



University of Venda

**FRANCHISING IN A VOLATILE BUSINESS ENVIRONMENT: A CASE OF THE FAST FOOD
INDUSTRY IN HARARE, ZIMBABWE.**

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ABSTRACT

This study investigated the challenges and success factors of fast food industry players operating in Zimbabwe's volatile business environment. The study focussed on franchising entrepreneurs. Using a qualitative approach the study identified the critical success factors, obstacles towards successful franchising and the reasons for the growth of local franchised brands against international franchised brands in Zimbabwe's volatile business environment. Ten interviews were successfully conducted with franchisees and franchisors in Harare using face to face semi structured interviews as data collection methods and thematic coding was used to analyse the collected data. The study is important as franchising can be used as a tool for economic growth and the study breaks a new ground as the researcher did not find any similar studies carried out on franchising in a volatile business environment. Zimbabwe's volatile business environment hinders the growth of franchising in the fast food industry especially, the majority of local franchised brands. The results of the study revealed that some entrepreneurs have taken considerable measures to control their operating costs, motivate employees and retain their loyal customers hence they have managed to survive in the present volatile business environment. There has been a considerable growth of international franchise brands in the fast food industry with the notable ones being Mugg and Bean, News Cafe, KFC and Ocean Basket. The results of the study indicate that franchise entrepreneurs face difficulties in obtaining operating licences from the Harare's City Municipal Authorities and registering their businesses. Electricity power cuts severely affect the operations of fast food businesses. The majority (80%, n=8) of the entrepreneurs do not have adequate capital to expand and grow their businesses and they fail to meet lending requirements from the financial institutions, top most among them being the provision of collateral security accompanied by rigid application procedures for funding. However, the empirical findings of the study indicate that some franchise entrepreneurs do not face difficulties in raising capital for their growth and expansion ambitions, incur lower rental charges and easily find convenient places to locate their businesses. This is largely due to the fact that they operate internationally well managed and invested franchise brands which are earning more profits. Recommendations made include that the government should play an active role in promoting franchising by setting up a vibrant franchise board, speed up the business registration process and ensure easy access to financial assistance to franchise entrepreneurs.

Key words: Fast food, Franchising, Volatile business environment.