Ghanaian Perspective of Franchise Contract in Africa, a Pestle Analysis

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Abstract—**Franchising approach has transformed many businesses in all sectors of the economy for most countries and Ghana should not be left out. Because of franchisor's training and provision of support for SMEs, it is regarded as an important strategy in many developing countries. Despite all other basic infrastructure such as commercial, political, economic, legal and socio-cultural working against the development of franchising in Ghana, the government must draft and pass new law to guide the development of the business in this part of the world. This research looks at franchising growth in Ghana, Africa and how to bridge the gap between Ghanaian franchise practice and franchising top practices. The researchers used Informal/conversational interview and documentary analysis. For the sake of Ghana's current growth, the researcher recommends that the product and trade name model in all areas until a single appropriate law of franchising is passed for full business format model operation which can house all basic infrastructures.**

Index Terms—**Ghana-Africa, PESTLE, contract, franchise development.**

I. Introduction

There are several business expansion strategies including increasing of sales and products in the existing market, introduction of new products, developing of a new market segment or moving to new geography, starting a chain, Franchising or Licensing, establishing joint forces or strategic alliances and going global with the business. Among these expansion strategies, franchising is becoming well known among the peers. Franchising approach has transformed many businesses in all sectors of the economy for most countries and Ghana should not be left out. Because of franchisor's training and provision of support for Small and medium companies it is regarded as an important strategy in many developing countries.

A workable and strong franchise sector however requires appropriate and suitable infrastructure: political, legal, economic, commercial, and socio-cultural however, this sector in many developing countries including Ghana lacks these basic infrastructures to run franchise businesses. Researchers Small, Verhoef, & Lindsey [1] contend that designing business reform in developing countries requires the ten critical requirements which should be considered in developing business in all areas including franchising. These requirements can be categorized into institutional and operational requirements and includes: political commitment at all levels a proper legal foundation, a strong local institutional foundation, appropriate industry restructuring, and an expert and trustworthy administrative agency. The aforementioned are operational institutional requirements while operational necessities include confrontation of the vested interests, realistic specification of social objectives, consistent fares control, effective monitoring and enforcement limitation of sub - contracting franchises. The business format franchising is the industry standard for advanced nations, it remains an aspiration for many emerging nations. Though the developing economies are attracted to these systems such as, training, and support and notwithstanding the economic and regulatory infrastructure being in place for the development of business format franchising, a range of commercial and socio-cultural factors may collaborate to prevent its full expression.

Unemployment in Ghana and other developing nations is a cancer that is having an impact on Gross Domestic Product (GDP) of the countries. For small business owners, franchising is a way to grow extra speedily and economically than opening more business outlets, by granting people (franchisees) the right to run their own business under your brand and systems. This sort of arrangement would help developing nations to curb the unemployment in their countries.

This research seeks to address the challenges of franchising in a developing country namely Ghana. It considers approaches to minimize the gap between Ghana franchise practice and other developed countries franchising practices. The product distribution franchises and business format franchises are the two basic kinds of franchises. This paper would assess the kind of franchising model that is good and can propel Ghana to develop faster and can reduce the country's unemployment amidst the country's socio-cultural, commercial, and economic factors and the legal atmosphere. It would also showcase the franchise opportunities available in the country. This paper contributes greatly to literature since there is inadequate of work done in the area of research in Ghana. Only two researchers Mensah [2] and Gabrah [3] (2015) have written their master's thesis in the area. The thesis of Mensah [2] (is limited to challenges facing pharmaceutical industry without properly relating it to PESTLE analysis which we looked at but Gabrah's [3] work was a little closer to our work but his recommendation of new work to be done to separate political and legal factors has led us to write this paper.

This paper would try to find out the significance of franchise law in developing economy and how they are structured to expand franchising. Though Joseph [4] argued that franchise law is a good legal weapon, we would also recommend the adoption of antitrust law to eliminate franchise risk in having in mind operation of operations of

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SMEs in Ghana and other jurisdictions that faced similar franchise challenges.

II. Method

The researcher adopted documentary qualitative research in which interpretations were done to official online documents according to the research objective (PESTLE analysis of franchise contract) to give opinion and sense around franchising system in Ghana [5]. A qualitative interview was conducted, where the researchers ask questions relating to the objective of the research and the respondents answer back [6] and the approach helped us to understand the social issues around the research thematic areas where we conducted topic-centred interviews. PESTLE Analysis is a strategic business tool for analyzing business organization. The PESTLE strategic tool is use to analysis the external influences on an industry or any business entity and the acronym PESTLE stands for; P= Political, E= Economic, S= Social, T=Technological, L= Legal, And E=Environmental. The PESTLE strategic tool was used in recent days by many researchers including [7]-[10]. In PESTLE analysis is in contrast with SWOT analysis which categorize issues in general as strengths, weaknesses, opportunities and threats [11], & [9] but an extension to PEST analytical strategy that (P stands for Political, E stands for Economic, S stands for Social, T stands for Technological, L stands for Legal) that applies to macro-environmental factors which can provide answers to challenges in business environment, is also called STEP by [12], SEPT by [13], or STEEP by [14]. According to Rastogi & Trivedi [7] PESTLE is strategic tool, a lot of people give names of their choice with different meaning with their abbreviations for example; PESTLE analysis stands for Political, Economic, Sociological, Technological, Legal, and Environmental; PESTLIED analysis stands for Political, Economic, Social, Technological, Legal, International, Environmental; STEEPLE analysis stands for Social/Demographic, Technological, Economic, Environmental, Political, Legal, Ethical Demographic; SLEPT analysis stands for Social, Legal, Economic, Political, Technological; STEPE analysis stands for Social, Technical, Economic, Political, and Ecological . ETPS analysis – Economic, Technical, Political and Social. The abbreviations are chosen based on the institution or the user of it. They (Rastogi & Trivedi) identified in their work that using PESTLE analysis help to identify potential external threats and frequent use of it leads to mitigation of external risks none of these risks can go beyond control or unobserved by an individual or group using PESTLE analysis. In this study the researchers analyzed franchise business environment and therefore adopted PESTLE used by [7].

III. Franchising in Africa

Franchising has emerged as a vital tool for increased economic development in Africa. It is not surprising when Tyre & Vilmenay-Hammond [15] stated that Egypt and South Africa have the most developed franchise operations in Africa due to past legal and economic reforms. Franchising existed in African for ages. Coca-cola has been in Africa for about 70 years, the first franchise was opened in Johannesburg in 1928 but franchising still works for Coca-cola, in 2006 the company grew by 6% [2]. As franchising becomes saturated in developed countries, the emerging markets like the Far East, South America, Eastern Europe and Africa become fertile grounds for franchising to take root [16].The small business sector, and franchising in particular, is without doubt the answer to unemployment and has proved worldwide to be the job creator of the future. Nowadays franchising is gaining attention and is developing at a high speed. According to Weatherspoon [17] research titled "the Rise of Supermarkets in Africa; implications for Agrifood Systems and the Rural Poor Development Policy Review," the speed and collective acceleration of supermarkets on the African continent. South African Shoprite, for instance, has over 1220 stores in 15 African countries including Ghana and has shown inspiring progress. Shoprite Chief Executive, Pieter Engelbrecht stated in the company website that during the six months to end December 2016 the Shoprite Group comfortably outperformed the rest of the South African market. Apart from Coco-cola and Shoprite operating franchise in Africa, we have telecommunications, transportation, education, fast-food and health care sectors franchise business model too [2] and he also emphasis that franchising is the appropriate tool to capture the expected economic growth in Africa and must be considered very important by African countries.

Sotos and Hall [18] argued that franchising is in its nascent stage in most African countries, with an exception of South Africa, and increasingly, Egypt and Morocco, where more than 200 international franchises successfully operate in a market estimated at more than $300 million for food franchises alone, according to the U.S. and Foreign Commercial Service and the U.S. Department of State. "In Nigeria, food franchises have grown at an average annual rate of 40 percent. The U.S. Commercial Service has described this expansion as "explosive." The Moroccan Franchise Federation estimates that the number of franchise systems in that country has grown by an average annual rate of 24 percent over the past 15 years, with the clothing and undergarment industry representing almost one-third of the franchising industry in Morocco" [18].

Franchising the accepted "global diplomat of small business" can become the business model that can transform and add to the wealth, growth and stability to the African region. Accordingly, Africa is considered the new frontier in franchising and in this context; South Africa is preferably placed as the frontline to the entrepreneurial potential of Africa. It is also widely recognized that South Africa is the catalyst for potentially explosive growth into Africa and the stark reality is that the broader African economies cannot grow in isolation as the region's future is inextricably linked to South Africa and the example that it sets.

IV. Franchising In Ghana

In Ghana, multinational oil marketing firm, accounting and automobiles firms are examples of pioneers in franchising. The solution to unemployment in Ghana can be achieved through acceptances and implementation of franchising. South African franchises such as Uber taxi, Pizza Hut and retail grocery outlets have been active and successful in

Ghanaian market in recent years except some fast food outlets which were unsuccessful [19] due to general improvement in the Ghanaian economy and optimism about the future.

According to the population Analytical Report [20], Ghana's population (50.9 percent) lives in urban areas compared to the global total of 54 percent in 2014 global population indicating good urban market for franchise development in Ghana. In West Africa, Ghana was the first country to form a franchise association in 1998 [2]. But in 2000, the association application to the world franchise council (WFC) membership was denied due to substandard nature of the application and their dream to join the Franchise Association of West Africa (FAWA) in 2002 was curtailed due to the death of Ghana Franchise Association (GFA) founder Paul Tekyi.

SMEs play a significant role in the Ghanaian economy, notwithstanding their worth; it is identified that three out of five of these businesses are unsuccessful within the first five years which is due to lack of capacity to offer distinctive products and services to satisfy their consumers [21], [22], franchising could serve as alternative technique to consolidate and sustain SMEs growth. A good example was given by Adotey [23] that Voltic Ghana Limited alone, through 37 franchises for its sachet water production, has created over 4,000 jobs, with more room for development.

V. Rudiment for Franchise Sector Growth in Ghana

A workable and strong franchise sector requires sufficient and suitable infrastructure, such as commercial, political, economic, legal and socio-cultural. In Ghana, these arrangements fundamentals may hinder emerging franchise sectors individually. The following subsections discusses and analyses the franchise sector based on PESTLE.

VI. The Political Environment

One of the stable, multi-party democratic and predictable political environments for investors in Africa today is Ghana and was confirmed by BBC news [24] after seventh consecutive successful, peaceful elections which gave victory to Nana Akufo-Addo over incumbent President John Mahama who handed over power peacefully. There were few cases of politically-motivated violence but limited civil conflicts. The outcome of the election, is an indication that political environment is good to enable businesses to flourish in Ghana. In Ghana the political institution (Government agency) that exists to promote businesses including franchising is Ghana Investment Promotion Centre (GIPC) which is responsible under the GIPC Act, 2013 (Act 865) [25] to serve as liaison on investment facilitation between incoming and current investor's, ministries and departments, make available information on incentives, investments, register and keep records of technology transfer agreements, monitor and evaluate investments and suggest suitable recommendation where necessary.

Government is well informed that Small firms (SMEs) offer about 85% of manufacturing employment of Ghana ([26], [27], and contribute about 70% to Ghana's GDP [28]. Partisan requirements, of course, underlie a country's economic and controlling policies and in the case of franchising, growing government appreciation of the small and medium enterprises (SMEs) development credentials of franchising have led to progressively promising policy approaches.

VII. The Legal Environment

In franchise sector advancement, we need a sound legal environment to support franchising to grow in a [26ny jurisdiction. There must be a sound structure of commercial law sufficient for the complexities of modern business dealing and the institutions and mechanisms to resolve disputes and enforce judgments, without which franchising is ‘‘not able to function’’ [29]. The researchers also argued that lack of respect for contracts and intellectual property poses certain challenges for franchisors functioning in developing nations. Legal environment must be safe in order to curb any future disputes that may occur between the franchisor and franchisee.

In Ghana, there are appropriate laws covering business activities. According to Ghana investment Promotion Centre (GIPC) [25], laws applicable to the operation of business in Ghana conform to international standards and best practices. These laws are based on a framework of legislation relating to business activity, copyrights, patents, trademarks, disputes and labour relations. According to GIPC [25], there are several acts and legislations covering investment and business operations from Ghana Investment Promotion Centre Act 2013, (Act 865); Technology Transfer Regulations, 1992, (LI 1547) and so on to Copyright Act, 2005 (Act 690); Trade Marks Act, 2004 (Act 664); and Patents Act, 2003 (Act 657). With all the aforementioned laws, the question the researchers are asking is that, does Ghana have effective legal environment supporting franchising development? The answer is yes, Ghana has laws meeting international standards but has challenges if it comes to commitments and implementation of the laws as noted by Okley, [30] about environmental laws. For example we have Trade Mark Act, and Patent Act, registration processes is cumbersome and tiring [31], you must go through a lot of legality by filing at high court of the land which take longtime to accomplish and thereafter, the registration of a trade mark is for only a period of ten years from the filing date of the application for registration (Trade Marks Act, 2004 (Act 664). Also, the World Bank Doing Business Report [32] indicated that it takes 8 weeks and 1 day to deal with licensing matters and there are 16 procedures involved in licensing a business in Ghana but in some other jurisdiction it ranges between 10 and 30 days before signing franchising agreement. In Brazil at least 10 days prior to the execution of a franchise agreement, Korea requires only 5 days, Canadian states all require 14 days, Vietnam 15 days, China and South Africa 20 days, Mexico 30 days and Japan and Indonesia lay down no minimum period of time [33]. Ghana also lacks antitrust regulation which favours bigger companies, whereas the nonexistence of security for property rights restricts SMEs' access to overseas technologies [31] which presence would protect consumers from greedy business owners.

Terry [34] contended that whether an effective legal environment requires a regulatory system devoted to the franchising sector is, however, a more contentious subject [34] and also [Binh & Terry [29] added that franchise development was not feasible, in a jurisdiction where the general rule is that anything not specifically legitimate is not allowed. According to Hasnas, [35] comparative research of the common law and legislative methods on environmental regulation are hardly prepared because the common law methodology is repeatedly associated with basically failing to resolve the problem.

The existence of franchise law in a jurisdiction would help to resolve the teething troubles that have arisen, to amend the stability between the parties to an agreement where the needed balance either does not exist or has been distorted, and to guarantee that manipulations either do not happen or, where they have happened, would not be repeated [36]. Ghana must learn from South Africa and China. For example China was successful in franchise development by firstly setting out a complete regulatory system for franchising [37] a good example developing countries must learn from. According to Eugene Honey [38], Partner Attorney of Adams & Adams stated and I quote "Africa needs to develop small and medium sized businesses across the continent. A good vehicle to adopt to substantially contribute towards this initiative is franchising. This includes adopting successful and appropriate business systems and prudently locating them, so as to as far as possible ensure their success" [38]. His assertion conforms to that of Ghana because Small and Medium Enterprises (SMEs) is the Engine of growth in Ghana and should be empowered through franchising so that they can continue to contribute to GDP development of Ghana [39], [40], [28].

VIII. The Economic Environment

The world economy has gone through a period of great transformation since 1964 to 2013 and progressed from a bipolar to a multipolar configuration with developing market economies now accounting for the largest part of worldwide growth [41]. Mensah [2] opined that changes in partisan system have led to a change from planned economies to market economies which offer a fertile ground for franchising development. Ghana has moved from undemocratic to democratic era of governance in 1992 and still practicing democratic governance up to date which lead to different economics reforms. For example, Quartey & Afful-Mensah [42] argued that before the commencement of financial sector changes in 1992, the Bank of Ghana (BoG) approach of managing money supply using direct controls and a fixed exchange rate system, the reform abolished in favour of a comparatively more market-based system of allocating and managing scarce resources and plans contributed tremendously to financial control in Ghana before monetary reforms in 1992. Economic reforms relaxing on market access, inspiring overseas investment, and providing the environment for the growing of the private sector and entrepreneurship have been started in many developing countries including China and Vietnam whose market entry has been relaxed, overseas asset has been encouraged, the non-governmental sector is sturdily developing, and business development is flourishing in these progressively open and flexible economies [29]. Ghana is a small open economy with history of inadequate infrastructure, poor involving barriers to trade, currency controls, and quantity rationing have made the open economy look as if it does not exist [43]. According to Vivian [44], Ghana Stock Exchange in 2012 was one of the largest in Africa, with a market capitalization of GH¢ 57.2 billion or CN¥ 180.4 billion. One of the major economic challenges facing business people in the country is exchange rate risks due to continuous decline in of Ghana cedis against its major trading currencies including dollars. Generally interest rate especially nominal interest rates have followed the trend of inflation rates in the country. This inflation rate usually caused the cost of borrowing or lending rate to be so high that many entrepreneurs who borrowed find it difficult to pay back leading to high defaulters among borrowers in the banks. The lending rate and increase in inflation caused some businesses to exit from the market and make it difficult for the budding entrepreneurs to start new business and exchange rate also discourage most SMEs who purchase their raw material abroad because it leads to increase in the unit cost of production. The owner of Franchising business in developing countries still often face challenges from a range of trade barriers in addition to corruption, excessive red tape, preferential arrangements, and absence of transparency, which thwart the effort of franchise entry and growth.

IX. The Commercial Environment

Notwithstanding the economic and legal developments that have facilitated franchised business in emerging economies, franchising functions in the real world in which practical realisms may retard commercial development. In franchising, it is franchisors and franchisees appreciation of sophisticated business relationship and inimitable dynamics that deliver the synergies to enterprise its development. Luiz [45] assured the importance of the business environment in Africa emphasizing that its weaknesses and irregularities place a substantial liability on both native entrepreneurs and alien investors alike. Policy architects, donor agencies, higher learning institutions and consulting companies need to have empirical foundation for making interventions to assist commercial activities and enhance its environment.

The series of commercial activities such as distribution and logistics networks, human resources, management expertise, accounting, banking, consulting, and legal services are also vital for the functioning of effective franchise arrangements in Ghana. If some of these organizations are not properly developed, these may pose some challenges in development and operation of franchise system. Ghana can boast of free well-organized competitive banking industry, according to Bank of Ghana, the country has thirty five (35) licensed banks and four other banks with their representative offices in Ghana such as Citibank N.A., Ghana International Bank plc. Exim Bank of Korea and Bank of Beirut. The number shows that there is no restriction in the industry regarding ceiling on number of banks and one can conclude that there is free market economy not oligopoly where you get a few institutions controlling the industry.

Franchising in an emerging economy is a new system of undertaking commerce that involves a new way of thinking about engaging in trade. In a developing country like Ghana graduates and students must be encouraged to start firms in addition to learning how franchising can help them and other entrepreneurs to develop.

For the understanding of franchisor and franchisee rights and obligations the researcher is suggesting that state institutions including Ministry of Trade and Ministry of Education must organize training and workshops to educate, and train on the role of franchising in their business development and also create awareness through the media. These activities can help enhance the understanding of franchise business. Similar conclusion was drawn by Davies *et al*. [43]-[46] that franchising is highly represents an exceptional practice of business relationship between numerous industrialists. Clarkin, John E., and Steven M. Swavely [47] research results also disclosed that franchising entails the complex delineation and integration of individual entrepreneurial roles for both parties. The richness of raw materials in the country, continual economic progress and a simplified tax method reassures the entry of foreign investors in Ghana, who also have the chance to profit from other incentives and concessions.

X. The Socio-Cultural Environment

Socio-cultural environment in general terms comprises of the social system and the culture of a people together. Researchers Akhter & Sumi [48] referred to Socio-cultural environment mainly as a man created intangible elements which affect people's behaviour, relationship, perception and way of life, their existence and survival. The social and culture, which forms the socio-cultural influence denotes the way of life of individuals living in a specific environment. Culture affects clients through their language, customs, attitude, lifestyle and values. Ghanaian researcher Yeboah [49] claimed that social-cultural business environment characteristics include education, religion and family background of the people however, Akpor-Robaro [50] added all the man-made intangibles that have direct or indirect influence on the peoples' conduct and their entire mode of life and concluded that citizens with high number of educated populaces are anticipated to become more industrialists compared to less educated once. According to the World Data Atlas at (knoema.com) in the year 2015, adult literacy rate for Ghana was 76.6 % with an average annual growth rate of 15.30 %. Franchising is branded and driven jointly by regulation and standardization agreed by formats enshrined in operations guides and supported by contractual provisions conferring significant powers of control on the franchisor and demanding strict compliance by the franchisee. Social and cultural standards in Ghana may not house these realisms, which will upset franchising growth, for example, In Ghana, Uber operate with private cars while the laws of the land prohibit such form of operation and has led taxi drivers in the country to complain of how Uber is killing their businesses when the researchers interviewed them. Some complained about the permission by authorities to allow Uber to use private cars for commercial purpose, a new culture that they claimed is defeating the purpose of using yellow fenders and number plates among taxies in the country.

Importation of inputs from foreign nations for the operation of franchise posed serious challenges to the host economy, for example KFC's importation of chicken which weakens the local curry caused franchisee to sell their finished product at high price [51]. When KFC was contacted by McEachern, he attributed the importation to lack of quality chicken due to culture of rearing them in Ghanaian and hence lead to inability to meet marginal cost. Aliouch argued that higher cost of food is as a result of differences in culture and affect buying patterns of clients as well as behaviors of other investors' together with workforces [46]. Partners of franchising businesses may not be ready customarily to shoulder the duties and limitations that are integral in franchised distribution and are of a quite different scale to those in less sophisticated distribution systems. Franchisee must also find a way of dealing with importing products which are produced within a jurisdiction. Buyers may not be willing to pay a premium price for the franchised goods or services. The brick-and-mortar companies or stores beyond foreign style development in big cities are not favorable to sophisticated franchise concepts that sit uneasily with old-fashioned transaction. The trends to development and shopping center development will be important in the franchise development.

Ghana needed to demarcate business cultures and other management practices within the nation and describe their physiognomies since they may influence the economic fortunes of the country as admitted by [46]. For Ghana to develop, Lituchy *et al*. [47] say the managers of the economy must create enabling environment for franchising to take off in the country because that would create jobs and sharpen skills of the youths. Concentrating on donors funds or support for poverty alleviation must be redirected to creating social enterprise because there is virtually no mention of social enterprise among donors activities [48]. All decentralized units in Ghana must identify the strengths of the locality and work with franchisors to enhance quality of life of people as argued by Sibanda [49] that local government committed to working with residents and groups within the community to discover viable techniques to meet their social, economic and material needs, and improve the quality of their lives.

Ghana has freedom of worship and religious tolerance, which gave birth to Islamic traditional and Christian religions, however Christianity is the major religion in Ghana with almost 72% of the population as per the 2010 population census by Ghana Statistical Service. In Ghanaian culture women must cook for their husbands as acknowledged by Williams-Forson, [50] and can affect customers purchase intension especially of lunch and supper food. Ghanaians including Member of Parliament prefer buying porridge on roadside rather than expecting table services or organized restaurant services for their breakfast published by Ghanaweb's journalist [51]. Undoubtedly the importation of Western products, customs, and fashion styles are progressively influencing the emerging economies in Africa including Ghana. For a franchise business to work effectively Non-Western concepts should be adopted, in a way that it could be franchised in their own unique way.

Ghana and could be defined as a multilingual society [52], [53] but English is the only official language but Professor Oduro Owuso advice Ghanaians to learn Chinese and by extension other foreign dialects during the celebration of Chinese new year in Ghana since it can influence their business relationships [54]. Entrepreneurs or franchisors interested in Ghana and other nations as their business destination should note the differences in culture and must study them [55]. The culture can bring trust issues for example, MacGaffey [56] explained that, lack of trust prevails among Ghanaian entrepreneurs, the main obstacle to the development of a business community to compete. The author of the current research again admonished franchise partners to try and bridge the cultural distance between the two countries as it creates difficulty in managing marketing mix elements (product, price, promotion, and place) and similar thing should be looked at in Ghana.

XI. Conclusion

There are different forms of classifying franchising but the most popular form today in the world is business format or (comprehensive or pure) franchising because it energizes the unyielding progress of franchising. Dana [57] stated that business format franchising accounts for nearly three-fourth of all franchised outlets in the United States. Business-format franchising is an agreement under which the franchisor offers a varied variety of services to the franchisee, including advertising, marketing, training, strategic planning, production of operations handbooks and standards and quality control guidance. Franchising business model started in the ‘Middle Ages’ (Violent uprisings often called The Black Death plague) especially in Europe and the overall dissatisfaction due to the uprising of the time period were severe religious struggles but the only positive thing that happened amidst the distress is franchising where local governments approved a license for high church officials to maintain order and assess taxes, and for some period, the regulations that governed these first franchisees became a part of European Common Law [58]. The United States grasped the concept in 1950s that the actual opportunities of franchising as a commercial activity advancement of sophisticated branded distribution arrangements incorporating complete operational and managerial formats for proven business concepts, which has led to the inexorable rise of franchising internationally.

Ghana has a stable political environment and an enviable multi-party system, an indication that political environment is good to enable businesses including franchising to flourish in Ghana. Small firms (SMEs) offer about 85% of manufacturing employment in Ghana and this has led to the formulation of economic and controlling policies to help SMEs to grow. There are appropriate laws covering business activities such as copyrights, patents, trademarks, disputes and labour relations but lacks Anti-Trust laws which presence would protect consumers from greedy business owners and also lack independent laws to regulate franchise activities. Economically, the country has gone through a period of great transformation since 1992, inspiring overseas investment, and providing the environment for the growing of the private sector and entrepreneurship. The small country has open economy with history of inadequate infrastructure, poor involving barriers to trade, currency controls, and quantity rationing have made the open economy look as if it does not exist. In the midst of economic challenges such high inflation rate, exchange rate and lending rate the only business that can help Ghanaian business persons is franchising which success rate is very high. Commercial environment of the country is very good with 35 banks and other financial institution. Cost of labour of the country is very low with every worker receiving an average fee of about 32 cents per hour. The nation also has simplified tax structure that inspires distant investors into the country.

Today, the business format franchise is the preferred model for franchise development because it offers a complete business format resulting in a cloned network but, while business format franchising is the industry standard for many developed countries, it remains an aspiration for many emerging economies. Although the economic and regulatory infrastructure may be in place for the development of business format franchising, a range of commercial and sociocultural factors conspire to prevent its full manifestation in Ghana. Also, some socio-cultural issues that bedeviled franchising in Ghana include fear of competition among businesses, difficulty in trusting online businesses by Ghanaian clients, complaints by franchisors that Ghanaian customs of producing raw material are substandard (eg Chicken production) and some customs of not working on religious meeting days and weekends.

Regardless of business format franchising being the modern system of franchising that is unvaryingly accepted in developed nations, it might not be the ultimate suitable progress and starting option for franchising in Ghana and other emerging states in Africa. For a franchise trade to function successfully Non-Western concepts can be adopted, in a way that it could be franchised in Ghanaian unique perspective. The franchisors and franchisees need to understand and customize their offerings to fit into the segment of the market they are operating. Ghanaians must have franchise law to guide the operations of this type of businesses. The law must take into consideration the existing local SMEs so that the operation of the franchise businesses would not endanger the growth of the local competitors. Anti-trust laws should be introduced to protect consumers from being abused by investors. The introduction of these laws would help Ghana to move into full business format franchising in all areas of the economy of Ghana. The law should mimic the franchise law of South Africa and should take into consideration; how to make franchise master licenses reasonable for Ghanaian purchasers, franchise firm abeyance of industry laws, pricing products or services based on economic indicators of the country, respect for sociocultural issues of the country. For the mean time the country can concentrate on the product and trade name model until the Law come to straighten the rough edges of business format franchising in some sectors. As such Ghana would also become beacon of franchising businesses in African and other developing economies in the world.

Conflict of Interest

The funding of this study was a sole responsibility of the authors and hence was not supported by grant anywhere. No potential conflict of interest was reported by the authors in this work. Informed consent was obtained from both individual participants included in the study.

Author Contributions

John Tumaku Contributed substantially to the conception and design of the study from the beginning to the end. Jianxin

Ren guide John Tumaku from the beginning to the end of the paper. Both authors discussed the results and contributed to the final manuscript.

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