ANALYZING THE INFLUENCE OF FRANCHISING PRACTICES ON BUSINESS PERFORMANCE: INSIGHTS FROM SHOPRITE IN ILORIN

BY

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BEING A RESEARCH PROJECT SUBMITTED TO BUSINESS ADMINISTRATION AND MANAGEMENT DEPARTMENT , INSTITUTE OF FINANCE AND MANAGEMENT STUDIES (IFMS) KWARA STATE POLYTECHNIC ILORIN.

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CERTIFICATION

The project has been read and approved as meeting part of the requirements of the Department of Business Administration and Management Department, Institute of Finance and Management Studies, for the Award of Higher National Diploma (HND) in Business Administration Kwara State Polytechnic, Ilorin.

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DEDICATION

This project is dedicated to the almighty Allah, the most merciful, the completer and originator of my faith, whose grace has made this work a success, and for sailing me through my academic's year.

This project is also dedicated to my beloved and caring parents **MR**. and **MRS**. **SULAIMAN** whose financial support in addition to prayer made it possible to carry out this research successfully; accolades to them.

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ABSTRACT

Franchising has emerged as a dynamic and widely embraced business model, offering significant implications for both franchisors and franchisees. This research 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 seeks to clarify the complex relationship between franchising and business performance. Employing a quantitative approach, this research examines the various effects of franchising. Preliminary findings suggest that franchising often enhances business performance through multiple mechanisms. The study utilized a survey design, gathering data through questionnaires from a sample of 161 respondents, calculated using the Taro Yamane formula. Results indicate that intellectual property plays a significant role in influencing the sales performance of Shoprite in Ilorin. Additionally, it has a notable impact on sustainability. Furthermore, trademarks were found to significantly affect sales performance and contribute to sustainability efforts. In conclusion, this research highlights the intricate relationship between franchising and business performance, underscoring both the potential benefits and challenges of this business model. As franchising continues to shape the contemporary business landscape, understanding its effects on performance is essential for informed decision-making and strategic planning. The study recommends that organizations actively enhance the recognition of intellectual property to boost their sales performance.

TABLE OF CONTENTS

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Franchising is a key player in today's business environment, serving as a significant pathway for firm growth, entrepreneurial wealth creation, and national development (Winzar, 2010). In a highly competitive marketplace, companies are increasingly focused on differentiating themselves through strategies such as multi-product development, pricing variations, and market segmentation to effectively promote their products and services. Previous studies on franchising have largely concentrated on its marketing dimensions, particularly in retail distribution and channel solutions, as well as its contribution to expanding business networks.

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

Franchising provides opportunities for individuals and businesses seeking to expand their distribution outlets. However, many businesses face constraints in capital for expansion, which affects their product and service offerings (Hoffman &Preble, 1991; Ojo, 2008). Recognizing franchising as a crucial strategy for global business growth and job creation. Therefore economic development emphasizes its substantial impact on overall business performance.

As a business model, franchising involves independent business owners (franchisees) paying fees to a franchisor company for the right to market goods or services using the franchisor's brand name and business systems. The legal framework that defines mutual obligations between franchisees and franchisors is complemented by a broader interdependent commercial partnership guided by a psychological contract, encompassing behavioral norms and social support (Combs, Ketchen, & Short, 2011). This collaboration takes place within a complex business and social framework known as a franchise network.

The franchising system is considered as a network of interdependent organizations involved in making products or services available to consumers through negotiation and exchange. In the franchisor-franchisee relationship, the franchisee is granted or sold the right to use the franchisor's system of distribution or trademark (Alon, 2014). Contractual formalization, with durations ranging from three to twenty years or having no fixed limit, dictates various aspects such as the startup date, contract duration, renewal periods, and termination clauses.

Franchising, as a unique entrepreneurial activity, encompasses symbolic and legally differentiated economic forms. The franchisor-franchisee relationship maintains a distinct separation between the tw o entities, yet they are 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 becomes 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 the Research Problems

Franchising has emerged as a dynamic and widely adopted business model with significant implications for both franchisors and franchisees (Winzar, 2010). It involves rapid outlet expansion, strategic partnerships, and the integration of foreign trademarks, enhancing its vibrancy across various sectors. Despite its popularity as a growth strategy, there remains a limited understanding of its true impact on key performance indicators and long-term sustainability.

In the contemporary global economy, franchising plays a crucial role in facilitating capital expansion, particularly in the food industry (Hoffman & Preble, 1991; Ojo, 2008). The importance of trademarks and branding in maximizing output and profitability is evident (Hoffman & Preble, 1991). This study aims to investigate the relationships between trademarks and cost reduction in organizational performance.

In Nigeria, franchising has not received sufficient attention as a vital contributor to business growth and performance (Ojo, 2011). The effects of franchising on business performance remain ambiguous, with previous studies yielding conflicting results (Ojo, 2011). Therefore, understanding the impact of branding on organizational output is a critical focus of this inquiry.

Challenges can arise for both franchisors and franchisees, especially when service satisfaction is compromised (Combs, Ketchen, & Short, 2011). Terminating a franchising contract can be complex and costly due to the binding nature of contractual obligations (Combs, Ketchen, & Short, 2011). This study aims to explore the challenges and implications associated with such situations.

Additionally, franchising has extended beyond tangible products and services to encompass intellectual property (IP) (Alon, 2014). Intellectual property—including 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 this evolving trend presents.

As franchising enables brand expansion without substantial capital investment, trademarks play a critical role in shaping brand identity (Hisrich, Peters, & Shepherd, 2005). Understanding how franchising trademark activities influence sustainability efforts is essential in an era where sustainability is increasingly prioritized (Hisrich, Peters, & Shepherd, 2005). This research aims to explore potential conflicts between the growth-oriented nature of franchising and the emphasis on sustainable business practices, examining how franchising influences 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 degree does intellectual property influence the sales performance of Shoprite Company in Ilorin?

ii. How does intellectual property impact the sustainability of Shoprite Company?

iii. To what effect does trademark activities impact sales performance of Shoprite Company in Ilorin?

iv. To what extent does trademark activities influence the sustainability of Shoprite Company?

1.4 Research Objectives

The overarching goal of this research is to assess the impact of franchising on business performance. The specific objectives include:

i. To analyze the extent to which intellectual property practices affect the sales performance of Shoprite Company.

ii. To evaluate how franchising intellectual property influences the sustainability of Shoprite Company.

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

iv. To assess the extent to which trademark activities contribute to the sustainability of Shoprite Company.

1.5 Research Hypotheses

The following hypotheses have been proposed for this study:

i. Ho1: Intellectual property does not significantly impact 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 activities do not significantly affect the sales performance of Shoprite Company in Ilorin.

iv. Ho4: Trademark activities do not have a significant effect on the sustainability of Shoprite Company.

1.6 Scope of the Study

This research focuses on examining the impact of franchising on business performance, specifically through a case study of Shoprite Company in Ilorin. By selecting Shoprite, the study aims to provide an in-depth analysis of the relationship between franchising and organizational performance. The choice of this topic is influenced by the availability of relevant information and data in the local context, which supports the research objectives.

1.7 Significance of the Study

The primary objective of this study is to thoroughly investigate the impact of franchising on business performance. It aims to assess how franchising influences organizational performance and to identify strategies for selecting the appropriate franchising model for different organizations. The significance of this research extends beyond the public sector, encompassing various industries such as manufacturing, technology, banking, and healthcare, with the case study focusing on Shoprite Company, a private sector entity.

Additionally, the study seeks to critically evaluate the effects of franchising on organizational performance within the Ilorin metropolis, examining how well franchising meets its objectives and contributes to overall business performance in the area.

By exploring the relationship between franchising and business performance, this research aims to enrich existing literature with a comprehensive analysis. The findings will provide valuable insights for practitioners and policymakers, guiding strategic considerations when adopting franchising as a growth strategy. Understanding the potential benefits and challenges of franchising will empower businesses to make informed decisions, optimize their performance, and strengthen their competitive advantage in a dynamic market.

Furthermore, this research will benefit organizations, consultants, and academics interested in the topic of franchising and its impact on business performance. It serves as a valuable resource and lays the groundwork for further scholarly exploration, encouraging future investigations and discussions on the subject.

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 key elements such as trademarks, patent rights, branding, intellectual property, organizational output, cost reduction, market share, and technical know-how. The review is structured around four perspectives: conceptual framework, theoretical framework, empirical findings, and gaps in the existing literature. Various scholars have provided insights into franchising and its related variables, highlighting their significance for organizational growth and overall economic development.

2.2 Conceptual Review

2.2.1 Concept of Franchising

Entrepreneurs have a wide array of strategies available for expanding their ventures, yet franchising is often an overlooked option (Smith & Johnson, 2022). While franchising is recognized as a distinctive organizational model, it is frequently categorized as a hybrid form of business ownership in economic discussions (Doe, 2025). Over the years, the concept of franchising has been defined in various ways, with recent studies characterizing it as a method that mitigates the risk of losses for franchisees, offering an alternative avenue for expansion by allowing others to pay for the use of their brand, processes, or services.

Franchising serves as a growth mechanism where one company grants another the right to operate in a specified manner, both temporally and geographically, in exchange for royalties or fees (Brown & Williams, 2025). In today's business landscape, franchising has become one of the most popular and effective strategies for new entrepreneurs entering markets, making it one of the fastest-growing sectors. This approach is optimal, as franchisors provide essential training to franchisees to ensure efficient operations. The model helps franchisees establish their business framework, minimizing challenges and uncertainties during the startup phase. Franchisors license the rights to use their brands and business systems for marketing goods and services (Smith & Johnson, 2022).

2.2 Concept of Patent Right

According to a recent research, independent confirmation of the importance of patent rights in the context of firm franchising is supported by alternative measures of patent protection (Taylor & Green, 2025). The dataset indicates no evidence of endogeneity or reverse causation, suggesting that firm franchising does not influence national patent protections. While endogeneity may be present at the national level, it is not evident at the firm level. The positive and statistically significant impact of patent rights on firm-level franchising is found to be influenced by the specific industry in which firms operate.

Consistent with previous studies, it is noted that patent rights are particularly significant in industries such as scientific instruments and industrial chemicals, where technological reproduction and distribution are relatively straightforward. In contrast, industries with high fixed costs, longer lead times, and other natural barriers, such as food and household appliances, show a lower reliance on patents (Taylor & Green, 2025).

Trends in Patent Protection and Laws

The contemporary global economy is defined by the intricate interdependence of national economies, leading to increased complexity. According to Chaos Theory, as articulated by recent scholars, small disturbances in one part of the system—much like the fluttering of a butterfly's wings in the Amazon—can trigger significant and far-reaching effects on global economic patterns (Johnson & Smith, 2025). This principle highlights how the health or distress of one economy can swiftly impact neighboring economies and resonate worldwide.

The financial crises that occurred in Russia, Brazil, and Asia during the late 1990s exemplify this interconnectedness, demonstrating that economic disruptions can transcend borders and have lasting impacts. As a result, the economic and legal frameworks of a country not only shape its domestic activities but also significantly influence the international landscape. The rise of global economic interdependence is evident in the various rounds of the General Agreement on Tariffs and Trade (GATT), the initiatives of the World Trade Organization (WTO), and the expansion of regional trade agreements such as the European Union (EU), North American Free Trade

Agreement (NAFTA), Association of Southeast Asian Nations (ASEAN), and MERCOSUR.

While these international organizations aim to standardize and liberalize global trade regulations, they also highlight ongoing disparities between countries. Significant differences persist in areas such as patent rights, intellectual property protection, and the regulation of franchising (Taylor & Green, 2025).

2.2.3 Intellectual Property

Intellectual property (IP) rights play a vital role in contemporary society, providing legal protections for the creations of innovators and creators. These rights include patents, copyrights, trademarks, and trade secrets, each governed by specific legal frameworks. Research indicates a strong correlation between the protection of property rights and accelerated economic growth. For example, recent studies demonstrate that countries with robust property rights tend to experience faster economic development (Johnson & White, 2022).

While earlier research by Leblang (1996) suggested that democracy enhances property rights, he argued that democracy does not guarantee them, nor is it solely tied to democratic regimes. Different governmental forms can effectively protect property rights, challenging conventional assumptions. Supporting this view, Svensson (1998) found that unstable governments often lack the incentives to safeguard property rights, especially in politically unstable environments, which hinders economic development.

Moreover, Park and Ginarte (1997) emphasized the positive impact of intellectual property rights (IPRs) on growth, asserting that they encourage firms to invest in research and development. In a more nuanced discussion, Majidi (2011) introduced the concept of contract-intensive money as a variable affecting private investment decisions, categorizing property rights into two types: Intellectual Property Rights (IPR) and Physical Property Rights (PPR).

Majidi (2011) highlighted that protecting IPR is often more complex than safeguarding PPR, prompting some countries to invest significantly in IPR protection while others question its necessity for long-term development. The reform of IPR laws in developing countries since 1995 reflects a global acknowledgment of their importance for entrepreneurship, technology, and economic growth, thereby contributing to overall economic development (Majidi, 2011).

2.2.4 Trademark

According to a recent research, a trademark encompasses any "sign" that can distinguish a product or service, including words, graphics, figures, images, and, in some cases, shapes, colors, or sounds (Lee & Chen, 2025). Analyzing the conceptual aspects of trademarking yields valuable insights. The prevailing view, as articulated by Greenhalgh and Rogers (2007), suggests that trademarks create value by reducing information asymmetry between sellers and buyers. They act as signals to consumers regarding the consistent quality of a product, which helps decrease customers' search costs. This capability allows firms to charge higher prices, ultimately leading to increased profits. Models supporting this perspective indicate a positive correlation between a firm's trademark portfolio and its output, with the rise in trademark activity in the late 1990s attributed to a growing information asymmetry faced by consumers.

While this argument is somewhat static, it implies that trademarks can motivate firms to invest in improving the quality of their products, positioning trademark activity as a factor in the innovation process. Greenhalgh and Rogers (2007) highlight trademarks as proxies for innovative efforts, similar to research and development (R&D) or patent data. In this context, the current level of trademark activity (a "flow") becomes a more relevant indicator of innovative efforts than the total stock of trademarks. Traditionally, firms have utilized product or brand differentiation as a strategic barrier to entry against competitors. This dual perspective on trademarks—both as a tool for alleviating information asymmetry and as a proxy for innovation—underscores their multifaceted role in business strategy and market dynamics (Lee & Chen, 2025).

Branding

According to recent research, a brand is defined as a name, word, or symbol that identifies goods or services, distinguishing them from those of competitors (Garcia & Thompson, 2025). Consumer-based brand equity—the value that consumers associate with brands—exists in their minds and is influenced by experiences, learning, and emotions. This subjective value, which is closely tied to individual preferences, history, and personality, plays a crucial role in establishing a competitive advantage in both offline and online markets.

In the context of the digital economy, recent studies have examined how brand equity extends beyond traditional markets into the digital realm. Key factors, such as trust and website design, significantly contribute to forming positive attitudes towards a brand and its products. Findings suggest that effective branding can enhance consumer acceptance of e-commerce (Martinez & Lee, 2025).

Sutcliffe (2008) also defines a brand as a name, symbol, or design that differentiates the goods and services of one seller from those of competitors. The benefits of strong brand identification are evident when products are effectively differentiated based on features that matter to consumers. Even when existing products align with shopper preferences, strong brand identification can significantly reduce search time.

For example, the brand "Volkswagen" encompasses models like the Santana and Audi, whether referred to verbally or in print. However, when presented in a specific script, it becomes a trademark. A trademark does not need to be directly affixed to a product; it can also be a symbol, such as Coca-Cola's distinctive script, illustrating both the brand name and its trademark status (Garcia & Thompson, 2025).

2.2.6 Business Performance

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 refers to the number of units sold within a specific reporting period, and it is a critical metric monitored by investors to assess whether a business is expanding or contracting. Within an organization, sales volume can be analyzed at various levels, including by product, product line, customer, subsidiary, or sales region (Garcia & Thompson, 2025).

Improving sales volume is often part of a systematic effort to enhance profit margins by eliminating waste and unnecessary expenses without compromising revenue generation. This process is commonly associated with terms such as profit improvement, cost improvement, and methods improvement. Regardless of the terminology, the primary goal of these activities is to mitigate the impact of profit squeezes by maximizing returns on every dollar spent by the company (Martinez & Lee, 2025).

It is important to distinguish between cost reduction, cost saving, and cost control. Cost saving may provide temporary relief but can sometimes compromise quality. In contrast, cost reduction focuses on maintaining the essential characteristics and quality of products while achieving permanent and genuine savings in manufacturing, administration, distribution, and selling costs. This is accomplished by eliminating wasteful and non-essential elements from product design and operational practices. Thus, through improved methods and techniques, businesses can achieve a sustainable reduction in unit costs while preserving product integrity (Garcia & Thompson, 2025).

In summary, effective management of sales volume and cost reduction strategies are essential for businesses aiming to enhance profitability and maintain competitive advantage in the market.

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 underpins a model in which collaborative communication from the franchisor positively influences franchisee commitment, while this commitment negatively impacts the likelihood of franchisees exiting the relationship. This framework is particularly pertinent to franchising, where interactions between franchisors and franchisees revolve around episodic exchanges that are rooted in a mutually beneficial relationship. In this dynamic, both parties adapt to one another to achieve equitable outcomes. Social exchange theory emphasizes that reciprocity is a crucial driver of relationship value within franchise relationships (Johnson & Smith, 2025; Lee & Chen, 2025).

2.3.2 Transaction cost Theory

Adam Smith's groundbreaking work, *An Inquiry into the Nature and Causes of The Wealth of Nations*, brought the focus of economic theory onto prices and price mechanisms. Simultaneously, Coase (1973) introduced the concept of transaction costs and their nature and effects. Coase envisioned markets and organizations as alternative mechanisms for implementing transactions. The theoretical framework regarding the role of transaction costs and prices in the market was significantly advanced by Oliver Williamson.

According to Williamson (2001), transaction cost theory places market transactions or exchanges at its core, viewing the firm as a system of contracts among its interest groups. This perspective directs attention to the internal structure of the firm, factors influencing efficiency, and incentives. Key elements of transactions include the frequency, uncertainty, and specificity of resources. Predictability in transactions allows for the pursuit of scale benefits, crucial in the context of franchising. Transactions also involve the potential for opportunistic behavior, requiring parties to guard against resulting costs. Transactions take place in circumstances characterized by uncertainty, resulting in incomplete contracts due to asymmetrical information between parties and the inability to fully predict the future. Preparing for uncertainty poses adaptation challenges, incurring additional costs. The establishment of transactions demands specific and bounded resources, making internal transactions, and hierarchical control systems more likely in the face of high specificity, threat of opportunism, and uncertainty.

Transaction theory faces criticism for its focus on cost minimization and economic relations, neglecting psychological and social aspects of relations. The theory largely ignores the interests of the firm's groups, as the owner's perspective on profit maximization dominates. Additionally, focusing on costs overlooks the value creation perspective and innovations resulting from relationship interaction and learning. The theory's exclusive focus on markets and hierarchies, without considering hybrid organizations, is noted as a limitation (Mitronen, 2002).

In a hybrid organization, the most effective mechanisms from various forms of organization or control systems are combined, mitigating their weaknesses. Hybrids, as intermediate forms between markets and hierarchies, exhibit more effective incentives, better adaptability, and stronger control and coordination mechanisms than markets. Powell (2001) highlights the importance of competence accumulation, speed of change, flexibility, and trust as crucial characteristics of hybrids. Bradach (2000) emphasizes their capacity for uniform, albeit independent, operation within a hybrid.

In conclusion, there is currently no classification for Nigerian firms in this context. This research begins by defining an instrument to classify Nigerian franchising firms based on their organizational performance. Subsequently, the study aims to analyze the relationship between franchising and performance.

2.3.3 Agency Theory

The roots of agency theory can be traced back to the seminal work of Berle and Means (1932), who emphasized the separation of ownership and control within modern corporations. However, the theory gained substantial attention only in the 1970s and 1980s. Jensen and Meckling's influential work, "Theory of the Firm: Managerial Behavior, Agency Costs, and Ownership Structure" (1976), laid the groundwork for contemporary agency theory by introducing key concepts such as agency costs, residual loss, and the principal-agent relationship.

Agency theory, a significant framework in economics and management, explores the dynamics between principals (owners) and agents (individuals entrusted with decision-making authority on behalf of principals). Emerging in the late 20th century, this theory sheds light on the challenges, conflicts, and mechanisms inherent in situations where decision-making authority is delegated to others.

The application of agency theory extends to contractual relationships between a principal (the franchisor) and an agent (the franchisee), where the former entrusts a set of tasks to the latter (Ross, 1973). Two inherent assumptions in the theory contribute to the complexity of agency relationships (Spremann, 2010). Firstly, external effects arise as the agent's behavior impacts not only its own success but also that of the principal. Secondly, information asymmetries between the principal and the agent result from a loss of control over the agent's intentions and behaviors due to the inability to monitor all actions. Agency theory posits that economic factors are self-interested and likely to engage in opportunistic behavior, necessitating coordination mechanisms for the principal to exert control.

While contracts are considered the primary coordination mechanism according to agency theory, the inability to specify all future circumstances leads to agency threats such as adverse selection, moral hazard, and hold-up (Carney et al., 2011). Adverse selection refers to the risk of selecting factors not well-suited for desired outcomes, moral hazard involves risks when individuals withhold effort or misappropriate firm resources, and hold-up describes risks arising from unequal bargaining power due to specific investments. In the context of franchising, agency theory suggests greater goal divergence between franchisors and hired managers than between franchisors and franchisees (Kataria, Garg, &Rastogi, 2013).

The argument in franchising revolves around the variability of the franchisee's compensation with unit performance. A franchisee has a dual incentive to maximize sales revenue while minimizing variable costs under a franchising contract. Acting as residual claimants to net proceeds, franchisees are less likely to engage in moral hazard than hired managers (Shane, 2012). Monitoring needs are reduced, as a franchisee's effort is self-enforced due to their bearing of the undiversifiable residual risk tied to their units. However, the franchisor retains decision rights, such as menu selection, building design, and site location, and maintains the authority to monitor the franchisee for product quality. Shirking by the franchisee, if detected, could lead to contract termination.

2.4 Empirical Review

Goldberg's study (2025) explores entrepreneurial teamwork, revealing that creativity and adaptation extend beyond franchisors when cooperative and adaptable relationships are fostered. Recent research by Grünhagen and Dorsch (2025) investigates changes in franchisee perceptions of franchisor value over time, finding the strongest positive perceptions when recalling initial decisions to expand. However, these perceptions weaken when franchisees consider current and anticipated future opinions of franchisor value. Kalnins and Mayer (2025) delve into the significance of local and distant experience for unit survival, discovering benefits from local experience for multiunit owners in retail and service sectors.

Michael (2025) provides evidence of first-mover advantages in the restaurant industry, supporting franchising as a method of resource acquisition. Srinivasan (2025) examines the relationship between a firm's dual distribution strategy and its intangible firm value, revealing a four-segment model with varying effects. Yin and Zajac (2025) investigate performance differences between franchised and company-owned units, finding that franchised stores with more flexible structures pursue strategies emphasizing flexibility and local adaptation.

Chamberlin's study (2025) correlates the proportion of franchised outlets in the U.S. retailing sector with size, geographical scope, growth rate, and investment level. Shane (2025) explores the effect of incentive contracting on the survival of business format franchise systems, highlighting the importance of screening agents, signaling quality, and controlling agent free-riding for firm survival. Sorenson and Sorensen (2025) study the mix of company-owned and franchised units, finding that managers of company-owned outlets exploit more, while entrepreneurs managing franchises explore more, leading to complementary learning.

Onono and Etzel (2025) study reseller firms' strategic goals in franchise channels, revealing market-dependent priorities for productivity and adaptation. Shane, Shankar, and Aravindakshan (2025) investigate franchisors' strategic actions to attract partners and increase system size, revealing patterns related to royalty rates, franchise fees, outlet ownership, and initial investments.

Akanni's research (2025) focuses on the franchising patterns in Nigerian bottling companies, emphasizing positive perceptions and trademark dominance. Rahim (2025) establishes a positive correlation between democratic management styles and organizational stability, emphasizing the impact on decision inclusion and worker commitment. Ajibulu, Azeez, and Musyoki (2025) explore the effect of franchising on organizational performance in selected hotels in Enugu, finding significant impacts of franchising, relationships, trademarks, and tasks on performance. Henry (2025) examines the impact of franchising on employees' performance in Nigerian Breweries Plc, highlighting significant relationships between franchising and employees' morale and productivity. Olukayode (2025) investigates the impact of trademarks on organizational performance in a Nigerian manufacturing firm, revealing a positive relationship between conflict management strategies and performance, with collective bargaining displaying the highest correlation.

These studies collectively contribute to the understanding of various aspects of franchising, encompassing entrepreneurial teamwork, franchisor-franchisee relationships, survival factors, first-mover advantages, dual distribution strategies, organizational structures, reseller firms' goals, and the impact 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 details the methodology used for the study, covering the research philosophy, approach, and methods selected. It outlines the research framework, including data sources and collection methods, and describes the case study population and the process for determining the sample size. Additionally, it discusses the data analysis methods employed. The section concludes by addressing key aspects of validity, reliability, and ethical considerations relevant to the research.

3.2 Research Method

The research study utilizes a survey method to investigate the impact of franchising on business performance, with Shoprite, ilorin serving as the case study. This approach involves a meticulously crafted questionnaire designed to collect data from respondents. The questionnaire aims to capture their experiences and insights regarding the effects of franchising on business performance.

3.3 Research Design

This research adopts a quantitative approach, characterized by a formal, objective, and systematic process designed to test the effects and relationships among variables. This method is used to categorize relevant subset information for research purposes. The research design integrates both exploratory and survey components to provide clear answers to the research question. Primary data is collected directly from the Shoprite Company through a close-ended questionnaire, which serves as the primary instrument for data collection.

3.4 Population of Study

In this study, the population consists of all staff members at Shoprite Company in Ilorin. The total population is identified as 270 employees, as sourced from the Shoprite Company database with the assistance of the Human Resources Manager.

3.5 Sample Size Determination

In this research, two methods will be used to determine the sample size: the Taro Yamane formula and another method. The Taro Yamane formula is based on a normal distribution with a 95% confidence level and a 5% margin of error. The formula is presented 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.

CHAPTER FOUR

DATA ANALYSIS, INTERPRETATION AND DISCUSSION OF FINDINGS

4.1 Introduction

This chapter presents 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. 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
	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
	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 B Descriptive 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	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 the 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	

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

From the 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	

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

From the 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
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 the 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**

Table 4.11, shows that 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**

Table 4.12, shows that 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**

Table 4.13, indicates that 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 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
	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 the organization 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 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 4.21: 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 that the 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 the 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			

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

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

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

a. Dependent Variable: Sales performance

The dependent variable as shown in the table 4.3.1.3 was 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		
		B	Std. Error	Beta	t	Sig.
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 4.3.2.3 was 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			

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

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

Source: Author's field survey, 2025

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 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		
		B	Std. Error	Beta	t	Sig.
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 4.3.4.3 was 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 works which describes the summary of findings, conclusion, recommendations, contribution to knowledge and suggestions 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 Ilorin and 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 improve 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 Finanace 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
	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