**Bindura University of Science Education**

**faculty of commerce**

**department of ACCOUNTANCY**



**THE IMPACT OF COMPETITION ON FINANCIAL PERFORMANCE AMONG ZIMBABWEAN FAST FOOD OUTLETS. A CASE OF SIMBISA BRANDS.**

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**A DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS OF THE BACHELOR OF ACCOUNTANCY (HONOURS) DEGREE OF BINDURA UNIVERSITY OF SCIENCE EDUCATION FACULTY OF COMMERCE**

**DECEMBER 2022**

# APPROVAL FORM

The undersigned certify that they have read and recommended to the Bindura University of Science Education for acceptance of the dissertation entitled “**The impact of competition on financial performance among Zimbabwean fast food outlets**”

Submitted by Jametias Maweni in partial fulfilment of the requirements of the Bachelor of Accountancy (Honours) Degree

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# RELEASE FORM

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# DEDICATION

This study is dedicated to my entire family, whose unwavering support, love, and inspiration have been provided throughout the study period. May God continue to richly bless you all.

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Without the valuable cooperation of others, the completion of this study project would not have been possible.

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# ABSTRACT

The research investigated the impact of competition on financial performance among fast food industry using Simbisa Brands as a case study. The major aim of the study was to determine how competition affects financial performance of fast food businesses in developing country. The research further sought to identify the critical success factors and strategies that could be employed by fast food enterprises to remain competitive in the industry. A survey descriptive approach was used to conduct the study, and both quantitative and qualitative data were collected. 50 respondents were selected as a sample using the census sampling approach. Data for the study were gathered via interviews and questionnaires with a five-point Likert scale. Data were presented and analyzed using pie charts, bar graphs, and tables. SPSS was used to analyse the data. Spearman's correlation and multiple regression analysis were used to examine the components' statistical significance. The results from findings showed a negative relationship between competition and financial performance. The research concluded that fast food businesses are in highly competitive industry, therefore, adaptation and survival are top most priorities for companies operating in this industry. The study recommended that businesses in the fast food sector should pay more attention to the critical success factors and strategies as they aid in fighting competition and improves company’s financial performance.

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# CHAPTER 1

# INTRODUCTION

## 1.0 Introduction

The study soughtto assess the impact of competition among food outlets on financial performance in a developing country Zimbabwe. Sanderson and Junior (2021) defined competition as a condition in a market whereby businesses or suppliers actively compete for customers in order to attain a specific business goal. Competition can be regarded as a process or tool that supports the economy's allocative and dynamic efficiency, which has favorable welfare implications (Gheribi, 2018). Similar to other industries, the level of competition in the fast food industry affects the sector's level of innovation, the quality of financial outcomes, and the effectiveness of production of goods and services. This chapter laid the groundwork for the remaining chapters by establishing, addressing, and articulating the central idea of this research. It covers the study's background, problem statement, research questions, and objectives as well as the study's importance, assumptions, delimitations, and research limits.

## 1.1 Background of the study

Competition is a key factor in economic growth, lower costs, higher standards, effective resource management, and increased product innovation. Any business that needs to create a strong brand image must give it top priority (Musiiwa and Dzingai, 2021). Competition arises when two or more businesses serve the same group of consumers with their services or uniform goods in an unfamiliar way (Hematfar et al, 2010). According to Akinyomi (2013), in the business world, a negative view of competition is still highly important. Many experts have suggested that growing market share is the goal of competition. Generating profits that are higher than the enterprise's present average profit is the purpose of competition (Musiiwa and Dzingai, 2021).

Fast food industry is one of the biggest and most active industry in existence today and the sector is still expanding (Gheribi, 2018). In Zimbabwe, the majority of people now prefer to eat meals that were not prepared in their homes, which is a result of major food consumption trends in Southern Africa that have become apparent (Bhasin, 2018). Future forecasts indicate that this trend will continue growing (Matanga, 2018). The industry for food outlets is quickly expanding as a result of the growing demand from people who want to eat outside of their homes (Ncube and Oni, 2020). Although the statistics only take into account the registered Fast Food outlets, the Zimbabwe Tourism Authority (ZTA) reports that the sector has experienced significant growth, growing by an average of 6% annually, since the early 1990s (Matanga, 2018). This has resulted in stiff competition among Fast Food Outlets with each player trying to dominant the industry (ZTA, 2020)

One of the Zimbabwean organizations in charge of organizing and overseeing company operations is the Confederation of Zimbabwe Industries (CZI). According to its annual survey for the year 2018, it was established that current trends in the expanding fast food industry were occurring against a backdrop of most industries in Zimbabwe either closing down or finding it difficult to continue trading in the fast food industry. Zimbabwe National Statistics Agency (ZimStat) is a related research which in 2020 released statistics which supported CZI position. According to ZimStat (2020), on average 26 food outlets both formal and informal restaurants, opened every three months countrywide. These statistics demonstrate that, as the economy continues to grow, the fast food industry has potential for marketers to expand. Companies in the fast food sector are expected to be aggressive and respond to market environmental elements with proper competitive strategies as a way to maintain their operations and enhance their financial performance (Mhlanga et al, 2013).

A significant growth rate has been observed in the Zimbabwean Fast Food sector. Many SMSs businesses are seen competing to take market share away from larger organizations that are established in the sector (Matanga, 2018). People are employing unregistered methods to sell food on the street as a result of the rising economic difficulties in developing nations like Zimbabwe (Shumba et al, 2017).

The case subject for the research is Simbisa Brands Limited, a fast food establishment that is listed on the Zimbabwe Stock Exchange which separated from Innscor Africa Limited in August 2015 to operate as a separate company according to African Business, (2017). The business is distinctive in that it not only owns the intellectual property rights to the brands in its portfolio but also actively manages their Quick Service Restaurant (QSR) outlet units. The company manages several fast service restaurants throughout Zimbabwe under a variety of names, including Chicken Inn, Pizza Inn, Bakers' Inn, Creamy Inn, Nando's, Steers, Fishy Inn, Haefilis, Rocomamas, and Ocean Basket. In the fast food sector, Simbisa Brands has held the top position. Depending on the organization, keeping a good business model performance should be its key focus. It also favors a basic approach that places a priority on mastering the essentials first.

Currently, Simbisa Brands Limited is facing competition from captains of the fast foods industry which comprises Kentucky Fried Chicken (KFC), The Alinea group, The Kitchen among others. According to Simbisa Annual Report of 2020, the group recorded 27.7% percent decline in customer count due to stiff competition. This is backed by the minutes of a board meeting held on September 15, 2020, where the Chief Executive (B. Dioniso) mentioned that more aggressive competition is making it harder to generate revenue. The client base of Simbisa Brands decreased due to stiff competition in the fast service restaurant industry. The table below shows the number of customer served in million from 2018 to 2021 and the percentage decrease.

Table 1 Percentage decrease in customer served

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Years | 2017 | 2018 | 2019 | 2020 | 2021 |
| Customer served (million) | 56.8 | 56 | 54.5 | 39.4 | 36.5 |
| Percentage decrease |  | 1.4% | 4.5% | 27.7% | 7.4% |

*Source: Simbisa Brands Annual Report (2021)*

Simbisa Brands said it plans to open additional restaurants by the end of its financial year 2022 despite the fierce competition in the local market that causes a downward slide in the clientele as it struggles to maintain its top position in the face of intense rivalry from other players in the industry of fast food. The presence of competition is what distinguishes one business from its rivals as indicated by Musiiwa and Dzingai (2021). Some researchers assert that competition has no positive effect on business performance while others assert that competition strongly affects business performance. This has inspired the researcher to examine how performance among fast food outlets in Zimbabwe is affected by competition.

## 1.2 Statement of the problem

The fast food industry in Zimbabwe has been severely impacted by competition, and many businesses have experienced a reduction in their revenue base as a result of customers switching to other competitors. The client base of Simbisa Brands have decreased during the last four years due to stiff competition, leading to closure of some of its branches. This impacted on the firm’s financial position due to loss of revenue from those closed branches. Many researchers have worked to develop frameworks that are specifically suited to particular industry, but few or non study has been conducted on creating frameworks that are most suited to the industry of fast food in developing nations.

## 1.3 Objectives of the study

This study aims to:

1. Assess the critical strategies that companies can adopt to adapt to competition.
2. To identify critical success factors which affects the financial performance of an organisation.
3. To identify the risk and challenges associated with adapting to the competitive environment.
4. To assess how Fast Food industries in other developing countries are handling competition.
5. Establish the relationship between competition and financial performance of Simbisa Brands.

## 1.4 Research questions

The overall question is: Does firm performance affected by competition?

## 1.4.1 Sub Research Questions

1. What are the critical strategies to be adopted by companies (Simbisa Brands) for successful adaptation of competition?
2. What are critical success factors that affects financial performance?
3. What are the risks and challenges encountered by Fast Food industry in trying to adapt to competition?
4. How are Fast Food outlets in other developing countries handling competition?
5. What is the relationship between competition and financial performance?

## 1.5 Significant of the study

The study is of significance to the researcher, business and educational institutions.

### 1.5.1 To the organization

Findings on this research will help companies on how best to adapt to the competitive environment and what needs to be done internally before adapting. It will also assist new and existing players in the industry to continuously improve their offerings and hence remain competitive.

### 1.5.2 To the researcher

The research is important to the researcher since it counts toward the Bachelor of Accountancy Honours degree that the researcher is pursuing at Bindura University of Science Education.

### 1.5.3 To the University

This study will be helpful to academicians who might be interested in conducting more research on the effects of competition on financial performance in a related business, such as the hotel industry. They will benefit from the study's assessment of the strategic responses employed by sector organizations as well as the strategies employed to maintain competitiveness in the expanding fast food market.

## 1.6 Assumptions

The following assumptions are to be made in carrying out the research

* It is appropriate to rely on the data collected from the subject's target respondents since it is true, complete, and relevant.
* The intended respondent Simbisa Brands is knowledgeable of how competition affects financial performance and how to qualify it.
* The Simbisa Brands target sample accurately represents all of the group's operations.
* The researcher will be able to complete the research on time since the chosen respondents will respond in a reasonable time frame.

## 1.7 Delimitation of the study

Simbisa Brands Ltd was selected above other organizations because it was nearer the research site and could thus provide a large enough sample size for the study. The study's findings were generalized to apply to other fast food companies based on sample data provided by respondents from Simbisa Brands organizational functions.

## 1.8 Limitations of the study

* The information that the researcher gathered cannot be applied universally to all businesses in Zimbabwe's or rather other developing nations' fast food industries. However, it should be highlighted that the researcher's time and financial resources were limited, making it suitable for the study to concentrate on a restricted number of companies.
* Another problem was that the respondents gave their full participation because they were committed to their jobs due to hectic commitments. Information gathering was delayed due to respondents' unwillingness to cooperate. The researcher gave the respondents notice of the survey submission deadlines and questionnaires were distributed in time to the respondents.
* Internal controls and other restraints that might make it difficult to access the case company's other financial data.

## 1.9 Definition of terms

**Fast Food**- A group of convenience food that can be prepared and served quickly. It was defined as meals that are processed and served instantaneously in an outlet to customers (Mathur and Patodiya, 2016).

**Financial Performance**- It entails guaranteeing the financial results of the company's policies and activities in monetary terms (Ravichandran and Subramanian, 2016). All factors that influence a company ’s financial performance and ability to continue operating will be referred to in this study as financial performance.

**Industry**- This is a group of firms that offers a product or service that is seen as a close substitute to the competitor's products or services.

## 1.10 Chapter Summary

This chapter concentrated on the background and significance of the research. Also, it was quite explicit in its presentation of the problem statement, assumptions, delimitations, and limitations of the study, as well as the definition of keywords. Chapter 2 will review the literature that is currently available in relation to the study.

#

# CHAPTER 2

# LITERATURE REVIEW

## 2.0 Introduction

This chapter focuses on evaluating the prior studies that will serve as the foundation for this analysis. The research analyzed the primary topic covered by the research objectives, which are: forces driving industry competition, crucial elements for successful competition adaptation, additional factors affecting an organization's financial performance, and difficulties fast food restaurants face when attempting to adapt to competition. With the aid of several citations from other studies, it also discusses the connection between competition and financial performance.

## 2.1 Conceptual Framework

**What is literature review?**

 Literature review is a process for obtaining, reviewing, and analyzing current research while also producing reports of new understandings and ideas related to the person's study objective (Aveyard, 2010). The major advantage of reading literature is that, it provide a solid foundation on which the reader can build his or her own model, argument, and conclusions. The literature review gives additional support for the case made in the dissertation because it serves as its foundation.

## 2.1.1 Definitions

Definitions are presented in this section for clear understanding of the study on the study’s market competition and performance.

**Definition of business performance**

Business performance is a term that can be difficult to describe as there are numerous definitions for it (Fisher et al, 2014). Due to the fact that there are numerous definitions for it, business performance is a term that can be difficult to describe. The phrases success and growth are likewise interchangeable with the term "performance" as indicated by Gerba and Viswanadham (2016). Mabhungu (2017) defines business performance as an entity’s capability to reach its stated objectives in an effective and efficient way. Entity's performance can be described in terms of financial and non- financial perspective (Wach et al, 2016). Non-financial performance deals with the success of a brand and the market performance, whereas financial performance examines corporate growth as indicated by changes in profitability, increased productivity, and the assets of the company (Laukkanen et al, 2013). Return on assets and return on equity are the most common financial measures that are used as tools for financial management (Otey, 2007). This research therefore considers company's performance largely from financial view and a little from non-financial performance.

**Definition of competitive environment**

According to Miles (2012), managing company’s competitors is essential for its success. Neely (2007) make the point that a company should not only focus on the perspectives of the customers but also be aware of what their rivals are doing so as to acquire a competitive advantage. The measures of managing competitors are considered to be being aware of one’s competitors and their commercial operations (Taschner, 2016). In order to stay competitive, the company must pinpoint the loopholes and gaps left by its rivals and develop effective countermeasures (Neely, 2007). Productive fast food restaurants benefit a nation in keeping its competitive edge. Competitive advantage refers to the distinctive features or peculiarities of a market for a product that offer a company an advantage over competitors (Sigalas, 2015).

## 2.2 Theoretical aspects of industry competition and financial performance

### 2.2.1 Pure-contestability theory

The pure-contestability concept was proposed to the world in 1982 by an analyst called William J. Balmol and later supported by Panzar and Willig (1982). He asserted that because contestable markets are constantly threatened by new entry, a competitive equilibrium always occurs. According to the contestable market idea, businesses with few competitors will act competitively when the market in which they compete has low entry barriers. A contestable market is one where businesses can enter and leave with little financial risk (Panzar and Willig, 1982). According to this concept, new competitors will enter the market and take on the well-established organizations when technology accessibility is equal and obstacles to entry and exit are weak, low or non-existent. It was openly proposed as an attempt to overturn the field's core concept, replacing competition as an organizing principle with contestability. Baumol (1982) focuses solely on firm efficiency as the goal for good financial performance and public interest, the framework for this study can be connected to the pure-contestability theory perspective.

### 2.2.2 Consumer behaviour theory

The fast food industry is made up of numerous businesses that sell closely comparable goods and service under various brand name. These companies are constantly competing for customers with a wide range of needs. Consumer behavior refers to the actions that consumers do to find, acquire, utilize, evaluate, and discard products, concepts and services (Colander, 2008). According to this concept, clients are rational and possess complete knowledge of the market (Asamoah and Chovancova, 2014). The theory claims that under specific circumstances, people tend to behave similarly and make their decisions logically with the ultimate goal of getting the best value for their money (Colander, 2008). Basic economics demonstrates that, ceteris paribus, a reduction in the price of one fast food chain will result in an increase in the amount of that chain's products that the market may want (Silberberg, 1990). Consumers are essential to the economy because they spend a significant amount of their income on goods and services offered by businesses. Businesses need to understand what the customer's ultimate objective is. In conclusion, Colander (2008) indicates that the theory of consumer behavior is significant for multinational fast food firms because it aids in determining the firm's sustainability. The theory of customer behavior is important for domestic and international fast food businesses since it helps to determine the firm's level of competitiveness.

### 2.2.3 Goal theory

The theory places a strong emphasis on reaching goals, aims and objectives (Henri, 2004). Business goals should be clearly stated, manageable, and easy to comprehend, according to goal theory (Salamen et al, 2005). Additionally, the company's general membership is well regarded for adhering to and being consistent with its objectives (Henri, 2004). The theory is questioned though, for presuming that its objectives will be successful, even if only covers short term (Galinsky and Bazerman, 2009).

## 2.3 Overview of fast food industry

Fast food was described by Merriam-Webster as meals that can be prepared quickly and served, back in 1951. Fast food was described as products sold in a retail outlet and are prepared quickly and served to clients in an attractive packaged way for takeout (Islam and Ullah, 2010). Fast food restaurants, known as quick service restaurants are companies in the fast food industry where a meal may be quickly obtained without the burden of a lengthy delay (Mathur and Patodiya, 2016). One of the tourism industry's subsectors is the fast food sector. The fast food industry is expanding its range of products and becoming fiercely competitive.

 Safwan et al (2010) asserts that, these are structures utilized for the preparation and sale meals that are ready to eat. The fast food sector is made up of full-service restaurants and limited services such burgers, sandwiches, pizza, and chicken, according to (researchgate.com:2022). They are often distinguished by a limited set of quickly cooked meals and a short serving period (ukessays.com:2022). Flexibility was also highlighted by Safwan et al (2010) as the features of the quick service restaurant industry. Quick service restaurants should be prepared to answer questions and accommodate any requests from customers to change orders. The kitchen, eating area, sales area, staff rest rooms, offices, and storage space make up the total floor area for a fast food restaurant (ukessays.com:2022).

##  2.4 Critical strategies adopted to adapt to competition

Competitive strategies are a general framework for how businesses will compete in a setting that is becoming more and more dynamic (Alice et al, 2018). The economic structure emphasises how fierce the competition is in the fast food industry and extends much beyond how rivals behave today. The ability of producers and consumers to negotiate pricing, the danger of new competitors, potential alternative products, and rivalry among existing competitors are all factors that affect the level of competition, which in turn affects an industry's underlying profit potential (Pimtong, Hanqin & Hailin, 2012). Enida, Vasilika, and Amali (2015) contend that companies' efforts to identify and preserve a competitive edge should be the source of long-term strategy. Cost leadership, differentiation, and focus strategy are all components of competitive strategy.

### 2.4.1 Differentiation

According to Nykiel (2005), product differentiation is a strategy in which a company chooses specific qualities of a good or service to promote, leading to the development of unique commodities. Companies that use differentiation methods in their business operations will focus on creating high-quality and unique products to distinguish themselves from their competitors (Vallen and Vallen, 2013). According to Tanwar (2013), product differentiation can help a company achieve high profits because it fosters brand loyalty among customers, which lessens their sensitivity to pricing. Product differentiation entails charging high prices that covers the cost of producing those products and provide cunsumers a compelling reason to purchase the products over those of rivals (Dash, 2013). This technique of product differentiation makes a company's product distinctive and interesting to clients.

Product differentiation is a technique for frequently introducing new products, services or practices that are unique from those of rivals (Banker et al, 2014). Firms that employ differentiation tactics are much resilient than others because their products stand out and are challenging for rivals to reproduce (Strydom, 2014). Differentiators try to build company’s relationships with customers and suppliers in addition to providing high-quality products by maintaining their good reputations and expanding their brands (Sumer and Byraktar, 2012). These business operations will result in competitive advantages that are challenging for rivals to imitate. When this strategy is used, it will influence how customers perceive and feel about a specific product, which could ultimately have an impact on how well a company performs, as shown by (Raduan et al, 2009).

Companies battle for clients, sales, and market share in today's environment by continuously innovating services and products that cater to customer needs. Due to increased technical advancements brought on by local and global competition, customers are constantly looking for higher-quality items at reduced prices. Investing in a differentiation strategy is something that any business must do in order to offer customers-satisfying goods and services. According to Joy, Iyiola, and Ibidunni (2013), differentiation creates a barrier against competitor's methods since customers get reliant on the products they appreciate and are frequently willing and able to pay more for it. Successful product differentiation strategies produce brand loyalty and uniqueness that make it difficult for new competitors to replicate (Strydom, 2014).

### 2.4.2 Cost Leadership

An organization is generally concerned about how much competition exists in its sector (Karinja, 2015). A cost leadership strategy aims to undercut the closest rivals and produce the least expensive goods or services in order to increase market share. Organizations that pursue a cost leadership strategy strive to produce goods at the lowest possible cost so that they can provide customers with value at prices that are lower than those of their rivals (Kitito, 2016). This strategy tries to achieve cheaper pricing in comparison to its rivals while maintaining similar or even superior goods and services to those provided by other competitors. A company with a huge cost advantage will typically have the capacity to make large expenditures, thus it will provide discounts on its products to increase sales. Businesses can develop a cost leadership plan by analysing their current operations, researching their competitors, coming up with cost-cutting initiatives, and tracking their success (Gheribi, 2015). Companies in the fast food market, like Simbisa Brands, succeed with this strategy by offering cheap pricing on essential commodities for which clients have high price sensitivity, while offering less aggressive reductions on other products.

Enida et al (2015) done a research in Albania to determine the effects of cost leadership strategy on company’s performance. Objectives of the study were to ascertain whether Porter's generic strategies were applicable to the construction industry and to learn what makes some organizations distinctive and perform better than others. The study came to the conclusion that managers must create more effective competitive strategies in order to compete, and that Porter's generic tactics, including cost leadership, had a relationship with the firm's performance. In a related study, Duran and Akci (2015) examined the effects of cost leadership strategy on the financial performance of Borsa Istanbul case company in the manufacturing sector under unpredictable environmental conditions. According to the study's findings, a firm's performance under highly uncertain circumstances was significantly impacted by its cost leadership strategy.

### 2.4.3 Exceptional Customer Services

Due to the current business environment's fierce competition, numerous businesses have developed unique strategies for defeating their rivals. As a result, many businesses these days are focusing on exceptional customer service more than ever before because it is now a key strategy for sustained competition. Ang and Buttle (2011) attest that in recent years, the matter of customer service has been given more attention than it has ever been. The only way to increase an organization's chances of success is when the needs and desires of its customers are recognized and met. The quality of the meals, the ambiance, and the price all have an impact on how satisfied customers are, according to (Karki and Panthi, 2018). In order to maintain their long-term viability in the competitive environment, many firms have realized how crucial it is to adhere to the idea as a way of sustaining competitive advantage.

Quality customer services is a crucial success factor in the quick service restaurant industry. According to Shcheglova and Shcheglov (2010), quality customer service was described as the entire perception a customer has on the relative quality of a entity's products. The primary stakeholders in deciding the success of any good or service are the customers. Because of shifting market trends, customers now have more advanced demands (Karki and Panthi, 2018). Customer happiness has expanded into the ultimate objective for any company in the fast food sector in order to maximize profitability and operational efficiency. Understanding the idea of satisfying customers, the value of it, and how to improve a business so that customers are satisfied were essential for the fast food industry, according to Angelova (2011). Because it fosters customer loyalty, which in turn results in customer retention, excellent customer service is crucial (Karki and Panthi, 2018).

Companies must look into the extent of customers' service quality expectations if they want to offer better-quality customer service. The layout of the furniture in fast food restaurants, their size, and their proximity to one another are all important factors. In their study, Ryu and Jang (2007) discovered that, compared to the previous ten years, consumers currently save a significant amount of time and enjoy better service when dining out. Customers increasingly expect fast food establishments to offer them with a setting of excellence, comfort, and high standards. Customers won't return if a firm doesn't create a service that meets their physical, psychological, and emotional needs, but when they believe a company is of good quality, they usually remain happy (Lim, 2010).

According to Narangajavana and Hu (2008), tangibility of services in the fast food industry includes physical facilities, modern equipment, dressed-up workforce, and materials. Customers respond favourably when certain services are provided while taking into consideration their empathy. Toosi and Kohonali (2011) suggested that service providers should make every effort to examine the issue from the perspective of their clients in order to have a thorough knowledge of what is going on.

Reliability, according to Kottler (2012), is the capacity to deliver expected services precisely and reliably. This suggests that the supplier has the required skills necessary to provide service in a precise and reliable manner. When a service issue arises, fast food restaurants should offer instead of spending money on pricey activities in an effort to discover a good solution to exceed consumer expectations.

### 2.4.4 Focus marketing strategy

Focus marketing strategy was described as a technique that enables a business to control a specific market segment by focusing on it (Nolega et al, 2015). According to Magretta (2013), it is a business approach in which companies focus all of their operations on expanding into or entering a certain industry market. Businesses utilize these techniques to focus on a certain niche market, and they are successful because they create and advertise niche items that draw a larger proportion of consumers in that market segment than their rivals (Berman and Thelen, 2018). Understanding the dynamics of the industry and the specific client needs inside it will enable businesses to produce items that are either particularly low cost or well defined for the market (Hill, 2012). Since they offer clients in their market, they frequently experience high levels of brand loyalty within their customer base. As a result, competitors are less likely to concentrate on their specific market (Rensi, 2018).

A focus strategy involves carefully selecting the market to compete in and limiting the range of competitors. A company can acquire a competitive edge and boost its financial performance if it selects a sector and better serves its needs than rivals who attempt to capture more diversified segments (Pimtong et al, 2012). This approach typically exploits the distinction between the target segments and other segments within the business sector. Businesses can use a focus marketing strategy to direct their resources toward attracting new opportunities and markets from those that haven't yet been filled, as well as to take advantage of their management expertise in other markets (Henderson, 2011).

A focused strategy has several benefits for businesses. This method aids a company in determining the preferences of a certain market niche (Hill, 2012). Focusers can identify a market segment that is overlooked by other, larger companies and create a specialized product to fill that gap (Karinja, 2015). Because they provide excellent customer service in their specialized niche market, they frequently develop strong brand loyalty among their clientele, which deters rivals from entering that market.

Numerous marketing strategies have been used by fast food restaurant chains over the past few decades to gain market share, but none of the market players have yet found a universal formula that will make them the dominant force in the industry (Berman and Thelen, 2018). However, combining many promotion efforts produces better outcomes than concentrating on just one or a few of the above strategies (Rensi, 2018). Arguments from all the references above on the various techniques focus on what every fast food chain should do to try to lessen the effects of fierce competition.

## 2.5 Critical success factors which affect performance

The idea of identifying success elements was first put forth by Daniel in a 1961 article on management information crises and Rockart later developed it in 1979. According to Rockart (1997), success determinants is the limited number of areas where results, if they are adequate, can guarantee effective competitive performance in a business. Critical success criteria should enable a corporate entity get established and are requirements for a business to succeed in the sector it operates in (Masocha and Charamba, 2014). Gikonyo et al (2015) asserted that, for a quick service restaurants industry, critical success factors includes brand management, site selection or location, government rules and competitor management. In additions to the ones mentioned, managing clients, suppliers and rivals, regulators and employee dedication are universal success variables present in every organisation. The following is the explanations for these variables;

### 2.5.1 Employee Relations

A company's success depends on the relationships between its employees. As a result, management must create working environments that fosters workers motivation and commitment (Bosch et al, 2006). Fulford (2005) discovered that people's attitudes at work generally influence how individuals behave at work and have an impact on how fast food workers want to behave. One way that an employee's attitude toward their employment is reflected is through labour turnover. According to Ukandu (2014), a corporation must establish an environment that is satisfying to its employees because ongoing workforce replacement and training are expensive to the business. Nel et al (2004) asserted that the neatness, attractiveness, and excitement of an employee's workplace shouldn't endanger their health. According to the research by Towers and Royle (2002), some of the main factors leading to the dissatisfaction of fast food workers includes public humiliations, dangerous working condition, disrespect and lack of decorum . Poor and abusive working conditions, low compensation, lengthy workdays, and a lack of participation in decision-making, particularly in related areas, have all been found in fast food outlets.

 Kachana et al (2013) state that managers have a responsibility to ensure that their teams see the same in the future and that they have a motivated team with excellent abilities and expertise. Existing literature focused on the characteristics of employees, the connection between job happiness, employee morale, their drive and loyalty, criticism, independence, and career advancement. According to Ukandu's (2014) theory, unmotivated employees display poor commitment, low morale, and unhappiness, which results in high labour turnover, inefficiency, absenteeism, and late work. For the purpose of this study, the factors of employee relationship may therefore be necessary for the fast food business to be successful in fighting off competition.

###  2.5.2 Client Relations

Mabhungu (2017) revealed that an organization intents to improve its customer service so as to remain competitive and eventually successful. Additionally, if not all customer perspectives, customers relationship must be a major consideration in performance measurement. Close and trustworthy relationships with consumers are encouraged in order to attain high performance in a company (Bulak et al, 2016). A firm that has close contact with its customers will expand successfully. Loyal clients continue to purchase from a company even when competitors are offering better substitute products (Karki and Pathi, 2018). Fast food businesses should pay close attention to their clients and focus largely on how to satisfy those clients for an entity to keep existing consumers and draw in more customers, increasing productivity and improving financial performance. For the success of fast food enterprises, consumer perspective must be taken into consideration. Managing customers often aims to create customer loyalty, which leads to customer happiness (Bulak et al, 2016)

### 2.5.3 Conformance to Regulations and corporate governance

Gikonyo et al (2015) recognise that for a firm to succeed, regulatory authorities such as local authorities, tax authorities, and environmental monitoring organizations must be taken into account. Failure to follow regulations from the authorities’ leads in increased cost and risk for the company, therefore management skills and following rules will affect a company's success. If a corporation complies with the nation's trade restrictions, they will avoid unnecessary penalties and benefit financially (Parsa et al, 2005). This viewpoint is consistent with that of Aybas and Kutlu (2010), who claimed that businesses with sound corporate governance typically had lower capital costs and lower cash operating expenses. Organizations that adhere to corporate governance to limit agency costs will have larger contracting cost benefits, allowing management to devote more time to the business and exercise greater managerial discretion (Miller, 2011).

In addition to reporting to significant stakeholders and preparing and presenting financial results, the board is in responsible of ensuring that the company complies with the highest standards of corporate governance (Simbisa Brands Annual Report, 2020). The organization maintains compliance with the revised Companies and Other Business Entities Act, the ZSE listing standards, and the Quoted Companies Alliance (QCA) Corporate Governance Code in its corporate governance processes (Chapter 24:31). The integration of corporate governance may be necessary for fast food firms because it has a significant impact on financial performance.

### 2.5.4 Location and localisation of meals

The choice of site is critical since outlets should be in prominent locations. Businesses under the fast food sector attract customers and more purchases from people who weren't planning to make a purchase by placing their outlets in busy commercial areas or shopping malls. In general, areas with large populations of people are excellent for business. Even with a powerful concept and wide range of products and services, a poor location selection cannot be justified (Gikonyo et al, 2015). The strategically chosen and well-considered positioning of the company's outlets is a key factor in its success (Simbisa Brands Annual Report, 2021). Simbisa Brands stores can be found in central business districts, metropolitan regions, food courts busy track routes. Large numbers of customers will always have consistent access to all these locations.

Most fast food businesses in Zimbabwe have localised some of their menus in order to accommodate the Zimbabwean population staple food (Shumba et al, 2018). Cox and Mason (2007) and Dada et al (2012) asserted that in making their products uniform throughout the whole nation and even with regional countries, fast food businesses are allowed to make a balance to ensure that their products meet the needs of the market they operate as they are familiar with these markets by localising their meals. For insistence, African Delight under Simbisa Brands introduced sadza in their meals as it forms the staple diet of the Zimbabwean population (Shumba et al, 2018). This strategy led to the attraction of more customers who used to buy sadza meals from small sadza serving fast food outlets as it makes the customers to develop a feeling that the fast food businesses are committed to fulfilling their unlimited wants.

### 2.5.5 Product quality and food safety

To evaluate service performance in the quick service restaurant industry, three components of services which are employee service, product quality and food safety should be taken into account. Generally, food quality has a direct and impact on customer satisfaction. Consumers of today want that their food be provided freshly and in a way that they feel hygienic, therefore this has become an crucial consideration in their decision-making (Shaharudin et al, 2011). After doing research on the major factors affecting the quality of food services, Ko and Su (2015) discovered two categories of dimension that are connected to consumers and products. The product segment contribute to health and sanitation, product personality, and food science, whereas the consumer segment comprises elements like quality service, the surrounding, marketing, and promotions. Every customer has a unique perception of excellent quality, making it challenging to meet those expectations. The manner in which food is prepared and the quality of its ingredients affect how safe the food is. Systems and procedures should be strictly followed in order to protect the food's quality. Simbisa Brands Chief Executive said their ongoing interactions with customers have revealed signs of rising customer interest in health and wellbeing.

### 2.5.6 Company size

The range and volume of production capacity and expertise that a company can have depends on its size (Niresh, 2014). A company's size is determined by the quantity and range of services it offers to its customers. Large organizations frequently receive higher interest rates and discounts for bulk purchases than Small and Medium Enterprises, and as a result, they can generate enormous profits (Pervan and Visic, 2012). Large businesses can outperform small businesses in terms of productivity by taking advantage of economies of scale. Larger businesses prevent new competitors from entering the market, which increases their market strength in the sector and protects smaller businesses as well (Lee, 2009). Kipesha (2013) also noted that large businesses also have stronger resources and capabilities for developing new products, advancing technology, and, of course, implementing business strategies, marketing plans, and e-commerce initiatives. Simbisa Brands will establish new counters between 30 June 2020 and 30 June 2021 in order to increase its market share in Zimbabwe and end the year 2021 with 234 counters.

## 2.6 Difficulties encountered when adapting to competition

Zimbabwe's macro environment, which is dominated by political and economic uncertainty, is a hindrance to the fast food industry. According to Berger (2008), Zimbabwe's fast food business saw a drastic decline between 1998 and 2008, when the country's official rate of hyperinflation reached 231%. As a result, many fast food establishments have been unable to operate efficiently until now. According to Innscor (2017), the company that runs numerous franchise brands in Zimbabwe, such as Pizza Inn, Chicken Inn, and Steers, is also impacted by the country's political and economic unrest. Ndlovu (2014) noted that fast food companies confront enormous difficulties in cost control due to factors such as increased raw materials prices over a short period of time, a lack of working capital, and a lack of government support. According to De Beer (2008), small and medium-sized businesses (SMEs) have the most trouble adapting to the competitive market environment because of a variety of scale-related issues.

### 2.6.1 Higher rates of unemployment

A survey by Shumba, Zindiye and Donga (2017) shows that higher rates of unemployment reduce consumer spending towards fast food meals. Shumba et al (2017) indicated that there are 60% of companies which their sales revenue have dropped due to the growing rate of unemployment. The majority of Zimbabweans are reducing their spending on fast food restaurant meals as a result of the country's present economic challenges. Customers limit their spending on fast food meals because they can only afford to buy basics, which they perceive as ostentatious pleasures (Matanga, 2018). This is consistent with Moyo's (2016) claim that the majority of government employees in Zimbabwe can only afford to buy foodstuffs.

According to Chimhangwa (2014), Simbisa Brands, a major player in Zimbabwe's fast food industry, was forced to close some of its outlets after suffering losses as a result of the continual decline in many workers' disposable income. Simbisa Brands' real average spend has decreased, which demonstrates the ongoing degradation of Zimbabwean consumers' purchasing power. Mangudhla (2016) also pointed out that Simbisa needs to reduce the pricing of some of its goods to boost sales in order to offset the low disposable income of Zimbabwean employees. Therefore, it should be noted that high rates of unemployment is a major factor challenge encountered by fast food business in Zimbabwe, rendering them vulnerable to competitive environment. The outbreak of covid-19 from March 2020 until now also resulted in customer earning power coming under pressure.

### 2.6.2 Covid-19 pandemic business impact

Microeconomic difficulties in the Zimbabwean fast food industry and additional strain from the Covid-19 pandemic persisted, with its full effects beginning to be felt across the industry in March 2020 (Islam et al, 2020). According to Baum et al (2020), the socioeconomic consequences of legislation passed in fast food operating markets, such as border, school and company closures, limitations on public meetings, prohibitions on restaurant sit-ins, curfews and complete lockdowns contributed to the COVID-19 pandemic's effects. Lower client counts during that time period had a significant impact on turnovers for many businesses in the fast food industry Baum (2020). According to Simbisa 2020 Annual Report, brands that cater to mass market sales, like Bakers Inn, and brands that draw more walk-in customers than delivery have been seriously affected. Simbisa Brands traded on 42% less counter hours in 2020 versus the comparable prior year period and the full year drop in customer counts was high during that period. In addition to having a direct impact on business hours, the company is located in a region with minimal socioeconomic activity. Due to the pandemic's limits on consumer travel, delivery of fast food has become more popular than walk-in access (Islam et al, 2020). Additionally, a Statistical projection from late March predicted that 75.8 million tourism jobs will be lost globally (Lock, 2020).

### 2.6.3 Lack of Government Support and regulatory constraints

90% of fast food businesses in Zimbabwe, according to Shumba et al (2017), think that the government has no positive interest in their operations and that they have never profited from government programs. Additionally, the fast food industry operates in a highly unstable climate with significant levels of corruption in the issuance of company and municipal licenses. According to Conrad (2018), Zimbabwe's high levels of corruption are destroying the country's economy and fast-foot industry because it is difficult for businesses to continue operating in the current business environment, which appears to develop a culture of corruption, bureaucracy, and unfriendly regulations. Failure by government to handle high levels of corruption in Zimbabwe is an indicator that the government has less concern on the fast food business activities (Shumba et al, 2017).

Obtaining operating licenses, complying with regulatory standards, and registering their enterprises are all challenges that many businesses in Zimbabwe's food industry sector must overcome (Shumba et al, 2017). Mandizha (2015) states that prospective fast food businesses in Zimbabwe should first obtain a restaurant license from the municipal authorities. The restaurant license allows business owners to sell their meals to customers who must consume and enjoy them on their premises. However, Fast food outlets' openings are delayed because it takes too long for the municipal authorities to issue these operating licenses. Mandizha (2015) highlighted that these delays accounts for half of the burden of starting a business in Zimbabwe. Additionally, as noted by the majority of fast food operators in Zimbabwe, operating licenses are extremely pricey and difficult to obtain (Shumba et al, 2017). This will consequently have an impact on their productivity and ability to compete with businesses in the food industry sector.

### 2.6.4 Foreign exchange rate disparities and local currency depreciation

Zimbabwe's foreign exchange supply has increased, but the way prices are determined and how foreign exchange is distributed during the foreign exchange auction are still inadequate (Shumba et al, 2017). This is evidenced by the significantly divergent, multiple exchange rates in the economy which create opportunities for arbitrage between the different markets and platforms. Depreciation of emerging markets currencies remain a significant risk in all businesses in Zimbabwe. Zimbabwe has experienced difficult trading conditions as a result of market unpredictability and inflationary pressure. A common practice among local distributors is to peg prices to USD rates and use a forward-hedge rate that is higher than the market rate (Shumba et al, 2017). Average spending increased by 757% in historical terms due to inflation-driven price increases, or 65% when adjusted for inflation, from the previous year (RBZ Report, 2020).

According to Simbisa Brands (2021), the directors believe that the auction rate is deficient with regards to IAS 21 (The effects of changes in foreign exchange rates) and cannot be considered as Spot Rate because a regulatory prerequisite for bidding at the weekly foreign currency auction is that bidders must not have positive foreign currency accounts that are equal to or more than the bid amount. The daily USD sales inflows into the company's foreign currency account, which render the auction rate inaccessible and so fail to meet the accessibility criteria required by IAS 21, exclude it from bidding under this condition. Additionally, according to information made public by the Reserve Bank of Zimbabwe, auction transactions are reputed to take a long time to settle, therefore they claim that the auction rate does not guarantee the prompt delivery of foreign currency transactions made via the auction system. In addition, the amount of foreign currency offered through the auction mechanism is insufficient to cover all of the demands of those seeking access to it.

### 2.6.5 Lack of Capital for Growth

According to the Reserve Bank of Zimbabwe (2006) study, a lack of sufficient capital is one of the key obstacles that many firms in Zimbabwe face when starting, surviving, and expanding. Obtaining the resources they need to expand their operations is difficult for many Zimbabwean firms. According to Gangata (2013), any company needs enough capital to expand, establish new branches, and invest in new undertakings. This, however, does not support Niemann (2009) who argued that financial institutions are now aware that fast food enterprises have much better success rates than their independent counterparts. Due to Zimbabwe's current economic state, fast food enterprises require external capital because they lack sufficient internal capital for expansion (Gangata, 2013).

The Reserve Bank of Zimbabwe dropped interest rates on loans, but fast food businesses are still having a hard time getting the money they need to support their expansion and other objectives. 80% of fast food companies, according to Shumba et al (2017), struggle to obtain outside funding from banks and financial institutions in order to survive. He continued by saying that most companies in this industry do not offer collateral security to the financial institution in order to get financing for their expansion. The cost of borrowing money, the terms and conditions of borrowing, together with the lengthy application process, are other factors that prevent firms from receiving financial aid (Gombarume, 2012). Due to the current economic conditions, many SMEs continue to believe that the existing interest rates are too expensive, despite the fact that they were updated in their favour, they still do not receive assistance in the form of loans from financial institutions (Gombarume, 2012). As a result, these are the greatest problems that fast food companies in Zimbabwe are dealing with, and they are having an impact on their financial success.

### 2.6.6 Cost of Labour on Profitability

Most people seemed to agree that Zimbabwe's labour costs are quite expensive for roughly 80% of enterprises in the food industry (Shumba et al, 2017). The cost of labour typically makes up a larger portion of all production costs incurred by a corporation. A study conducted by Shumba et al (2017) came to the conclusion that the majority of fast food businesses have very high labour costs. According to Makichi (2014), when we switched from the Zimbabwean dollar to the multi-currency, the majority of Zimbabweans retained the mind-set of the hyperinflation era, leading many to believe that the US dollar was similar to the hyper inflated Zimbabwean dollar.

 In light of today's unstable economy, the majority of fast food employees receive unreasonable compensation. This is consistent with Makichi (2014) who claimed that there is no connection between pay and output in Zimbabwe, which caused most businesses to go bankrupt. He also emphasized that labour costs in Zimbabwe are quite costly because their cost structures are based on the $500 poverty level in the United States, which is the highest in the area and is incompatible with the country's current operations. Since labour costs in Zimbabwe are cantered around the poverty datum line, a larger portion of fast food companies' earnings have been lost as a result.

## 2.7 Competition adaption factors by fast food businesses in other developing countries

### 2.7.1 Nigerian Fast Food Industry

According to the Association of Fast Food and Confectioners (AFFCON) in Nigeria, the size of the fast food business in Nigeria is expanding at a rate of 4% with a quick rate of return on investment. However, according to the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), just 20% of Nigeria's fast food outlets have management plans in place to ensure their survival over the next five years. Due to the rapid emergence of fast food businesses in Nigeria, the level of competition is also rising. These fast food companies are becoming more strategic in their efforts to maintain a high standard of product quality, safeguard their brand reputations, and guarantee consumer pleasure in order to stay competitive. Effective and maintained corporate techniques leads to the success of many enterprises (Kirkpatric et al, 2014). Poor performance among fast food sector is due to managers who are failing to apply corporate strategies effectively (Min and Min, 2013). Quick service restaurant businesses are therefore using various competitive strategies to maintain their competitiveness in the market as the degree of competition in Nigeria increases daily. These strategies are as follows:

#### 2.7.1.1 Use of social media in promoting fast food businesses.

Industry effective techniques was described as a set of actions intended to raise the standard of customer care, which led to the consumer's opinion that the services met the necessary requirements (Zhu and Chen, 2015). Using social media is a tactic for improving customer service, claim Felix et al (2017). Nigeria had 32.9 million active social media users as of January 2022, and 103 million users are anticipated by 2026. Customers previously used the internet for layout content, reading, watching, and purchasing goods and services (Sashi, 2012). However, customers are now embracing platforms Twitter and blogs to maintain and spread online content in the twenty-first century. As a result, utilisation of social media can affect enterprise’s revenue positively as highlighted by Sashi (2012).

Getting involved in social media can assist a business in understanding from consumer insights and opening up new channels for communication. According to Felix et al (2017), a brand's online consumer interactions with its personnel can be completely repositioned by using Facebook news feed and Twitter-based client services. According to Papaioannou et al (2015), management has decided that using social media to better serve its clients and fulfil their needs and wants is appropriate because of the interactive aspect of social media. It may facilitate dialogues between people, and businesses can involve customers in decision making, Sashi (2012). He went further indicating that management makes informed decision depending on client views, hence, utilisation of social media is required to enables management and clients contribute in the process of decision making.

According to Boyland and Halford (2013), a lot of consumers today rely on the internet to read on the internet evaluations of restaurants made by other consumers so as to improve on decision making process on where to eat based on the advice of individuals who have had good experiences at particular restaurants. Additionally, he stated that given the large number of these online tools, fast food chains should find out how to use social media effectively. In a study published. The study by Kirkpatrick (2014) showed that customer motivation is positively influenced by the the food quality, the services, and the surrounding. Customers tend to be less price sensitive and enjoy spreading information to other clients about the good experience given that the services quality is outstanding.

#### 2.7.1.2 Implementing customer loyalty programs

Client loyalty is a crucial element of a business's long-term viability since it makes front-line staff an essential connection between businesses and their respective customer bases. According to Padachi (2016), achieving sales, sound financial performance, and growth need that employees receive the proper orientation. This program is a key component of fast food companies' marketing strategies that ensures their existence. Consumer loyalty programs, according to Zakaria et al (2014), are monitored sales strategies which seek to increase client loyalty by appreciate their recurrent buying behaviour. For every business in the fast food sector, creating a plan to maintain current clients is a top priority. Zakaria et al (2014) highlighted that client retention through these programs is very crucial as the market is now very competitive.

Customers could understand the distinction between loyalty to a company and its loyalty programs Al-Tit (2015). Client loyalty programs basically serves as a method of convincing customers to make a purchase. The firm may suffer significant financial loss if customers become more loyal to a cause program than to the organization that developed it (Wang et al, 2016). Loyalty programs and consumer satisfaction work together to increase client retention (Yee et al, 2013). Customers are largely attracted to a particular fast food restaurant by a customer loyalty program, and they prefer to spend more money. Management in the fast food establishments are increasingly realising the importance of developing client loyalty programs as part of their strategies to attract and retain customer so as to maintain health financial performance (Sahagun et al, 2017).

The effects of the point pressure in client loyalty program were discussed by Dorotic, Bijmolt and Veroef (2012). The systems reviews the accumulated purchase behavior. In fast food business setting, customers get points based on the number of times they dine at the restaurant or amount of money they spend on eating. Customer loyalty significantly relates to service quality, which in turn affects customer satisfaction and ultimately leads to survival of the firm (Wolverton and Cook, 2015).

### 2.7.2 South African fast food industry

According to Van Zyl et al (2010), South Africa's fast food sector began in the early 1960s when the country started tinkering with the idea of fast food. According to the Sunday Times (2013), KFC was chosen as the best fast food brand, ahead of Spur, Nando's, McDonald's, Wimpy, and others. The fast food sector in South Africa seems to be expanding at a rapid rate and has built several powerful domestic and international brands in the process. For South Africa's fast food and catering sector, lockdowns, supply chain issues, instability, and load shedding have had disastrous consequences. According to Maumbe (2012), a high percentage of fast food businesses fail because they have not yet realized how economic conditions affects the quick service restaurant industry. The micro environmental elements, according to Mhlanga et al. (2014), are posing a unique challenge to managers of fast food businesses, who must figure out how to retain profitability in a contracting market while delivering excellent customer service. According to Goko (2017), fast food companies must understand the impact of the microenvironment on their performance if they are to meet their seemingly unachievable goals.

#### 2.7.2.1 Adoption of e-commerce.

In the middle of market globalization and rising inter-infiltration of national economies, electronic commerce is a way to widen the concept of trade from a simple transaction approach to an intensified and more complicated concept of intercompany cooperations (Awiaga et al, 2015). Since there are too many fast food establishments in South Africa due to the market's size limitations, there is an oversupply of these establishments (Perreira, 2014). Swart (2017) asserts that there is a considerable presence of meal delivery services with online apps like Mr D's Food and UberEats, which have major influence over changing demand for fast food establishments. According to Goko, these fast food delivery services are able to influence customers' decisions about which fast food establishments to visit in addition to providing them with a variety of prices for different fast foods (2017). According to Swart (2017), the existence of quick delivery services with online apps has consequently slightly increased the influence of consumers. As a result, many fast food establishments in South Africa use the internet and e-commerce to expand their operations and stay competitive in the market.

#### 2.7.2.2 Adoption of Predatory pricing strategy

Predatory pricing, according to Sharebox (2017), is a pricing strategy where a product or service is offered at an extremely low price with the goal of driving out rivals or creating barriers to entry for potential new competitors. In contrast to a loss leader, predatory pricing seeks to maintain prices at a reduced rate for a longer period of time, hopefully long enough to drive competitors out of the market and establish a dominant market position (Nair, 2016). Once rivals are driven out, the surviving company may raise prices to make up for lost revenue. This approach may require an organization to bear losses for an extended period of time, hence it is frequently only used by large, capable companies that can suffer short-term losses Sharebox, 2017). In the short run, predatory pricing creates a buyer's market where customers can shop around and often obtain goods at a discount. However, customers will eventually be affected by rising prices, and the monopolistic corporation will be able to make money from the price increase (Green, 2014).

 In South Africa, fast food restaurants regularly use this pricing strategy as retaliation to prevent competitors from entering the market (Geen, 2014). Customers may experience lower prices for a short period, but if the plan is successful in eliminating competition, prices will rise and there will be fewer options available. According to research conducted by Sharebox (2017) in South Africa, Debonaires and Romans Pizza responded by lowering their prices by as much as 36% to deter new entry into the pizza market in order to remain competitive after Domino's Pizza and Pizza Hut entered the South African market.

## 2.8 Relationship between Competition and Financial Performance

The relationship between competition and financial performance is complex because the two concepts are different. According to Mugume (2010), financial performance, which is assessed in terms of sales growth and profitability is regarded as a dependent variable whereas competition is considered an independent variable. He continued by claiming that a company's financial performance might improve if it can sell its products in a cutthroat market and attract more customers. The two fundamental determinants of financial performance for organizations are return on assets and return on equity. Various scholars with different perspectives on the connection between competitiveness and financial performance describe the relationship.

### 2.8.1 New entrance and the bargaining power of suppliers

Pratep (2017) conducted study on the restaurant sector in South Africa, using regression analysis to examine the effects of new entry and bargaining power on the performance of the firms with in fast food sector. The data showed that the performance of fast food firms was highly impacted by new entry and supplier bargaining strength. In support, Grundy and Karigiannopoulos (2018) carried out a research investigating the influence of the bargaining power of suppliers on the performance of restaurants. The researcher discovered that due to two factors, pricing and controls, the negotiating power of suppliers also strongly influences restaurant performance. In other words, it is anticipated that poor financial performance will be linked to higher competition when new businesses enter the market. Box and Miller (2011) added that new competitors entering an industry boosts innovation by creating distinctive products and being creative in a way that draws in clients. These researchers claimed that competition and performance have a very strong, positive connection.

In contrast to the research mentioned above, Burke et al (2010) performed factor analysis and found that restaurant performance differed significantly from new entry performance due to low switching costs. Burke et al (2010) found that due to the low switching costs associated with customers switching easily between outlets, new entrances have a considerable impact on restaurant performance. Dobbs (2014) recognizes that access barriers meant that the performance of the restaurant was unaffected by the new entrance. Bhasin (2018) employed correlation analysis to look into potential causal relationships between new entrance and performance as evidence. He came to the conclusion that the entry barriers affect the relationship between the two variables. As a result, these studies proposed that there is a negative correlation between competition and financial performance.

According to Thompson (2007), the relationship between the two factors is influenced by the quality of the product and the effectiveness of the providers. Fast replacement of suppliers at low prices can save restaurants time and money because fast food businesses run on large volume, according to Thompson (2007). The clientele of the supplier affects the link between the two variables (Roy, 2011). A supplier who serves a variety of customers has greater negotiating leverage than one who just serves one or two restaurants (Roy, 2011).

### 2.8.2 Profitability

The introduction of new products by rivals has an adverse impact on the product market and profitability of existing entities, according to study conducted by Mugo (2012) on the consequences of competition on entrepreneurial financial performance. Kinyua (2014) also conducted research that supported these findings and the pooling least squares approach was adopted to analyses the research's information. According to the conclusions of the research, there is a negative correlation between profitability and client losses to rival businesses. An increase in profits is typically accompanied by an increase in income taxes, which has a unfavourable effects on an enterprise's financial performance (Nollkamper, 2013).

Additionally, since profit and direct labor expenses are directly related, controlling these overheads will have a negative effect on productivity and financial performance (Warren et al, 2015).

However, there is a positive connection between profitability and the degree of industry competition as indicated by Tan (2016). Burja (2011) clearly states that monopoly power results in less competition, which causes demand to be inelastic. In a survey done by Nunoo et al (2012) to examine the influence of competition on the profitability of SMEs in Ghana, it was concluded that management is motivated by competitor behaviour to implement sound strategies to promote their brand loyalty out of concern for losing customers to rivals, which boosts profitability. Gaining a competitive advantage can help a business become competitive and boost its financial performance. This was backed up by Hill and Jones (2012), who asserted that competitiveness and financial performance, which can be gauged in terms of profitability, are positively correlated.

###  2.8.3 Availability of substitutes

Threats of substitutes is one of the competitive forces as highlighted by Porter (2008). Mathew (2017) examined the relationship between the threats of substitutes product and restaurants performance. According to the research's findings, the availability of replacements, which heightens the danger of substitution against fast food outlets, has a substantial impact on how well restaurants perform.

On the other hand, Richardson and Agular (2003) founded that substitutes product did not have much impact on performance of fast food restaurants because of the convenience of their location. Another study by Kilne and Botterill (2007) looked at the connection between the performance of restaurants and the threat of alternative items. Due to the high brand loyalty of fast food companies, the study's findings revealed that substitute items had little effect on the performance of restaurants.

## 2.9 Empirical Evidence

### 2.9.1 Employee participation in the performance assessment and management system development process by Kleindienst and Biedermann (2017).

Research by Kleindienst and Biedermann (2017) examined the role of workers in the creation of performance and assessment process. The study concluded that placing performance assessment tools in place cause a considerable reorganization of the business. The assessment introduced a participative framework for developing a distinctive performance assessment process. The research revealed that workers should be included in the performance assessment process formulation and implementation process through cross-impact analysis and workshops.

### 2.9.2 Performance Measurement Framework: Improving Retail, Micro, Small, and Medium Enterprises' Success and Survival by Mabhungu (2017).

Mabhungu (2017) conducted a research to develop a performance framework that is most appropriate for MSMEs and to better understand how retail MSMEs in Zimbabwe measure their success. Using the framework, retail MSMEs' performance was to be monitored and analyzed. The intention of the researcher in developing the framework was to improve MSMEs' survival chances and developing in Zimbabwe. In order to acquire information, interviews with senior financial industry employees were undertaken. Mabhungu (2017) used stratified random sampling to select the participants who were asked questions. The majority of MSMEs, the researcher found, did not factor in the crucial success elements. According to the researcher, the most important variables that needed to be monitored and measured were managing consumers, costs, competitors, regulators, innovation, and market scanning. The researcher's framework prioritized non-financial success over more well-known financial performance. In his conclusion, Mabhungu (2017) suggested employing structural equation modeling to assess the causes and effects connections between the success factors that the research discovered.

### 2.9.3 Best Competitive strategies for keeping customers and customer retention in restaurants by Shcheglova and Shcheglov (2010)

In a study published in 2010, Shcheglova and Shcheglov tried to identify and examine the factors that affect restaurant patrons' decisions as well as the reasons they frequent the establishment. According to a study by Shcheglova and Shcheglov, restaurant service components adopted from the 8Ps of Service Marketing Model of product, place, pricing, promotion, physical environment, process, people, and productivity were associated to customer retention (2010). The study claims that consistent customer interaction strengthens the restaurant's reputation and establishes a high level of value in the eyes of patrons. The findings indicate a consistent, positive relationship between competitive strategies and customer retention that enables them to move in the same direction.

### 2.9.4 Competitive strategies on the firm’s financial performance environmental uncertainties in the manufacturing sector by Duran and Akci (2015)

A study by Duran and Akci (2015) examined the effects of supply chain and competitive strategies on the performance of the manufacturing sector's Borsa Istanbul case companies in the face of environmental uncertainty. To choose a sample of the 174 companies listed in Borsa Istanbul, a simple random sampling technique was used. The use of questionnaires for data collecting over the phone and via email was employed. It was discovered that the competitive strategies such as cost leadership strategy had a good and significant impact on the firm’s financial performance under the conditions of high uncertainty. According to the study's findings, businesses should base their strategy-setting decisions on perceptions of environmental uncertainty.

### 2.9.5 The relationship between competition and financial stability in the insurance sector by Gobbinah et al (2020)

Cobbinah et al (2020) investigated the connection between competition and financial stability in 10 West African nations between the years of 2000 and 2014. The panel vector autoregressive estimation model from the Generalized Method of Moments was used in the investigation. The study found that stability is improved through competition. Bidirectional causality was found through the Granger causality test. By using the rise of the Boone indicator as a proxy for competition, the impulse response function showed that the impact of a one standard deviation shock on stability was zero in the first year and then decreased to a negative value by the tenth year. The results concluded that increase competition in insursnce sector led to the increase in the financial performance.

## 2.10 Chapter Summary

This chapter observed and thoroughly reviews other researches towards the impact of competition on financial performance. The research's theoretical and conceptual foundation was examined. The chapter also discussed a number of studies that looked at the connection between competition and financial performance.

# CHAPTER 3

# RESEARCH METHODOLOGY

## 3.0 Introduction

This chapter presents the pertinent issues that surrounds the collection of information. The chapter serves to present and illustrates research design, sampling techniques to be used, validity and reliability of data collected, research instruments and the target population. Any empirical study’s success is dependent on how well its research plan was executed. In addition, this chapter covered data collection procedures, analysis and chapter summary. The chapter clearly illustrates on how the research was conducted.

## 3.1 Research design

Research design is a general strategy outlining how a study will be carried out with a primary emphasis on providing answers to the study's research questions (Lings and Lee, 2008). A research design is merely a framework used by authors to gather and analyze data (Creswell, 2014). According to Matarutse (2017), the informational needs of the decision maker should be satisfied by the data that the researcher has gathered. Primary data were employed as a source of information to help the study reach its research goals. Data that was gathered directly from chosen respondents is referred to as primary data (Creswell, 2009). The research design displays the techniques and approach employed by the researcher in gathering and analysing required information and at the same time responds to the research questions (Adams et al, 2014). The three primary categories of research are exploratory, descriptive, and casual as outlined by Cooper and Schinder (2013). The researcher employed the descriptive research to gain an understanding of the subject of the study.

### 3.1.1 Descriptive Research

The aim of descriptive research is to explain the situation at hand, a problem, or to provide details about the circumstances or to describe a perspective on a particular issue (Kumar, (2011). According to Kothari (2004), the researcher collected information that is descriptive in nature using this form of research. This kind of research allows for written and spoken interaction with a sample of the population being studied, resulting in it being chosen by the researcher. Flyvbierg (2006) asserts that due to the careful presentation of events in this kind of research, it is exceedingly precise and accurate. Descriptive research was also performed by the researcher because correlation has to be done in order to ascertain whether competition has an impact on financial performance. Descriptive studies typically use both qualitative and quantitative data to answer the questions who, when, what, where, and how (Kothari, 2004). This approach provided for the collection of rich data that led to appropriate recommendations because it allowed for the observation of subjects in a completely natural and unaltered context

## 3.2 Case Study

Case studies research aims to grasp the characteristics of the topic being studied within the case as (Eisenhardt and Graebner, 2007) indicated. According to Woodside (2010) a case study is an investigation that focuses on foreseeing, comprehending, describing, or controlling a person, business, or other entity. The case study, according to Saunders, Lewis, and Thorn Hill (2009), has the power to produce insight from in-depth investigation into the study of phenomena in their real-world context, leading to rich, empirical descriptions and the creation of theory. A case study is an essential research tool that addresses urgent obstacles. Sounders et al (2009) indicated that case studies combine qualitative and quantitative methods, giving the researcher a full variety of options. Case studies provided crucial evidence to support experiments and allowed the researcher to gather information that they had not initially expected. (Cronin, 2014). As a result, the researcher selected case studies since they offered an in-depth investigation of each unique instance and considerable strength in investigating units made up of numerous variables with the potential to be crucial.

### 3.2.1 Quantitative Research Data

Woodside (2010) defines quantitative research as the technique of acquiring and analyzing numerical data to explore a particular subject or phenomenon. With the aid of quantitative research data, it is possible to make predictions, examine haphazard relationships, uncover trends and averages and generalize findings to a larger population (Pritha, 2020). According to Pritha (2020), the measuring process is a crucial component of quantitative research because it connects empirical observation with the mathematical expression of quantitative relationships. To analyze trends and make generalizations, the researcher employed quantifiable study data to provide accurate and objective statistics.

### 3.2.2 Qualitative Research Data

Qualitative research inquires deeply into specific experience, with the intention of describing and exploring meaning through text, narratives by generating themes exclusive to that group of respondents (Pritha, 2020). According to Eisenhardt and Graebner (2007), a qualitative approach to data collecting combines descriptive, non-numerical, and reasoning and logic to comprehend the observable notion underlying research questions that cannot be quantified numerically. Qualitative research produce data on the specific case studies, and any more general conclusions are only hypotheses (Pritha, 2020). Explorable (2016) is also of the notion that qualitative research examines people's perceptions of a situation that cannot be quantified mathematically but must only be observed, as well as their meanings and motives.

Instead of making them choose from a list of predefined responses to allow them to express themselves, this method allows participants some degree of independence and encourages boldness. (Alzheimer, 2013). In order to understand better about the competitive strategy that may be utilized to lessen competition in the fast food business and some of the difficulties connected with adaptability to the competitive environment, the researcher performed qualitative research.

## 3.3 Sources of Data

The researcher determined that it was suitable to carry out the study using both primary and secondary sources of data. Data, according to Hall and Weiss (2013), are facts that may or may not be processed and that don't directly affect the user but may have an impact on the study's findings. Secondary data was gathered from the organization's records, and primary data came from respondents in the financial department.

### 3.3.1 Primary Data

Primary data was viewed as the information that the researcher has developed specifically for the topic or investigation at hand (Kotler, 2000). Primary data simply refers to original information gathered with the concerns in mind. As people express their own opinions about the issue under inquiry, primary data encourages the use of information that is free from manipulations because it represents first-hand data. (Hall, 2013). The information the researcher acquired from the Simbisa Brands management through interviews and questionnaires served as the main sources of information for the current study and helped the researcher come to sound and pertinent recommendations and conclusions.

### 3.3.2 Secondary Data

The company's financial records will be used to generate secondary data for this study. Information obtained for purposes other than the current research subject but having some relevance to the current research topic is referred to as secondary data (Sounders et al, 2009). Kumar (2013) acknowledged that the researcher was not involves in the collection of this type of information; it was gathered and used by some other people or organizations. He continued by saying that because secondary data has already been gathered from both internal and external sources and the researcher does not need to go into the field for data collecting, it saves resources and time. The secondary data for this study came from firm annual reports, books, websites, journals, and newspapers. Due to the restricted time and financial resources available for the study, secondary data was deemed sufficient for use in this investigation.

## 3.4 Techniques procedures

The research procedures, which are described below, include the target population, sample size, sample technique and the research instrument employed.

### 3.4.1 Target population

The target population as the analytical unit having the characteristics that the researcher is interested in (Bhattachejee, 2012). Obtaining significant items that contain the data the researcher needs is what this process is all about. Hair et al (2015) indicated that these objects are crucial as they constitutes data that is structured to be collected by the researcher. The researcher concentrated on 50 workers at the Simbisa Brands headquarters in Harare and food outlets, including accounts personnel, managers of food outlets, internal audit and human resource. The target population and the accessible population are shown in the table below;

Table 2 Simbisa Brands population for the study

|  |  |  |
| --- | --- | --- |
| CATEGORY | TARGET POPULATION | ACCESSIBLE POPULATION |
| Human resource | 5 | 4 |
| Accounts stuffs | 15 | 15 |
| Outlets managers | 25 | 20 |
| Internal audit | 5 | 5 |
| Total | 50 | 44 |

*Source: researcher statistics*

### 3.4.2 Sampling technique

To conduct the study, the researcher used a census sampling technique. A census was described as a study of every single unit, every single person, or the entire population (Robson, 2009). Certain observations were made on a small sample of the population. A complete enumeration or complete count were other names for the census according to Matarutse (2017). Census sample technique was employed because it gives an accurate representation of the population, preventing sampling errors.

###  3.4.3 Sample size

Sample size is the portion of a population selected and used to research its parameters (MacDonald and Headlam, 2006). The sample size, according to Kothari (2004), is a numerical value that encompasses all potential unit participants in a sample and serves as a physical representation of the full or target population. The sample size only perfectly describes that part of the population that the researcher believes to be most important in terms of beliefs or actions (Kothari, 2004). 50 participants was the sample size for the research. The aims of the research, together with the amount of time and money that could be allocated, all had an impact on the sample.

### 3.4.4 Research instruments

Research instruments are those procedures or equipment used by a researcher to obtain information that is necessary for the conduct of a study as Bryman (2012) highlighted. It is merely a tool for gathering, measuring, and analysing data related to the research issue. The researcher considered this method to be appropriate because it offers a quantitative analysis of the sample population's attitudes and beliefs. The core data for the study was gathered using employee questionnaire.

#### 3.4.4.1 Questionnaires

 Questionnaire are tools that consists list of questions used to gather information from respondents using survey or statistical analysis (Bryman, 2012). Facilitating the attainment of information from the despondence is the primary objective of questionnaires as highlighted by Kothari (2004). Typically, research questionnaire will have both closed-ended and open-ended questions. The advantage of questionnaire was that, it was cheaper over some other types of surveys and it does not require as much effort as verbal or telephone surveys. The researcher justified the use of questionnaires by stating that they avoided interview bias, required little administrative expertise, were economical, allowed respondents to respond at their convenience and reached a dispersed population for simple data comparison as stated by Saunders et al (2009).

The target group received structured self-completed questionnaires, which were then collected after some days. The questionnaire included certain demographic and structural questions from past studies. The confidentiality of each subject's response was guaranteed. Because some questionnaires were emailed and some were distributed by hand, they were self-administered. To produce quick, time-efficient, and unambiguous responses, the researcher used closed-ended questions. The thoughtfully constructed questions ensured that the respondents were informed on the research issue under consideration.

####  3.4.4.2 Interviews

Interviewing is one of the data collection method which are used when the researcher adopts the qualitative methodology to conduct research. Interviews are a qualitative research method that involve doing intensive individual interviews with a small number of respondents to investigate their perspectives on a particular idea, programme, or circumstance (Creswell, 2014). It is a procedure in which a single person, the questioner, questions the respondent with the goal of obtaining responses pertinent to the specific subject matter (Boyce and Neala, 2006). There is no one interview style that works for all situations despite the fact that there are many different interview forms and styles. Otherwise, the interviewer must put up great effort to assure the quality and dependability of the interview data (Sorsa et al, 2015). Workers from various departments of the company were interviewed. The chosen group received the interview questions a few days before the interview so they could get acquainted with them before the scheduled interview. The participant's detailed, contextual descriptions of the events were obtained through interviews with the researcher. Additionally, the researcher had direct influence over the flow process to the interviews and had an opportunity to explain any difficulties along the way.

#### 3.4.4.3 Likert scale

It is a dimensional scale that the researchers use to gather participants’ attitude and views (Remenyi, 2009). MacDonald and Headlam (2006) defined likert scale as a technique used to gauge participant's attitude by indicating how much they agree or disagree with a sequence of assertions. Kumar (2011) went on to say that a Likert scale is a psychometric tool used to create scales and questionnaires, highlights the importance of attitudes toward the subject of the study. By adopting a Likert scale, the items become standard and it is possible to compare replies. The Likert scale was chosen by the researcher because it was time consuming and produced more dependable results (Ramenyi, 2009). The questionnaire was developed by the researcher using a Likert scale, specifically the five-point scale displayed below.

Table 3 Likert scale

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Response | Strongly agree | Agree  | uncertain | disagree | Strongly disagree |
| points | 1 | 2 | 3 | 4 | 5 |

*Source: Ramenyi (2009)*

## 3.5 Reliability and Validity

As stated by Kumar (2011) the outcomes need to be genuine and trustworthy in order to be trusted. Validity is defined as whether questionnaires are assessing what is supposed to be measured (Bell, 2013). Reliability is the to which a measuring instrument consistently provides the same result over time, across similar groups, and regardless of who conducts the experiment (Bell, 2013). Generally, reliability refers to error-free measurement in the measuring instrument. According to Saunders et al (2009), reliability and validity are linked since validity assumes reliability; hence, a measure cannot be valid if it is unreliable. The researcher utilized face validity to test the validity of the questionnaire in order to meet the investigation's goals and verify the validity and accuracy of the data. Findings from observations and results from questionnaires were cross-checked to see if different instruments reflected the same responses.

According to Kumar (2011), the findings reached regarding the relationships between causes and effects define validity. By confirming that the demographic characteristics in the sample accurately represented the attributes of the population to which the results will be generalized and applied, the researcher ensures the external validity of the research findings. Validity proves that the research is objective, evaluates the caliber of the research, and confirms that a test measures what it is definitely meant to measure (Bell, 2013). The researcher made sure the information was accurate and trustworthy. The pilot study's findings were also used to make the questionnaire better by making sure the questions were precise and unambiguous. The results from several research instruments were compared, and this allowed the content validity to be maintained.

## 3.6 Data Analysis

The programs Statistical Package for Social Science (SPSS) version 20 and Microsoft Excel were used to analyze the collected data. Prior to editing, coding, and cleaning the data, the questionnaires were reviewed for completeness. Due to the descriptive nature of the study, the data provided will be used to conduct quantitative analysis in the descriptive form. For each variable, the mean, standard deviations, modes, and variances will be employed to summarize the participant's response. Data from the study are analyzed using a multiple correlation and regression model. This was in line with Raheman, Zulfiqar, and Mustafa (2007), Chowdhury and Chowdhury (2010), Muritala (2012), Park and Jang (2018), and Mitan (2020) who employed a multiple correlation and regression model to analyse their study data. Financial performance served as the research’s dependent variable using the regression analysis model and the competition served as its independent variable. Profitability, market share, growth and productivity are proxies for competition used in this study while return on assets (ROA) and return on equity (ROE) are proxies for financial performance. Two multiple correlation and regression models are estimated and tested as follows:

ROA = α + β1 MKTSH+ β2 PRFT+ β3 GROWTH + β4 PROD+ e.......................... (1)

ROE= α + β1 MKTSH+ β2 PRFT+ β3 GROWTH + β4 PROD+ e.......................... (2)

Whereas;

α = coefficient of the model

β1 – β4 = constant and beta coefficient of determinations

e = stochastic error term

MKTSH = market share

PRFT = profitability

PROD= productivity

## 3.7 Data presentation

According to Kumar (2011), data presentation involves data summaries and reduction of collected data into manageable size. Both SPSS and Microsoft excel were used to create the graphs, charts tables and figures that represented the data. Graphs and charts were chosen by in this study to boost awareness because trends were displayed more clearly on them. Other statistical principles that are applied by the researcher in the interpretation of information include frequencies and percentages. In data presentation, tables were also utilized because of their capacity in categorising data that are obviously distinct.

## 3.8 Ethical Considerations

Ethics are legitimate concepts that are concerned with how closely research procedures correspond to professional, legal, and social commitments, according to Pilot and Hungler (2006). When trying to collect data of any kind, there are various ethical considerations to keep in mind, including the need to avoid harming research participants in any way during the project (Pilot and Hungler, 2006). According to Miller et al (2012), any study involving people should take the subject's legal rights into account. The participant's case study (Simbisa Brands) was requested for permission before the data was collected. An assurance of secrecy, privacy, and anonymity was provided to respondents, and the questionnaires was designed so that no personal information was collected. It was made clear by the researcher that participants could choose whether to participate or not in the research.

The names of the research participants were withheld from the research report in order to safeguard their confidentiality and right to privacy. The structure of the research tools prevents any possibility of identifying the study participants. The participants were given the assurance that the owner/managers of the firm would not know their suggestions or assessments of the organization. The principle of justice was respected when choosing the participants. Justice requires treating study participants equally and structuring the investigation so that both benefits and costs are fairly distributed (Miller et al, 2012).

Another ethical element taken into account is beneficence. The golden rule is to treat others the way you want to be treated (Visagie, 2012). Therefore, the study's design maximized potential advantages like advancement in one's career and personal growth while minimizing psychological, social, and financial risks for all participants (Visagie, 2012). The study made an effort to minimize any potential losses for the participants and to maximize any potential profits for the researcher and the respondents

## 3.9 Chapter summary

This chapter provides a clear and a succinct explanation of the study’s methodology. The research approach that was used to steer the current study project was described in this chapter. Data analysis, presentation, interpretation and discussion of the findings will be dealt with in the following chapter.

# CHAPTER 4

# DATA PRESENTATION, ANALYSIS AND DISCUSSION

## 4.0 Introduction

This chapter focuses on the analysis of data collected, its presentation, interpretations and discussions in relations to theories supporting the study. It analyse data obtain through the use of questionnaires. The literature from chapter 2 and the research’s study objectives are connected by additional discussion of the findings. Regression analysis was used to assess the link the study’s variables and its objectives. Findings will helped to develop a reasonable conclusion on the impact of competition on financial performance for the fast food industry.

## 4.1 Response rate

After excluded participants have been proportionally represented over the sample size, the response rate is calculated as the sum of all responses divided by the sample size (Saunder et al, 2009). 50 people were the study's target population, and 44 respondents were chosen as the accessible population. Questionnaire were used to gather the research's first hand information. Out of the 44 answers, 4 were declared unacceptable for research because they had too many blank spots and had two ticks next to each other on the same item. There was an 80% response rate. This is a sign that the data collected was appropriate for the study as described by Remenyi (2009), since a response rate equal to 50% is deemed good, a response rate of 60% is better, and anything over 70% is considered to be far more reliable.

## 4.2 Reliability test

Table 4 Reliability Statistics

|  |  |
| --- | --- |
| Cronbach’s Alpha | N of items |
| .671 | 32 |

*Source: Primary data 2022*

The reliability of the instrument was verified through the use of the SPSS software, and results showed that it was reliable with a Cronbach's Alpha of .671 for all the 32 items on the questionnaires. In addition, a minimum alpha of 70% and maximum alpha of 80% is recommended (Bell, 2011).

## 4.3 Demographic information

### 4.3.1 Operational department

Figure 1 Department of operation

*Source: Primary data*

Figure 1 above indicate the departments of operations for each of the 40 participants. 10% were human resources employees, 33% were from finance department, 45% were in management of food outlets, and 12% were from internal audit, as depicted in the figure. It was remarkable that managers of restaurants accounted for the most of responses because the majority of the questionnaire's questions required someone with first-hand experience monitoring certain factors in the restaurants.

### 4.3.2 Working Experience

Figure 2 Number of years in the company

*Source: Primary data 2022*

**N=40**

The respondents’ tenure with the company in terms of years is depicted in Figure 2. 40% of the workforce was between 1 and 5 years, meaning that the majority of the finance team (60%) were graduate trainees. The majority of managers were promoted when they had gained expertise and when they were used to company’s traditions as 50% were between 6 and 10 years. 7% were between the ages of 11 and 15 while 2% were older than 15 years. Therefore, 50% of the respondents as a whole had more than five year experience in the industry. This percentage is considerable and can mean that most employees had the skills and experience necessary to provide information about the case organization based on the subject matter.

The nature of the industry may have had an effect on the number of years given that the sector involves long hours, standing for extended periods of time, and overtime.

## 4.4 Strategies that can be adopted to diminish competition in the fast food industry

Table 5 responses on the strategies that can be adopted to adapt to competition

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Strategies | Strongly agree | Agree | Uncertain | Disagree | Strongly disagree | Total |
| Product differentiation | 25 | 10 | 0 | 3 | 2 | 40 |
| Cost leadership  | 20 | 15 | 2 | 3 | 0 | 40 |
| Exceptional customer services | 15 | 10 | 2 | 8 | 5 | 40 |
| Focus marketing strategy | 15 | 15 | 2 | 2 | 6 | 40 |

*Source: Primary data*

### 4.4.1 Product differentiation strategy

Figure 3 Responses on product differentiation

*Source: survey data 2022*

The response in regard to differentiation of products as a competitive technique are shown in Fig 3 of table 5. The fig shows that 25 out of 40 (62.5%) strongly agree, 10 out of 40 (25%) agree, 0 out of 40 (nil %) uncertain, whilst 3 out of 40 (7.5%) disagree and 2 out of 40 (5%) strongly disagree. This indicates that 35 out of 40 (87.5) respondents concur with the idea that differentiation of products improves an company's capacity to defeat its rivals by offering distinctive products to customers. Given that the majority of respondents agreed, it is likely that fast food companies should embrace product differentiation to stay competitive. This was further backed by Henderson (2011), who emphasized that a smart differentiation of products is necessary for a successful brand strategy in a highly competitive market. Because it generates enormous profits and establishes barriers to entry, the differentiation strategy may be successful in the market's fierce competition (Srivastava and Verma, 2012). None of the 40 respondents were in favor of using product differentiation as a means of competition. The 40 respondents were all completely aware of the advantages and disadvantages of product differentiation, as shown by their responses. However, 5 out of 40 (12%) of the participants disagreed to the concept of implenting differentiation of a product as a competitive strategy for the enterprise. This suggests that differentiation strategy, despite having a number of advantages, has certain inherent disadvantages that make it difficult for other fast food firms to successfully implement (Banker et al, 2014). This findings supports the claims made by Nolega et al (2015) who noted that the differentiation of products mainly works for companies with internal strength, and SMEs lack the financial stability to employ such a costly strategy. Businesses try to develop goods that are similar to those of competitors or modify their goods to persuade customers to buy them, but these efforts have long-term impacts and may not generate the desired results (Nolega et al, 2015).

As a result, based on the findings above, it is clear that differentiation of products is a concept that fast food businesses in Zimbabwe may employ so as to be successful in competitive market environment.

### 4.4.2 Cost leadership strategy

Results on adopting cost leadership strategy as a competitive technique in fast food businesses is presented on fig 4.4 below;

Figure 4 Responses to cost leadership strategy

*Source: Primary data 2022*

The information on the Fig 4 illustrated shows that 20 out of 40 (50%) strongly agreed, 15 out of 40 (37%) agreed, 2 out of 40 (5%) not sure, 3 out of 40 (8%) disagree and 0 out of 40 (nil %) strongly disagree that cost leadership strategy can be utilized to reduce competition. This indicates that the majority, 35 out of 40 (87%) agrees that fast food businesses should adopt cost leadership strategy so as to stay relevant in the competitive market environment. Banker et al (2014) hypothesis that a business with a huge scale and average products with minimal distinctiveness is typically associated with a cost leadership approach. The company will discount its goods in order to boost sales, typically if its cost advantage exceeds that of its competitors. 5% of respondents indicated they were doubtful, indicating they were unsure if the cost leadership strategy could be used to hinder competition. This is due to the possibility that rivals could copy the company's cost leadership strategy.

However, a total of 8% disagreed, which suggested that this technique may be ineffective technique in fighting competition. Cost leadership strategy reduces customer loyalty because consumers who are price-sensitive can switch to rivals that have replacement goods that are less expensive than the cost leaders (Josiah and Nyagara, 2015). Cost leadership strategy is also linked to low quality items, which reduces its effectiveness because low quality products drive away customers (Josiah and Nyagara, 2015).

Based on the aforementioned data, it is evident that a cost leadership strategy helps a business keep clients and maintain its position as a market leader.

### 4.4.3 Adopting Exceptional customer services technique

Figure 5 Results in relation to exceptional customer services as a competitive tool

*Source: Primary data 2022*

As shown on fig 5 above, 38% strongly agree, 25% agree, 5% unsure, 20% disagree and 12% strongly disagree. The overwhelming majority of study (62%) agree that Zimbabwean fast food businesses should provide excellent customer services in order to adapt to the fiercer competition. This idea was supported by Sumaedi (2015) who claimed that better customer service is a mojor survival factor in the fast food sector. Fast food chains must prioritize the entire customer experience if they want to continue to thrive in today's competitive market. Outstanding customer service is crucial because it encourages customer loyalty, which leads to customer retention (Karki and Panthi, 2018). 5% of the respondents were unsure, which indicates that they were doubtful whether the tactic would increase competitiveness. The very low percentage suggests that at least everyone in the research population who is available is aware of the benefits and pitfalls of this approach.

Contrarily, 38% of respondents disagree with the notion that fast food companies should employ a superior customer service strategy in order to stay competitive in the sector. This shows that not all business owners believe that using this tactic will improve their ability to compete. Since clients care more about the prompt arrival of their items than with unique efforts, excellent customer service has minimal effect on customer happiness (Tjan, 2015).

### 4.4.4 Focus marketing strategy

Figure 6 Showing responses in relation to Focus Marketing strategy

*Source: Primary data 2022*

According to the study’s findings presented in fig 6 above, only 5% disagree, whereas 15% strongly disagree and only 5% were uncertain. This indicates that the majority concur with the idea that fast food businesses must adopt a focus strategy for them to stay competitive in the environment of fierce competition. This was in line with Gordon (2014) who proposed that firm might develop exceptional competence in the goods and services it provides by utilizing a focus approach. Only 5% of respondents weren't sure whether using a focus strategy to decrease competition was a good idea. This suggests that while most individuals are aware of the importance of this technique as a competitive tool, others still have concerns about how this technique might work in today's world of aggressive competition. This confirms that focus technique works well as a tool for competitive survival among fast food outlets in Zimbabwe. businesses may obtain a competitive edge through product innovation and brand marketing is this technique is properly managed as indicated by Berman and Thelen (2018).

## 4.5 Critical factors which affects performance

### 4.5.1 Employee relations

Under this research, employee relations were categorized as employee loyalty (turnover, training and hearing) and employees morale (morale, incentive, complaints). The following findings are provided:

Table 6 Employee Relations Descriptive Statistics

|  |  |  |  |
| --- | --- | --- | --- |
|  | N | Mean | Standard deviation |
| Statistic | Statistic | Std. Error | statistic |
| Displinary hearing takes place after a particular period | 40 | 4.5 | .052 | .560 |
| Staff turnover % | 40 | 4.52 | .059 | .620 |
| Employees participate in training programs for a set length of time | 40 | 3.68 | .090 | .940 |
| Employee grievances over a time | 40 | 3.20 | .120 | 1.200 |
| Level of staff morale in a period | 40 | 2.86 | .110 | 1.150 |
| Valid N (list wise) | 40 |  |  |  |

*Source: Primary data 2022*

Above findings shows that staff turnover % (mean=4.52; SD=0.62) and frequency of disciplinary hearing per period (mean=4.5; SD=0.6) are all consistently measured. The majority of staff training programs (mean=3.6; SD=0.9) are measured. This backs up Brotherton’s (2004) assertion that effective management of the business depends on personnel training. There are occasions when the level of complaints by employees (mean=3.2; SD=1.2) and employee motivation (mean=2.8; SD=1.1) are measured. The research shows that the organization continuously evaluates employee behaviour and morale, which leads to survival of every company. This findings backs up the conclusion made by Bosch et al (2006) who claimed that the survival of organization depends on the calibre of its employee interactions. Contrary to popular belief, the firms may pay little or no attention to employee grievances Jaaskelainen and Sillanpaa (2013).

### 4.5.2 Client relations

Table 7 Client relations descriptive statistics

|  |  |  |  |
| --- | --- | --- | --- |
|  | N | Mean | Std. Deviation |
| Statistic | Statistic | Std. Error | Statistic |
| Cleanliness of the restrooms | 40 | 4.65 | .062 | .058 |
| Clients' repeated purchases over a specific time span | 40 | 2.52 | .058 | .630 |
| Total number of customer suggestions | 40 | 2.20 | .056 | .600 |
| Frequency of customer surveys | 40 | 2 | .060 | .670 |
| Corporate customers (companies) lost per given period  | 40 | 3.58 | .072 | .688 |
| Average consumer spending | 40 | 2.95 | .122 | 1.185 |
| Customer complaints over a specific time period | 40 | 2.95 | .068 | .728 |
| Client to employee conflict ratio | 40 | 2.69 | .080 | .800 |
| Average table occupancy per given period | 40 | 2.58 | .058 | 1.240 |
| The quantity of stores catering to non-Christians | 40 | 4.02 | .062 | .710 |
| Different assessments to gauge customer demands from diverse background | 40 | 3.32 | .060 | .652 |
| Valid N (list wise) | 40 |  |  |  |

*Source: Primary data 2022*

Results indicated that customer feedback survey frequency (mean= 2; SD=0.67, frequency of customer surveys (mean=2.2; SD=0.6), average table occupancy (mean=2.5; SD=1.2) and client- employee conflict ratio (mean=2.6; SD=0.8) are rarely measured. Infrequently measuring clients variables is a sign that the customers are not being managed. What is measured usually received attention as indicated by Cocca and Alberti (2010). When client interactions are not given special priority, consumer loyalty and retention of customers diminish (Hutchinson et al, 2015).

Clients' repeated orders over a specific time span (mean=2.5; SD=0.6), customer complaints over a specific time period (mean=2.9; SD=0.7), the average amount spent by a customer per period (mean=2.9; SD=1.2), different assessments to gauge customer demands from diverse background (mean=3.3; SD=0.7) are irregularly measured. Cleanliness of restrooms (mean=4.7; SD=0.6) and business clients lost per specific time frame (mean=3.6; SD=0.7) are the first two client relations metrics that the organization appears to be tracking most frequently and consistently. Consistently measuring cleanliness in both toilets and retail businesses improves customer retention by influencing how customers perceive quality (Karki and Panthi, 2018). In general, a firm can succeed through developing client connections as they produce income through sales.

### 4.5.3 Conformance to regulations and corporate governance

Table 8 conformance to regulations and corporate governance

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Conformance to Regulations | Never | Rarely | Sometimes | Mostly | Always |
| Continuity of tax compliance throughout a specific time span | 0% | 0% | 5% | 22% | 73% |
| Compliance to the environmental management laws | 8% | 16% | 28% | 32% | 16% |
| Payment of council licences and rates on time | 0% | 0% | 4% | 8% | 88% |
| Align corporate governance practise with Quoted Companies Alliance (QCA) | 0% | 0% | 5% | 18% | 77% |

*Source: Primary data 2022*

Council licenses, fees, corporate governance practices, and environmental legislation were all considered in the study. The company continuously keeps an eye on whether tax regulations are being followed at any given time, according to the responses from the respondents mentioned in Table 4.5. Council license and rate payments are measured by an average of 88%. The corporation complies with environmental management rules 16% of the time, and 77% of the time, corporate governance practices are measured. The results show that it is crucial for a fast food firm to continuously check that its compliance with standards is to a satisfactory level.

Table 9 Descriptive statistics for conformance to regulations and Corporate Governance

|  |  |  |  |
| --- | --- | --- | --- |
|  | N | Mean | Std. Deviation |
| Statistic | Statistic | Std. Error | statistic |
| Payments of council licences and rates on time | 40 | 4.90 | 0.48 | .482 |
| Level of tax compliance in a given period of time | 40 | 4.48 | .058 | .620 |
| Compliance to the environmental management laws | 40 | 3.52 | .116 | 1.254 |
| Align corporate governance practises with QCA | 40 | 3.82 | .054 | .820 |
| Valid N (list wise) | 40 |  |  |  |

*Source: Primary data 2022*

Table 9 demonstrates the importance placed on tax compliance and timely license payments. The results show that since environmental laws have the lowest mean (3.52), attention should be given to them as well. Over ally, the results show how crucial it is to assess regulatory compliance because it is crucial to the success of any business. A firm can avoid incurring irrational fines by always adhering to the rules and laws set forth by the government and authorities, claims Mabhungu (2017). More evidence for this was offered by Gikonyo et al (2015), who claimed that respecting the government and its authorities helps the business succeed by avoiding extra costs and risks related to noncompliance.

### 4.5.4 Food outlet location

Table 10 Food outlet location descriptive statistics

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Never  | Rarely | Sometimes | Mostly | Always |
| The number of surveys conducted in order to explore addition a new outlet | 10% | 12% | 15% | 20% | 43% |
| Number of surveys conducted to determine how close the shop was to the population | 10% | 30% | 42% | 16% | 2% |

*Source: Primary data 2022*

According to the number of surveys done to gauge how close shops are to customers, 10% were never, 30% seldom, 42% occasionally, 16% frequently, and 2% constantly. These outcome show that the company rarely evaluates how accessible its stores are to customers. The entity stated that it usually carry out surveys when deciding on the opening of a new shop, as shown by the 43%. This corroborates the idea put forth by Gikonyo et al (2015) that the fast food sector values location choice. Poor site location decisions are difficult to overcome, regardless of the use of a properly defined notion or a wide range of high-quality products.

###  4.5.5 Product quality and food safety as a success factor

Table 11 Product quality and food safety descriptive statistics

|  |  |  |  |
| --- | --- | --- | --- |
|  | N | Mean | Std. Deviation |
| statistic | statistic | Std. Error | statistic |
| Preparation of food that meet basic safety requirement | 40 | 4.80 | .0280 | .310 |
| Health food (nutrition, environmental, society) prepared by every outlet | 40 | 4.76 | .030 | .338 |
| Convenience of the food prepared  | 40 | 4.68 | .039 | .442 |
| Number of customers comments on the taste of the food per given period | 40 | 4.66 | .045 | .468 |

*Source: Primary data 2022*

Findings show that the preparation of food that meets basic safety requirements and healthy food prepared by every outlet are both consistently measured (mean = 4.8; SD = 0.31) and (mean = 4.76; SD = 0.33), respectively. Convenience of the food prepared (mean = 4.68; SD = 0.44) is always counted. Similarly, the number of customer comments on the taste of the food (mean = 4.66; SD = 0.47) is also counted. These factors are regularly monitored because consumers generally demand that their food be supplied freshly and hygienically (Shaharudin et al., 2011).

## 4.6 Relationship between Competition and Financial Performance

### 4.6.1. Competition

According to research by Magretta (2013), the rivalry between existing companies, fear of upcoming competitors and replacement goods, consumer and supplier bargaining power and substitute product threat were all used to gauge the level of industrial competition. Profitability, market share, growth and productivity are proxies for competition used in this study. Consequently, market competition is the level of competition that an enterprise experiences in every areas that were previously assessed.

### 4.6.2 Financial Performance

Financial ratios were used to quantify financial performance, according to studies by Kamla (2012). Return on assets (ROA) and return on equity are proxies for financial performance. Therefore, the researcher is of the opinion that managers ought to give more consideration to these aspects.

Table 12 provides descriptive statistics for the sample study including the mean value for each variable of competition and financial performance, the minimum and the maximum value, and the standard deviation from the mean.

Table 12 Descriptive statistics for market competition and financial performance

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Variable | N | Minimum | Maximum | Mean | Std. Deviation |
| ROA | 40 | .010 | .088 | .0422 | .02830 |
| ROE | 40 | .038 | .500 | .2315 | .14640 |
| Market share | 40 | .012 | .200 | .0655 | .04910 |
| Profitability | 40 | .010 | .080 | .0305 | .02072 |
| Growth | 40 | .030 | .250 | .0465 | .05900 |
| Productivity | 40 | .052 | .750 | .0338 | .24168 |

*Source: Primary data 2022*

The average return on assets, according to table 12 is 4.2%, with a standard deviation of roughly 2.8%, its mean values range from 1% to 8.8% at their lowest and highest points respectively. The return on equity has a mean value of 23% and a standard deviation of 14.6%. The mean values range from 3.8 to 50%, respectively. The market share has a mean value of 6.5% and a standard deviation of 4.9%. 1% and 20% are the minimum and maximum values, respectively. With a mean value of 3% and a standard deviation of 2%, the profitability is equivalent. The values of this variable range from 1 to 8%, accordingly. The standard deviation of growth is 5.9%, with a mean of 4.6%. Productivity has a mean value of 33% with a standard deviation of 24%. Its mean values ranges from 5.2 to 75%, with 5% being the minimum value and 75% being the maximum value.

### 4.6.3 Correlation Analysis

A moderated correlation analysis was utilized by the researcher to explain how several competition-related factors affects the financial performance of fast food businesses in Zimbabwe. The link was analysed through the use of SPSS. A linear relationship between the variables is shown by a correlation coefficient that is between 1 and -1. When the coefficient is close to 1, there is a strong positive correlation between the variables. A coefficient that is close to 1 shows that there is a strong negative relationship between the variables and that observations with a high volume typically have low values for the other variables. If the coefficient is almost 0, there is no linear relationship between the variables. The table below shows the correlation between the proxies of competition and financial performance.

Table 13 Correlation Matrix

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| VARIABLE |  ROA | ROE | Market share | Profitability | growth | Productivity |
| ROA Pearson Correlation Sig. (2-tailed) N | 1 |  |  |  |  |  |
|  |  |  |  |  |  |
| 40 |  |  |  |  |  |
| ROE Pearson Correlation Sig. (2-tailed) N | .780\*\* | 1 |  |  |  |  |
| .001 |  |  |  |  |  |
| 40 | 40 |  |  |  |  |
| MRTSH Pearson Correlation Sig. (2-tailed) N | -.448 | -.420 | 1 |  |  |  |
| .88 | .124 |  |  |  |  |
| 40 | 40 | 40 |  |  |  |
| Profit Pearson Correlation Sig. (2-tailed) N | .321 | .502 | .121 | 1 |  |  |
| .245 | .065 | .668 |  |  |  |
| 40 | 40 | 40 | 40 |  |  |
| Growth Pearson Correlation Sig. (2-tailed) N | -.310 | .150 | -.160 | .510 | 1 |  |
| .270 | .605 | .568 | .048 |  |  |
| 40 | 40 | 40 | 40 | 40 |  |
| PROD Pearson Correlation Sig. (2-tailed) N | -.420 | -.430 | .970\*\* | .120 | -.220 | 1 |
| .118 | .115 | .000 | .678 | .440 |  |
| 40 | 40 | 40 | 40 | 40 | 40 |

\*\*.Correlation is significant at the 0.01 level (2-tailed).

*Source: Primary data 2022*

### 4.6.4 Regression Analysis

The researcher coded and calculated the measurements of the multiple regressions for the study using the statistical package for social sciences (SPSS). The following is the outcome of a regression analysis when ROE was used as the dependent variable.

Table 14 Multiple Regression analysis results: ROE

**Model Summary**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Model | Multiple R | R Square | Adjusted R square | Standard Error of the estimate |
| 1 | 0.756a | 0.571 | 0.397 | 0.11279 |

a. Predictors: (Constant), Market share, Growth, Profitability, Productivity

*Source: Primary data 2022*

**Anova Summary**

The test can be considered significant if the p value is less than.05, and the R - square will almost likely be greater than 0. The predictors will have explained a significant portion of the variance of the dependent variable. The results from the Anova table are as follows.

Table 15 Analysis of variance (Anova) results

**Anova Summary**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Model | df | Sum of squares (SS) | Mean Square (MS) | F | Significance F |
|  Regression **1** Residual Total | 10 | 0.169721887 | 0.0390 | 3.3230 | 0.57065258b |
| 28 | 0.127278110 | 0.0142 |  |  |
| 35 | 1.296508472 |  |  |  |

a. Dependent Variable: Return on equity (ROE)

b. Predictors: (Constant), Growth, Profitability, Market share, Productivity

*Source: Primary data 2022*

**Coefficients**

If a predictor's p value is less than 0.05, then its contribution to uniqueness is statistically significant. Following are the regression model's coefficients.

Table 16 Regression coefficients summary

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Model | Unstandardized coefficients | Standardized coefficients |  t | Sig. |
| B | Std. Error | Beta |
| 1 (Constant)  Market share Profitability Growth Productivity | .240 | .071 |  | 3.378 | .008 |
| .505 | 2.550 | .168 | .200 | .852 |
| 5.280 | 1.759 | .748 | 2.886 | .015 |
| -.900 | .628 | -.369 | -1.422 | .192 |
| -.482 | .549 | -.762 | -.859 | .410 |

a. Dependent Variable: Return on Equity (ROE)

*Source: Primary data 2022*

The adjusted R2, which assess the model fitness, is 0.39 when return ROE is employed as the dependent variable. This implies that the predictor factors account for 39% of the variability in return on equity. From the table 4.10 above, it can be depicted that the p value from the significant is 0.05796 which is greater than .05 (p is less than 0.05). As a result, the predictors were unable to fully explain the variance in return on equity. Additionally, 2 out 4 predictors variables have negative beta values from the table 4.11, which once more point to a mixed outcome. The majority of studies on the relationship between competition and financial performance are in support of this outcome (Naceur and Omran, 2011; Casu and Girardone, 2012; Ajisafe and Akinlo, 2014; and Sohrab Uddin and Sazuki, 2014). The results of the SPSS regression analysis when return on assets (ROA) was used as the dependent variable are reported in table below.

Table 17 Multiple Regression analysis results: ROA

**Model Summary**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Model | Multiple R | R Square | Adjusted R square | Standard Error of the estimate |
| 1 | .918a | .852 | .790 | 0.13280 |

a. Predictors: (Constant), Market share, Growth, Profitability, Productivity

*Source: Primary data 2022*

**Table 18 Analysis of variance (Anova) results**

**Anova Summary**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Model | df | Sum of squares (SS) | Mean Square (MS) | F | Significance F |
|  Regression **1** Residual Total | 10 | .010 | .00240 | 13.754 | .000b |
| 28 | .003 | 0.000 |  |  |
| 35 | .013 |  |  |  |

a. Dependent Variable: Return on assets (ROA)

b. Predictors: (Constant), Growth, Profitability, Market share, Productivity

*Source: Primary data 2022*

**Table 19 Regression coefficients summary**

**Coefficients**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Model | Unstandardized coefficients | Standardized coefficients |  t | Sig. |
| B | Std. Error | Beta |
| 1 (Constant)  Market share Profitability Growth Productivity | .062 | .007 |  | 7.000 | .000 |
| -.003 | .311 | -.005 | -.008 | .9.86 |
| 1.172 | .210 | .848 | 5.671 | .000 |
| -.417 | .068 | -.887 | -5.710 | .000 |
| -.093 | .058 | -.732 | -1.359 | .210 |

a. Dependent Variable: Return on assets (ROA)

*Source: Primary data 2022*

The adjusted R2, which assesses the model fitness, is 0.79 when return on asset is employed as the dependent variable. This implies that the predictor factors account for 79% of the variances in return on asset. Furthermore, three of the four predictor variables have negative beta values, further indicating that there is a poor overall correlation between competition and financial performance. According to investigations by Casu and Girardone (2012) and Sohrab Uddin and Suzuki, (2014) this outcome is consistent.

Based on the above findings, competition has an adverse effect on financial performance. However, the return on equity model estimation suggests a complex result. Results show that market share and financial performance are negatively correlated for both models. Similar to this, both models demonstrate an inverse relationship between profitability and productivity. However, there is a positive correlation between profitability and financial performance for both models. Growth and financial performance are negatively connected when return on assets is used to assess performance; conversely, growth and performance are positively correlated when return on equity is used.

## 4.7 Chapter Summary

The chapter concentrated on the analysis, data presentation, and discussions of the study's conclusions. The results were presented using graphs and tables. The results were examined and discussed. The study's summary, conclusion, and recommendations are covered in the next chapter.

# CHAPTER 5

# SUMMARY, CONCLUSION AND RECOMMENDATIONS

## 5.0 Introduction

This chapter gives an overview of the study's findings, its applicability in comparison to other relevant research, its conclusions, and its recommendations. This chapter concludes the investigation by providing appropriate recommendations and drawing appropriate conclusions.

## 5.1 Summary of findings

This study's main objective was to ascertain how fast food companies' financial performance is affected by competition. A quantitative descriptive research methodology was utilized to achieve goals of the study. Sample of 50 respondents, including managers of Simbisa Brands fast food restaurants, human resources, internal audit and finance department participated in the research. The study was inspired by the finding that there had been little to no research on developing frameworks that were most effective for the fast food industry in developing countries. Other researchers had attempted to develop frameworks that were specifically tailored to a particular industry. The unwillingness of the respondents to provide information made the research difficult. In addition some respondents didn't understand the questions on the questionnaire, so they would just respond quickly. Despite these limitations, findings and observations were made, and conclusions were drawn.

The following were findings of the study:

1. Fast food outlets use differentiation of products, cost leadership strategy, focus marketing strategy and exceptional customer services in order to adapt to competition environment. In the analysis, the study confirmed that in order for fast food businesses to be successful and obtain a competitive advantage in a volatile environment, they should differentiate their products from those of their rivals as revealed by Siemasko (2016) in his research. Additionally, the study found that providing excellent customer service has a big influence and, in some cases, can enhance competitive advantage. After consideration, the respondents came to the conclusion that providing excellent customer service benefited the company. Karki and Panthi (2018), who contend that consumers are the key stakeholder for the survival of every company backed up this claim. Fast food businesses should apply focus strategy in the cutthroat business environment of today, according to research that shows it to be effective as it helps an enterprise to identify the preference of a specific market segments. All of the included components that had a positive relationship with competitive advantage which includes cost leadership, differentiation, exceptional customer services, and focus marketing strategies were presented. Accordingly, paying attention to these strategies is the best way for firms to maintain their competitiveness in Zimbabwe's fast food sector.
2. Simbisa Brands, the underlying company, consistently takes into account factors that directly affect performance of every organization in the quick service restaurant industry, including staff relations, client relations, food outlet positioning, product quality, and food safety. It was established that other metrics related to customer relations were hardly measured, which may have a negative impact on consumer loyalty and retention and ultimately the success of the business. Contrary to what Parsa et al (2005) argued for, the corporation was not paying attention to the grievances of its workforce. The study also revealed that, in the long run, the company's performance and competitive edge were boosted by its positive relationships with its suppliers.
3. Findings from this study says that fast food businesses are faces with huge challenges of high rates of unemployment, foreign exchange rate disparities and local currency depreciation, lack of working capital and lack of government support. Additionally, it was determined that as a result of the COVID-19 pandemic's restrictions on consumer movement, there has been a shift in preference for delivery over walk-in access to fast food outlets. These challenges has a significant impact on fast food’s financial performance.
4. The research findings therefore demonstrated that a negative relationship exist between competition and financial performance. Coefficient of variation obtained under this study provides quantitative support for this position. However, a positive relationship may exist given that sound techniques which resulted to an increase in productivity, profitability, market share and organisation's growth are implemented.

## 5.2 Conclusions

The study carried out at Simbisa Brands shows that;

* Fast food businesses are in highly competitive industry, therefore, adaptation and survival are top most priorities for companies operating in this industry. Competition has significantly impacted the financial performance of the majority of fast food restaurants, which has caused their failure at an early stage.
* Using competitive strategies will provide fast food companies a competitive advantage. However, the issue of other companies copying and creating "me too" products needs to be taken into account as supported by similar conclusions made by Nolega, et al (2015) who identified that it is always important for firms to pursue techniques that are challenging for competitors to do the same so as to achieve competitive advantage in the marketplace.
* The fast food sector is constantly improving and growing, therefore in order to stay competitive and boost financial performance, it is crucial to effectively manage employee interactions, regulatory compliance, excellent supplier relations, sensible location decisions for food outlets, and the competitive environment.
* Customers have shifted to other competitors as a result of competition. The most crucial success variables for companies under quick service restaurant industry to improve performance are quality service and consumer satisfaction. Client loyalty results from customer satisfaction, which in turn results in customer retention as indicated by (Karki and Panthi, 2018).

## 5.3 Recommendations

The following suggestions have been given in light of the study of Simbisa Brands;

* Due to changes in the external environment, specifically in consumer taste and choice, fast food firms need keep implementing competitive strategies. Companies will be in a position to defeat rivals in the market, focus on quality, establish a strong brand, and gain a competitive edge by doing this.
* The study suggest that in order to lessen the effects of competition among quick service restaurant, regulators should promote health competition among these establishments
* The research suggest that businesses in the quick service restaurant industry should pay closer tending to the study's crucial success elements since they help businesses fight off competition and perform better financially.
* Meeting client needs through providing quality services and satisfaction so as to increase customer retention is the most important step that can be taken to improve financial performance. Fast food companies should be objective about the quality of their meals and get feedback from customers to know how best to satisfy them.
* Quick service restaurants are recommended to utilize e-business since it provides a less expensive way of reaching their customers or even allows them to sell their commodities to a larger market. They are therefore advised to use the internet business platform in order to enhance their performance.

## 5.4 Suggestion for further studies

The following are suggestions for further studies;

* The researcher proposes carrying out additional research to clarify additional effects of strategic response on the expansion of fast food enterprises in Zimbabwe.
* Further studies should be done to explore the additional aspects that influence financial performance when return on equity and return on assets are used as a proxies.
* A study on companies in a different sector like agriculture, banking, construction and manufacturing sector should be done in order to establish if similar strategies should be adapted by those companies.
* Simbisa Brands is amongst the giants companies in quick service restaurant industry in Zimbabwe. Research on a sizable sample of SMEs working in the fast food industry should be conducted so as to develop a framework that is generalizable without much dispute.
* Additional data harvesting is recommended to discover interesting trends and connections between the variables.

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**Appendix 1: Questionnaire**

****

My name is Jametias Maweni, a fourth-year student at Bindura University of Science Education, pursuing a Bachelor of Commerce (Honours) degree in Accounting. I am mandated to conduct a research project in partial fulfilment of the requirements for the degree. As such I am conducting a research on “*Impact of competition among Zimbabwean fast food outlets on financial performance*”. As respondents to the research project, I gladly ask for your help in filling out the questionnaire. Your comments will be used solely for academic purposes and will be handled with the strictest secrecy. Your assistance will be much valued.

**Instructions**

* Please answer all the questions honestly.
* Please indicate your response by ticking in the box corresponding your desired response.
* Please do not write your name anywhere on this questionnaire.

**SECTION A – Demographic Particulars**

1. Years of experience in the accounting profession:

1-5 years 6-10 years 1 11-15 years Above 15 years

2. Department of operation

Finance Internal audit

Human Resource Food outlet managers

**SECTION B**

Please follow the scale and tick a number that best describe your opinion. Continue the procedure to all sections that follows.

**KEY {1(never), 2(rarely), 3(sometimes), 4(mostly), 5(always)}**

**1. The strategies that the company may use to diminish competition**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Details** | 1 | 2 | 3 | 4 | 5 |
| 1 | **Differentiating products**  |  |  |  |  |  |
| 1.1 | The company increases its income through offering unique products |  |  |  |  |  |
| 1.2 | There are no other products like ours in the market |  |  |  |  |  |
| 1.3 | Through our premium products, we have created brand loyalty among our customers |  |  |  |  |  |
| 1.4 | The company offers high quality unique products compared to other competitors |  |  |  |  |  |
| 1.5 | The company’s unique products create value for customers |  |  |  |  |  |
| 2 | **Cost leadership strategy** |  |  |  |  |  |
| 2.1 | Compared to other rival restaurants, ours has the lowest management costs.  |  |  |  |  |  |
| 2.2 | We offer low cost products of acceptable quality |  |  |  |  |  |
| 2.3 | Our affordable prices have an influence on market share |  |  |  |  |  |
| 2.4 | Our low cost in the industry has minimise the number of new firms entering the market |  |  |  |  |  |
| 2.5 | Cost reduction has led to a benefit from economies of scale |  |  |  |  |  |
| 3 | **Focusing marketing strategy** |  |  |  |  |  |
| 3.1 | The business has minimised substitute in the industry through creating new unique markets |  |  |  |  |  |
| 3.2 | New products increases customer attention towards the company’s products |  |  |  |  |  |
| 3.3 | Introduction of new products to new markets exposes the business to risk |  |  |  |  |  |
| 3.4 | The firms has the adequate skills and resources to introduce new products to the new markets |  |  |  |  |  |

**Section C: Critical success factors**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Details**  | 1 | 2 | 3 | 4 | 5 |
| 1 | **Employee relations** |  |  |  |  |  |
| 1.1 | Training programs attended by employees per period |  |  |  |  |  |
| 1.2 | Employees complaints in a period |  |  |  |  |  |
| 1.3 | Employees turnover percentage |  |  |  |  |  |
| 1.4 | Performance related incentives for employees in a given period |  |  |  |  |  |
| 1.5 | Levels of staff motivation in a period |  |  |  |  |  |
| 2 | **Suppliers relations** |  |  |  |  |  |
| 2.1 | Lead time taken between ordering and receiving |  |  |  |  |  |
| 2.2 | Discounts given to the firm by suppliers per particular period |  |  |  |  |  |
| 2.3 | Credit purchases given by suppliers per given period |  |  |  |  |  |
| 3 | **Food outlet location** |  |  |  |  |  |
| 3.1 | Surveys done to consider additional for a new shops |  |  |  |  |  |
| 3.2 | Number of surveys conducted to assess the proximity of the shop to the public |  |  |  |  |  |
| 4 | **Conformance to Regulations** |  |  |  |  |  |
| 4.1 | Payments of council licence and rates on time |  |  |  |  |  |
| 4.2 | Compliance to environmental management laws |  |  |  |  |  |
| 4.3 | Level of tax and other regulations compliance |  |  |  |  |  |
| 5 | **Product quality and food safety** |  |  |  |  |  |
| 5.1 | Do customers make comments on the taste and quality of food served to them |  |  |  |  |  |
| 5.2 | Food prepare by the company meet basic safety requirements |  |  |  |  |  |
| 5.3 | Convenience of the food served to the customers |  |  |  |  |  |

**Section C: Relationship between competition and financial performance**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Details** | 1 | 2 | 3 | 4 | 5 |
| 1 | Return on Assets holds the relationship between competition and financial performance |  |  |  |  |  |
| 2 | Return on equity holds the relationship between competition and financial performance |  |  |  |  |  |
| 3 | Competition results in decline in customer counts and loss of sales |  |  |  |  |  |
| 4 | Competitive advantage improves the company’s financial performance |  |  |  |  |  |

**Thank you for your time and your co-operation!**