

# **A model for enhancing franchisee effectiveness in the fast food industry**

**LISITA Inonge Theresa 1 & JANTJIES Reneezsha Mascouleane2.**

Received: February 8, 2025

Revised: February 22, 2025

Accepted: March 8, 2025

## **Abstract**

Franchising has become a popular strategy for firms pursuing internationalization. Owing to this, several businesses globally, are partnering with established brands in sectors such as manufacturing and retailing. In South Africa, the fast-food industry is experiencing exponential growth in the franchise business. For this reason, this study examined the effectiveness of franchisees in the fast-food industry in the City of Tshwane. While prior studies have examined success factors in South Africa's fast food franchise industry in general, there remains scant literature on the specific determinants of franchisee effectiveness in the city of Tshwane. Furthermore, despite the rapid expansion of the fast food franchise sector in Tshwane, franchisee closures remain alarmingly high with almost 10% failing in the early business stages. As a result, a study of this nature has become paramount. An understanding of the factors that influence franchisee effectiveness has become necessary to facilitate decision-making priorities in this sector. Following an interpretivism paradigm, the study uses a qualitative methodology. A descriptive research design with structured interviews was selected to gather in-depth data from participants, enabling a comprehensive understanding of franchisee effectiveness. The research population includes 140 fast food franchise outlets in Tshwane, with a purposive non-probability sampling method used to select a sample of 10 participants. Each participant has been interviewed using a semi structured interview guide and digitally transcribed. Data analysis is conducted using thematic analysis. The findings revealed that operational efficiency, strong franchisor support and customer service are key drivers of franchisee success in Tshwane's fast-food industry. Successful franchises excel in financial oversight, staff training and strategic

marketing while financial constraints, high operational costs and poor cash flow management contribute to failures. Additionally, location and market accessibility play a crucial role in franchise sustainability. The primary contribution is the development of a Franchisee Effectiveness Model which offers a structured framework to enhance franchisee performance. The model will provide actionable insight for franchisors, franchisees and policymakers, guiding targeted interventions such as enhanced and targeted training programs and strengthening franchisor-franchisee collaboration and market specific strategies to reduce failure rates and ensure long term sustainability.

Keywords: Franchise, effectiveness, fast-food, operational efficiency, franchisee-franchisor relationship

[Theresa.Lisita@nwu.ac.za](mailto:Theresa.Lisita@nwu.ac.za), [25059866@mynwu.ac.za](mailto:25059866@mynwu.ac.za)

North West University - Business School, North West University, South Africa

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## 1. Introduction

Franchising is a well-established business model where a franchisor grants a franchisee the rights to market and sell its products and services under the franchisor's brand name and operating system (International Franchising Association, 2023). This model provides franchisees with support in training, marketing, and operational management in exchange for fees and royalties (Hayes, 2023). In South Africa, franchising has played a crucial role in economic development, with the sector contributing 15% to the country's GDP in 2023, up from 13.9% in 2022 (Bulbulia, 2023). The industry supports over 500,000 jobs and spans 727 franchise systems with approximately 68,463 franchised outlets (MyPressportal Team, 2023; International Trade Administration, 2024). Furthermore, within the South African franchising system, the fast-food and restaurant sector represents the most significant and rapidly expanding category, accounting for 26% of the total franchise revenue (Constantaras, 2015; SME Guides, 2023).

Despite its significance, many franchisees face challenges that impact their effectiveness, including high operational costs, fluctuating consumer demand, and limited franchisor support (Mtsweni et al., 2018; Seid, 2024). While franchising offers structured business models, success is not guaranteed, and failure rates remain a concern. Recent studies indicate a 6.5% franchise failure rate within the first three years (FASA, 2022; Nedbank, 2023; Which Franchise, 2023). Understanding the factors influencing franchisee effectiveness is therefore essential for ensuring sustainability and growth within the industry.

Franchising as a business model has a long history, originating in the mid-19th century and gaining prominence in the 20th century (International Franchise Association, 2024). In South Africa specifically, the first franchise establishment happened in the mid-1960s with the introduction of brands such as Steers and Shoprite (Franchise Direct, 2011). Over the decades, the industry expanded rapidly, with fast-food brands like Nando's, Chicken Licken, and Debonairs Pizza becoming dominant players on the market (Franchise Direct, 2011). Gauteng province, particularly Tshwane, plays a key role in South Africa's franchising industry, accounting for 40% of franchises and serving as an essential economic hub (International Trade Administration, 2023).

However, despite the robust growth of franchising in South Africa, franchisees continue to encounter challenges that affect their long-term viability. It is evident that there is need for enhanced training, financial support, and regulatory considerations to ensure franchisee success (De Wet et al., 2021; Wingrove, 2017). By exploring franchisee effectiveness within Tshwane's fast-food sector, this paper aims to provide empirical insights by developing a Franchisee Effectiveness Model to inform better business strategies, contribute to economic growth, and enhance franchise sustainability in the region.

## **2. Literature Review**

The success and effectiveness of franchisees are influenced by various theoretical perspectives that provide insights into the challenges and opportunities within the franchisor-franchisee relationship. This literature review synthesizes existing research to explore the key theoretical frameworks that inform franchisee effectiveness. By examining agency theory, resource scarcity theory, and trust theory, this review highlights the interplay of factors that contribute to franchisee performance. These frameworks offer a comprehensive understanding of franchise operations, guiding the development of strategies and policies that enhance franchisee success.

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## 2.1 Theoretical Foundations

Understanding franchisee effectiveness requires a multi-theoretical approach that integrates perspectives from agency theory, resource scarcity theory, and trust theory. These frameworks collectively provide insights into franchisor-franchisee relationships, resource constraints, and the role of trust in business performance. The interplay between these theories offers a comprehensive lens through which to examine franchisee effectiveness, highlighting key challenges and informing policy recommendations.

### 2.1.1 Agency Theory

Agency theory provides a fundamental framework for understanding the franchisor-franchisee relationship, emphasizing the alignment of interests between both parties (Jensen & Meckling, 1976). The delegation of operational authority to franchisees introduces potential conflicts, as franchisees may prioritize short-term profits over the brand's long-term objectives (Eisenhart, 1989). This issue directly relates to the primary research objective of identifying factors that enhance franchisee effectiveness. By understanding how franchisors can mitigate agency-related conflicts, this study explores strategies for fostering alignment between franchisors and franchisees.

A major challenge within agency theory is the presence of moral hazard and information asymmetry. Franchisees may engage in cost-cutting measures that harm the brand, while franchisors struggle to monitor compliance effectively (Shane, 1996). Studies on South African fast-food franchises (Ekosse, 2017) illustrate how targeted monitoring and well-structured incentives can improve franchisee performance and reduce these risks.

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Furthermore, agency theory informs the development of policies that address franchisee underperformance. Standardized performance metrics, regular audits, and balanced incentives serve as mechanisms to align franchisee efforts with the franchisor's long-term goals (Brickley & Dark, 1987). These strategies help maintain brand consistency and franchisee success, reinforcing the broader relevance of agency theory to franchise operations.

### **2.1.2 Resource Scarcity Theory**

Resource scarcity theory explains franchising as a strategic response to capital, managerial expertise, and market knowledge constraints (Oxenfeldt & Kelly, 1969). Franchisors leverage franchisees' financial and operational resources to facilitate brand expansion. This perspective is critical for understanding franchisee effectiveness, as adequate resources enable adherence to brand standards, operational efficiency, and overall network success.

In regions where financial and managerial constraints are prevalent, franchisees face significant challenges. Mumbua's (2016) study of Kenyan fast-food franchises highlights that resource limitations often contribute to franchisee inefficiencies. This finding aligns with the secondary research objective of identifying common causes of underperformance.

Addressing these constraints requires policies that enhance franchisee access to resources. Financing options, bulk purchasing agreements, and additional training programs can mitigate resource-related challenges, fostering franchisee effectiveness and network sustainability (Combs & Ketchen, 1999). By integrating resource scarcity theory, this study underscores the importance of strategic resource allocation to franchise success.

### **2.1.3 Trust Theory**

Trust theory highlights the role of trust in fostering productive franchisor-franchisee relationships. Strong trust dynamics reduce the need for costly monitoring and control mechanisms while promoting mutual commitment (Zaheer et al., 1998). For the primary research objective, trust theory provides a lens to examine how trust-based relationships contribute to franchisee effectiveness through compliance, collaboration, and performance.

Trust is instrumental in reducing conflicts and enhancing franchisee satisfaction. Research on Turkish fast-food franchises (Ester, 2012) reveals that trust in franchisors leads to higher operational standards, better customer satisfaction, and stronger brand loyalty. This underscores the significance of trust as a driver of franchisee success.

From the perspective of the secondary research objective, a lack of trust can result in disengagement, inconsistent service quality, and franchisee underperformance. To mitigate these issues, policy recommendations include transparent communication, equitable treatment of franchisees, and structured opportunities for franchisee input in decision-making (Chiou et al., 2004). Trust-based policies foster collaboration, reducing conflicts and ensuring long-term brand sustainability.

### **2.1.4 Integrating the Theories for a Holistic Understanding**

While each theory provides unique insights, their integration offers a more comprehensive understanding of franchisee effectiveness. Agency theory highlights conflicts of interest, resource scarcity theory addresses financial and managerial constraints, and trust theory underscores the role of trust in fostering strong relationships. Together, these perspectives inform a multi-faceted approach to franchise management, emphasizing the importance of aligning incentives, ensuring resource availability, and building trust to drive franchisee success.

## **2.2 The Franchising Industry**

Franchising has experienced significant international growth, driven largely by globalization (Alon et al., 2021). Well-established brands have successfully expanded into various markets by adapting their offerings to align with local cultures and consumer preferences (Braksator, 2021). A notable example is the McDonald's brand, which has customized its menu in different regions, such as introducing rice-based meals in some Asian countries (Brand2Global, 2016).

As a strategic business model, international franchising enables rapid expansion while mitigating financial risk for franchisors. By leveraging franchisees' local expertise and resources, franchisors can enter new markets with minimal capital investment (Alon et al., 2021:43). Standardization plays a crucial role in maintaining brand consistency and meeting customer expectations while allowing for necessary localized adaptations to ensure long-term success (Phase, 2023; Recker, 2023). However, despite these advantages, obtaining a franchise license does not guarantee success, as market conditions and operational challenges significantly impact franchisee performance (Welsh et al., 2011).

## **2.3 Fast-Food Franchising Industry**

Over the past five decades, the fast-food and restaurant industry has experienced exponential growth, driven by evolving consumer lifestyles (Gikonyo et al., 2015). This expansion has been fueled by globalization and rising disposable incomes, particularly in developing nations where economic growth has created new markets for fast-food franchises (Mstweni et al., 2018; Tabassum & Rahman, 2012).

A similar trend is evident in South Africa, where the fast-food sector has expanded significantly (Negal, 2013). Furthermore, urbanization and increased population mobility have also shaped consumer behaviour, with more individuals commuting long distances for work (Schlosser, 2001). The rise in dual income households has further contributed to a growing reliance on quick service restaurants, as less time is available for home cooked meals (Gikonyo et al., 2015). As a result, franchising has become a cornerstone of the fast-food industry, offering standardized processes and efficient service models that enhance operational effectiveness (Sen, 1998; Lashley & Morrison, 2000).

The structured nature of fast-food franchising simplifies operations through standardized menus and streamlined service systems, making it an attractive business model (Lashley & Morrison, 2000). Leading brands such as McDonald's and KFC have leveraged franchising as a key growth strategy (Quinn & Alexander, 2002). Compared to independent fast-food establishments, franchises offer greater business feasibility and generate faster positive cash flows (Medelsohn, 2004). In South Africa, the fast-food and restaurant industry remains one of the largest franchising sectors, playing a vital role in job creation and economic growth (FASA, 2022).

## **2.4 Types of Franchising**

Franchise models vary, with three primary types being (1) trade name franchising, (2) manufacturing franchising, and (3) business format franchising (Actioncoach, 2016). Each model offers distinct advantages and has varying degrees of success in different market conditions.

Trade name franchising, also referred to as traditional franchising, allows franchisees to use the franchisor's brand name, logo, and trademark to market products. Franchisees purchase and sell the franchisor's products without interference in daily operations, making it a cost-effective distribution model. Notable companies such as Pepsi and Coca-Cola adopt this approach (Ojo, 2022:1). Manufacturing franchising involves agreements where franchisees are permitted to manufacture and sell franchisor-branded products.

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The franchisor provides production guidelines and trademarks, ensuring consistency in product quality. Companies like Nestlé utilize this model to extend their market reach while maintaining brand integrity (Tulane University, 2023; Ojo, 2022:2). Lastly, Business format franchising is the most prevalent and successful model, granting franchisees comprehensive business support, including operational procedures, marketing strategies, training, and quality control (Tulane University, 2023). Fast-food chains such as McDonald's and KFC employ this model, ensuring uniformity in product preparation and service delivery (Salami, 2009). Franchisees pay royalties and fees to access the franchisor's established business framework, benefiting from strong brand recognition and customer loyalty (Nibusinessinfo, 2023).

Additionally, several alternative franchising models exist, including conversion franchising, fractional franchising, master franchising, area development franchising, product distribution franchising, and joint venture franchising (Learn2Franchise, 2024). Conversion franchising allows existing businesses to transition into franchise outlets, leveraging the franchisor's brand identity and operational systems (Tardi, 2023; Learn2Franchise, 2024). Fractional franchising permits multiple franchisees to share a business operation, as seen with brands like Steers and Debonairs (Doussy & Grobler, 2017). Master franchising grants franchisees rights to sub-franchise within a designated region, acting as an intermediary between the franchisor and local franchisees (Dawson, 2017).

Area development franchising provides exclusive territorial rights to open multiple outlets within a specified timeframe (Businesses for Sale, 2024). Product distribution franchising allows franchisees to distribute products without adhering to a strict business format, focusing primarily on sales rather than operational systems (Drew, 2023). Finally, joint venture franchising involves a collaborative ownership structure between the franchisor and franchisee, sharing investment risks and rewards. This model fosters strategic partnerships that enhance market penetration and business sustainability (International Franchising Association, 2016; Clavell, 2022).

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By analyzing these franchising models, businesses can make informed decisions regarding their expansion strategies, ensuring alignment with market conditions and operational objectives.

## **2.5 Regional Complexities in Franchise Operations: Cultural, Economic, and Technological Considerations**

### **2.5.1 Competitive Advantage and Localization in Fast-Food Franchising**

Ubale et al. (2024) examined how fast-food franchises sustain competitive advantages across diverse regions by leveraging local market knowledge to adapt to regional tastes and preferences. Their study identified key challenges, including the need to balance brand identity with local adaptation and mitigate franchisee dependence on centralized supply chains. The findings emphasize that collaboration between franchisors and franchisees in designing localized marketing strategies enhances operational efficiency and profitability.

### **2.5.2 Service Quality and Consumer Satisfaction**

Service quality remains a critical determinant of customer satisfaction in fast-food franchises. Fatima et al., (2024) investigated the impact of service quality dimensions such as responsiveness, empathy, and reliability on consumer satisfaction in international fast-food franchises in Faisalabad, Pakistan. Their findings highlight the challenges of training staff to align with local consumer expectations, which often differ significantly from those in developed markets. The study underscores the role of cultural norms in shaping customer satisfaction and emphasizes the need for tailored service approaches to improve customer retention and loyalty.

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### **2.5.3 Technology Adoption and Workplace Efficiency**

The integration of advanced technologies has been explored as a means to enhance operational efficiency within fast-food franchises. Khan et al., (2024) studied the adoption of augmented reality (AR) technologies in Saudi Arabian fast-food franchises, focusing on their impact on workplace safety and employee engagement. Cultural factors, including employee roles and attitudes toward technology, were found to influence the effectiveness of AR implementation. The study also highlighted the role of employee volunteerism in promoting workplace safety, particularly in regions with stringent regulatory requirements. The research suggests that successful AR adoption requires culturally sensitive, localized training programs.

### **2.5.4 Hospitality Services and Religious Tourism**

Beyond traditional fast-food franchising, the role of hospitality services in supporting religious tourism has also been explored. Abiola-Oke and Osiobe (2024) conducted a quantitative study at Redemption Resort, demonstrating that hospitality services enhance religious tourism by providing safe accommodations, organizing religious ceremonies, and incorporating regional cuisines. However, challenges remain in accommodating religious diversity while maintaining cultural authenticity in an evolving tourism landscape.

### **2.5.5 Site Selection and Market Optimization**

The strategic placement of fast-food franchises is critical to their success. Khetarpaul et al., (2024) applied machine learning algorithms, particularly clustering techniques, to optimize franchise locations in emerging markets such as Turkey. Their findings suggest that incorporating regional data such as population density, purchasing power, and consumer behaviour enhances the accuracy of site selection and increases franchise success rates.

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### **2.5.6 Post-COVID-19 Recovery Strategies**

Franchise resilience and adaptability in response to economic disruptions have been key areas of research. Sastri et al., (2024) examined recovery strategies employed by Indonesian fast-food franchises in the post COVID-19 period. Their study highlights the role of regional tourism in driving franchise recovery, with franchises in high tourism areas recovering more rapidly than those in less visited regions. The findings underscore the importance of adjusting operations to local economic conditions, such as offering targeted promotions and discounts to encourage consumer spending.

### **2.5.7 Digital Solutions for Supply Chain Efficiency**

Supply chain management is a critical component of fast-food franchising, particularly in globalized markets. Karanina et al., (2022) explored the role of e-commerce platforms in addressing regional supply chain inefficiencies. Their study, based on data from Russian franchises, demonstrated how digital solutions enhance consumer demand analysis and inventory management. The findings provide valuable insights into the role of digital tools in improving operational efficiency and customer satisfaction across diverse regional markets.

### **2.5.8 Synthesis and Future Directions in Regional Franchise Operations**

The literature underscores the complex interplay of market adaptation, consumer behaviour, and technological advancements in shaping the success of fast-food franchise operations. A recurring theme is the necessity for franchises to balance global brand identity with localized adaptations.

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Ubale et al., (2024) highlight the strategic advantages of leveraging regional market knowledge, while Fatima et al., (2024) emphasize that cultural differences in service expectations necessitate tailored customer engagement strategies. However, challenges remain, particularly in maintaining service consistency and aligning consumer satisfaction with franchise-wide operational standards.

Technological advancements, such as augmented reality (Khan et al., 2024) and e-commerce solutions for supply chain management (Karanina et al., 2022), offer promising avenues for improving efficiency and engagement. Yet, their effectiveness is often contingent on cultural and regulatory factors, underscoring the importance of localized implementation strategies. Similarly, post-pandemic recovery strategies demonstrate the significant role of external economic factors, with Sastri et al., (2024) finding that franchises in high-tourism areas recovered more swiftly than those in less visited regions.

Despite the wealth of research, gaps remain in understanding the long-term sustainability of these strategies. While Khetarpaul et al., (2024) advocate for machine learning in site selection, practical implementation challenges and real world success rates remain underexplored. Additionally, Abiola-Oke and Osiobe (2024) extend the discussion beyond fast food, illustrating how hospitality services influence regional tourism growth. Their findings highlight the broader economic and cultural implications of franchising, yet further research is needed to assess how these insights apply across different markets.

Overall, while existing studies provide valuable insights into regional challenges in franchise operations, the literature suggests that success is contingent upon a multidimensional approach that integrates market responsiveness, technological adaptation, and cultural sensitivity. Future research should focus on longitudinal studies and cross-regional comparisons to refine best practices for sustainable franchise growth in diverse markets.

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### 2.5.9 Factors Influencing Franchisee Failure and Success

Franchisee failure is often attributed to a combination of internal and external factors, including poor location selection, inadequate market research, weak financial management, and insufficient franchisor support (Mtsweni et al., 2018; Seid, 2024). In particular, poor site selection, insufficient training, and undercapitalization significantly contribute to franchisee struggles (Franchiseek, 2024).

A lack of adequate financial planning can result in high debt obligations, ultimately leading to business failure (Mtsweni et al., 2018; Nedbank, 2023; Franchiseek, 2024; Jonker, 2024). Moreover, ineffective management and financial mismanagement have been identified as primary causes of small business and franchisee failure (Zimmer et al., 2008).

Conversely, franchisee success is closely linked to strong brand commitment, a proven business model, and comprehensive franchisor support (Franchise Fame, 2023; Management Consulting, 2023). A well-established brand fosters customer loyalty and enhances profitability, while a structured business model strengthens resilience during economic downturns (Franchise Fame, 2023; Rayfield, 2023). Additionally, franchisor support encompassing training, marketing assistance, and financial guidance plays a critical role in franchisee growth and sustainability (Management Consulting, 2023). Establishing a strong franchisor-franchisee relationship based on mutual trust further enhances long-term success (Rayfield, 2023).

Technological innovation has also emerged as a key driver of franchise success. The integration of artificial intelligence (AI), chatbots, and customer relationship management (CRM) systems optimizes operations and improves customer engagement (Franchise Fame, 2023). To remain competitive, franchisors must continuously monitor industry trends and ensure that technological advancements are effectively implemented across the franchise network (Franchise Fame, 2023).

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## 2.6 Global Trends in Fast-Food Franchising

The fast-food industry has undergone significant transformation over the past few decades, with franchising playing a central role in its global expansion (Wingrove, 2017). In recent years, the industry has been defined by rapid innovation, intense competition, and shifting consumer preferences. Key factors shaping the future of fast-food franchising include technological advancements, evolving consumer health consciousness, sustainability initiatives, and regulatory changes. This section examines global and regional trends within the fast-food franchise sector, focusing on digital innovation, menu adaptation to health-conscious consumers, sustainability efforts, and the growing demand for customization.

### 2.6.1 Technological Innovations: Digital Ordering and AI

Technology has revolutionized the fast-food industry, enhancing both customer experience and operational efficiency. Digital ordering platforms, mobile apps, and AI have transformed how consumers engage with fast-food brands. Major players such as Domino's and McDonald's leverage AI for customer service, predictive ordering, and personalized marketing (Sahota, 2024). Self-service kiosks and mobile ordering apps streamline the ordering process, reducing wait times and increasing convenience. Additionally, AI-powered chatbots and voice assistants handle customer inquiries, provide recommendations, and facilitate seamless transactions (Shalimov, 2024). The rise of cloud kitchens, or ghost kitchens, is further reshaping the industry by enabling brands to expand rapidly without the overhead costs of physical storefronts (eTakeawayMax, 2023).

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### **2.6.2 Health-Conscious Consumers and Menu Innovation**

As consumers become more health-conscious, fast-food franchises are adapting their menus to meet changing dietary preferences. The increasing demand for plant-based and organic foods has led brands like Burger King and KFC to introduce plant-based alternatives to traditional meat products (Just Vegan, 2022). Concerns about obesity, heart disease, and other health risks associated with fast food have also prompted franchises to improve menu transparency, provide detailed nutritional information, and reduce artificial additives and preservatives (Pietrangelo, 2022; Holt, 2023).

### **2.6.3 Sustainability and Environmental Concerns**

Sustainability has become a major focus for fast-food franchises as consumer demand for eco-friendly practices continues to rise. Companies such as McDonald's have committed to sourcing 100% of their coffee, palm oil, and fish from sustainable sources, with an ambitious goal of using only renewable or recycled packaging materials by 2025 (McDonald's Sustainability Report, 2022). The industry is also addressing food waste by implementing surplus food donation programs, improving inventory management through data-driven solutions, and reducing portion sizes (McMahon, 2024). Additionally, efforts to phase out single-use plastics in favor of biodegradable or recyclable materials are becoming more widespread (Stanford University, 2018).

### **2.6.4 Customization and Personalization**

Modern consumers increasingly seek personalized dining experiences, prompting fast-food franchises to expand customization options. Brands like Chipotle and Subway have long championed build-your-own meal models, while others are now adopting similar approaches to cater to diverse preferences (Tapp, 2023). AI and data analytics play a crucial role in enhancing personalization by enabling targeted promotions and suggesting menu items based on consumer purchase history, ultimately fostering customer loyalty (Haleem, 2022).

### **2.6.5 Fast-Food Franchising Trends in South Africa**

As the South African fast-food industry continues to evolve, key trends such as digital transformation, localization, and sustainability are shaping the growth and adaptation of franchise brands.

### **2.6.6 Growth in Delivery Services**

The rapid expansion of food delivery services has significantly reshaped the fast-food franchise industry in South Africa. Platforms such as UberEATS and Mr. D have created new revenue opportunities, enabling franchises to reach both urban and rural consumers more effectively (The Competition Commission, 2022). The COVID-19 pandemic further accelerated this shift, driving widespread digital transformation. As a result, mobile apps, loyalty programs, and online ordering systems have become essential tools for enhancing customer experience and optimizing operational efficiency (Jiang, 2023; Knowmax, 2024).

### **2.6.7 Localization and Diverse Menu Offerings**

Localization has become a key strategy for fast-food franchises in South Africa, as global brands modify their offerings to align with local consumer preferences. For instance, McDonald's introduced the Boerie Burger, inspired by traditional South African sausage, while KFC offers pap, a staple maize-based dish (McDonald's Fandom, 2024; KFC South Africa, 2022). Beyond menu adaptation, franchises are implementing culturally relevant marketing strategies to engage with South Africa's diverse population, strengthening brand loyalty and fostering deeper community connections.

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### **2.6.8 Health and Sustainability Initiatives**

Reflecting broader global trends, South African consumers are increasingly prioritizing health-conscious and environmentally sustainable dining options. In response, many fast-food franchises are expanding their menus to include healthier alternatives such as salads, grilled chicken, and plant-based meals (Franchise Seek, 2024). Sustainability efforts are also gaining momentum, with brands reducing plastic waste and implementing energy-efficient practices (Moshood et al., 2022). Notably, Nando's has emerged as a leader in sustainability, emphasizing locally sourced, free-range chicken and energy efficient store designs to minimize its environmental impact (Nando's South Africa, 2023).

In conclusion, the fast-food franchising landscape in South Africa is undergoing significant transformation, driven by advancements in technology, shifting consumer preferences, and growing environmental consciousness. As delivery services expand, localized menu offerings increase, and sustainability initiatives gain traction, franchises must continuously adapt to remain competitive. These evolving trends highlight the dynamic nature of the industry and the necessity for brands to innovate while maintaining relevance in an increasingly diverse and conscious market.

### **3. Methodology**

To ensure systematic and credible research, this study employs a qualitative research methodology, detailing the research design, sampling approach, data collection methods, analysis techniques, and ethical considerations.

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The researcher employed an interpretivist paradigm to explore the lived experiences and perceptions of franchisees regarding factors influencing the effectiveness of their enterprises. A qualitative research approach was selected, as it aligns with the objective of gaining in-depth insights into participants' perspectives (Denzin & Lincoln, 2011). Given the nature of the study, an inductive research approach was followed, allowing patterns and themes to emerge from the collected data rather than relying on predefined hypotheses (Saunders et al., 2016:74).

A descriptive research design was adopted to systematically capture and present the experiences of franchisees operating in Tshwane, South Africa. The study examined the determinants of effectiveness in franchise enterprises through semi-structured interviews with franchisee owners and managers. The semi-structured interview guide included open-ended questions to ensure consistency in data collection while allowing for analytical rigor (Bhat, 2023). The collected data was then interpreted to identify trends and common themes, providing a comprehensive understanding of franchise operations in the region (Durrheim, 2009).

The research strategy was centered on primary data collection through semi-structured interviews, facilitating direct engagement with participants and capturing relevant insights. The findings contribute to the existing knowledge on franchise management and provide practical implications for prospective entrepreneurs aiming to establish successful franchise businesses. The results also offer insights into the impact of the South African economic landscape on small business operations (Morgan, 2013).

The study investigated franchisees operating in the City of Tshwane. According to Tripadvisor (2024), the city hosts 140 fast-food restaurants, which formed the study's population. The target group comprised franchisees and branch managers with at least two years of operational experience under a franchise agreement. Access to participants was managed by mitigating challenges such as confidentiality concerns, research credibility, and alignment with business priorities (Saunders et al., 2009:169-170). The selected sample ensured relevant insights into franchise effectiveness while addressing potential barriers to participation (Mensah et al., 2017).

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A non-probability, judgmental (purposive) sampling approach was adopted to recruit participants with relevant expertise (Seidman, 2013:54). This technique allowed for the selection of franchisees and branch managers with substantial industry experience (Bryman et al., 2021:224-225). The inclusion criteria ensured that participants provided meaningful insights into franchise operations and performance (Creswell, 2011).

Purposive sampling determined the sample size, prioritizing information richness over statistical representation (Nikolopoulou, 2023; Subedi, 2021). A total of 10 semi-structured interviews were conducted with franchisees and branch managers to achieve data saturation. The selection reflected a heterogeneous range of franchise experiences (Etikan et al., 2016). Prior research indicates that qualitative sample sizes typically range between 5 and 30 interviews, depending on study objectives (Kuzel, 1992; Creswell, 2007; Saunders, 2012). Saturation was confirmed when no new themes emerged from subsequent interviews, ensuring data adequacy (Hennink & Kaiser, 2022). To enhance participant engagement, semi-structured interviews included a maximum of 10 open-ended questions (Mwita, 2022).

Data coding and analysis were conducted using thematic analysis. Interviews were transcribed and systematically coded to identify recurring patterns and themes (Bryman et al., 2015:337). Atlas.ti software facilitated the coding process, ensuring efficient organization and categorization of qualitative data (Atlas.ti, 2020). The Braun and Clarke (2006) six-phase framework was applied, guiding the thematic analysis in a structured manner: familiarizing with the data, generating initial codes, searching for themes, reviewing themes, defining and naming themes, and producing the final analysis.

To ensure the trustworthiness of findings, validity and reliability measures were considered. Validity was addressed by ensuring that data collection methods accurately reflected franchisees' perspectives (Noble & Smith, 2015). Reliability was established by maintaining consistency in the data collection process to ensure replicability under similar conditions (Simkund & Babin, 2013). While the study does not aim for generalizability, its focus on dependability ensures that findings provide valuable insights into franchisee experiences within the South African context.

Prior to any participant engagement, ethical approval was obtained from the North West University. Participants were provided with consent forms before interviews, and data collection adhered to the university's code of conduct. Confidentiality and anonymity were maintained throughout the study to protect participants' identities. The North West University research code is founded on four core principles: honesty in all aspects of research, accountability in conducting the study, responsible stewardship of research on behalf of others, and fairness and professional courtesy in working with participants (NWU, 2024).

Participants were informed that their involvement was voluntary, with the option to withdraw at any time. No personal identifiable information was collected, ensuring that only aggregated demographic details, such as years in operation, were recorded. The study adhered to data protection laws, including the Protection of Personal Information Act (POPIA). The research did not focus on sensitive attributes such as gender or race, and there were no risks or incentives associated with participation.

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## **4. Results and Discussions**

The study involved interviews with ten participants, including franchisee managers and owners operating successful fast-food franchises in Pretoria. These participants represented diverse fast-food categories, such as burgers, fat cakes, pizza, and chicken, located in various parts of Pretoria. This diversity enabled the researcher to gather comprehensive insights into the experiences of franchisee business owners across different fast-food segments in the region.

The interview guide consisted of two sections: Section A and B: Section A collected general information about the franchisees, including their location and the operational duration of their franchises, allowing the researcher to develop detailed profiles of each respondent. Section B was designed to gather primary data relevant to the study's objectives.

Key themes were identified from the interviews, organized into subthemes, and analyzed in line with the study's aims. To protect participant anonymity, each was assigned a code - FFMO (Fast-food Manager/Owner) accompanied by a number corresponding to the interview sequence (e.g., FFMO01 to FFMO10). This coding system ensured the confidentiality of participant identities.

### **4.1 Section A findings**

The section below reflects the Section A findings that included general information about franchisees, including their location and operational duration of franchisees

#### **4.1.1 Results of Franchisee Manager/Owner Experience**

This section presents the results and discusses the findings based on participants' responses. Purpose of the Question: This question aimed to assess the franchise manager's or owner's level of experience in operating the franchise, providing insights into their professional backgrounds, challenges, and perceptions of the business.

Results: Table 1 presents the participants' responses regarding their experience in managing a

fast-food franchise business.

**Table 1: Experience of Franchisee Managers**

<b>Participant</b>	<b>Description</b>
FFMO01	"Bad experience"
FFMO02	"The franchise has been operating for 13 years, and I'm satisfied with the business. This branch has been open since 2022."
FFMO03	"This branch has existed since 2016, and I've been with it since then. We managed to survive COVID-19 because we're in the CBD."
FFMO04	"This franchise opened in 2018, but I was working in another store before that. It's strict because it's someone else's brand, and you have to stick to their standards."
FFMO05	"I started last year, and I'm still learning. It's hard work, especially when dealing with customer complaints."
FFMO06	"I've worked in this industry for many years, and I've seen a lot of shops fail. You can't overspend and expect to survive."
FFMO07	"I've been with the franchise group for eight years, and the business has been running for 11 years. It's exciting but challenging because you have to deal with different characters."
FFMO08	"I've been here for almost a year. The franchise is almost two years old, but I worked for eight years for Checkers, which is also a much bigger franchise."
FFMO09	"This is the line I've been in for quite a while. This is still a good business. I enjoy it, and it's been a long time here. This place has been here for four years now."
FFMO10	"We operate an Asian-centric restaurant. We have been in business since 2016."

Source: Compiled by the researcher

The responses indicate a diverse range of experiences among franchise managers, varying from newcomers to seasoned operators with over a decade in the industry. Some participants reported challenges, including adherence to strict brand standards and managing customer complaints. However, others expressed satisfaction and long-term commitment to the business, with resilience and financial prudence emerging as key factors for success. Additionally, participants with extensive industry backgrounds highlighted the importance of strategic financial management and adaptability in sustaining a successful franchise operation.

#### 4.1.2 Results of Business Location

Purpose of the Question: The primary objective of this question was to ensure that franchisees met the inclusion criteria, which required that only those with at least two years of experience be interviewed.

**Results:** Table 2 presents the locations of the franchisees who participated in the study.

Participant	Location
FFMO01	Pretoria East – Hatfield
FFMO02	Pretoria East – Lynnwood Glen
FFMO03	Pretoria Central – CBD
FFMO04	Pretoria East – Hatfield
FFMO05	Pretoria East – Hatfield
FFMO06	Pretoria West – Mountain View
FFMO07	Pretoria East – Lynnwood Glen
FFMO08	Pretoria East – Lynnwood Glen
FFMO09	Pretoria West – Mountain View
FFMO10	Pretoria East – Lynnwood Ridge

Source: Compiled by the researcher.

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The findings indicate that all participants were based in Pretoria. A notable concentration of participants was found in Hatfield (three participants) and Lynnwood Glen (three participants). Two participants operated in Mountain View, while the remaining two were located in different areas: one in Pretoria Central's CBD (FFMO03) and one in Lynnwood Ridge (FFMO10). These results suggest that the majority of franchisees operated in well-established commercial zones, potentially benefiting from high customer foot traffic and business visibility.

#### 4.1.3 Results of Years in Operation

Purpose of the Question: The purpose of this section was to establish when the business was founded and to determine the number of years it has been in operation. Results: Table 3 presents the opening years and the number of years that each business has been operational.

**Table 3: Years in Operation**

<b>Participant</b>	<b>Opening Year (Operational Period)</b>
FFMO01	2020 (4 years)
FFMO02	2022 (2 years)
FFMO03	2016 (8 years)
FFMO04	2014 (10 years)
FFMO05	1970 (54 years)
FFMO06	2016 (8 years)
FFMO07	2019 (5 years)
FFMO08	2022 (2 years)
FFMO09	2016 (8 years)
FFMO10	2016 (8 years)

Source: Compiled by the researcher.

Table 3 shows that the businesses surveyed have been operational for periods ranging from 2 to 54 years. The study revealed that two businesses had been in operation for only two years, while one business significantly exceeded others with 54 years of operation. Additionally, four out of the ten franchisees had been operating for the same period of eight years. Overall, the findings demonstrate that the participants have substantial business experience, with an average operational period of 10.7 years.

#### 4.1.4 Results of Food Type

Purpose of the Question: The purpose of this section was to determine the primary food items sold by the franchisees.

**Results:** Table 4 presents the food types offered by the participating franchisees.

Participant	Type of Food (Main Business)
FFMO01	Chicken
FFMO02	Burgers
FFMO03	Coffee
FFMO04	Pizza
FFMO05	Burgers
FFMO06	Pizza
FFMO07	Burgers
FFMO08	Chicken
FFMO09	Burgers
FFMO10	Asian

Source: Compiled by the researcher.

Table 4 indicates that the most common food type among participants was burgers, with four franchisees specializing in this category. This was followed by chicken and pizza, each with two franchisees. The remaining two participants specialized in coffee and Asian cuisine, representing unique offerings within the sample. While these businesses are recognized for their primary food items, they may also offer additional menu options that contribute to competition within the franchise sector.

## **4.2 Section B Findings**

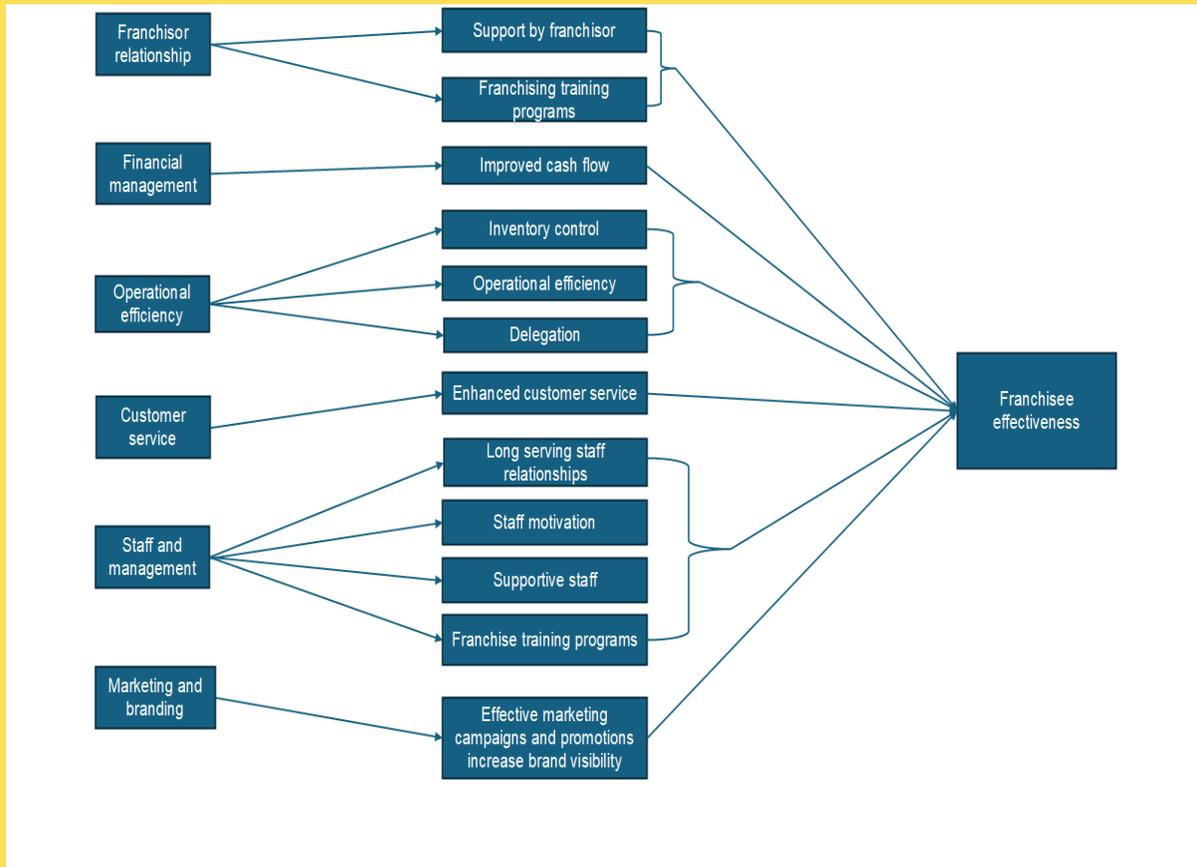
Section B findings conducted through interviews with ten fast-food franchise owners and managers in the Tshwane region, identifying various factors influencing franchisee success and failure. The data analysis revealed eight primary themes: franchisor relationships, financial management, operational efficiency, customer service, location and market factors, staff and management, marketing and branding, and high operational costs.

The findings indicate that successful franchises maintain strong operational efficiency through practices such as daily stock management, effective staff training, and meticulous financial oversight. The franchisor-franchisee relationship emerged as a critical factor, with successful franchises benefiting from comprehensive franchisor support in training, marketing, and operational guidance. Customer service was identified as essential for building customer loyalty and ensuring long-term success. Additionally, effective staff management and training were consistently highlighted as vital contributors to operational efficiency.

Conversely, financial challenges, including insufficient capital, inadequate cash flow management, and high operational costs were linked to franchise failures. Accessibility and foot traffic were identified as crucial determinants of success. Furthermore, marketing and branding efforts, particularly those supported by the franchisor, were found to play a significant role in attracting and retaining customers.

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**Figure 1 Thematic Franchising Effectiveness Model**



Source: Researcher’s conceptualization

The Franchising Effectiveness Model shows positive factors, negative factors and situational factors that may vary due to context shown in green, red and orange respectively. Franchisee effectiveness is a multifaceted outcome, shaped by a complex interplay of internal and external factors. This model reveals that success hinges on cultivating positive influences across several key areas.

A supportive franchisor relationship, providing both resources and effective training, lays a crucial foundation. Coupled with sound financial management, including controlled costs and healthy cash flow, franchisees are better positioned for growth. Operational efficiency, encompassing effective inventory management and streamlined processes, further enhances performance. Critically, prioritizing excellent customer service, fostered by a positive and well-trained staff, drives customer loyalty and repeat business. Finally, strategic marketing efforts and the cultivation of brand loyalty amplify these positive effects. By focusing on these interconnected elements, franchisees can create a synergistic environment that maximizes their potential for success and long term viability.

Section B was primarily designed to collect raw data directly related to the study's objectives. The insights below demonstrate how each objective was achieved by systematically analyzing the collected data.

#### **4.2.1 Primary Objective**

The primary research objective of this study was to explore the factors contributing to the effectiveness of fast-food franchise businesses. Specifically, this objective sought to understand the key drivers of franchisee success and sustainability within the South African business environment. The achievement of this primary objective was contingent upon the fulfilment of the secondary objectives.

#### **4.2.2 Secondary Objectives**

To realise the primary objective, the following secondary objectives were formulated:

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Through a review of existing literature and previous research, the following secondary objectives were achieved:

- To identify the most common causes of franchisee ineffectiveness. This objective was accomplished through a comprehensive review of the literature, which examined the challenges contributing to the ineffectiveness and failure of franchise establishments.
- To gain insight into the factors enhancing franchisee performance. The literature explored critical elements such as franchisor support, training, and financial management, identifying these as pivotal to franchisee success.

Through an empirical investigation, the following secondary objective was achieved:

- To develop policy recommendations to reduce franchisee ineffectiveness. The recommendations section presents policy recommendations derived from the empirical findings, aimed at enhancing franchisee effectiveness within the fast-food industry.

The following secondary objectives informed the study's conclusions and recommendations:

- To propose strategic interventions to address the causes of franchisee ineffectiveness. Strategic recommendations were formulated based on the empirical findings discussed in analysis and discussions, providing actionable strategies to reduce inefficiencies in fast-food franchise operations.

#### **4.2.3 Achievement of Secondary Objectives**

The first secondary objective identifying the common causes of franchisee ineffectiveness was achieved through the literature review. The second secondary objective gaining insight into performance enhancing factors was also accomplished through an extensive review of the Literature. The final objective developing policy recommendations to mitigate franchisee ineffectiveness was realised through the analysis and discussions.

Based on the successful achievement of these secondary objectives, it is concluded that the primary objective of this study exploring factors contributing to the effectiveness of fast-food franchise businesses was effectively realised. Furthermore, the study's findings facilitated the development of policy recommendations aimed at improving franchisee performance and addressing common causes of ineffectiveness in franchise operations.

Data was collected through semi-structured interviews with ten franchisee managers and/or owners from Tshwane. The following section summarises the main findings related to the determinants of effectiveness in fast-food franchises. Conclusions drawn from the empirical study are categorised into the following areas: experience, location, opening date, food type, reasons for ineffectiveness, instances of struggles and primary causes, financial challenges, operational and management pitfalls, success factors, operational efficiency, franchisor relationship, marketing, branding, and customer service. Additionally, recommendations are provided for aspiring and prospective entrepreneurs considering entry into the fast-food franchise sector.

The analysis identified eight critical themes influencing franchisee effectiveness within the fast-food industry: franchisor relationships, financial management, operational efficiency, customer service, staff and management, location and market factors, marketing and branding, and high operational costs. These themes were consistently highlighted by participants. Additionally, customer service and staff management emerged as pivotal factors impacting the success or failure of fast-food franchises. Marketing and branding were also identified as essential for attracting and retaining customers.

#### **4.2.4 Experience**

The findings revealed that most participants had extensive experience in the fast-food franchise industry, ranging from 1 to 13 years, having managed both successful and unsuccessful businesses.

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#### **4.2.5 Location**

The majority of participants' franchises were located in Pretoria East, particularly in areas such as Hatfield, Lynnwood Glen, and Lynnwood Ridge.

#### **4.2.6 Opening Date**

The average operational duration of the franchises was 10.7 years, with the youngest franchise being 2 years old and the oldest 54 years.

#### **4.2.7 Food Type**

Most participants sold burgers, followed by chicken and pizza. Additionally, one participant specialised in coffee, while another offered Asian cuisine.

#### **4.2.8 Reasons for Ineffectiveness**

Staff and management were identified as critical factors contributing to franchise failures. Specifically, poor staff management, inadequate operational oversight, lack of operational knowledge, ineffective business attitudes, unskilled staff, and weak management practices were highlighted as significant challenges, particularly during the initial stages of franchise operations.

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#### **4.2.9 Instances of Struggles and Primary Causes**

Participants consistently identified staff and management issues, alongside high operational costs, as primary causes of franchise struggles and failures. Ineffective staff management, operational control failures, and deviations from brand standards were commonly cited. Additionally, rising stock prices and high rental costs contributed to financial strain, impacting profitability and overall business sustainability.

#### **4.2.10 Financial Challenges**

Financial challenges were primarily associated with operational inefficiencies, high costs, and inadequate financial management. Stock wastage, unplanned expenses due to cash flow constraints, lack of capital access, and theft by staff were identified as major financial risks affecting franchise sustainability.

#### **4.2.11 Pitfalls in Operations and Management**

The most prevalent theme was inadequate staff management, including poor training, ineffective business oversight, wastage, and deviations from the franchise business model. Ineffective stock management and failure to delegate responsibilities contributed to operational breakdowns, emphasising the need for rigorous operational controls.

#### **4.2.12 Success Factors in Fast-Food Franchises**

Effective staff management and customer service were consistently highlighted as critical success factors. Building positive relationships with staff, respecting employees, and implementing continuous training were recognised as key practices for maintaining high customer service standards and ensuring franchise success.

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#### **4.2.13 Operational Efficiency**

Operational efficiency was achieved through effective staff management and stringent operational controls, including daily stock counts, variance checks, and active personal oversight. These practices minimised wastage and ensured smooth operational processes, directly contributing to profitability.

#### **4.2.14 Franchisor Relationship**

Mixed responses were observed regarding franchisor relationships. Some participants reported that strong franchisor support particularly in training, marketing, and operational guidance enhanced franchise success. However, others noted limited support, highlighting the importance of effective staff management and independent operational control.

#### **4.2.15 Marketing, Branding, and Customer Service**

Customer service was consistently identified as a critical determinant of success. While marketing and branding were recognised as essential for attracting customers, participants emphasised that positive customer experiences and satisfaction were more influential in securing repeat business and brand loyalty.

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### **4.3 Summary of Findings**

This study effectively addressed its research objectives by offering critical insights into the factors influencing the effectiveness and ineffectiveness of franchise establishments.

- Objective 1: Factors contributing to franchisee effectiveness included well trained staff, adherence to brand standards, efficient operational and financial management practices, strong franchisor-franchisee relationships, effective training and marketing support, and strategic location selection.
- Objective 2: Common causes of franchisee ineffectiveness were attributed to poor staff and management practices, inadequate financial oversight, deviations from brand standards, insufficient staff training, lack of operational controls, poor location choices, and limited franchisor support.
- Objective 3: Policy recommendations will be discussed in the subsequent section. These recommendations address identified causes of ineffectiveness and propose strategies to enhance franchisee performance and strengthen the fast-food franchise industry.

## **5. Recommendations**

### **5.1 Recommendations for Prospective and Current Fast-Food Franchisees**

#### **5.1.1 Conduct Comprehensive Research on the Desired Franchise Type**

Prospective entrepreneurs are encouraged to conduct thorough research on the specific type of fast-food franchise they wish to invest in. Although fast-food franchises are often perceived as straightforward business models, it is crucial to recognise that brand reputation alone does not guarantee success or profitability, particularly in the initial months of operation.

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#### **5.1.2 Strategic Location Selection**

A careful assessment of potential locations should be conducted prior to establishing a franchise. The location significantly impacts customer volume and profitability, influenced by the demographic profile and disposable income of the target market. Franchises should strategically position themselves in high-traffic areas that align with the target customer base, such as near office parks or universities.

### **5.1.3 Enhance Operational Efficiency**

Franchisees should implement robust operational controls to minimise wastage and theft. This includes systematic stock-taking through physical audits and inventory control systems, such as the Just-In-Time (JIT) system. By maintaining strict inventory management, financial losses can be minimised, thus enhancing service quality and operational efficiency.

### **5.1.4 Improve Customer Service Standards**

Continuous staff training is essential to maintain high customer service standards and adapt to updates in the franchise model. A strong focus on customer relationship management is recommended by consistently collecting and acting on customer feedback. Franchises should leverage digital platforms such as social media (e.g., Facebook, Instagram) and review sites (e.g., Google Reviews) to engage with customers, demonstrating responsiveness to feedback and enhancing customer loyalty.

### **5.1.5 Invest in Staff Development and Motivation**

Franchisees should prioritise ongoing staff development through regular training on operational and customer service skills. Additionally, employee morale and retention can be enhanced by implementing incentive schemes such as performance-based bonuses, overtime compensation, and recognition programs.

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### **5.1.7 Monitor Internal and External Market Dynamics**

Franchisees should proactively monitor both internal performance metrics and external market trends, including economic fluctuations. It is essential to communicate relevant market concerns to franchisors while preparing contingency plans to navigate potential business disruptions. For example, during the COVID-19 pandemic, reliance on in-person purchases significantly impacted financial performance, even with delivery platforms such as Mr D and UberEATS. Therefore, strategic contingency planning is critical to maintaining business continuity during challenging times.

## **5.2 Recommendations for Prospective and Current Fast-Food Franchisors**

### **5.2.1 Enhance Management and Financial Literacy**

Franchisors should provide comprehensive financial management training to franchisees. This initiative aims to improve franchisees' ability to manage cash flow efficiently, minimise theft risks, and optimise expenditures, thereby enhancing profitability and sustainability.

### **5.2.2 Strengthen Franchise Support Systems**

Although franchisors provide business models and operational guidance, there is a need to enhance support systems by equipping franchisees with adequate resources in operational management, financial planning, and marketing strategies. For instance, during unforeseen global events such as pandemics, franchisors could offer short-term financial support to franchisees with sound financial standing, accompanied by reasonable repayment terms to avoid excessive financial strain.

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### **5.2.3 Facilitate Effective Communication Channels**

Establishing robust communication channels between franchisors and franchisees is imperative to ensure that franchisees' concerns are promptly addressed. Enhanced communication fosters improved collaboration and support in operational management, marketing initiatives, and staff training.

### **5.3 Policy Recommendations for the Fast-Food Franchise Industry**

#### **5.3.1 Mandatory Operational Audits**

Franchisors should implement mandatory and more frequent operational audits to ensure compliance with brand standards and financial stability. Consistent updating of management accounts is recommended to facilitate seamless auditing processes.

#### **5.3.2 Standardised Customer Service Programmes**

Franchisors should introduce a uniform customer service training programme mandatory for all franchisees and their staff. Additionally, the implementation of "Mystery Shopper" initiatives would ensure consistent service quality across all franchises under the brand.

### **5.4 Policy Recommendations for Franchisors**

#### **5.4.1 Formalised Support Network**

Franchisors should establish a structured support network encompassing mentorship programmes, operational audits, and marketing assistance. This support framework would enhance the operational efficiency and market competitiveness of franchisees.

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#### **5.4.2 Financial Management Training**

It is recommended that franchisors mandate financial management workshops as part of the franchisees' initial onboarding and ongoing professional development programmes. This policy would ensure that franchisees are well-equipped to manage financial operations effectively.

#### **5.4.3 Mandatory Refresher Training Sessions**

Franchisors should introduce compulsory refresher training sessions for all franchisees and their staff, focusing on operational procedures, customer service best practices, and adherence to brand standards.

#### **5.4.4 Structured Communication Systems**

To enhance communication, franchisors should implement systematic communication channels, including regular check-ins, feedback loops, and franchise forums. Digital platforms could facilitate real-time communication, ensuring that franchisees receive timely support and guidance.

#### **5.4.5 Proactive Market Trend Communication**

Franchisors should engage in regular discussions with franchisees about external market trends and their potential impacts on the business model. By collaboratively developing contingency plans and crisis management frameworks, franchisors can better equip franchisees to navigate market fluctuations and business disruptions.

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### **5.5 General Recommendations for Regulatory Bodies and Policymakers**

#### **5.5.1 Promotion of Financial Literacy Programmes**

Regulatory bodies should incentivise franchisors to provide financial literacy training for franchisees. These programmes would enhance financial management competencies, reduce risks related to cash flow mismanagement, and encourage entrepreneurial growth within the fast-food franchise sector.

### **5.5.2 Encouragement of Sustainable Business Practices**

Policymakers should advocate for the adoption of sustainable practices in the fast-food franchise industry. This could include incentives for eco-friendly initiatives such as sustainable packaging, waste management solutions, and energy-efficient operations. By aligning with global Sustainable Development Goals (SDGs), the industry can contribute to environmental sustainability while enhancing brand reputation and customer loyalty.

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