Survival of the fittest: The performance of franchised and independent businesses during economic uncertainty

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Abstract

This paper examines the survival of franchised and independently-owned small and medium enterprises (SMEs) in Australia during a specific period of economic stress, usually referred to as the Global Financial Crisis (GFC).

A qualitative approach was adopted to examine a broadly-stated research question. The qualitative research design describes Phase 1 of a three-phase, longer-term, Mixed Methods research programme. Within a collective, instrumental case study, 54 participants, in six cohorts, were identified by a multi-method sampling process. Semi-structured interviews were conducted with each participant and the recorded and transcribed interviews formed the basis of the data collected. This data were subjected to content and thematic analysis.

Nine themes contributing to SME survival emerged from data analysis. Comparisons were made between franchises and independent small businesses to determine if the franchise model exhibits different survival mechanisms. A model was developed to indicate the ways in which these themes contribute to SME survival. The research design affords limited generalisation, but the particularities of the findings build a compelling case for further mixed method research to quantitatively examine the nine themes and the developed model by developing an instrument to survey the two populations of interest, franchises and independent SMEs.

The GFC is held to be on-going. Research that can inform policy development and business planning and action within the small business community is valuable to SME survival and, because of the important contribution of SMEs to national economies, to societal economic well-being. Little extant research is found that specifically examines SME survival within the GFC, and even less can be found to inform franchises. This paper also comprises the first step of a research programme that will continue to provide valuable information to two important populations of interest at a critical period for most economies.

Keywords – SMEs, survival, performance, Global Financial Crisis, Australia

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