



Success of Micro-franchising Business in Tanzania: An Analysis of Community Wellbeing Enhancement in Babati District

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ABSTRACT: *Success of micro franchise business in enhancing community wellbeing has remained inconclusive in literature. This is a knowledge gap focused in this paper. The main objective of the paper is to assess the success of micro-franchising business on community wellbeing enhancement. Specifically the study determines the extent at which micro-franchising business enhances household in income generation, it also analyses the effects of micro franchise business in community and to establish factors affecting micro-franchising business in enhancing community wellbeing. Simple random sampling was used to select respondents. Data were collected in Babati District through interviews and questionnaires. Data of the study were processed and analyzed by using SPSS. Descriptive statistics were used to present data in this paper. The findings showed that micro-franchising business has a great effects ion enhancing the community wellbeing in Babati District. It enables people to generate income; it also enables households to meet household's needs; and hence enhance community wellbeing. Six factors were established that affect micro franchising namely; Source of capital for starting up the micro-franchising business; Inadequacy of capital for expanding the micro-franchising business; Access to business training; Community acceptance to the products; Good communication with the franchisor and consumers; and Challenges facing micro-franchising business. Micro-franchising business improvement remains as important strategy to improve the wellbeing of people in the communities.*

Key words: *Success, Micro-franchising business, community wellbeing enhancement, factors affecting micro-franchising*

1.0 INTRODUCTION

Micro-franchising is a relatively recent phenomenon with the majority of micro-franchises emerging only in the last few years. Several factors may explain this emergence in relation to economic globalization (Robert *et al.*, 2009). Micro-franchising, an adaptation of microcredit is an increasingly successful approach for helping budding entrepreneurs in developing countries like Tanzania to adopt a proven enterprise model and to cut back on teething problems faced by amateur business owners. Different from franchising, micro-franchising not only creates an income; it also focuses on delivery of critical social services in far flung areas where infrastructure is weak and resources are limited (Tiffany, 2011). The term micro franchising refers to a business model where a micro entrepreneur, the micro franchisee, takes over all customer facing activities in selling a product or service while most important non-customer-facing activities manufacturing of a product or back-end services are provided by a large enterprise, the franchisor (Tobias, 2011). The concept of micro-franchising suggests that a proven business model is replicated under a common brand using well defined processes in multiple independent outlets. Independently owned and run outlets prove to be a in a win proposition for the franchisor also as he retains control over brand, product offering, supply chain

and processes of the franchising system (Rachna *et al.*, 2013). Micro franchising operates on a much smaller scale with start-up costs ranging from United States of America Dollars (USD\$) 25 (50, 000 Tanzanian shillings (Tshs) to USD\$25,000 (50,000,000 Tshs). Micro-franchising frequently involves the pursuit of social objectives, such as providing jobs, as a result of enhancing the community wellbeing for the people engaging in micro franchise business; in addition to strictly for profit models. The community refers to a group of people sharing a common understanding who reveal themselves by using the same language, manners, tradition and laws. Micro-franchising provides existing business models to individuals who may not be natural entrepreneurs and further more may result in enhancing community wellbeing. Micro-franchising provides a viable business model, an existing brand, business training, and access to a formal supply chain and business support, which drastically increases the odds of microenterprise success (Robert *et al.*, 2009). The success can be depicted by changing wellbeing of the community members positively. Achievement of objectives by organizations or individuals is a phenomenon referred to as success (Chambers, 2004).



Wellbeing is a positive outcome that is meaningful for people and for many sectors of community. Good living conditions such as housing, employment, clothing, education, health are fundamental to wellbeing of the community. Additionally wellbeing is associated with numerous health-, job-, family-, and economically-related benefits (CDC, 2016). Wellbeing, welfare or wellness is a general term for the condition of an individual or group, for example their social, economic, psychological, spiritual or medical state. A high level of wellbeing means in some sense the individual or group's condition is positive, while low wellbeing is associated with negative happenings (Oxford Dictionary, 2016). In this paper, the high level of wellbeing means the members of community are associated with positive happenings, while low well-being is associated with negative happenings to members of community after the members conducting micro franchising business. The community wellbeing enhancement refers to changing of wellbeing from low level to high level in the community.

Micro-franchising emerged, in large part, from its success in addressing the traditionally problematic characteristics of the business environment in balance of payment markets and hence enhancing wellbeing. Various factors that affect the business environment in developing nations do not seem to affect more developed nations, at least not to the same degree (Robert *et al.*, 2009). What distinguishes micro-franchise programs from other interventions is the focus on small number of specific franchise business models that are tailored to the skills and constraints of program participants and to local market conditions (Andrew *et al.*, 2014). This made micro franchising business to get some press release in various places in the world.

Despite the fact that micro-franchising business got some press coverage in recent years, remarkably, little research on the success of micro-franchising business models has been published. While micro-franchising has been around for more than a decade and micro-franchising is one such strategy that is currently being researched and tested for its efficiency in contributing to economic self-reliance among members of the community as well as enhancing community wellbeing (Rachna *et al.*, 2013). The enhancement of micro franchise business to households and community wellbeing has remained inconclusive in literature and hence this is a knowledge gap focused in this paper.

The main objective of the paper is to assess the success of micro-franchising on community wellbeing enhancement. Specific objectives include; to determine the extent at which micro-franchising business empowers micro franchisee's

household member in income generation, it also analyses the effects of micro-franchise business in enhancing community wellbeing and to establish factors determining success of micro-franchise business in enhancing community wellbeing.

2.0 LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Literature Review

This paper is based on the collection of concepts that explain the enhancement of the micro-franchising business on wellbeing of community. The concept of micro franchising comes from franchising which is the legal agreement that allows one business to be operated using the name and business procedures of another. It is the system of business in which a franchisee purchases the right to use the franchisors' trade name without distributing particular products exclusively under the franchisors' name. The most ubiquitous franchise worldwide is McDonald which has over 30,000 restaurants in more than 100 countries. Approximately 73% of the McDonald's restaurants are owned by the independent business people who operate them in a franchise relationship. The concept of micro franchising was introduced in 2004 by Stephen W. Gibson (Fairbourne, 2006), and the research of micro-franchising is still in its infancy stages. Micro franchising is also known as 'business-in-a-box', 'backpack' or a ready-made job. Micro-franchising has clues and cautions to help create wealth and lift humanity from poverty by energizing communities, families and individuals to profit-making productivity in cooperation with guidance, education, and other resources from established businesses, financial institutions and philanthropists. Micro-franchising, an emerging business model in the developing world is effectively enhancing Bottom of the Pyramid (BoP) or markets serving the poorest of the poor in developing countries. The franchises tend to be less risky and more profitable than totally independent enterprises both in the developing and the developed countries. Macro-franchising combines franchising and the microfinance, although it is very different from franchising in its size and the scale, the franchise relationship tends to protect the entrepreneur from many of the open market shocks by a degree of sustainability, safety and predictability that they could rarely achieve on their own (Magleby, 2006).

According to Hisrich *et al.*, 2008 franchising is an arrangement whereby the manufacture or sole distributor of a trademarked product or service gives exclusive rights of local distribution to independent retailers in return for their



payment of royalties and conformance to standardize operating procedures. Justis and Juddy (1989), define franchising as a business opportunity, where the owner of a service or a trademark product (franchisor), provides the right to an individual (franchisee) to distribute and /or sell goods or services, and in return receives a payment or royalty and conformity to quality standards. Franchising refers to the business strategy that makes a product or service in the manner prescribed by the person who developed the business. McDonald's restaurants are examples of franchises business. McDonald's franchisee was developed by Ray Kroc, who had persuaded the McDonald brothers to let him become the franchising agent for their highly successful ham-burger restaurants in San Bernardino, California. The people who bought McDonald's franchises needed training and support in order to make the food taste just like the food from the original restaurant (Steven *et al.*, 1996).

Micro-franchising may be defined as a socially-oriented business systemization or replications with the objective of helping the poor improve their economic states (Fairbourne, 2006). From the terminology, it can be inferred that micro-franchising is essentially franchising in a far smaller scale. The reviewed literature suggests that the practice has a strong socially-directed focus where creative organizational forms were used to unite a profit generation opportunity. It involves the systematizing of microenterprises to create and replicate turnkey businesses for the poor.

Micro franchising is very different from franchising in its size and scale and can be as powerful economic accelerator in the developing world as franchising currently is in the developed world. In the United States alone, franchising accounts for more than USD \$2.3 trillion in sales annually and employs over eight per cent of the US workforce. Micro-franchising can also work in a similar manner in developing countries as franchising has done in developed nation and hence foster community wellbeing. Micro-franchising also can benefit corporations, providing them an additional option for selling their products and services to base of the pyramid customers (David, 2008). Micro-credit is the provision of small loans to poor individuals that want to use that capital to launch their own small enterprise. Micro-consignment is similar to micro-franchising except for one important difference: There is no requirement for upfront capital expenditures or working capital investment on the micro-entrepreneur's side. Instead, working capital in form of goods is initially provided by the franchisor, which the entrepreneur can use to generate his or her first revenue.

Proceeds from the first business are then used to buy more products from the franchisor (Tobias, 2011).

There are several factors affecting the micro-franchise business in developing nations. The factors may neither be comprehensive nor uniformly applicable. They actually illustrate contextual differences between developed and developing nation. These factors are poverty, corruption, employment law and infrastructure.

Vast majority of people in poverty stricken nations do not have access to capital to start businesses or to contribute to economic development. Individuals in poverty generally lack opportunities for education which is directly linked to productivity. Individuals lacking knowledge and experience have greater difficulty in starting a profitable business of any significant size (Robert *et al.*, 2009; UNDG, 2012).

Corruption, or abuse of power for personal or collective gain, is a major hindrance to developing economies. Corruption is most common at the interface between public and private entities, especially when the government must provide necessary services, permits, or licenses. Cumbersome bureaucratic procedures often increase corruption, as each point of contact with an official is an additional opportunity to solicit a bribe (Robert *et al.*, 2009).

Establishing employment regulations requires careful balance between the need to protect workers' rights and the need for a flexible and responsive labour force. Overly rigid labour laws may result in reduced job creation, lower productivity, and increased unemployment. (Robert *et al.*, 2009).

Developing countries like Tanzania often lack adequate infrastructures such as roads, bridges, railways, electricity, airports and communication systems. Even countries that have good infrastructure in more developed areas may lack the same in areas of greater poverty. Therefore, firms face distribution and production challenges as they attempt to build their presence in these areas (Robert *et al.*, 2009).

2.2 Theoretical Framework

The factors found in the reviewed literature appear to come from both internal and external parts of the micro-franchising business as stated in Weiner's Attribution Theory. Weiner (1974) focused his Attribution Theory on achievement. Weiner advocates that there is a strong relationship between self-concept and achievement. He identified ability, effort, task difficulty, and luck as the most important factors affecting attributions for achievement. Attributions are classified along three causal dimensions: locus of control, stability, and controllability. The locus of control dimension

has two poles: that is internal and external locus of control. Weiner (1980) states: "Causal attributions determine affective reactions to success and failure". Weiner's attribution theory has been widely applied in education, law, clinical psychology, and the mental health domain as pointed by Weiner (1974). This Weiner's theory of attribution can as well be applied to micro-franchise success in this paper as explained by Jarvis (2014). The performance of these institutions is determined by both internal and external environmental actions. Micro-franchise businesses are supposed to make efforts to mobilize more customers. The more the customers get services from micro-franchise business, the more the positive well-being to community. The Weiner's theory of attribution forms the theoretical framework of this paper.

2.3 The Conceptual Framework

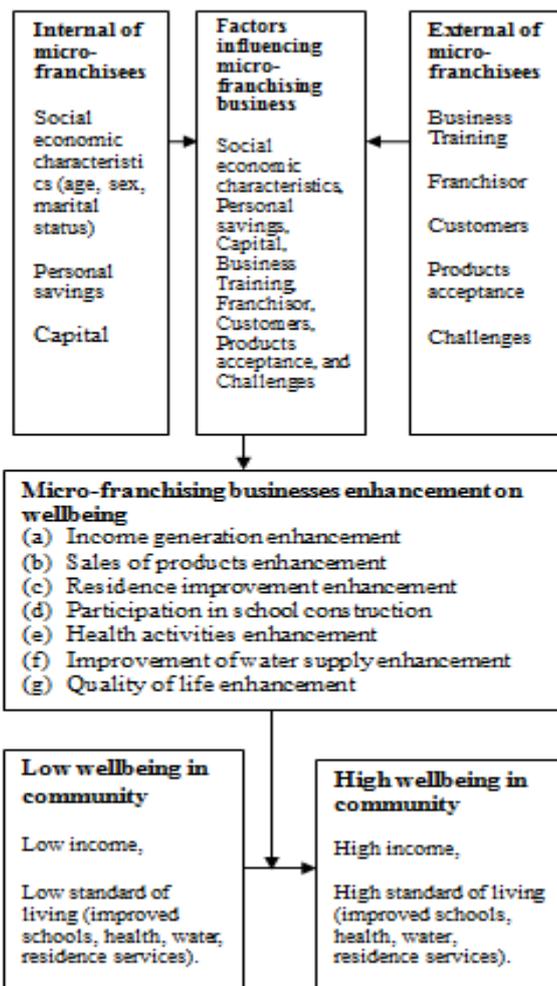


Figure 1: Conceptual framework for success of micro-franchising business in enhancing community wellbeing in Tanzania

Fig. 1 shows the conceptual framework of the study on success of micro-franchising business in enhancing community wellbeing in Tanzania. According to (Jeffels, 2014) a conceptual framework is a tool researchers use to guide their enquiry; it is a set of ideas used to structure the research. Furthermore researchers use conceptual framework to guide their data collection, data analysis and establish links between existing literature and research work in hand as explained by by Jeffels (2014).

The independent variables in this paper were micro-franchising business enhancement variables on community wellbeing. Those variables were income generation, sales of products, residence improvement, participation in school construction, health activities enhancement, improvement of water supply, and quality of life enhancement. Furthermore, factors influencing micro-franchising business namely, social economic characteristics, personal savings, capital, business training, franchisor, customers, products acceptance, and challenges were the independent variables assumed to affect micro-franchising business from internal and external of micro-franchisee. The findings of specific objective number three (factors that influencing success of micro-franchising) were analysed jointly with the attribution on achievement theory.

3.0 THE STUDY APPROACH

A cross sectional research design has been employed in the study to assess the success of micro-franchising business in enhancing community wellbeing. The study was conducted in Manyara Region at Babati District Council which is located along latitude 4°4'South and longitude 35 East and it covers an area of 460.84 km². The population of the area in 2012 was 93,108 of which males were 47,313 and females were 45,795, average household was 4.4 with sex ratio of 103 (URT, 2012). Two wards were selected purposely from Babati District due to the reason that they have a reliable number of people involved in micro-franchising. The sample size comprised a total number of thirty micro-franchisees of which fifteen was obtained from each ward, and also four key informants who provided information on the idea they had and how they thought of the contribution of micro-franchising in community empowering. Micro-franchisees within Babati District were randomly selected using random numbers generated with a computer, particularly the Excel programme to make a total set of 30 respondents, found within two wards. The wards are Gorowa and Magugu in Babati District Council (Kothari, 2004; Bailey, 2009). Primary and secondary data were collected using questionnaire and interview. Quantitative technique was used to analyse numerical data obtained from



the case study. The compilation, coding and processing of numerical data was facilitated by the use of Software Package for Social Sciences (SPSS). The data were presented by using descriptive statistics including frequencies, percentages, figures, tables and narrations. The data management was based on the flow of the specific objectives.

4.0 RESULTS AND DISCUSSIONS

The social economic characteristics of the respondents were revealed by the study. The results revealed that from a total of 30 respondents out of 40% were females and 60% were males. It was important to find out the gender of the respondents so as to establish which type of sex more empowered in engaging in the micro-franchising business. Findings for the age of the respondents were such that large numbers of the micro-franchisees aged between 25 and 36 equal to 56.7%. These findings suggest that the franchisors were much interested to working with youth than elders. This may further said that the aged people may not be able to perform well in business. This is because it sometimes requires people to move here and there to find the market their products. Whereas the age between 36 to 46 years was 30.0% and the age of 46 and above was only 13.3%.

Regarding marital status, the findings reveal that large numbers of respondents is married which is 60.0% of the total 30 respondents and the 33.3% of the respondents were not married and 6.7% were the single and divorced. The research was interested to find out the kind of people employed in the micro-franchising business and understanding the criteria used by the franchisor to select other franchisors. It has been discovered that members with the families or the married ones were interested so as to empower them to manage their households in terms of what they needs and wants for their survival and for the development.

Furthermore, the findings obtained through questionnaire showed that 70.0% of the respondents had primary education, 16.7% had secondary education and only 13.3% have high level education. This shows that community members found in this area are of low level of education. The researcher was interested in knowing the education level of the micro-franchisees so as to find out to what extent the education level was the criteria for selecting and developing the micro-franchisees. Education is a very important emphasis in this area since the findings showed clearly that most of people in this area had at least the education of primary level.

4.1 Micro-franchising business empowerment on household member in income generation

A. Annual income of micro-franchisees before engaging in the micro-franchising business

The research focused on establishing the annual income of the micro-franchisees before they engaged into micro-franchising business. This would help to track the extent to which micro-franchising business was enabled them to increase their income. The findings show that 36.7% of all micro-franchisees had the annual income ranging from 500000 to 650000 before they joined into the business, also 30.0 % had the income between 350000 to 500000 and only 16.7% had the income ranging from 650000 to 800000 hence this shows that they had a small amount of income before engaging into micro-franchising. Table 1 presents the annual income of micro-franchisees before engaging in the micro-franchising business.

Table 1: Annual income before engaging in micro-franchising business

| <i>Sr. No.</i> | <i>Annual income (Tshs)</i> | <i>Frequency</i> | <i>Percent</i> | <i>Cumulative Percent</i> |
|----------------|-----------------------------|------------------|----------------|---------------------------|
| 1 | 200000-350000 | 2 | 6.7 | 6.7 |
| 2 | 350000-500000 | 9 | 30.0 | 36.7 |
| 3 | 500000-650000 | 14 | 46.7 | 83.3 |
| 4 | 650000-800000 | 5 | 16.7 | 100.0 |
| 5 | Total | 30 | 100.0 | |

B. Annual income of micro-franchisees after engaging in the micro-franchising business

The findings showed that there is an increase in the income of the micro-franchisees after two years of conducting micro-franchising business. This is because 46.7% of micro-franchisees are earning the annual income ranging from 900000 to 1150000. This much larger amount compared to before they engaged in the micro-franchising business. Twenty six point seven percent (26.7%) are earning the annual income ranging from 1.1 million to 1.4 million, also 23.3% earning 750000 to 900000 and only 3.3% earn the annual income of below 750000 Tanzanian shillings. This indicates that micro-franchisees have an influence their income. Table 2 and Figure 2 present the annual income of

micro-franchises after engaging in a micro-franchising business.

Table 2: Annual income of micro-franchisees after engaging in the micro-franchising business

| Sr. No | Annual income (Tshs) | Frequency | Percent | Cumulative Percent |
|--------|----------------------|-----------|---------|--------------------|
| 1 | 500000-750000 | 1 | 3.3 | 3.3 |
| 2 | 750000-900000 | 7 | 23.3 | 26.7 |
| 3 | 900000-1150000 | 14 | 46.7 | 73.3 |
| 4 | 1150000-1400000 | 8 | 26.7 | 100.0 |
| 5 | Total | 30 | 100.0 | |

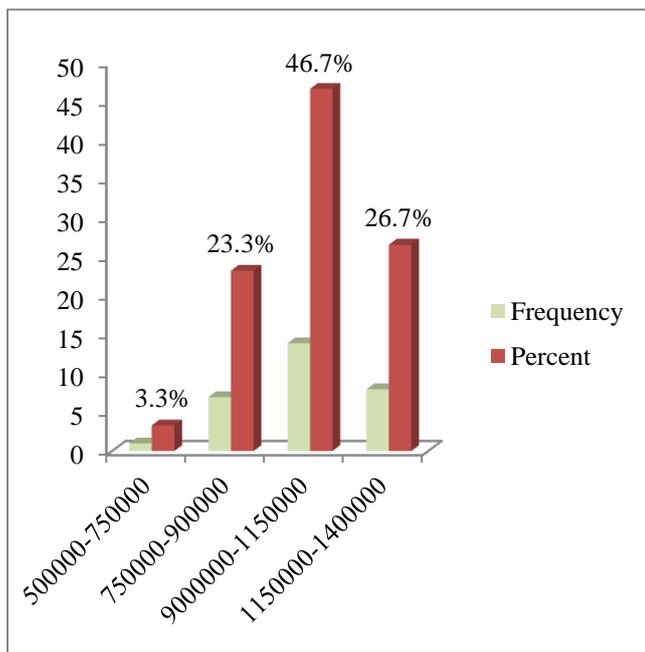


Figure 2: Annual income after engaging in a micro-franchising business; Source: Research findings, 2015

C. The effects of micro-franchising business in income generation

The effects were established through measuring the extent to which the micro-franchising business has helped the micro-

franchisees to generate income for the past two years. 33.3% of respondents said that micro-franchising business it had a very good contribution, while 33.3% responded that it had an excellent contribution, 13.3% responded that had an excellent contribution and 20.0% responded that it had just a satisfactory contribution due to difficulties faced hence performed less efficiently compared to other micro-franchisees as shown in Figure 3.

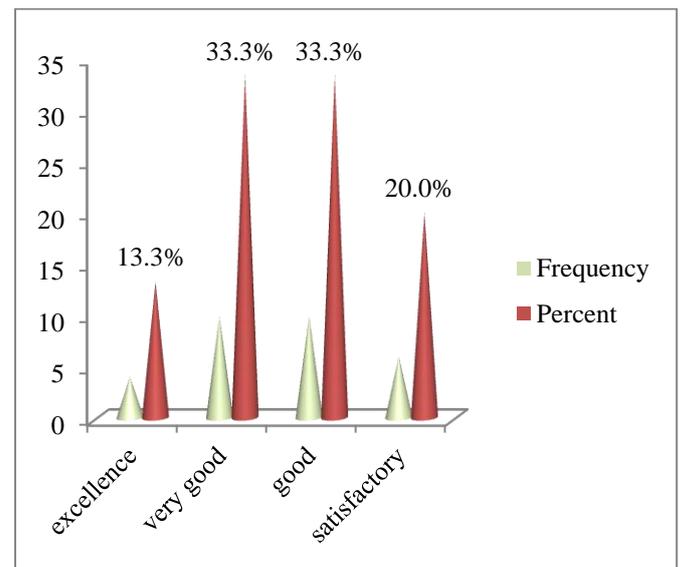


Figure 3: Effect of micro-franchising business in income generation; Source: Research finding, 2015

4.2 The effects of Micro franchise Business in Enhancing Community Wellbeing

A. Sales of the products per month

This study was intended to find the number of products that micro-franchisees could sell per month. This was done so as to determine the availability of market in the area and to measure the performance of the micro-franchising business in the area. The findings showed that 43.3% of micro-franchisees sold 3 to 5 products of solar lanterns per month, 40.0% of micro-franchisees were selling 5 to 7 solar lantern products. The findings also showed that the market availability is not so much efficient because only 10.0% of micro-franchisees were selling 7 to 9 solar lantern products due to various difficulties they face such as competition from other companies as well as poor infrastructure for finding or meeting the customers. Table 3 presents the sales of product per month.

Table 3: Sales of product per month

| Sr. No | Sales month | per Frequency | Percent | Cumulative Percent |
|--------|-------------|---------------|---------|--------------------|
| 1 | 1-3 | 2 | 6.7 | 6.7 |
| 2 | 3-5 | 13 | 43.3 | 50.0 |
| 3 | 5-7 | 12 | 40.0 | 90.0 |
| 4 | 7-9 | 3 | 10.0 | 100.0 |
| 5 | Total | 30 | 100.0 | |

B. The effects of micro-franchising business in residence improvement

Here the focus was to determine if the micro-franchisees used the profit obtained from the micro-franchising business in improving their residence. Fifty six point seven (56.7%) of the micro-franchisees responded positively, that they used some amount of the profit obtained from the micro-franchising business for repairing roofs window and door for their houses as well as buying new furniture of their houses. This shows that the micro-franchising business has helped them to improve their living standards and enabled them to improve their living condition. The effects of micro-franchising business in residence improvement were as presented in Figure 4.

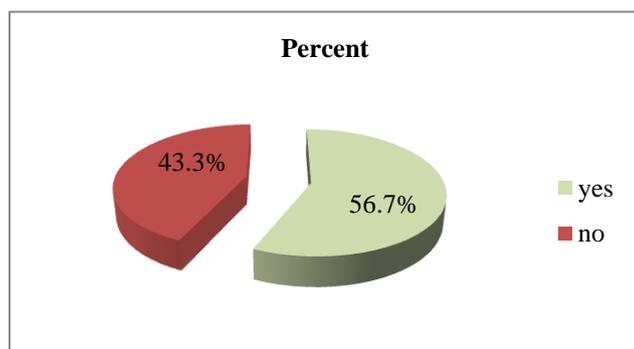


Figure 4: Effects of micro-franchising business in residence improvement; Source: Research findings, 2015

C. Contributions of micro-franchising business in community developmental activities

The micro-franchisees also were asked if they had an ability to participate in various developmental activities in their area so that to know the extent that the business empowered

them in contributing to the developmental activities. The findings show that 40% of the micro-franchisees were able to participate in health center improvements and construction, 30% were contributing in the improvements of water supply in their area, and also 30% were able to participate in construction and improvements of schools. Hence, this indicates that the community members were empowered to participate in the developmental activities. The effects of micro-franchising business in community development are presented in Table 4 and Figure 5.

Table 4: Effect of micro-franchising business in community development

| Sr. No. | Effect | Frequency | Percent | Cumulative Percent |
|---------|---|-----------|---------|--------------------|
| 1 | participation in school construction | 9 | 30.0 | 30.0 |
| 2 | participation in health center construction | 12 | 40.0 | 70.0 |
| 3 | improvement of water supply sources | 9 | 30.0 | 100.0 |
| 4 | Total | 30 | 100.0 | |

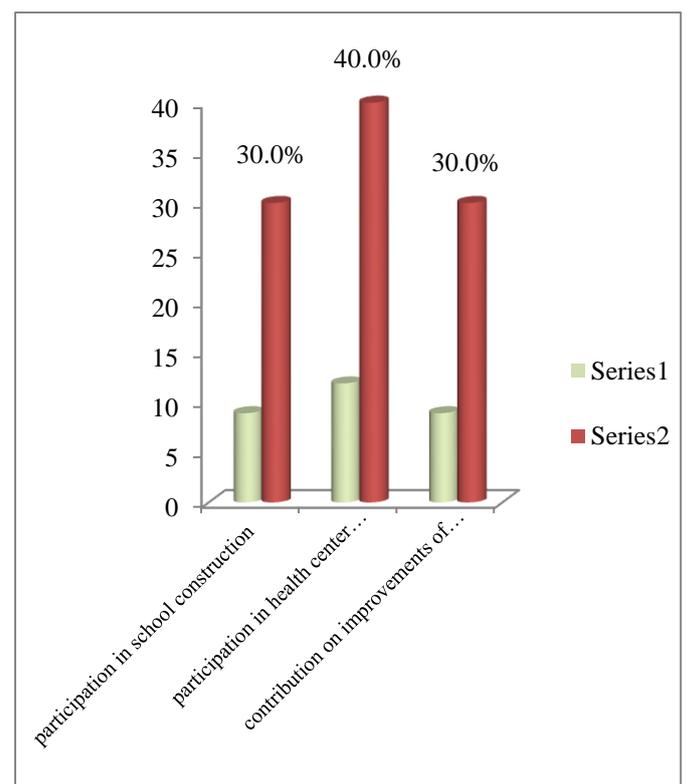


Figure 5: The effects of micro-franchising business in community development; Source: Research findings, 2015

D. The effects of micro-franchising business in improving the quality of life

The extent of effects of micro-franchising business in improving the quality of life was focused in this paper. Forty percent (40%) responded that it has a good contribution as seen in the figure below, 30.0% said it has a very good contribution, 16.7% responded that it has an excellence contribution (positive effect) and 13.3% responded that it has a satisfactory contributions or effects since they were not well performing in the business. Figure 6 presents a case of improvement of the quality of life by the micro-franchise business.

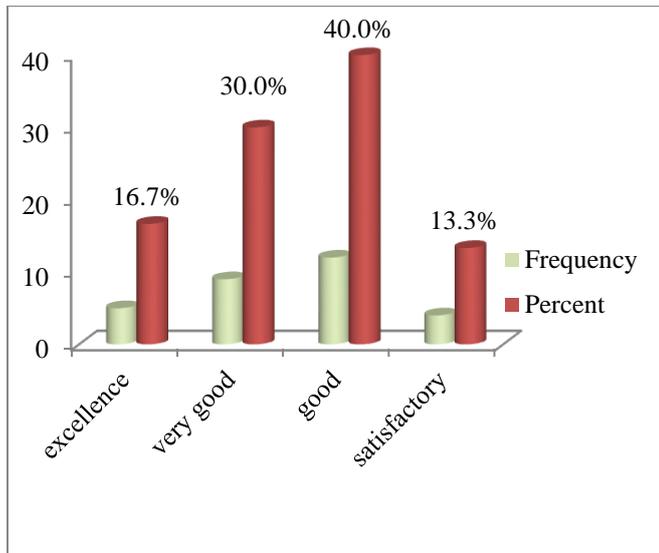


Figure 6: Effect of micro-franchising business in improving the quality of life; Source: Research findings, 2015

4.3 Factors Influencing the Success of Micro-Franchising Business

The findings revealed six factors were affecting success of micro-franchising business. The factors were from both internal and external environments of the businesses. The factors include the Source of capital for starting up the micro-franchising business, inadequacy of capital for expanding the micro-franchising business, access to business training, community acceptance to the products, good communication with the franchisor and consumers and challenges facing micro-franchising business. Weiner's attribution theory supports these findings. The factors were as pointed out by Weiner (1974) as some of them are from internal and others from external sources. The factors were as described here under.

A. Availability of capital for starting up the micro-franchising business

The study needed to determine whether the micro-franchisees had enough capital for starting up the business. The findings showed that 73.3% of the micro-franchisees had no personal savings to support as capital when they started conducting the micro-franchising business, and only 26.7% had personal saving which they used for starting up the business. This indicates how difficult it is for starting the micro-franchising business in Tanzania and in developing countries because most of the people in the developing countries do not save their income. This is because they use almost all their income to meet the households' needs. Table 5 represents the micro-franchisees who had capital for starting up the micro-franchising business.

Table 5: Availability of capital for starting up the micro-franchising business

| Sr. No. | Availability of capital | Frequency | Percent | Cumulative Percent |
|---------|-------------------------|-----------|---------|--------------------|
| 1 | Yes | 8 | 26.7 | 26.7 |
| 2 | No | 22 | 73.3 | 100.0 |
| 3 | Total | 30 | 100.0 | |

B. Low savings and hence low capital for starting up the micro-franchising business

Findings indicate that a large number of micro-franchisees (73.3%) had no savings for starting up the business. The research therefore focused to establish the source where micro-franchisees obtained their capital from for starting up their business. Forty percent (40%) got capital for selling farm products, 26.7% used savings, 16.7% sold their cattle and 16.7% as well borrowed from relatives. Hence it was discovered that people were not able to borrow from microfinance and other financial institutions because they had no ability to borrow. This was because they had no savings from these institutions and also conditions did not support them to improve their living condition. Sources of capital for starting up the micro-franchising business are as shown in the Table 6 and in Figure 7.

Table 6: Source of capital for starting up the micro-franchising business

| Sr. No. | Source of capital | Frequency | Percent | Cumulative Percent |
|---------|-----------------------|-----------|---------|--------------------|
| 1 | borrow from relatives | 5 | 16.7 | 16.7 |
| 2 | selling farm product | 12 | 40.0 | 56.7 |
| 3 | selling cattle of | 5 | 16.7 | 73.3 |
| 4 | personnel savings | 8 | 26.7 | 100.0 |
| 5 | Total | 30 | 100.0 | |

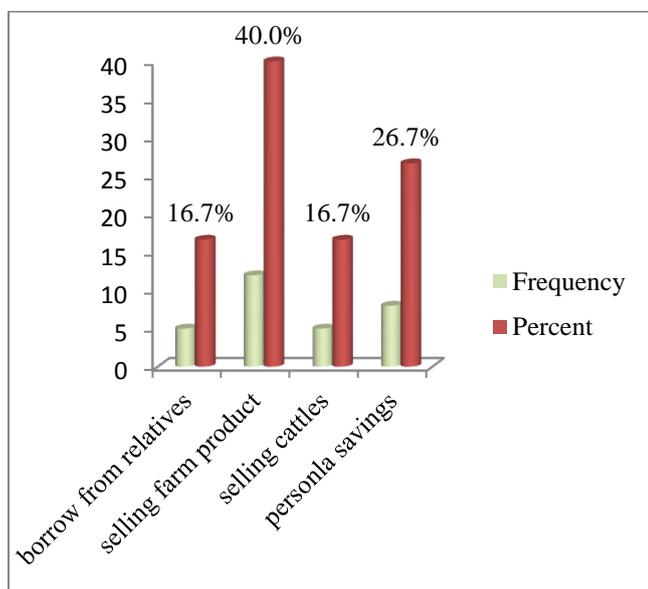


Figure 7: Source of capital for micro-franchising business; Source: research findings, 2015

C. Access to business training

The findings indicate that all micro-franchisees 100% had an access to training. This is because they all provided with training on how to conduct their businesses as well as proper managements of cash flow of their business. Micro-franchisees were trained how they would conduct their

business so as to they could be more competent and manage well their businesses successfully.

D. Community acceptance to the quality of the products that are offered

The research sought to assess if products offered are of quality. It also sought to know if the community members accepting the quality of the product offered. The findings showed that the products that are offered to the community are to some extent of a good quality since 63.3% said yes the products are of high quality and only 36.3% complained about the products. They said some products are damaged and they do not have the capacity of lighting the whole house as advertised or charging the phones. They further said that, compensation is bureaucratic and hardly done. Table 7 presents the responds of respondents on the quality of products that are sold.

Table 7: Community acceptance to the quality of products

| Sr. No. | Product acceptance | Frequency | Percent | Cumulative Percent |
|---------|--------------------|-----------|---------|--------------------|
| | yes | 19 | 63.3 | 63.3 |
| | no | 11 | 36.7 | 100.0 |
| | Total | 30 | 100.0 | |

E. Good communication with the franchisor and consumers

The findings revealed that the micro-franchisees had good communication with the franchisors. On top of that 60% of the micro-franchisees responded positively that have had good communication with franchisors in which they could order the products at any time and met with their customers easily. But 40% of micro-franchisees complained about the poor infrastructure that limits them to meet their franchisor and customers on time and hence this reduces efficiency of the business. Figure 8 presents the level of communication was done between the micro-franchisees and customers.

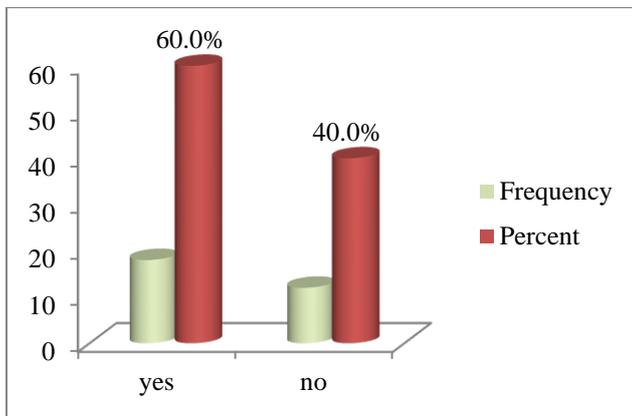


Figure 8: Good communication with the franchisor and consumers; Source: Research findings, 2005

F. Challenges facing micro-franchising business

The study also determined the challenges that the micro-franchising business were facing in the study area. The micro-franchisees were asked to explain what difficulties they faced in their businesses. These challenges included poor infrastructure as revealed by 40% of the total respondents. This therefore made communication between franchisors and customers difficult. The purchasing power was another challenge reported by 23.3%. On top of that 20% talked about the competition from other sellers of the similar products. Additionally, 16.7% commented on the harsh treatment that they received from the micro-franchisor concerning compensation on the damaged products and the delay to deliver products. Table 8 shows challenges facing micro-franchising business.

Table 8: Challenges facing micro-franchising business

| Sr. No. | Challenges | Frequency | Percent | Cumulative Percent |
|---------|--|-----------|---------|--------------------|
| 1 | low purchases | 7 | 23.3 | 23.3 |
| 2 | harsh conditions from franchisors | 5 | 16.7 | 40.0 |
| 3 | inadequate basic infrastructure which make it difficult to communicate with franchisors and meet customers | 12 | 40.0 | 80.0 |
| 4 | competition from other similar products for example from m-power | 6 | 20.0 | 100.0 |
| 5 | Total | 30 | 100.0 | |

4.4 Discussions

Findings revealed that there was creation of income which enabled the micro-franchisees to contribute in various community developmental activities since joining franchising business. Also there was a positive contribution in their family both socially and economically. One among objectives of Micro-franchising has to create wealth and lift humanity from poverty by energizing communities, families and individuals to profit-making, more productivity and provide guidance and education. The proof of this has been evidenced from some micro-franchisees who managed to take their children to school using the profit they obtained from micro-franchising business. On top of that some micro-franchisees managed to buy dairy cattle and this enables them to generate income from cow milk. Additionally the community members benefited from the micro-franchising business since their products became more available in their communities. The availability of these products enables them to have an access to solar lanterns hence switched from using the quality sources of light such as kerosene lanterns and firewood to better services. The more the customers get services from micro-franchise business, the more the positive wellbeing of the community.

Six factors were established to affect micro-franchising business. They were from both internal and external environments of the businesses. The factors include the Source of capital for starting up the micro-franchising business, inadequacy of capital for expanding the micro-franchising business, access to business training, community acceptance to the products, good communication with the franchisor and consumers and challenges facing micro-franchising business. Weiner's attribution theory supports these findings regarding these factors as pointed by Weiner (1974) as some of them are from internal and others from external. This Weiner's theory of attribution can as well be applied to micro-franchise success. The performance of these micro-franchising businesses is determined by both internal and external environmental actions.

5.0 CONCLUDING REMARKS

The main objective of the paper was to assess the success of micro-franchising business on community wellbeing enhancement. The specific objectives were to determine the extent to which micro-franchising business enhances income generation into the household. Secondly the study analysed the effects of micro franchise business in enhancing community empowerment and lastly was to establish factors influencing micro-franchise business in enhancing community wellbeing.



Basing on the results presented and discussed, it is concluded that the micro-franchising had success in enabling people to generate income. Micro-franchising business enabled the micro-franchisee to meet the needs of their households. Micro-franchising business enabled the micro-franchisee in enhancing the community wellbeing in Babati District. Therefore, micro-franchising business becomes one among current businesses enhancing community wellbeing in Tanzania. Furthermore, it is concluded that six factors are established to affect success of micro franchising are source of capital for starting up the micro-franchising business, inadequacy of capital for expanding the micro-franchising business, access to business training, community acceptance to the products, good communication with the franchisor and consumers and challenges facing micro-franchising business.

Basing on the findings and discussions, it is argued that micro-franchisors should look upon ways which they may use to improve the relationship between micro-franchisor and micro-franchisees, including good communication between them, good arrangements of time of delivering products to the micro-franchisees as well as better strategies for compensating the damaged products. Micro-franchising business improvement remains as one among important strategy to improve the wellbeing of the communities.

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