

# A Delphi Approach to Determining the Levels of Entrepreneurial Skills of Franchisees in Relation to Independent Entrepreneurs

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## ABSTRACT

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The paper set out to demonstrate the feasibility of using the Delphi Technique in comparing entrepreneurial skills of franchisees to those of independent entrepreneurs as perceived by a group of experts in the area of enterprise development. A list of 45 experts was generated using snowball sampling as two broad questions are asked. The responses to these became the basis for Rounds 2 and 3 questionnaires. A list of 24 traits constituted a narrowed-down version of the questionnaires for the two rounds, which the experts had to evaluate using the Likert scale. The findings of the exercise led the researcher to conclude that, generally, franchisees have lower skill levels compared to independent entrepreneurs. Conclusions of the exercise indicate that franchisees, as representatives of the franchising mode of operation can be brought into entrepreneurial skills research. They also indicate that the Delphi Technique, used as a research methodology, can yield useful results in entrepreneurship research.

**Key words:** *Delphi Technique, entrepreneurial skills, Franchising, franchisees*

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## INTRODUCTION

The level of entrepreneurial skills, though not the sole determinant of enterprise success, is a key factor in enterprise performance. Where enterprises fail or do not grow, experts point to lack of entrepreneurial skills as the major cause. As an example, a Government Task Force conducted a study in Botswana in 1998 on the performance of small and medium scale enterprises. Its findings were that most new enterprises set up by citizens fail during their first five years and over 90% of new setups disappear before they are ten years old. The major cause of this was found to be lack of entrepreneurial skills (Government of Botswana, 1998). These entrepreneurial skills should be analysed in specific contexts. For example, people working as sole proprietors would need specific levels of entrepreneurial skills; so will those working in large corporations, and those also operating as franchisees. Indeed, experts in this research paper, demonstrate that franchisees do not need the same level of skills as independent entrepreneurs.

It is difficult to measure and determine entrepreneurial skills in people, even though it is important to do so in enterprise development. One of the most commonly used approaches to determine levels of entrepreneurial skills is to record people's perceptions. Utilizing perceptions can only yield useful results if the subjects of the survey have reached some

consensus of some sort. One of the methods used to reach consensus in management is the Delphi Technique. We use the Delphi Technique as a methodology of data collection and analysis to show that groups of people's perceptions can reach some consensus.

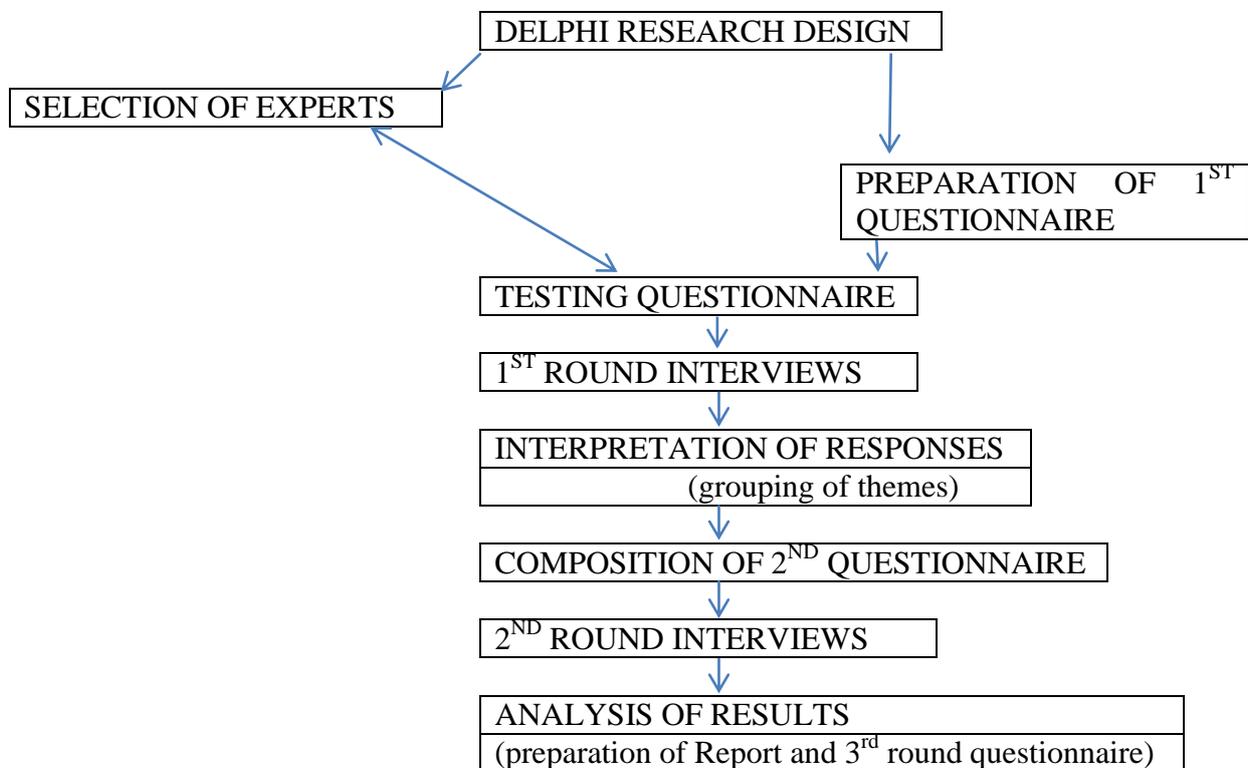
The objectives of this paper, therefore, are:

- Demonstrate the feasibility of using the Delphi Technique in entrepreneurship research;
- Introduce franchising in the study of entrepreneurship;
- Determine a group of experts' perceptions on the level of entrepreneurial skills of franchisees in relation to independent entrepreneurs; and
- Draw conclusions from relevant literature and the survey conducted.

### THE DELPHI APPROACH

The research methodology used in this study is the Delphi Technique. The methodology has been used to achieve consensus of opinion among a group of experts. It is a judgmental forecasting technique relying on opinion rather than mathematics. The approach has its strength in the aggregation of the collective knowledge and experience of a group of experts (Gupta and Clarke 1996). It is an interactive and iterative process, covering from one to as many rounds as necessary (Nworie, 2011). Literature also suggests that the Delphi approach is an appropriate method of forecasting where the study involves an innovative situation (Ward et. al., 1999). It was developed by Helmer and Dalkey at the Rand Corporation during the 1950s to explore technology and science trends.

**Fig. 1: Representation of the Delphi Process**



**Source:** Researcher's Formulation

Delphi is conducted by rounds interspersed with group opinion and information feedback in the form of relevant statistical data. Story, Hurdley, Smith and Saker (2001) describe Delphi as an iterative forecasting procedure characterized by three features: anonymity, iteration with controlled feedback and statistical response. Panel members remain unknown to one another as they respond to a series of questionnaires. The new information generated and fed to panelists enables them to modify their assessments and project them beyond their own subjective opinions. Topics, where there is uncertainty or disagreement among experts, are highlighted and uncertainty evaluated in a quantitative manner.

The choice of Delphi does not preclude problems. The wording of questions has to be extra easy-to-understand. The researcher has to maintain a close relationship with the experts. Panel selection also presents a lot of challenges; hence the researcher has to take time to select the experts. Since each panelist selected is knowledgeable in the field, the quality of responses is enhanced and biases are reduced. Researchers agree that ten (10) to fifty (50) panelists can engage in a Delphi study (Okoli & Pawlowski, 2004). The Delphi Technique can be represented as shown in Figure 1.

## **FRANCHISING AND FRANCHISEES**

Franchising is a method of business operation that can be viewed as a strategy for economic development through inducing entrepreneurship, self-employment, job creation, export and foreign investment promotion, and ultimately, wealth generation (EFF, 2011). It has the ability to be used in numerous business areas such as automobile dealerships, automobile products and services, petrol service stations, construction and maintenance, domestic and childcare services, fast food and non-food retailing, etc. (Blair & Lafontaine, 2011).

Several writers and researchers have outlined the classification of franchising, which we can sum-up as follows:

- Tied-house systems used by early German brewers as they exclusively contracted with taverns to sell their brand of beer;
- Product-trade name franchising pioneered by the Singer Sewing Machine Company in the United States, which sold to a sales force which, in turn, found the market;
- Business format franchising developed by A & W Restaurants, also in the United States of America, where franchisors pass on know-how about the business to franchisees;
- Freedom or No-format franchising, a new type where franchisors, also deeply involved in the relationship with franchisees, give them more autonomy and decision power than in Business Format franchising (Hoffman & Prebble, 2003; Streed & Cliquet, 2010; Marnoto, 2013).

Norton (2004:18) summarises the European Union's view on franchising as a "...package of industrial or intellectual property rights with three identifying features – a common name or a sign with a uniform presentation of the premises, communication of knowhow from the franchisor to the franchisee, and continuing provision of commercial or technical services by the franchisor to the franchisee".

The franchisor is the parent company that would have developed the product that has to marketed, while the franchisee is the firm set up to market the product in a certain location.

In view of the relational aspect between franchisor and franchisee, there are varying views on whether franchisees are actually entrepreneurs. There are more researchers who are of the view that franchisees are active contributors to the franchise. Cliquet & Nguyen (2004:109-110), for example, believe that franchisees are a good source of local ideas “*since they have a high incentive to improve their unit’s performance*”.

Franchising has emerged as a highly significant strategy for business growth and economic development (Watson & Johnson, 2010). Hence, it is a strategy developing countries can only ignore to their detriment. Price-waterhouse Coopers (2008) revealed that in the United States of America, there are in excess of 900 000 franchised businesses resulting in 21 million jobs and US\$2,31 trillion of annual revenue. These views lead us to investigate the level of entrepreneurial skills possessed by franchisees.

### ENTREPRENEURSHIP THEORIES

It is important to define an entrepreneur. Timmons (1999) defined what he termed “desirable attitudes and behaviours”. These are discussed under the heading of “acquirable” skills, which include (1) commitment and determination, (2) leadership, (3) opportunity obsession, (4) tolerance of risk, ambiguity and uncertainty, (5) creativity, self-reliance and ability to adapt, (6) motivation to excel; and the “not so acquirable” attitudes and behaviours, which include (i) energy, health and emotional stability; (ii) creativity and innovativeness, (iii) intelligence, (iv) capacity to inspire, (v) values (Timmons, 1999:225).

An entrepreneur can be viewed from three perspectives (Viser et al., 2005). First the entrepreneur can be viewed from a socio-psychological perspective. This places the entrepreneur within the wider social environment giving acknowledgment to factors such as family and social background, education, religion, culture, work and general life experiences as factors impacting on entrepreneurial effort.

Secondly, from a behavioural approach, the entrepreneur is viewed in terms of a set of activities associated with the venture. How well does the entrepreneur perform? How do attitudes, behaviours, management skills and experience combine in determining entrepreneurial success? The most common behaviours shared by entrepreneurs are hard-working, energetic, commitment and determination, ambitious, competitive, excelling and winning.

Thirdly, from a psychological perspective, researchers have attempted to develop an understanding of the entrepreneur by focusing on a set of personality traits and characteristics. These have been highlighted above where six themes are discussed as constructs of entrepreneurship (Timmons, 1999; Timmons and Spinelli, 2004).

Some literature is cited to demonstrate the variety of definitions attached to entrepreneurship. Pittaway (2005) and Llewelyn & Wilson (2003) follow Schumpeter’s dictum that “entrepreneurship” involves the bringing together of all factors of production, hence anyone who initiates and manages a new venture is an entrepreneur.

Lumpkin & Dess (1996) addressed the same issue as entrepreneurial orientation, which they defined as the decision-making styles, processes, and methods that inform a firm’s

entrepreneurial activities. Indeed Lumpkin & Dess (1996) and Hughes & Morgan (2007) have suggested that they are five dimensions of entrepreneurial orientation: autonomy, competitive aggressiveness, innovativeness, pro-activeness, and risk-taking (Dada & Watson, 2013).

### DETERMINANTS OF ENTREPRENURSHIP SKILLS

Alison Morrison (2000:60) explains how cultures can be differentiated using Hofstede's framework of five dimensions:

*Power distance (degree of inequality among people considered normal), individualism (degree to which people prefer to act as individuals), masculinity (degree to which such "masculine" values are emphasized), uncertainty avoidance (the degree to which people prefer structured over unstructured situations) and long-term orientation (a stress on virtuous living with thrift and persistence)* (Morrison, 2000:61).

Morrison concludes that one can use the above framework to form a cultural profile for society e.g. a profile for North America rating low on power distance, long-term orientation and uncertainty avoidance; and high on individualism and masculinity. Further, in less developed and transitional societies, the dimensions are less clear cut.

Entrepreneurial culture is described by Vernon-Wortzel and Wortzel (1997) as an attitude towards commerce in which a positive social attitude towards personal enterprise is prevalent. Bateman (1997) also states that those economies and regions which have flourished in the late 20<sup>th</sup> century have in common a business culture that can be termed entrepreneurial. Throughout history, entrepreneurship has been found to be important and meaningful to society at points of transition e.g. traditional to modern, modern to post-modern, and state-controlled to free market.

Entrepreneurs bring their own unique set of personal motivations and characteristics e.g. intelligence and sound analytical skills to bear on risk management. They are all, to some respect, deviants from social norms within their countries. Morrison's study found that, in the cases of Finland, Australia and Kenya, the characteristics and behaviours are of a more implicit "low key" nature, rather than aggressively explicit.

The formal education system conditions the young and dominant approaches are reinforced within family life. This plays an initiating role of the characteristics generally associated with entrepreneurial behaviour (Gibb, 1996). The formal education system has been recognized as a strong influence in the development of conformist, anti-entrepreneurial behaviour in Kenya, South Africa, Singapore, Finland and Slovenia. This has resulted in population masses ambivalent towards entrepreneurship as a consequence of their educational conditioning.

A characteristic of entrepreneurship is that it tends to pervade family life, with the entrepreneur being unable to divorce business from social living (Deakin, 1996). Entrepreneurs, with previous experience of the effect of entrepreneurship from a family member are more prepared for the consequences of their own activities. Secondly, family support of entrepreneurship can make a positive contribution to its sustenance. Extended family support was seen to play decisive roles in Kenya, South Africa, Australia and North America.

Further propositions are advanced for the study of culture as a moderating influence on entrepreneurial characteristics in developing countries in Kojo Saffu's study (2003) of South Pacific Islands' entrepreneurs. Saffu (2003) investigates the impact of culture on the characteristics of entrepreneurs even though he/she recognizes that entrepreneurs share universal traits. S/He discusses elements of culture with respect to Pacific Islands' entrepreneurs. Contrasting western to Pacific Islands' cultures, it is clear that western cultures are individualistic while Pacific Islands' cultures are collective. Individualistic cultures focus on individual pursuits and personal goals. In collectivist cultures, out-group interest values, affiliation and goals are important and hold sway.

Another element of culture discussed is power distance, which is the degree of power distribution across members of a culture (Early, 1997). Inequalities are allowed and accepted where there is power distance. In Western cultures, power distance is low, while it is high in developing societies like South Pacific Islands.

The third element introduced is uncertainty avoidance, which refers to how culture manages the uncertain future. Countries or cultures can either be high or low uncertainty avoidance countries/cultures. In low uncertainty avoidance countries, people are more easy-going. Uncertainty avoidance relates to tolerance to ambiguity, which is the degree to which members of society are open to change and innovation.

The last element considered is masculinity/femininity, which implies the presence or absence of toughness and competitiveness of members of society. Masculine cultures emphasize assertiveness which is associated with entrepreneurship.

The purpose of discussing the four elements above is not to prove that traits exhibited by, say western entrepreneurs are absent in entrepreneurs in developing cultures, as this is not the case. In fact entrepreneurs share universal traits. However, the elements will add specific nuances to the traits in specific cultures. For example, Saffu (2003) concludes that the cultural dimensions underscore a new set of characteristics that would be required to succeed as an entrepreneur in South Pacific Islands. These characteristics include flexibility, adaptability and ability to operate in the traditional and modern milieus; need for power and status, and the ability to use the extended family.

Louw, Van Eden, Bosch & Venter (2003) discuss and report on the levels of South African students' entrepreneurial traits; establish whether their traits are interrelated; and determine the extent to which demographic variables have an impact on entrepreneurial traits of the students.

The findings of the paper by Louw *et al.* (2003) established that the respondents regarded the following of their traits as well-developed: competing against self-imposed standards, self-confidence, dealing with failure, goal-setting/perseverance, and drive and energy. Over 75% of respondents obtained low scores for risk-taking. Most of the traits are statistically significantly correlated at the 99% confidence level. Technical knowledge was found to be statistically more developed among males than the females, while the opposite was true for Human relations ability.

Gibb (2002) differentiated between entrepreneurship and owning and managing a small business on the grounds that the former involved the application of a certain set of personal attributes, whereas the latter was concerned simply with the performance of specific tasks. It

can similarly be inferred that franchisees are people who have become adept at performing specific tasks. Some writers go considerably further in their assertions that entrepreneurs are identifiably different to the rest of the population (Gibb, 2002; Llewellyn & Wilson, 2003; Shook, Priem & McGee, 2003; Deamer & Earle, 2004; and Basu, 2004).

Basu (2004) suggested that entrepreneurs often had aspirations different to those of other people. Personal characteristics distinguishing entrepreneurs from owner-managers include initiative, willingness to take risks, self-confidence, perseverance, resourcefulness, independence, persuasiveness, tolerance for uncertainty and ambiguity, imagination, high need for achievement, and a strong belief in being in control of one's destiny. These traits (or the lack of them) should also distinguish the franchisee who is an employee-manager from an entrepreneur.

Advocates of the attribute development approach to entrepreneurship education, maintain that entrepreneurship is a "learned competency" rather than an inherited predisposition or cultural trait (Etzkowitz, 2003; Rae, 2000). This contrasts with the view that entrepreneurs are "born not made". The counter-argument to the "born not made" hypothesis is that many entrepreneurial aptitudes and attributes are in fact acquired experientially, i.e., life experience, including educational experience, can itself engender and encourage innovativeness, self-determination, imaginative problem-solving, etc. (Haynes, 2003).

Lazear (2005) came up with a theory known as "Theory of jack-of-all-trades" which concluded that entrepreneurs with varied work experience have higher entrepreneurial skills. Varied work experience is measured as the number of distinct functional areas in which entrepreneurs had work experience prior to start-up. These areas are: (1) marketing, sales, promotion; (2) accounting, controlling, financing; (3) Engineering, Research and Development; (4) Production; (5) Personnel (Stuetzer, Obschonka, Davidsson, & Schmitt-Rodermund, 2013).

## **LEVELS OF ENTREPRENEURSHIP SKILLS AND FRANCHISEE BEHAVIOUR**

Anil Saraogi (2009) concluded that there is empirical evidence that some franchisee behaviours can be managed by selecting franchisees with suitable traits and attitudes. This was based on conclusions reached by Fenwick & Strombom (1998) in New Zealand, which identified 'reduced conflict' as a performance parameter. Fenwick & Strombom (1998) concluded that franchisees with strong entrepreneurial tendencies and those with prior experience in managerial roles tend to perform poorly on the 'reduced conflict' parameter. Thus, potential franchisees with weaker entrepreneurial tendencies and little or no managerial background may be better suited to franchising and cause less conflict. If franchising is viewed as a form of agency relationship, the focus would be to control opportunistic behaviours of franchisees (Michael, 2003; Dant & Nasar, 1998). In such instances franchisee autonomy may lead to incidences of free-riding, which franchisors would seek to punish (Kidwell, Nygaard & Silkoset, 2007).

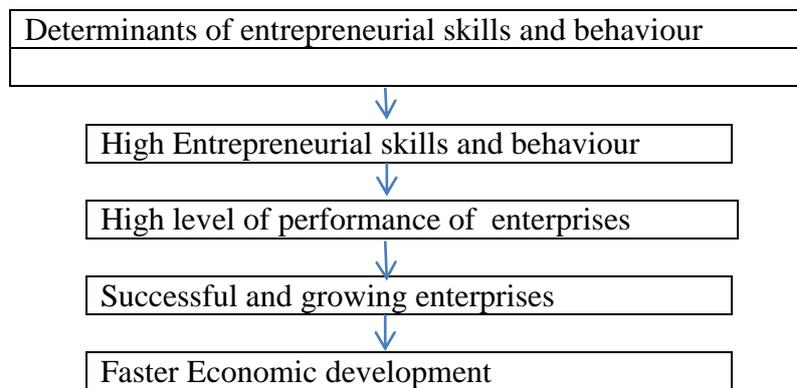
However, franchising could be viewed as a stewardship relationship, in which case franchisees would be considered as stewards and their behaviours would not depart from the interests of the organisation (Davis, Schoorman & Donaldson, 1997). This has implications on the franchisor-franchisee relationship, and indeed the assumed level of entrepreneurship of the franchisee. The case of franchisees behaving as stewards should be found in the 'No-

formal' type of franchising. This type of franchising has benefits when compared to the Business Format type of franchising:

1. It attracts franchisees with finer entrepreneurial skills;
2. It engenders more innovative organizations;
3. It helps deal with the present consumer trends towards customization; and
4. It widens the span of activities where franchising might be used.

In conclusion to this section, it is difficult to come to any clear decision on the level of entrepreneurial skills of franchisees in relation to independent entrepreneurs. However, it appears that these levels would depend on the type of franchising model.

**Fig. 2: Entrepreneurial Skills and Behaviour – Their Development and Effect on Economic Development**



Source: Author (2014)

The simple model presented here (Figure 2), gives key steps in the development and role of entrepreneurship. There are a number of entrepreneurial skills which contribute to entrepreneur performance which, in turn, affect the rate of growth of enterprises leading to economic development.

## METHODOLOGY

Forty-five experts were requested to respond to two questions framed as follows:

- 1) List at least five traits that should be possessed by:
  - a) a franchisee
  - b) an independent entrepreneur.
  
- 2) In promoting ventures priority should be placed on the following entry mode in order to achieve maximum impact:
  - a) franchising
  - b) independent enterprising
  - c) other (state).....

The responses to these questions formed what was termed Round 1 of the Delphi and these responses are reflected in Appendix 1.

Experts in this study are defined as persons knowledgeable in entrepreneurship and/or franchising. It was not possible to come up with a figure for the total population of experts. Snowball sampling was used to identify 45 experts, who were interviewed. This involved

approaching a few well known individuals in the sector, who, in turn, identified other experts to be interviewed. In total, the experts were distributed as follows: 28 Business Consultants, 11 Bankers, and 6 Marketers. All interviewees were located in the capital city of this particular country. Since most enterprises are located in the capital city, it was comfortably concluded that a sample picked from the city easily have its conclusions generalized. The responses from the experts were reformulated as a questionnaire with Likert scales and administered as Delphi Round 2. This questionnaire is reflected in Appendix 2. This questionnaire was also administered to the experts in Round 3 to reach consensus. Thirty-two franchisees and 64 independent entrepreneurs were approached seeking their business experience and their sector of operation.

### DATA ANALYSIS AND FINDINGS

The data collected was analysed using a number of tools in Macro-soft Excel and SPSS. The following are the findings and the resulting discussion.

From Table 1, a total of 45 experts were involved in the Delphi Study. 31 Of them were male and 14 were female. This distribution reflects the general distribution of personnel in most sectors by gender. Unfortunately, when it comes to decision-making categories of personnel, the majority are usually males. This is a passing phase in most countries, however as the females are well represented in tertiary institutions.

All the experts possess, at least, the Diploma qualification. The majority (47%) possess the degree qualification, with 33% having attained a post-graduate qualification. Such a high profile of people, logically, defines the expert cadre.

The experts' job titles were 'consultant', 'banker', 'marketer'. The majority of the experts referred to themselves as marketers (62%), followed by bankers at 24%. These are the experts who work most frequently with what are referred to as Small Business people.

Table 2 shows the experience and Industrial Classification of a sample of 32 franchisees and 64 independent entrepreneurs by gender. While our experts' views were not based on this sample their notional sample came from the same population. 66% of franchisees, and 55% of independent entrepreneurs were male. 25% of franchisees and 63% of independent entrepreneurs had more than 10 years' experience. 81% of franchisees were in the Restaurants, bars, and Canteens sector; while 86% of independent entrepreneurs retailed food, beverages, and tobacco.

**Table 1: Biographic Data of Experts**

	MALE	FEMALE	TOTAL
<b>EDUCATIONAL LEVEL</b>			
Diploma	4 [9%]	5 [11%]	9 [20% ]
Degree	14 [31%]	7 [16%]	21 [47%]
Postgraduate	13 [29%]	2 [4%]	15 [33%]
	<b>31 [69%]</b>	<b>14 [31%]</b>	<b>45 [100%]</b>
<b>OCCUPATION</b>			
Consultant	18 [40%]	10 [22%]	28 [62%]
Banker	11 [24%]	0 [0%]	11 [24%]
Marketer	2 [4%]	4 [9%]	6 [13%]
	<b>31 [69%]</b>	<b>14 [31%]</b>	<b>45[100%]*</b>

*\*percentages are in brackets and do not necessarily add to 100 due to rounding errors.*

**Table 2: Experience and Industrial Classification of Franchisees and Independent Entrepreneurs**

Experience	Franchisees			Independent Entrepreneurs		
	Male	Female	Total	Male	Female	Total
< 5 years	9 [28%]	9 [28%]	18 [56%]	8 [13%]	7 [11%]	15 [24%]
5-10 years	5 [16%]	1 [3%]	6 [19%]	3 [5%]	6 [9%]	9 [14%]
> 10 years	7 [22%]	1 [3%]	8 [25%]	24 [38%]	16 [25%]	40 [63%]
Total	21 [66%]	11 [34%]	32 [100%]	35 [55%]	29 [45%]	64 [100%]
<b>Industrial Classification</b>						
ISIC 5520	17 [53%]	9 [28%]	26 [81%]	2 [3%]	3 [5%]	5 [8%]
ISIC 5050	2 [6%]	0 [0%]	2 [6%]	0 [0%]	1 [2%]	1 [2%]
ISIC 5220	2 [6%]	2 [6%]	4 [13%]	32 [50%]	23 [36%]	55 [86%]
ISIC 1900	0 [0%]	0 [0%]	0 [0%]	1 [2%]	2 [3%]	3 [5%]
Total	21 [66%]	11 [34%]	32 [100%]	35 [55%]	29 [45%]	64 [100%]

*Notes.* ISIC 5050—Retail of automotive fuel; ISIC 5220—Retail of food, beverages, and tobacco; ISIC 5520—Restaurants, bars, and canteens; ISIC 1900—Manufacture of leather goods.

**Table 3: Experts Ranking of Independent entrepreneurs’ skills in relation to those of franchisees**

Trait	Mean Score		Standard Deviation	
	R2*	R3**	R2	R3
Perseverance	2.57	2.07	1.45	1.44
Long Term Commitment	2.29	2.64	1.54	1.01
Persistence in Problem solving	3.07	1.86	1.54	1.35
Risk Taking	3.57	3.14	1.45	0.95
Seeking Help and Advice	2.36	2.93	1.39	1.21
Profit-orientedness	2.14	2.14	1.75	1.10
Decisiveness	2.71	2.71	1.38	1.20
Competitiveness	2.86	3.60	1.66	1.10
Outgoing Personality	2.50	3.43	1.45	1.02
Possessing Common Sense	2.86	2.93	1.66	1.00
Hard-working	2.43	2.79	2.03	1.19
Enthusiastic for Business	3.07	1.29	1.77	1.77
Determination	3.00	3.64	1.80	1.15
Initiative	3.36	3.29	1.45	0.73
Drive and Energy	2.86	3.07	1.66	1.14
Self-confidence	3.00	3.43	1.66	0.65
Tolerance for Uncertainty	3.36	3.86	1.60	0.77
Optimism	3.00	4.21	1.88	1.31
Capability of Dealing with Failure	2.29	4.07	1.64	1.54
Need for Achievement	2.93	3.10	1.54	1.10
Integrity	2.29	2.71	1.82	1.33
Goal-Setting	2.30	2.71	1.65	1.20
Innovativeness & Creativity	2.83	2.51	1.33	0.71
Opportunity Obsession	2.72	2.53	2.10	1.77
<b>MEAN</b>	<b>2.77</b>	<b>2.94</b>	<b>1.63</b>	<b>1.16</b>

**Note:** \*R2 denotes Round 2, and \*\*R3 denotes Round 3.

The section of the questionnaire reflected in Appendix 2 required experts to mark on the Likert scale, whether they agreed or not with the sentiment that independent entrepreneurs' skill levels exceeded the levels of franchisees. In other words, those experts who were fully convinced that independent entrepreneurs were more skilled would tick the numbers closer to five (5).

Table 3 reflects the results for Rounds 2 and 3. The mean for Round two settled at 2.77, while that of Round three was 2.94. The standard deviations stood at 1.63 and 1.16 showing that there were more consensuses at Round three.

## DISCUSSION

The study's dual interest involved applying the Delphi Technique as a viable methodology for research; and subjecting experts to a series of questionnaires for them to come to a conclusion on whether independent entrepreneurs possess more entrepreneurial skills than franchisees. This is an ideal situation that is found frequently in management and entrepreneurship. Research questions can only be answered through individuals' perceptions. How can one trust the perceptions that emerge?

A tool like the Delphi technique does assist to come up with relatively solid findings, though based on ordinal data. In this study, we started with only two questions, which led to the generation of a list of traits and behaviours on which the experts could base their perceptions. This led us to generate metrics based on perceptions which could be compared over rounds of interviews.

Without blowing the results out of proportion, we can surmise that the experts agree that independent entrepreneurs have more entrepreneurial skills than franchisees, assuming that the list of traits listed represent some indication of entrepreneurial skills. Some of the more significant averages are for the following traits: risk-taking, initiative, self-confidence, tolerance for uncertainty, and optimism.

Generally, it appears that the independent entrepreneurs the experts interact with have more experience than franchisees. This is proven by the sample of independent entrepreneurs and franchisees we later selected (see table 2). Surely, more experience can explain the difference in skill levels. But in addition, Literature has also indicated other reasons, like the fact that franchisors would select potential franchisees with lower skill levels than themselves.

## CONCLUSION

This paper has brought franchising into the entrepreneurship debate. It has been demonstrated that there are four different types of franchising. It follows then that each of these types of franchising has a different type of franchisee. As an example, the fourth type of franchising, the No-format franchising, would attract franchisees that are more independent, and more entrepreneurial. However, the survey did not differentiate from which type of franchising the notional franchisee considered by experts was from.

The Delphi technique has been reviewed and used as a research design in the survey of 45 experts considering the level of entrepreneurial skills of franchisees in relation to those of independent entrepreneurs. The technique has demonstrated that it is capable of establishing consensus among that many experts considering a significant number of variables. It can be concluded, therefore, that the Delphi Technique can satisfactorily be used in entrepreneurial studies involving anonymity, iteration with controlled feedback, and statistical response.

Last, but not least, the paper has tentatively demonstrated that franchisees, in general, possess lower skill levels than independent entrepreneurs, as per perceptions of experts from a number of fields. This agrees with a broad range of researchers in the area of franchising.

### RECOMMENDATIONS

1. The field of franchising, particularly in the third world, needs more research. There are still uninformed opinions that associate franchising with neo-colonialism, imperialism and monopoly capitalism, all of which work to the detriment of third world citizen empowerment. Few in the developing countries associate it with economic development. This research should influence policy towards the promotion of franchising in developing countries.
2. The Delphi technique, as a tool of research, is used across disciplines, having been popularized in the field of Business. While it has some complications, it is a relatively simply tool to use, yet providing relatively high returns. Researchers in business, in general, and entrepreneurship in particular, are urged to use it more often.
3. It is generally known that franchising is usually more profitable as a business than independent enterprising. In most less developed countries; the level of entrepreneurial skills is generally low. Efforts to establish more businesses in order to create more employment, are, therefore mostly frustrated. Perhaps promoting franchising, that needs people with lower entrepreneurial skills, could boost job creation in these countries. It is recommended, therefore that governments and institutions assisting in the promotion of businesses in these countries, should promote franchising.

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## APPENDICES

### APPENDIX 1: RESPONSES FROM EXPERTS DURING DELPHI ROUND 1

#### A. Entrepreneurial Skills

1. Traits are similar for both franchisees and independent entrepreneurs although franchisees develop faster than independent entrepreneurs due to support and training offered by the franchisers.
2. Franchisees excel in: perseverance, long-term commitment, persistence in problem-solving, risk-taking, seeking help and advice, profit-orientedness, decisiveness (making a contract), competitive.

3. Both franchisees and independent entrepreneurs must possess several skills including selling, administering, accounting, and marketing. They must have an outgoing personality, common sense and be hard working.
4. Both have the ability to take risk and have perseverance. The franchisee has the ability to organize finances, has management skills and has enthusiasm for business. The independent entrepreneur has the desire to become rich, has no fear of failure and is hard-working.
5. Franchising is easier; hence the starter should go for it.
6. The franchisee has no strong traits. He is a “soft” entrepreneur who hopes to be carried by the franchiser.
7. “Owner management” as a skill is lacking generally in the country. This means that franchisees do not have as much ability to manage themselves as independent entrepreneurs.
8. Franchising is hard work as it involves long hours for the owner. Hence, the failure rate of franchisees’ businesses is higher than those of independent entrepreneurs. Most franchisees do not have what it takes, hence the high failure rate. 80% of business success is the person.
9. Independent entrepreneurs possess determination. They believe in their business, which leads to extreme hard work, financial discipline and good client service.
10. Both franchisees and independent entrepreneurs should have entrepreneurial traits, although independent entrepreneurs will be stronger in more traits than franchisees.
11. Independent entrepreneurs should have strong marketing skills and be able to conduct market research.
12. Both franchisees and independent entrepreneurs should have business acumen.
13. The independent entrepreneurs should have more initiative than the franchisees.
14. Both should have: drive and energy, self-confidence, tolerance for uncertainty, optimism, perseverance, long-term commitment, risk-taking, and capability of dealing with failure, Need for Achievement, profit-orientedness, integrity, decisiveness, and competitiveness.
15. A franchisee can be successful without much of initiative, does not need innovativeness and creativity, not much of persistence in problem-solving, less flexible, less foresightful.
16. Franchisees find it easier to seek help and advice.
17. Management skills are passed from franchiser to franchisee.
18. Franchising could be a quick way to realizing objectives of economic development by creating entrepreneurs.
19. Most traits apply to both franchisees and independent business people except Innovativeness and Creativity, and Capability of Dealing with Failure which are characteristics for independent entrepreneurs.
20. A franchisee is able to operate within the legal constraints of an agreement.
21. A franchisee is prepared to lose a lot of freedom.
22. A franchisee faces lower risk as compared to an independent business person or franchiser.
23. A franchisee has lower tolerance for uncertainty.
24. The difference between a franchisee and an independent business person is that of degree, e.g. an independent person has more drive and energy than a franchisee.
25. In addition to all traits of entrepreneurs, franchisees need to be good at controls, particularly in the food and beverage area.

**B. Promotion of Ventures**

1. The economic environment in the country is difficult, yet for new people in business, franchising is simpler than independent enterprising.
  2. The market is narrow in the country and consumers are not knowledgeable of franchisees.
  3. Franchising should be simpler since a franchisee travels a chartered terrain while an independent business person and a franchiser travel an un-chartered terrain.
  4. For new businesspersons, it is easier to start business as a franchisee as chances of success are brighter.
  5. Franchisees are more successful than individual businesses because their names represent success in the market. The name easily markets itself, particularly to those who would have encountered it elsewhere.
  6. The franchise managers need not be highly educated. On-the-job experience is more important.
  7. The approach to business in the country seems to emphasize education while other countries emphasize experience. School dropouts make successful careers in franchising. Unfortunately, financing organizations emphasize education.
  8. Franchising cannot take-off in a rural-based economy. You need large urbanized population-based economies.
  9. Franchising should not be prioritized, since there are still problems in the area: franchisers do not look after franchisees. Franchisers have “raped” the market in the sense that their demands for high royalty and other payments cannot be supported by the market.
  10. As a way of empowering the weak, the Government must provide incentives to locals, e.g. tenders for the construction sector should be weighted in favour of locals, including franchisees.
  11. Government must ensure that local entrepreneurs, including franchisees, have access to capital. To minimize failure rates, the mentorship approach should be strengthened.
  12. To enhance regulation for franchisers and franchisees, there must be a local controlling body in the area of franchising.
  13. An exercise must be conducted to identify franchising opportunities, e.g. the brewing industry, the distribution sector, etc.
  14. The franchising system is underdeveloped in the country.
  15. Local franchisees perform at desirable levels, but the small market is a problem.
  16. There are benefits to franchising, e.g. marketing done by the Head Office, and purchasing and creditor processing. There are many local franchisees that do not benefit from these.
  17. Franchising attracts people with money and people mostly in business already. Independent enterprising brings out people without money, hence; promoting independent enterprising is likely to tap into a larger market.
  18. The business environment is tough and independent business persons are tougher than franchisees, hence Government should promote independent businesses.
  19. The Government has spoiled business persons by providing too much assistance, so we do not have many tough business people.
  20. People who get things the easy way have no financial discipline, and they will leave the business to managers. This is why businesses fail. Businesses that are managed by others have poor customer service.
  21. Priority should be for independent enterprising. Franchising is only, a business system, a franchisee must be an entrepreneur.

22. When it comes to the role of Government, it should concentrate on independent enterprising. Franchisers can look after their own shops and their franchisees.
23. Government must promote both franchising and independent enterprising. The Government should, however, concentrate on trading as there is no scope for manufacturing due to high cost of utilities, labour and transport to the ports.

**C. Other Points Raised**

1. Not all franchisers are supportive of franchisees. The potential franchisee needs to choose the franchiser carefully.
2. Success of a business also depends on personal attention from the owner.

**APPENDIX 2: DELPHI SECOND ROUND QUESTIONNAIRE:  
ENTREPRENEURIAL SKILLS**

**Independent entrepreneurs excel in all of the following at the expense of franchisees:**

	<b>Totally Disagree</b>				<b>Totally Agree</b>	
1. Perseverance	0	1	2	3	4	5
2. Long-term Commitment	0	1	2	3	4	5
3. Persistence in problem-solving	0	1	2	3	4	5
4. Risk-taking	0	1	2	3	4	5
5. Seeking help and advice	0	1	2	3	4	5
6. Profit-orientedness	0	1	2	3	4	5
7. Decisiveness (making a contract)	0	1	2	3	4	5
8. Decisiveness (general)	0	1	2	3	4	5
9. Competitiveness	0	1	2	3	4	5
10. Outgoing personality	0	1	2	3	4	5
11. Possessing Common sense	0	1	2	3	4	5
12. Hard-working	0	1	2	3	4	5
13. Enthusiastic for business	0	1	2	3	4	5
14. Determination	0	1	2	3	4	5
15. Initiative	0	1	2	3	4	5
16. Drive and energy	0	1	2	3	4	5
17. Self-confidence	0	1	2	3	4	5
18. Tolerance for uncertainty	0	1	2	3	4	5
19. Optimism	0	1	2	3	4	5
20. Capability of Dealing with failure	0	1	2	3	4	5
21. Need for Achievement	0	1	2	3	4	5
22. Integrity	0	1	2	3	4	5
23. Goal setting	0	1	2	3	4	5
24. Innovativeness & Creativity	0	1	2	3	4	5