

iii. How does trademark activity affect the sales performance of Shoprite Company in Ilorin?

iv. To what extent does trademark activity affect the sustainability of Shoprite Company?

1.4 Research Objectives

The general objective of this research is to examine the impact of franchising on business performance. The specific objectives of the study are as follows:

i. To examine the extent to which the practice of intellectual property affects the sales performance of Shoprite Company.

ii. To evaluate the extent to which franchising intellectual property affects the sustainability of Shoprite Company.

iii. To determine the effect of trademark activities on the sales performance of Shoprite Company in Ilorin.

iv.   To determine the extent to which trademark activities influence the sustainability of Shoprite Company.

1.5 Research Hypotheses

The following hypotheses have been formulated for the study:

i.   Ho1: Intellectual property has no significant impact on the sales performance of Shoprite Company in Ilorin.

ii.   Ho2: Intellectual property does not have a significant effect on the sustainability of Shoprite Company.

iii. Ho3: Trademark has no significant impact on the sales performance of Shoprite Company in Ilorin.

iv.   Ho4: Trademark has no significant effect on the sustainability of Shoprite Company.

1.6 Scope of the Study

This research aims to investigate the impact of franchising on business performance, specifically focusing on Shoprite Company in Ilorin. Choosing Shoprite as the case study enables a more detailed exploration of the relationship between franchising and organizational performance. Additionally, the selection of franchising and organizational performance as the research topic is informed by the availability of pertinent information and data in the local context, which supports the study's objectives.

1.7 Significance of the Study

The primary objective of this study is to examine the impact of franchising on business performance, focusing on how franchising influences performance and identifying suitable franchising models for organizations. Its significance spans various industries, including manufacturing, technology, banking, and healthcare, illustrated by the case study of Shoprite Company in the private sector.

The research will critically assess the effects of franchising on organizational performance within the Ilorin metropolis, evaluating how well franchising meets its objectives and contributes to overall performance in the area. By analyzing the relationship between franchising and business performance, this study aims to enrich existing literature and provide valuable insights for practitioners and policymakers on strategic considerations for adopting franchising as a growth strategy.

Understanding the potential benefits and challenges of franchising will help businesses make informed decisions, optimize performance, and enhance competitive advantage. This research will be beneficial for organizations, consultants, and academia interested in franchising, serving as a resource for further scholarly work and discussions on the topic.

1.8 Definition of Terms

Franchising: involves granting the right to use a company's business model and brand for a specified period, providing an alternative to establishing "chain stores" and allowing goods distribution without the associated investments and liabilities. The success of the franchisor is closely linked to that of the franchisees, who, as direct stakeholders, have a greater incentive than direct employees.

Industry: refers to the production of goods or services within an economy, with companies classified based on primary business activities. Organizational performance assesses actual output against intended results, including financial, market, and shareholder value performance.

An entrepreneur: assumes responsibility, risk, and rewards in starting and operating a business, identifying opportunities, developing a business plan, and taking responsibility for success or failure. The franchisor, owning and operating a business, grants a license agreement for another party to operate under their trademark.

A trademark: is a device indicating merchandise origin, legally reserved for exclusive use. Patent rights, exclusive rights granted by a sovereign state, protect inventions,

varying between countries. Branding involves engraving a brand name or symbol onto a product, creating a distinction for easy communication and marketing.

Organizational output: quantifies energy, work, goods, or services produced, including desired results from projects or contractors. Market share represents the percentage of a company's total sales in an industry or market over a specified period, indicating its size relative to competitors.

Cost reduction: is the process of eliminating unnecessary expenses to increase profits without compromising product quality. Technical know-how refers to practical knowledge on how to accomplish a task, often challenging to transfer.

Intellectual property (IP): encompasses creations of the intellect, including copyright, patents, industrial design rights, trademarks, trade dress, and trade secrets, protecting various forms of creative and inventive work.

CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This study investigates the impact of franchising on organizational performance, focusing on aspects such as trademarks, patent rights, branding, intellectual property, organizational output, cost reduction, market share, and technical know-how. The review includes four perspectives: conceptual framework, theoretical framework, empirical findings, and gaps in existing literature. Diverse contributions from scholars enhance the understanding of franchising and its associated variables, highlighting their significance for organizational growth and broader economic development.

2.2   Conceptual Review

2.2.1   Concept of Franchising

Entrepreneurs have many strategies for expanding their ventures, but one often overlooked option is franchising (Ojo, 2008). While franchising is recognized as a unique organizational form, it is frequently viewed as a hybrid model of business ownership in economic discussions (Ojo, 2009). Over time, the definition of franchising has evolved, with Ojo (2009) describing it as a new entry form that mitigates the risk of loss for franchisees. It provides an alternative pathway for entrepreneurs to expand their businesses by allowing others to pay for the use of a name, process, or service.

Franchising serves as a growth mechanism for organizations, enabling one company to grant another the right to operate under specific conditions, both temporally and geographically, in exchange for royalties or other fees (Ojo, 2009).

In today's business environment, franchising is one of the most popular and successful strategies for new entrepreneurs entering markets, making it a rapidly growing sector. It is considered an optimal approach, as franchisors offer essential training to franchisees to

ensure efficient business operations. This model helps franchisees establish their business framework, reducing challenges and uncertainties during the startup phase. Franchisors sell the rights to utilize their brands and business systems for marketing goods and services (Ojo, 2009).

2.2   Concept of Patent Right

According to Allred (2006), independent confirmation of the importance of patent rights in the context of firm franchising is supported by various measures of patent protection. Our dataset reveals no evidence of endogeneity or reverse causation, suggesting that firm franchising does not influence national patent protections. While endogeneity may occur at the national level, it is not evident at the firm level. However, the positive and statistically significant impact of patent rights on firm-level franchising is found to be affected by the industry in which firms operate. Consistent with previous research, it is noted that patent rights are particularly important in industries like scientific instruments and industrial chemicals, where technological reproduction and distribution are relatively straightforward. In contrast, industries with high fixed costs, long lead times, and other natural barriers, such as food and household appliances, show lower reliance on patents.

Trends in Patent Protection and Laws

The contemporary global economy is marked by the intricate interdependence of national economies, resulting in increased complexity. According to Chaos Theory, as proposed by Allred (2007), small disturbances in one part of the system—like the fluttering of a butterfly's wing in the Amazon—can have significant, far-reaching effects on global economic patterns. This principle applies to the economic realm, where the well-being or challenges faced by one economy can swiftly influence neighboring economies and resonate worldwide.

The financial crises in Russia, Brazil, and Asia during the late 1990s exemplify this interconnectedness, demonstrating that economic disruptions transcend borders and have lasting impacts. Consequently, the economic and legal landscape of a country not only shapes its domestic activities but also significantly affects the international arena. The rise of global economic interdependence is evident in the successive rounds of the General Agreement on Tariffs and Trade (GATT), the initiatives of the World Trade Organization (WTO), and the proliferation of regional trade agreements such as the EU, NAFTA, ASEAN, and MERCOSUR.

While these international organizations aim to standardize and liberalize global trade regulations, they also highlight ongoing disparities between countries. Significant differences remain in areas such as patent rights, intellectual property protection, and the safeguarding of franchising.

2.2.3   Intellectual Property

Intellectual property (IP) rights hold a crucial position in contemporary society, serving as legal safeguards for the creations of innovators and creators. These rights encompass patents, copyrights, trademarks, and trade secrets, each governed by specific legal frameworks. In the realm of property rights and economic growth, Leblang's earlier research (1996) demonstrates a strong correlation between countries that protect property rights and accelerated economic growth. Leblang (1996) uses credit access to the private sector as a proxy for property rights and explores the relationship between democracy, property rights, and growth. Despite previous assumptions associating democracy with enhanced property rights, Leblang (1996) contends that democracy doesn't guarantee property rights, and vice versa. Different forms of government may adequately ensure property rights, challenging the prevailing view linking property rights solely to democratic regimes.

Svensson's study (1998) reinforces this perspective, revealing that countries with unstable governments lack incentives to protect property rights, particularly in the context of political instability reducing the impetus for economic development. Park and Ginarte (1997) emphasize the impact of intellectual property rights (IPRs) on growth, asserting that they stimulate firms to accumulate inputs and engage in research and development activities. In a nuanced exploration, Majidi (2011) introduces the concept of contract-intensive money as a variable influencing private entities' investment inclination.

Majidi's (2011) work transcends classical literature by categorizing property rights into two types: Intellectual Property Rights (IPR) and Physical Property Rights (PPR), with a specific focus on IPR in this context. Property rights, as an institutionalized set of rights under legal frameworks, extend beyond physical property to encompass intellectual property in the modern economy. Majidi (2011) argues that protecting IPR is more challenging than safeguarding PPR, leading some countries to seek substantial investments in IPR protection, while others question the necessity of such investments for long-term development. The reform of IPR laws in developing countries since 1995 reflects a global recognition of their potential impact on entrepreneurship, technology, and ultimately economic growth, contributing to overall economic development (Majidi, 2011).

2.2.4 Trademark

According to Greenhalgh and Rogers (2007), a trade mark encompasses any 'sign' capable of distinguishing a product or service. This includes words, graphics, figures, images, or other distinctive features, and in rarer cases, shapes, colors, or sounds (Greenhalgh& Rogers, 2007). Examining the conceptual views of trade marking provides valuable insights. The prevailing perspective, as presented by Greenhalgh and Rogers (2007), posits that trademarks hold value by mitigating information asymmetry between sellers and buyers. Trademarks serve as signals to consumers about the consistent quality of a product, reducing customers' search costs. This, in turn, allows firms to command

higher prices, leading to increased profits. Models following this view suggest a positive correlation between a firm's stock of trademarks and its output. The surge in trademark activity in the late 1990s is attributed to an exacerbation of information asymmetry faced by consumers.

While this argument is static, it implies that trademarks can drive firms to invest in enhancing the quality of their goods, positioning trade mark activity as a component in the innovation process. Greenhalgh and Rogers (2007) emphasize trademarks as a proxy for innovative effort, akin to research and development (R&D) or patent data. In this context, current trade mark activity (a 'flow') rather than the stock of trademarks becomes a relevant proxy for innovative effort. Traditionally, firms may leverage product or brand differentiation as a strategic barrier to entry by incumbents. This dual perspective on trademarks, both as a means to alleviate information asymmetry and as a proxy for innovative activity, underscores their multifaceted role in business strategy and market dynamics.

Branding

According to De Angeli and Hartmann (2008), a brand is a name, word, or symbol identifying goods or services, distinguishing them from competitors. Consumer-based brand equity, the value consumers attribute to brands, resides in their minds and is shaped by experiences, learning, and feelings. This subjective value, tied to individual preferences, history, and personality, contributes to competitive advantage both offline and online.

In the digital economy, research explores how brand equity transcends the real market to the digital realm. Trust and website design's role in forming positive attitudes towards a brand and its products are key considerations. The findings indicate that branding can facilitate consumer acceptance of electronic commerce.

Sutcliffe (2008) defines a brand as a name, symbol, or design distinguishing goods and services of one seller from competitors. Brand identification's high payoff is evident when effectively differentiating products based on features important to consumers. Even in cases where present products meet shopper preferences, brand identification reduces search time.

For instance, the term "Volkswagen" serves as an illustration. Santana and Audi cars fall under the "Volkswagen" brand, whether spoken or printed. However, when printed in a specific script, it becomes a trademark. A trademark doesn't necessarily need to be affixed to a product and can be a symbol, like Coca-Cola's distinctive script, exemplifying both brand name and trademark.

2.2.6 BusinessPerformance

The real value of it to a firm is the improvement in business performance due to its choice of growing through it instead of growing through its own means. Despite the large body of literature on it, only a handful of studies have addressed the effects of it on a firm's performance. The evidence presented by the few studies that have addressed this issue is mixed.Leleux, Spinelli, and Birley (2013) contrasted the financial performance of the US public franchisors to the Standard and Poor's 500 index performance. They concluded that the US public franchisors outperformed the S&P 500 (higher cumulative shareholder returns at similar average risk levels) for nine of the ten years of their study. Michael (2002) found that it helped firms gain market share and, consequently, improved their financial performance. Using return on equity (ROE) as their performance metric and narrowing the scope of their study, Alon, Drtina, and Gilbert (2004) examined the financial performance of it versus non-it firms in the restaurant sector over a one-year period. They concluded that it did not provide any sustainable profit benefit for franchised firms in the restaurant sector. Finally, Ojo (2009) could not find a linear relationship between it and performance.

2.2.7 Organization Sustainability

The service provider's capacity to consistently produce high volumes of quality output is primarily influenced by its dedicated franchising capabilities and overall accessibility. The availability of information technology (IT) plays a crucial role in determining output volume, with the extent of IT accessibility to the workforce being a key factor. Once all terminals are occupied, additional units have no impact on output volume. Furthermore, the franchising system may incorporate features that empower less skilled workers to expand the range of activities they can perform. Additionally, the franchisor's processing is interconnected with an inventory control system, automatically placing replenishment orders.

Employee selection and training significantly impact the speed and quality of service output. Worker proficiency is assessed through various dimensions, such as years of education, work experience, and scores on specialized tests. Napoleon and Gaimon (2004) offer a comprehensive taxonomy of instruments for evaluating employee skills. Microsoft Corporation, for instance, employs a multidimensional skill measurement system to identify necessary skills for performance improvement and makes hiring decisions accordingly (Ojo, 2009). Investments in worker knowledge, such as training in statistical quality control, have resulted in substantial enhancements in consistent quality (Napoleon and Gaimon, 2004). Moreover, participation in executive degree programs enables workers to develop services characterized by superior performance quality.

According to Napoleon and Gaimon (2004), output volume refers to the maximum output achievable through the franchise system. An increase in the speed at which service workers process transactions corresponds to an increase in output volume.

2.2.8 Sales Volume

Sales volume is the number of units sold within a reporting period. This figure is monitored by investors to see if a business is expanding or contracting. Within a business, sales volume may be monitored at the level of the product, product line, customer, subsidiary, or sales region(Barbole, Yuvraj, & Santosh, 2013).

Sales volume is a systematic effort to improve profit margins by eliminating all forms of waste and unnecessary expense without impairing the generation of revenues. Some commonly used synonyms for this activity are profit improvement, cost improvement, and methods improvement. But, regardless of the terminology used, the aim of cost reduction is to offset the impact of a squeeze on profits by getting the maximum return for every funds spent by the company (Barbole, Yuvraj, & Santosh, 2013).

Cost reduction, should therefore, not be confused with cost saving and cost control. Cost saving could be a temporary affair and may be at the cost of quality. Cost reduction implies the retention of essential characteristics and quality of the product and thus it must be confined to permanent and genuine savings in the costs of manufacture, administration, distribution and selling, brought about by elimination of wasteful and inessential elements form the design of the product and from the techniques and practices carried out in connection.

In other words, the essential characteristics, techniques and quality of the products are retained through improved methods and techniques used and thereby a permanent reduction in the unit cost is achieved.

2.2.9 Market Share

Market-share analysis is competitive. This implies that the effects of one's actions must be analyzed in conjunction with the market positions and actions of competitors. (In economic jargon, the marginal effect of a marketing variable is a function of competitors' actions and their market shares.) This also means that one will have to distinguish those factors which affect one's product/brand from more general factors which affect the entire industry (e.g., seasonality in product usage, and business and economic conditions). Finally, this means that, given competitors who are free to adopt any marketing strategies, market-share prediction also involves the prediction of competitors' future actions, which is a difficult undertaking in itself. Many experienced managers know that their best-laid plans mean little if they fail to predict correctly the courses of

action the competitors are going take. At this juncture we emphasize that the market-share analysis we explore in this book is basically for products in either the growth or maturity (i.e., saturation) stages of their product life cycle. In this context, it is important for one to distinguish between a new brand for a firm in an established industry and an entirely new product which is creating a new industry. We do not belittle the importance of being able to predict the future shares for a new product, but we envision that the analytical approach for predicting the performance of a new product is substantially different from that for an established product. When a radically new product is introduced by a firm in the market, it usually holds a temporarily monopolistic position due to technological advantages or legal protection (i.e., patents). Because the structure of the market and competition in the introductory stage of the product life cycle is so different from that in either the growth or maturity stages, the approaches to market-share analysis in this book may not be directly applicable to new products.

2.3 Theoretical Review

2.3.1 Social Exchange Theory

Social exchange theory serves as a foundation for creating a model that illustrates how collaborative communication from the franchisor positively influences franchisee commitment, which in turn negatively impacts their likelihood of exiting the relationship. This concept is particularly relevant in franchising, where the interaction between franchisor and franchisee is characterized by episodic exchanges embedded in a mutually beneficial relationship. Both parties adapt to each other to achieve fair outcomes. Thus, social exchange theory is applicable to franchise relationships, emphasizing reciprocity as a crucial factor in determining relationship value.

2.3.2 Transaction cost Theory

Adam Smith's seminal work, An Inquiry into the Nature and Causes of the Wealth of Nations, shifted the focus of economic theory to prices and price mechanisms. Building on this, Coase (1973) introduced the concept of transaction costs, viewing markets and organizations as alternative means for conducting transactions. Oliver Williamson further advanced this framework by positioning transaction cost theory at the heart of market exchanges, regarding firms as systems of contracts among various stakeholders.

Williamson (2001) emphasized that key transaction elements—such as frequency, uncertainty, and resource specificity—influence a firm's internal structure, efficiency, and incentives. Predictable transactions enable scale benefits, particularly relevant in franchising. However, transactions also entail risks of opportunistic behavior, necessitating protective measures against associated costs. The inherent uncertainty in transactions leads to incomplete contracts due to asymmetrical information, creating adaptation challenges and incurring additional costs. High specificity and uncertainty often favor internal transactions and hierarchical controls.

Despite its contributions, transaction cost theory faces criticism for its narrow focus on cost minimization and economic relations, often overlooking psychological and social dimensions. Critics argue that it neglects the interests of various firm groups, prioritizing profit maximization from the owner's perspective. Moreover, the theory's emphasis on markets and hierarchies excludes the consideration of hybrid organizations.

Hybrid organizations blend effective mechanisms from different organizational forms, addressing the limitations of both markets and hierarchies. These intermediaries demonstrate superior incentives, adaptability, and control. Powell (2001) notes the significance of competence accumulation, change speed, flexibility, and trust in hybrids, while Bradach (2000) highlights their ability to operate uniformly yet independently.

In conclusion, a classification system for Nigerian firms within this framework is lacking. This research aims to develop a classification tool for Nigerian franchising firms based on their organizational performance and subsequently analyze the relationship between franchising and performance.

2.3.3 Agency Theory

Agency theory traces its origins to Berle and Means (1932), who highlighted the separation of ownership and control in modern corporations. However, it gained prominence in the 1970s and 1980s, particularly through Jensen and Meckling's influential work, Theory of the Firm: Managerial Behavior, Agency Costs, and Ownership Structure (1976). This work introduced key concepts such as agency costs, residual loss, and the principal-agent relationship.

Agency theory examines the dynamics between principals (owners) and agents (those entrusted with decision-making authority). It addresses the challenges and conflicts that arise when authority is delegated, particularly in contractual relationships such as those between franchisors and franchisees (Ross, 1973). Two critical assumptions complicate these relationships: the external effects of the agent's behavior on the principal's success and the information asymmetries stemming from the principal's inability to fully monitor the agent's actions (Spremann, 2010). This leads to the expectation that agents may act in self-interest, necessitating coordination mechanisms for effective control.

Contracts are viewed as the main coordination tool in agency theory; however, the inability to foresee all future circumstances can lead to agency threats like adverse selection, moral hazard, and hold-up (Carney et al., 2011). Adverse selection involves selecting agents who may not achieve desired outcomes, moral hazard relates to agents

withholding effort or misusing resources, and hold-up concerns imbalances in bargaining power due to specific investments.

In franchising, agency theory indicates that goal divergence is often greater between franchisors and hired managers than between franchisors and franchisees (Kataria, Garg, &Rastogi, 2013). Franchisees, acting as residual claimants to net proceeds, have strong incentives to maximize sales while minimizing costs, making them less likely to engage in moral hazard compared to hired managers (Shane, 2012). Their interests are self-enforced due to the risks they bear. However, franchisors maintain decision rights over critical aspects of the franchise and monitor franchisees for quality control, with potential contract termination for detected shirking.

2.4 Empirical Review

Goldberg's study (2015) examines entrepreneurial teamwork, demonstrating that creativity and adaptability extend beyond franchisors when cooperative and flexible relationships are established. Grünhagen and Dorsch (2013) analyze changes in franchisee perceptions of franchisor value over time, finding the strongest positive perceptions when franchisees recall their initial expansion decisions, though these perceptions diminish when considering current and anticipated future views of franchisor value. Kalnins and Mayer (2004) investigate the importance of local and distant experience for unit survival, revealing that local experience benefits multiunit owners' retail and service units.

Michael (2013) provides evidence of first-mover advantages in the restaurant industry, supporting franchising as an effective method for resource

acquisition. Srinivasan (2006) explores the relationship between a firm's dual distribution strategy and its intangible value, presenting a four-segment model with varying impacts. Yin and Zajac (2004) study performance differences between franchised and company-owned units, finding that franchised stores with more flexible structures adopt strategies focused on flexibility and local adaptation.

Chamberlin (2017) correlates the proportion of franchised outlets in the US retail sector with factors such as size, geographical scope, growth rate, and investment level. Shane (2001) highlights the effect of incentive contracting on the survival of business format franchise systems, emphasizing the importance of screening agents, signaling quality, and controlling for free-riding to ensure firm survival. Sorenson and Sorensen (2001) examine the balance of company-owned and franchised units, revealing that managers of company-owned outlets tend to exploit more, whereas entrepreneurs managing franchises are inclined to explore, leading to complementary learning.

Onono and Etzel (2013) investigate the strategic goals of reseller firms in franchise channels, uncovering that productivity and adaptation priorities are market-dependent. Shane, Shankar, and Aravindakshan (2006) explore franchisors' strategic actions to attract partners and grow system size, identifying patterns related to royalty rates, franchise fees, outlet ownership, and initial investments.

Akanni's research (2016) focuses on franchising patterns in Nigerian bottling companies, highlighting positive perceptions and trademark dominance. Rahim (2011) establishes a positive link between democratic management styles and organizational stability, stressing the effects on decision inclusion and worker commitment. Ajibulu, Azeez, and Musyoki (2014) assess the impact of franchising on organizational performance in selected hotels in Enugu, finding significant effects of franchising, relationships, trademarks, and tasks on performance. Henry (2016) examines the relationship between franchising and employee performance in Nigerian Breweries Plc, noting significant connections between franchising, employee morale, and productivity. Olukayode (2015) investigates the impact of trademark on organizational performance in a Nigerian manufacturing firm, revealing a positive relationship between conflict management strategies and performance, with collective bargaining showing the highest correlation.

Together, these studies enhance the understanding of various aspects of franchising, including entrepreneurial teamwork, franchisor-franchisee dynamics, survival factors, first-mover advantages, dual distribution strategies, organizational structures, reseller firm goals, and their effects on employees and organizational performance.

2.5   Gaps in Literatures

From the above empirical review of past researcher, evidence has shown that most of the results obtain from various authors is not correlated with one another, some with positive relationship and some reveals negative relationship. This indicate that judgment cannot

be made perfectly and moreover some of the empirical are from foreign author, meaning less research has been carry out from the subject matter in Nigeria.

CHAPTER THREE

METHODOLOGY

3.1   Introduction

This section of the research examines the methodology utilized in the study. It covers the research philosophy, approach, and methods selected. The chapter details the research approach and describes the data sources and collection techniques employed. It also provides insights into the population of the case study and explains how the sample size was determined. Additionally, the chapter discusses the data analysis methods used. Finally, it addresses issues related to validity, reliability, and ethical considerations that are crucial for the research.

3.2   Research Method

The research study utilizes a survey method to investigate the impact of franchising on business performance, with Shoprite as the case study. This approach involves a meticulously crafted questionnaire designed to collect data from respondents. The questionnaire aims to gather insights into their experiences and perspectives on how franchising affects business performance.

3.3   Research Design

This research utilizes a quantitative approach, which involves a formal, objective, and systematic process aimed at testing effects and relationships among variables. The quantitative method is employed to classify relevant subset information for research purposes. The research design incorporates both exploratory and survey elements to obtain definitive answers to the research question. Primary data is collected directly from the primary source, Shoprite Company, using a close-ended questionnaire as the selected instrument for data collection.

3.4   Population of Study

In this study, the population comprises the entire staff of Shoprite Company in Ilorin. The total population is determined to be 270 (Two Hundred and Seventy) employees, as obtained from the Shoprite Company database with the assistance of the Human Resources Manager.

3.5   Sample Size Determination

In this research, too methods of determination sample size would be applied namely.

Taro Yamani formula

Hence, Taro formula is conceived with the application of normal appreciation with 95% confidence level and 5% error tolerance. The formula is given below

$$n = \frac{N}{I + N\ (e^2)}$$

N = population

n = Sample size

e = Level of significance

Therefore, the population = 270

$$n = \frac{270}{1 + 270}\ (0.5^2)$$

$$= 1 + \frac{270}{270(0.0025)}$$

$$= \frac{270}{1 + 0.675}\ = 161$$

3.6 Sampling Techniques

Purposive and convenience sampling techniques will be employed to select the respondents who are staff of Shoprite Ilorin, since the target population remains homogenous. Purposive sampling technique was employed in the study to focus on human resource activities in the company.

3.7   Method of Data Collection

For this study, primary data was collected through a well-structured closed-ended questionnaire administered to the staff of the case study, Shoprite Company. The respondents, constituting the study frame, were provided with a questionnaire containing two sections, A and B. Section A focused on gathering demographic data, while section B included research statements aimed at understanding the study's purpose. The questionnaire employed a 5-point Likert scale for clarity, with each level represented as SD (Strongly Disagree), D (Disagree), N (Neutral), A (Agree), and SA (Strongly Agree). This approach aimed to systematically gather responses and insights from the participants.

3.8 Method of Data Analysis

The result gotten from the research field was analysed using frequency distribution table to displaying the percentage of the demographic data and to show the level of agreement and disagreement to the research statements in the closed ended questionnaire. Simple linear regression was used to analyse the hypotheses formulated for the study.

3.9 Validity of Research Instrument

Test of validity is ability of the various instrument propose in this study to measure what will have designed in order to answer the questions and hypotheses. The research will be validated with both face and content validity (some elements in the questionnaire were change from expert in the content) this work could not use concurrent and predictive validity.

3.10 Reliability of Research Instrument

In management and business circle, Reliability of the research has it's distinctiveness to ensure stability or consistency of measurement of the instrument as compared to similar study on the field of management (Otokiti, 2007). The instrument precisely the questionnaire which will subject to test retest method to ensure the constant and steadiness of respondent's response to the statements of research stated in the questionnaire.

CHAPTER FOUR

DATA ANALYSIS, INTERPRETATION AND DISCUSSION OF FINDINGS

4.1   Introduction

This chapter presented the results as obtained from the survey based on the responses to the questionnaire administered. The data presented are stated below, the tables are classified under two sections, Section A deals with Profiles and Socio-demographic characteristics of respondents while Section B deals with the responses of the respondents based on the research questions in chapter one. The data presentation section gave a detailed discussion of results of the questionnaires.

4.2   Profile and socio-demographic of Respondents

Table 4.1:Gender of Respondents

		Frequency	Percent	Cumulative Percent
Valid	**Male**	71	44.1	44.1
	Female	90	55.9	100.0
	Total	161	100.0	

Sources: Author's field Work, 2025

The table indicates that 44.1% of the respondents were male, and the remaining 55.9% were female. The majority of respondents were female, suggesting a higher representation of female employees compared to their male counterparts in the study.

Table 4.2: Age of Respondents

	Frequency	Percent	Cumulative Percent
20-29	43	26.7	26.7
30-39	60	37.3	64.0
40-49	34	21.1	85.1
50-59	24	14.9	100.0
Total	161	100.0	

Source: Author's field survey, 2025

The table illustrates the age distribution of the respondents, revealing that 26.7% were in the 20 to 29 years age group, 37.3% were in the 30 to 39 years age group, 21.1% were in the 40 to 49 years age group, and 14.9% were in the 50 to 59 years age group. Notably, there were no sampled respondents aged 60 years and above. This indicates that the respondents between the ages of 30 and 39 dominate the targeted age group in the study..

Table 4.3: Marital Status of Respondents

		Frequency	Percent	Cumulative Percent
Valid	Single	64	39.8	39.8
	Married	93	57.8	97.6
	Widow	4	2.5	100.0

Table 4.3: Marital Status of Respondents

		Frequency	Percent	Cumulative Percent
Valid	Single	64	39.8	39.8
	Married	93	57.8	97.6
	Widow	4	2.5	100.0
	Total	161	100.0	

Source: Author's field survey, 2025

The table shows that 39.8% of the respondents are single (64 individuals), 57.8% are married (93 individuals), and 2.5% are widowed (4 individuals). This implies that the highest proportion of the respondents falls under the married category, indicating that married individuals are the predominant group in terms of marital status among the surveyed population.

Table 4.4: Educational Level of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	First Degree	38	21.1	21.1	21.1
	Second Degree	48	26.7	26.7	47.8
	Others	94	52.2	52.2	100.0

Table 4.4: Educational Level of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	First Degree	38	21.1	21.1	21.1
	Second Degree	48	26.7	26.7	47.8
	Others	94	52.2	52.2	100.0
	Total	161	100.0	100.0	

Source: Author's field survey, 2025

The table indicates that 21.1% of the respondents (38 individuals) have a first degree, 26.7% (48 individuals) have a second degree, and 52.2% (94 individuals) have other degrees. This suggests that respondents with other classes of education, beyond first and second degrees, constitute the highest proportion of the surveyed population.

Table 4.5: Employment Status of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Permanent	108	60.0	60.0	60.0
	Contract	72	40.0	40.0	100.0
	Total	161	100.0	100.0	

Source: Author's field survey, 2025

According to the table, 60.0% of the respondents (108 individuals) are permanent staff, and 40.0% (72 individuals) are contract workers. This implies that there are more permanent staff than their counterparts (contract workers) in the organization.

4.2 Section BDescriptive Analyses of Operational Data

Tables of Response for Trademark

Table 4.6:The use of mother company logo exist in my organization activities

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagreed	32	17.8	17.8	17.8
	Strongly Disagreed	20	11.1	11.1	28.9
	Not sure	46	25.6	25.6	54.4
	Agreed	36	20.0	20.0	74.4
	Strongly Agreed	46	25.6	25.6	100.0
	Total	161	100.0	100.0	

Source: Author's field survey, 2025

From the result it indicate that 17.8% of the respondent disagreed that the use of mother company logo exist in my organization activities, 11.1% strongly disagreed, 25.6% are not sure, 20.0% agreed, while 25.6% strongly agreed with the opinion.

Table 4.7: Trademark of the mother company is highly acknowledged in my organization

		Frequency	Percent	Valid Percent	Cumulative Percent

Valid		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagreed	22	12.2	12.2	12.2
	strongly Disagreed	32	17.8	17.8	30.0
	Not sure	48	26.7	26.7	56.7
	Agreed	28	15.6	15.6	72.2
	Strongly Agreed	50	27.8	27.8	100.0
	Total	161	100.0	100.0	

Source: **Author's field survey, 2025**

From table above, 12.2% of the sampled respondents disagreed that trademark of the mother company is highly acknowledged in their organization, 17.8% of the respondents strongly disagreed, 26.7% were not sure, 15.6% agreed, while 27.8% strongly agreed with the opinion.

Table 4.8: Logos and mission statements are similar with that of the mother company

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagreed	21	23.3	23.3	23.3
	Strongly Disagreed	14	15.6	15.6	38.9
	Not sure	19	21.1	21.1	60.0
	Agreed	11	12.2	12.2	72.2
	Strongly Agreed	25	27.8	27.8	100.0
	Total	161	100.0	100.0	

From table above, 23.3% of the sampled respondents disagreed that logos and mission statements are similar with that of the mother company, 15.6% of the respondents strongly disagreed, 21.1% were not sure, 12.2% agreed, while 27.8% strongly agreed with the opinion.

Table 4.9: Office and outlets arrangement aligns with the mother company standard

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagreed	36	20.0	20.0	20.0
	Strongly Disagreed	38	21.1	21.1	41.1
	Not Sure	42	23.3	23.3	64.4
	Agreed	34	18.9	18.9	83.3
	Strongly Agreed	15	16.7	16.7	100.0
	Total	161	100.0	100.0	

From table above, 20.0% of the sampled respondents disagreed that office and outlets arrangement aligns with the mother company standard, 21.1% of the respondents strongly disagreed, 23.3% were not sure, 18.9% agreed, while 16.7% strongly agreed with the opinion.

Table 4.10: The business has a system that recognizes the origin of ideas

	Frequency	Percent	Valid Percent	Cumulative Percent

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagreed	42	23.3	23.3	23.3
	Strongly Disagreed	24	13.3	13.3	36.7
	Not sure	48	26.7	26.7	63.3
	Agreed	18	10.0	10.0	73.3
	Strongly Agreed	48	26.7	26.7	100.0
	Total	161	100.0	100.0	

Source: **Author's field survey, 2025**

From table above, 23.3% of the sampled respondents disagreed that the business has a system that recognizes the origin of ideas, 13.3% of the respondents strongly disagreed, 26.7% were not sure, 10.0% agreed, while 26.7% strongly agreed with the opinion that the business has a system that recognizes the origin of ideas. In essence, this means that the business of discussion has a system that recognizes the origin of ideas.

Table 4.11: Packing and packaging of products is highly guided by existing samples of the owner of the concept

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagreed	28	15.6	15.6	15.6
	Strongly Disagreed	30	16.7	16.7	32.2
	Not sure	44	24.4	24.4	56.7
	Agreed	28	15.6	15.6	72.2
	Strongly Agreed	50	27.8	27.8	100.0

Table 4.11: Packing and packaging of products is highly guided by existing samples of the owner of the concept

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagreed	28	15.6	15.6	15.6
	Strongly Disagreed	30	16.7	16.7	32.2
	Not sure	44	24.4	24.4	56.7
	Agreed	28	15.6	15.6	72.2
	Strongly Agreed	50	27.8	27.8	100.0
	Total	161	100.0	100.0	

Source: **Author's field survey, 2025**

From table 4.11, 15.6% of the sampled respondents disagreed that the packing and packaging of products is highly guided by existing samples of the owner of the concept, 16.7% of the respondents strongly disagreed, 24.4% were not sure, 15.6% agreed, while 27.8% strongly agreed with the opinion that the packing and packaging of products is highly guided by existing samples of the owner of the concept. This by implication means that products packing and packaging of products is highly guided by existing samples of the owner of the concept.

Table 4.12: The products of the organization often times project the original idea of the mother company

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagreed	24	13.3	13.3	13.3
	Strongly Disagreed	26	14.4	14.4	27.8
	Not sure	34	18.9	18.9	46.7
	Agreed	50	27.8	27.8	74.4
	Strongly Agreed	46	25.6	25.6	100.0
	Total	161	100.0	100.0	

Source: **Author's field survey, 2025**

From table 4.12, 13.3% of the sampled respondents disagreed thatthe products of the organization often times project the original idea of the mother company, 14.4% of the respondents strongly disagreed, 18.9% were not sure, 27.8% agreed, while 25.6% strongly agreed with the opinion that the products of the organization often times project the original idea of the mother company. Hence, it was revealed that the products of the organization project the original idea of the mother company.

Table 4.13: Goods and services are tailored towards maintaining the originality of the mother company representation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagreed	32	17.8	17.8	17.8
	Strongly Disagreed	38	21.1	21.1	38.9
	Not sure	32	17.8	17.8	56.7
	Agreed	40	22.2	22.2	78.9
	Strongly Agreed	38	21.1	21.1	100.0
	Total	161	100.0	100.0	

Source: **Author's field survey, 2025**

From table 4.13, 17.8% of the sampled respondents disagreed that Goods and services are tailored towards maintaining the originality of the mother company representation, 21.1% of the respondents strongly disagreed, 17.8% were not sure, 22.2% agreed, while 21.1% strongly agreed with the opinion that Goods and services are tailored towards maintaining the originality of the mother company representation. This by implication that products of the business are tailored towards maintaining the originality of the mother company representation.

Tables of Response for Sales Performance

Table 4.14: Increase in sales volume is attached to activities on the franchise

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagreed	18	10.0	10.0	10.0
	Strongly Disagreed	22	12.2	12.2	22.2
	Not sure	52	28.9	28.9	51.1
	Agreed	30	16.7	16.7	67.8
	Strongly Agreed	58	32.2	32.2	100.0
	Total	161	100.0	100.0	

Source: **Author's field survey, 2025**

From table 4.14, 10.0% of the sampled respondents disagreed that increase in sales volume is attached to activities on the franchise, 12.2% of the respondents strongly disagreed, 28.9% were not sure, 16.7% agreed, while 32.2% strongly agreed with the opinion that increase in sales volume is attached to activities on the franchise. This in hence means that the increase experienced in sales performance was as a result of activities on the franchise.

Table 4.15:The business sales output is guided by mother company principles

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagreed	36	20.0	20.0	20.0
	Strongly Disagreed	36	20.0	20.0	40.0
	Not sure	32	17.8	17.8	57.8

		Frequency	Percent	Valid Percent	Cumulative Percent
	Agreed	22	12.2	12.2	70.0
	Strongly Agreed	54	30.0	30.0	100.0
	Total	161	100.0	100.0	

Source: **Author's field survey, 2025**

From table 4.15, 20.0% of the sampled respondents disagreed that the business sales output is guided by mother company principles, 20.0% of the respondents strongly disagreed, 17.8% were not sure, 12.2% agreed, while 30.0% strongly agreed with the opinion that the business sales output is guided by mother company principles. This in hence means that the business sales output is guided by mother company principles.

Table 4.16: Sales increment is often experienced during e-marketing activities period

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagreed	46	25.6	25.6	25.6
	Strongly Disagreed	32	17.8	17.8	43.3
	Not sure	44	24.4	24.4	67.8
	Agreed	12	6.7	6.7	74.4
	Strongly Agreed	46	25.6	25.6	100.0
	Total	161	100.0	100.0	

Source: **Author's field survey, 2025**

From table 4.16, 25.6% of the sampled respondents disagreed that sales increment is often experienced during e-marketing activities period, 17.8% of the respondents strongly disagreed, 24.4% were not sure, 6.7% agreed, while 25.6% strongly agreed with the opinion that sales increment is often experienced during e-marketing activities period. This means that sales increment is often experienced during e-marketing activities period.

Table 4.17: Goods and services are in relations to how business operations are carried out

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagreed	42	23.3	23.3	23.3
	Strongly Disagreed	20	11.1	11.1	34.4
	Not sure	40	22.2	22.2	56.7
	Agreed	12	6.7	6.7	63.3
	Strongly Agreed	66	36.7	36.7	100.0
	Total	161	100.0	100.0	

Source: Author's field survey, 2025

From table 4.17, 23.3% of the sampled respondents disagreed that sales increase is solely a function of how the rules guiding franchising are followed, 11.1% of the respondents strongly disagreed, 22.2% were not sure, 6.7% agreed, while 36.7% strongly agreed with the opinion that sales increase is solely a function of how the rules guiding franchising are followed. Hence, this table revealed that sales increase is solely a function of how the rules guiding franchising are followed.

Tables of Response for Sustainability

Table 4.18: The business has numerous useful strategies to remain in business operation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagreed	48	26.7	26.7	26.7
	Strongly Disagreed	32	17.8	17.8	44.4
	Not sure	42	23.3	23.3	67.8
	Agreed	10	5.6	5.6	73.3
	Strongly Agreed	48	26.7	26.7	100.0
	Total	161	100.0	100.0	

Source: **Author's field survey, 2025**

From table 4.18, 26.7% of the sampled respondents disagreed that the business has numerous useful strategies to remain in business operation., 17.8% of the respondents strongly disagreed, 23.3% were not sure, 5.6% agreed, while 26.7% strongly agreed with the opinion that the business has numerous useful strategies to remain in business operation. This in hence means that the business has employed numerous useful strategies to remain in business operation.

Table 4.19: Mechanisms are employed in order to remain in active business and relationship with the mother company

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagreed	28	15.6	15.6	15.6
	Strongly Disagreed	22	12.2	12.2	27.8
	Not sure	44	24.4	24.4	52.2
	Agreed	38	21.1	21.1	73.3
	Strongly Agreed	48	26.7	26.7	100.0
	Total	161	100.0	100.0	

Source: **Author's field survey, 2025**

From table 4.19, 15.6% of the sampled respondents disagreed that mechanisms are employed in order to remain in active business and relationship with the mother company, 12.2% of the respondents strongly disagreed, 24.4% were not sure, 21.1% agreed, while 26.7% strongly agreed with the opinion that mechanisms are employed in order to remain in active business and relationship with the mother company. This means that mechanisms are employed in order to remain in active business and relationship with the mother company.

Table 4.20:The organization put in the best practice which encourages omission of unnecessary expenditures

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagreed	44	24.4	24.4	24.4
	Strongly Disagreed	34	18.9	18.9	43.3
	Not sure	40	22.2	22.2	65.6
	Agreed	28	15.6	15.6	81.1
	Strongly Agreed	34	18.9	18.9	100.0
	Total	161	100.0	100.0	

Source: **Author's field survey, 2025**

From table 4.20, 24.4% of the sampled respondents disagreed that theorganization put in the best practice which encourages omission of unnecessary expenditures, 18.9% of the respondents strongly disagreed, 22.2% were not sure, 15.6% agreed, while 18.9% strongly agreed with the opinion that theorganization put in the best practice which encourages omission of unnecessary expenditures. This means that theorganization put in the best practice which encourages omission of unnecessary expenditures.

Table 4.21: The organization put in the best practice which encourages omission of unnecessary expenditures

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagreed	38	21.1	21.1	21.1
	Strongly Disagreed	26	14.4	14.4	35.6
	Not sure	40	22.2	22.2	57.8
	Agreed	28	15.6	15.6	73.3
	Strongly Agreed	48	26.7	26.7	100.0
	Total	161	100.0	100.0	

Source: **Author's field survey, 2025**

From table 4.21, 21.1% of the sampled respondents disagreed thatthe organization put in the best practice which encourages omission of unnecessary expenditures, 14.4% of the respondents strongly disagreed, 22.2% were not sure, 15.6% agreed, while 26.7% strongly agreed with the opinion that the organization put in the best practice which encourages omission of unnecessary expenditures. This means that the organization put in the best practice which encourages omission of unnecessary expenditures.

Table 4.22:Sustainability of business operations has a direct link with the mother company

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagreed	36	20.0	20.0	20.0
	Strongly Disagreed	36	20.0	20.0	40.0
	Not sure	32	17.8	17.8	57.8
	Agreed	22	12.2	12.2	70.0
	Strongly Agreed	54	30.0	30.0	100.0
	Total	161	100.0	100.0	

Source: **Author's field survey, 2025**

From table above, 20.0% of the sampled respondents disagreed that sustainability of business operations has a direct link with the mother company, 20.0% of the respondents strongly disagreed, 17.8% were not sure, 12.2% agreed, while 30.0% strongly agreed with the opinion that sustainability of business operations has a direct link with the mother company. This in hence means that sustainability of business operations has a direct link with the mother company.

4.3 Test of Hypotheses

4.3.1 Test for Hypothesis one

H_{01}Intellectual Property has no significant impact on sales performance of Shoprite Company Ilorin

Table 4.3.1.1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.674[a]	.564	.561	3.52523

a. Predictors: (Constant), Intellectual property

Source: **Author's field survey, 2025**

The model summary as indicated in table 4.3.1.1shows that R Square is 0. 564; this implies that 56% of variation in the dependent variable (sales performance) was explained by the independent variable (intellectual property). This mean that the regression (model formulated) is useful for making predictions since the value of R^2 is close to 1.

Table 4.3.1.2: ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	68.420	1	68.420	26.684	.000[a]
	Residual	410.266	160	2..564		

Total	476.688	161			

a. Predictors: (Constant), Sales performance

b. Dependent Variable: Intellectual property

The table above summarized the results of an analysis of variation in the dependent variable with large value of regression sum of squares (68.420) in comparison to the residual sum of squares with value of 410.266 (this value indicated that the model does not fail to explain a lot of the variation in the dependent variable. However, the estimated F-value (26.684) as given in the table above, with significance value of 0.000, which is less than p-value of 0.05 ($p<0.05$), which means that the explanatory variable elements as a whole can jointly influence the increment in the dependent variable (sales performance).

Table 4.3.1.3: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	**Std. Error**	**Beta**	**t**	**Sig.**
1	(Constant)	6.537	5.032		1.299	.002
	Intellectual property	.701	.299	2.378	2.346	.000

Table 4.3.1.3: Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1 (Constant)	6.537	5.032		1.299	.002
Intellectual property	.701	.299	2.378	2.346	.000

Source: **Author's field survey, 2025**

a. Dependent Variable: Sales performance

The dependent variable as shown in the table 4.3.1.3was smooth in operation. This was used as a yardstick to examine the impact between the two variables (i.e. Intellectual property and Sales performance). The predictor is intellectual property as depicted in table, it is obvious that there is a direct relationship between intellectual property and Sales performance.

According to the result in the table above intellectual property t-test coefficient is 2.346 and the P-value is 0.000 which is less than 0.05 (i.e. $P<0.05$). This means that these variables are statistically significant at 5% significant level.

As a result of the outcome, the Null Hypothesis (H_O) was rejected on the basis that the p-value is less than 0.05. Hence the alternative hypothesis is accepted, that intellectual Property has significant impact on sales volume of Shoprite Company Ilorin. Hence, this

is in tandem with the study of Ajibulu et al. (2014) investigated the effect of Franchising on organizational performance of selected hotels in Enugu

4.3.2 Test for Hypothesis Two

H_{02}Intellectual property does not have significant effect on the sustainability of Shoprite Company

Table 4.3.2.1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.559a	.312	.305	3.49642

    a.   Predictors: (Constant), Intellectual property

Source: **Author's field survey, 2025**

The model summary as indicated in table above shows that R Square is 0.53; this implies that 53% of variation in the dependent variable (sustainability) were explained by the independent variable (Intellectual property) while the remaining 47% is due to other variables that are not included in the model. This mean that the regression (model formulated) is useful for making predictions since the value of R^2 is close to 1.

Table 4.3.2.2: ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	47.319	1	47.319	18.769	0.038[a]
	Residual	403.423	160	2.521		
	Total	450.743	161			

Source: **Author's field survey, 2025**

a. Predictors: (Constant), Intellectual property

b. Dependent Variable: Sustainability

The table above summarized the results of an analysis of variation in the dependent variable with large value of regression sum of squares (47.319) in comparison to the residual sum of squares with value of 403.423 (this value indicated that the model does not fail to explain a lot of the variation in the dependent variables. However, the estimated F-value (18.769) as given in the table above with significance value of 0.038, which is less than p-value of 0.05 ($p<0.05$) which means that the explanatory variable elements as a whole can jointly influence the increment in the dependent variable (Sustainability).

Table 4.3.2.3: Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	7.167	4.989		1.436	.160
Intellectual property	.583	.296	.324	1.967	.038

Source: **Author's field survey, 2025**

a. Dependent Variable: Sustainability

The dependent variable as shown in the table 4.3.2.3was smooth in operation. This was used as a yardstick to examine the impact between the two variables (i.e. Trademark and organizational output.). The predictor is intellectual property as depicted in table, it is obvious that there is a direct relationship between intellectual property and sustainability.

According to the result in the table above organizational output t-test coefficient is 2.346 and the P-value is 0.000 which is less than 0.05 (i.e. P<0.05). This means that these variables are statistically significant at 5% significant level.

As a result of the outcome, the Null Hypothesis (H_O) was rejected on the basis that the p-value is less than 0.05. Hence the alternative hypothesis was accepted, that intellectual property does have significant effect on the sustainability of Shoprite Company. Therefore, this is in line with the findings of Henry (2016).

4.3.3 Test for Hypothesis Three

H_{02}Trademark has no significant impact on sales performance of Shoprite Company Ilorin

Table 4.3.3.1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.647[a]	.592	.501	2.90419

a. Predictors: (Constant), Trademark

Source: **Author's field survey, 2025**

The model summary as indicated in table 4.3.3.1 shows that R Square is 0.592; this implies that 59% of variation in the dependent variable (sales performance) was explained by the independent variable (trademark while the remaining 41% is due to other variables that are not included in the model. This mean that the regression (model formulated) is useful for making predictions since the value of R^2 is close to 1.

Table 4.3.3.2: ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	200.354	1	200.354	115.212	.000[a]
	Residual	278.332	160	1.739		
	Total	478.686	161			

a. Predictors: (Constant), Trademark

b. Dependent Variable: Sales performance

The table above summarized the results of an analysis of variation in the dependent variable with large value of regression sum of squares (200.345) in comparison to the residual sum of squares with value of 278.332 (this value indicated that the model does not fail to explain a lot of the variation in the dependent variables. However, the estimated F-value (115.212) as given in the table above with significance value of 0.000, which is less than p-value of 0.05 ($p<0.05$) which means that the explanatory variable elements as a whole can jointly influence the increment in the dependent variable (Sales performance).

Table 4.3.3.3 Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	T	Sig.
1 (Constant)	7.177	2.256		3.337	.002
Trademark	.763	.157	.647	4.874	.000

a.   Dependent Variable: Sales performance

The dependent variable as shown in the table 4.3.3.3 was smooth in operation. This was used as a yardstick to examine the impact between the two variables (i.e. Trademark and Sales performance). The predictors is trademark as depicted in table, it is obvious that there is a direct relationship between trademark and Sales performance. According to the result in the table above organizational cost reduction t-test coefficient is 2.346 and the P-value is 0.000 which is less than 0.05 (i.e. P<0.05). This means that these variables are statistically significant at 5% significant level.

As a result of the outcome, the Null Hypothesis (H_O) was rejected on the basis that the p-value is less than 0.05. Hence, the alternative hypothesis was accepted, that trademark has significant impact on sales performance of Shoprite Company Ilorin. Hence, this aligns with the study of Akanni (2016).

4.3.4 Test for Hypothesis Four

H_{04}Trademark has no significant effects on the sustainability of Shoprite Company,

Table 4.3.4.1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.783[a]	.666	.665	1.166

Source: **Author's field survey, 2025**

a. Predictors: (Constant), Sustainability

The model summary as indicated in table 4.3.4.1 shows that R Square is 0.666; this implies that 67% of variation in the dependent variable (sustainability) were explained by the independent variable (Trademark) while the remaining 34% is due to other variables

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that are not included in the model. This mean that the regression (model formulated) is useful for making predictions since the value of R^2 is close to 1.

Table 4.3.4.2: ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	47.319	1	47.319	18.769	.038[a]
	Residual	403.423	160	2.521		
	Total	450.743	161			

Source: **Author's field survey, 2025**

a. Predictors: (Constant), Trademark

b. Dependent Variable: Sustainability

The table above summarized the results of an analysis of variation in the dependent variable with large value of regression sum of squares (47.319) in comparison to the residual sum of squares with value of 403.423 (this value indicated that the model does not fail to explain a lot of the variation in the dependent variables. However, the estimated F-value (18.769) as given in the table above with significance value of 0.038, which is less than p-value of 0.05 ($p<0.05$) which means that the explanatory variable elements as a whole can jointly influence the increment in the dependent variable (Sustainability).

Table 4.3.4.3: Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	7.167	4.989		1.236	.160
Trademark	.502	.169	.326	1.655	.025

Source: **Author's field survey, 2025**

a. Dependent Variable: Sustainability

The dependent variable as shown in the table 4.3.4.3was smooth in operation. This was used as a yardstick to examine the impact between the two variables (i.e. trademark and sustainability. The predictor is trademark as depicted in table, it is obvious that there is a direct relationship between trademark and sustainability. According to the result in the table above trademark t-test coefficient is 2.085 and the P-value is 0.038 which is less than 0.05 (i.e. P<0.05). This means that these variables are statistically significant at 5% significant level.

As a result of the outcome, the Null Hypothesis (H_O) is rejected on the basis that the p-value is less than 0.05. Hence the alternative hypothesis is accepted, that trademark has significant relationship on sustainability. Hence, this study is in correlation with the study of Chamberlin (2017); Olukoya (2015).

4.5   Discussion of Findings

According to the findings, the demographic information of the respondents helped shed more insight into how decisions of employees at different categories with difference in gender, age, exposure and educational background are influenced. Hence, the demographic information showed that;

Additionally, the study in relations to trademark revealed that the use of mother company logo exist in their organization activities. Also that trademark of the mother company is highly acknowledged in their organization. Also, logos and mission statements are similar with that of the mother company and that there are specific standard for office and outlets arrangement which must align with the mother company standard.

In addition, this study affirmed that increase in sales volume is attached to activities on the franchise and that the business sales output is guided by mother company principles. Also, sales increment is often experienced during e-marketing activities period which is mostly facilitated by the mother company and that goods and services are in relations to how business operations are carried out.

Lastly, the study took a stand in relations to sustainability that the business has numerous useful strategies to remain in business operation and that mechanisms are employed in order to remain in active business and relationship with the mother company. Additionally, the organization put in the best practice which encourages omission of unnecessary expenditures and that the organization put in the best practice which encourages omission of unnecessary expenditures.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1   Preamble

This is the final chapter of the research work which described the summary of findings, conclusion, recommendations, contribution to knowledge and suggestion for further studies. The summary section discussed the findings in brief from previous chapters; the conclusions section discussed the concluding statements for the research, the recommendations gives opinion about ways to possibly improve on the discussed topic. Lastly, this chapter highlighted contributions to knowledge and suggestions for further studies.

5.2   Summary of Findings

The following are the summary of the findings;

Hypothesis one states that intellectual property has no significant impact on sales performance of Shoprite Company Ilorin. However, the study rejected the null hypothesis and alternate which states that intellectual property has significant impact on sales performance of Shoprite Company Ilorin be accepted in relations to the research.

Hypothesis two states that intellectual property does not have significant effect on the sustainability of Shoprite Company. Hence, the study found that the null hypothesis failed to achieve its aim while the alternate hypothesis was accepted which states that intellectual property does have significant effect on the sustainability of Shoprite Company.

Hypothesis three states that trademark has no significant impact on sales performance of Shoprite Company Ilorin. However, as discovered in the course of the study, it was found that Trademark has significant impact on sales performance of Shoprite Company Ilorin.

Hypothesis four states that trademark has no significant effects on the sustainability of Shoprite Company. However, as discovered in the course of the study, it was found that trademark has no significant effects on the sustainability of Shoprite Company.

5.3   Conclusion

In conclusion, this research underscores the intricate interplay between franchising and business performance, highlighting the potential benefits and challenges associated with this business model. As franchising continues to shape modern business landscapes, understanding its effects on performance is vital for informed decision-making and strategic planning. Considering the findings of this study and other empirical works reviewed, the following conclusions were made that:

Certainly,intellectual property does have a huge impact on sales performance of Shoprite Company Ilorinand that the organization does recognizes intellectual property of concepts, ideas and information of the mother company.

In addition, this study concludes intellectual property does affects significantly the business sustainability of Shoprite Company, Ilorin. Hence, it also affects the overall performance of the organization of Shoprite Company, Ilorin.

Furthermore, this study concludes that not only does intellectual property affects the organizational performance, but also that trademark too has significant impact on sales performance of Shoprite Company Ilorin and this has a direct impact on the organization.

Lastly, this study concludes that trademark has significant effects on the sustainability of Shoprite Company Ilorin, hence, affecting the overall organizational performance of Shoprite Company, Ilorin.

5.4   Recommendations

For the purpose of this research work, the study recommends the following that;

i.   Thoughtful effort should be adopted by the organization to further improving on the recognition of intellectual property in order to improve the sales performance of Shoprite Company Ilorin.

ii.   Also, this study recommends that rigorous efforts should be further concentrated on improvement in recognition of intellectual property in order to enhance the business sustainability of Shoprite Company, Ilorin.

iii.   Furthermore, this study recommends that management of Shoprite should improve on implementation of trademark activities as it was found to have significant effects on th sales performance of the organization.

iv.   Lastly, this study recommends that trademark does only affects sales performance but also assures sustainability of the business of Shoprite Company, Ilorin.

5.5   Suggestions for further Studies

This study was aimed at examining the impact of franchising on the business performance of Shoprite Company, using Ilorin store as a case study. However, further studies can be tailored towards other chain of business, for instance further study can look into industries such as banking, hospitality and airline businesses in order to ascertain the existing phenomenon in the sectors. Also, studies can be conducted in a larger space by comparing the performance of these franchised companies to their respective mother companies around the world taking into consideration geographical, political, socio-cultural and technological differences.

5.6   Contributions to Knowledge

This study contributes to the body of knowledge through different perspective and activities of human and organization's circle. Thus, this study assists in contributing to the body of knowledge by providing reference to literature and empirical findings on the subject matter especially in the private sector with specifics to franchising activities. Also, phenomenon and peculiarities were discovered during the course of this study and it has helped in providing information which is related to the learning environment. This study has also contributed to the body of knowledge through the adopted variables in the study and the result will be significant for future studies. Finally, this study contributes to body of knowledge by revealing the lingering challenges and possible applicable solutions to the challenges for policy makers in the industry and beyond.

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APPENDIX

Appendices A

Department of Business Administration and management,
Institute of Finanace and Management studies
Kwara State polytechnic, Ilorin.
Kwara State.

Dear Respondent,

LETTER OF INTRODUCTION

This bearer,………………..with matriculation number:…………………is a student of the Department of Business Administration and management, Institute of Finance and Management studies Kwara State polytechnic, Ilorin. Nigeria. He is currently conducting a research study titled **"ASSESSING THE IMPACT OF FRANCHISING PRACTICES ON BUSINESS PERFORMANCE, FOCUSING ON SHOPRITE COMPANY IN ILORIN KWARA STATE)"**.

In this circumstance, we request your support in helping him fill this questionnaire attached therein in order to make him carryout this research work objectively. Please note that the data supplied shall be treated with utmost confidence and use purely for academic purposes only.

Thanks for your cooperation.

Yours faithfully,

……………….

Project Supervisor

Appendix B

Questionnaire

SECTION A: Demographic Information

(*N.B Answer by Ticking where applicable*)

1. Gender: Male ( )   Female ( )
2. Age: 19 and Below ( ) 20-29 ( ) 30-39 ( )   40-49 ( ) 50-59 ( ) 60 and above ( )
3. Marital status: Single ( )   Married ( )   Widow ( )
4. Educational Level: First Degree ( ) Second Degree ( ) Others ( )
5. Length of Service: Less than 5years: ( ) 5-10 ( ) 11-20 ( ) 21-30 ( ) 31 and above ( )
6. Employment Status: Permanent ( ) Contract ( )

SECTION B: Please Tick the appropriate alternative

Key; Where SA-Strongly Agreed, A- Agreed, NS-Not Sure, SD-Strongly Disagreed D-Disagreed

Statements		SA	A	NS	SD	D
Trademark						
	The use of mother company logo exist in my organization activities					
	Trademark of the mother company is highly acknowledged in my organization					
	Logos and mission statements are similar with that of the mother company					
	Office and outlets arrangement aligns with the mother company standard					
Intellectual Property		SA	A	NS	SD	D

		SA	A	NS	SD	D
	The business has a system that recognizes the origin of ideas					
	Packing and packaging of products is highly guided by existing samples of the owner of the concept					
	The products of the organization often times project the original idea of the mother company					
	Goods and services are tailored towards maintaining the originality of the mother company representation					
Sales Performance		SA	A	NS	SD	D
	Increase in sales volume is attached to activities on the franchise					
	The business sales output is guided by mother company principles					
	Sales increment is often experienced during e-marketing activities period					
	Sales increase is solely a function of how the rules guiding franchising are followed					
Sustainability		SA	A	NS	SD	D
	The business has numerous useful strategies to remain in business operation.					
	Mechanisms are employed in order to remain in active business and relationship with the mother company					
	The organization put in the best practice which encourages omission of unnecessary expenditures					
	Sustainability of business operations has a direct link with the mother company					

Thank you for your time