International Journal of Economics, Commerce and Management
United Kingdom Vol. II, Issue 6, 2014
http://ijecm.co.uk/ ISSN 2348 0386

THE EFFECTS OF SEPARATING OWNERSHIP AND CONTROL ON THE PERFORMANCE OF RETAIL STORES IN SOUTHERN ZIMBABWE

Shumba, Victor
Lupane State University, Department of Business Management, Bulawayo, Zimbabwe
vshumba@lsu.ac.zw

Manzini, Sibongile
Lupane State University, Department of Business Management, Bulawayo, Zimbabwe
smanzini@lsu.ac.zw

Ndlovu, Njabulo
Lupane State University, Department of Business Management, Bulawayo, Zimbabwe
nndlovu@lsu.ac.zw

Abstract

The effect of separating ownership and control is one of the debates that have been going on from the 17th century to today. There has been mixed evidence of whether the value of a firm and rewards to shareholders increase if the owners are involved in running these businesses or if they outsource the management function to professional managers or directors. The aim of this paper is to unravel issues surrounding managerial ownership and ultimate effects on performance. While there has been meagre research on this topic among Zimbabwean academics enumerated evidence of studies around this topic in elsewhere is unquestionably apparent. Using a sample of thirty grocery reputable franchised stores in southern Zimbabwe the research put to test the three corporate governance theories namely agency, stewardship and stakeholder. Unlike previous researchers who relied on published data we used financial performance measure such as sales, gross profit, and customer count and store size to test whether these are affected by the ownership and management structure. The results led to the conclusion that there is no significant difference between owner managed firms and non owner managed firms in reference to the franchised stores reviewed.

Keywords: Ownership, Control, Performance, Corporate Governance

Licensed under Creative Common

INTRODUCTION

Research on managerial ownership and financial performance has attracted much academic interest for a long period of time. Adam Smith raised the question as early as 1776 when he argued that the separation of ownership and control in large publicly listed corporations created poor incentives for professional managers to operate the firms efficiently. Some radical thinking and reasoning validated by a number of studies have revolved around the separation of ownership and control subject or simply called managerial ownership.

The advocates of the agency theory suggest that owner managed companies are better managed than the non owner managed firms (Berle and Means, 1932). The reason behind this is that managers are viewed as seeking to maximize their own utility and achieve their self interests at the expense of the companies they work for. On the other hand owners strive to do better to minimize the risk associated with any investment as they are the ultimate risk bearers of a business venture. The stewardship theory is however divergent to the views of the agency theory. The managers are viewed as stewards who work in earnest for the success of the business venture that they are entrusted to manage. Another theory (Stakeholder) ignores the needs of managers and owners and proposes that it is imperative for any serious firm to consider the needs of various stakeholders like governments and employees. The details of these theories and their implications for the research will be explored later.

As this research will focus more on small supermarkets in southern Zimbabwe it is vital for growing businesses to have access to the management market. Supporting this view Galina Dmitri and Gina (2013) proposes that growing firms need professional mangers to compete with traditional large corporations who have unlimited access to the labour market locally and even internationally. Zahra and Filatotchev (2004) argue that small firms desperately need knowledge assets in the form of professional managers. However owners of these firms suffer from insecurity and do not volunteer to appoint managers to run their entities. The pressure that comes from the need to grow the business forces owners into a quandary due to the need to keep a tight grip on the business and also to gain from managerial expertise thus easing pressure. Galina et al (2013) citing the work of Filonevich et al, (2004).

This research contributes to the knowledge bank in that it adds to the literature on the role and effectiveness of professional mangers in managing firms; it tastes the validity of previous conclusions about owner managed firms. The rest of the paper is organised as follows. The problem statement and key research questions are firstly given followed by a review of literature surrounding ownership and control is given with inference into corporate governance theories and the performance measure to be used. The next section outlines the methodology to be adopted and the ultimate hypothesis for this research. The fourth section reports and discusses the analysis and results of the empirical study; the final section provides the major

Licensed under Creative Common

findings, conclusions, limitations of the research and directions for future studies around the researched topic.

Statement of the Problem

Literature on the ownership and control and the ultimate effect on business performance has not been consistent and conclusive. To illustrate this Demsetz (1985) observed that agency effects does not exist in US firms in the Fortune 500 list while Anderson and Reels (2003) found contradictory results in the firms listed on the Standard and Poor's 500 index. The subject of ownership structure is linked to family run business which has also generated interest among researchers for example Villalonga and Amit (2004) concluded that family run businesses offer better value than professionally run business organizations.

The purpose of this research is to find the effect of the ownership structure and control on the performance of retail organizations. Of late there have been mixed feelings on whether one should run their own business or hire a professional given the belief in agency theory and conflict of interest. There has been meagre research on this subject in Zimbabwe more so for the retail sector. This research seeks to answer the following questions using two quantitative methods (questionnaire and document analysis) aided by the SPSS.

Key research Questions

1. What is the effect of separating ownership and control on store's performance?
2. What role does corporate governance play on performance with respect to the use of external directors?
3. Does participating in social responsibility affect the performance of a retail store?

LITERATURE REVIEW

Agency theory in support of owner managed firms

The Agency theory has been used in support of the notion that owner managed businesses perform better than non owner managed businesses. An insightful definition of the agency relationship is given below.

'An agency relationship is defined as a contract under which a principal (one or more persons) contractually engages an agent to perform services on their behalf which must include the delegation of some decision making authority to the agent. If both parties to the relationship are utility maximizers, there is good reason to believe that the agent will not always act in the best interests of the principal' (Jensen and Meckling, 1976 pg 5).

Licensed under Creative Common

A practical example of the agency relationship relevant to this paper is the appointment of General Managers or Branch Managers to manage retail outlets by the owners. The assumption underlying the agency theory is that both owners and managers seek to maximize their utility. With this view in mind it follows that some of the agents' decision might be inconsistent with the goals of the owner which is wealth maximization.

Owners incur costs called Agency costs to try and make managers act in a manner that will result in better performance and returns to the principal and owner. Fama and Jensen (1983 pg 304) points that, 'agency costs include the costs of structuring, monitoring, and bonding a set of contracts among agents with conflicting interests'. These conflicting interests are that managers would want to maximise their utility at the expense of the owners'. Villalonga and Amit (2004) compared family owned; family controlled and family managed firms to non family owned and professionally managed firms concluded that firms created more value where founders acted as Chairman or CEO in the business. This theory will be tested empirically as will be shown later.

Stewardship theory the counter argument

Radical thinking and debate on the stewardship argument has been stimulated by influential work by Donaldson and Davis (1991), which provides a justification for appointment of Managing Directors, CEOs, Executives corporate governance. In other words stewardship theory is a proposition that managers, left on their own, will indeed act as responsible stewards of the assets they control. In American politics, the Stewardship theory is seen where presidents practice a governing style based on the belief they have the duty to do whatever is necessary in national interests, unless prohibited by the law.

The model of man in stewardship theory is based upon the assumption that the manager will make decisions in the best interest of the organization, putting collectivist options above self-servicing options. This type of person is motivated by doing what is right for the organization, because they believe that they will ultimately benefit when the organization thrives. The steward manager maximizes the performance of the organization, working under the premise that both the steward and the principal benefit from a strong organization. In contrast to the controls advocated by the proponents of the agency theory, the principal who espouses the stewardship theory will empower the steward with the information, the tools and the authority to make good decisions for the organization. The principal will fully enable the steward to act in the best interest of the organization, trusting that the steward will make choices that maximize the long-term return for the organization. In fact, putting control structures on stewards will significantly de-motivate the steward and be counterproductive for both the steward and for the organization (Argyris, 1964).

Licensed under Creative Common

Despite the seemingly attractive and morally correct upside potential of stewardship theory, the obvious question is why most organizations have not adopted this approach. The issue come back to the risk tolerance of the principal and the typical assumptions of the principal. In the short run, it's safer and quicker for a principal to assume agency theory and not to invest the time and energy required to build the requisite trusting relationship with the manager. The principal must be able to overcome this inherent fear before he is willing to place full authority for the business in the hands of the steward. (Olson 2008)

While traditional schools of thought view employees as economic man, the essence of stewardship theory is to treat managers as being able to maximize on the cordial relations with the principals based on trust, open communication, empowerment, long-term orientation and performance enhancement (Davis et al, 1997). This research seeks to test the premise that store managers are stewards of the businesses they are tasked to run.

Stakeholder theory the divergent view

Giving serious considerations to the needs and sensibilities of other stakeholders is morally ideal as argued by Freeman (1999) and Donaldson et al (1995). In this paper the effect of instituting social help activities is tested to find the effect on performance

Performance in the context of retail stores

While we concur with Eccles (1990) who argues that quality, customer satisfaction, innovation and market share can be good indicators of performance in business we are not convinced that the use of these yields objective results. For the purpose of this study, sales, cash flow position, store size, growth and customer count will be used to measure the performance of a retail outlet. Sales volume is a success measure that is most commonly found in the channel of retail literature (Chandler 1996). Sales performance enhances the short term economic benefits of a retail organization. Sales reflects financial performance outcome because they indicate successful achievements of expected returns over a given period of time. Growth is a good measure of retail business because it is a dynamic measure of change overtime which indicates the firm interacting with the environment (Weinzimner 1998). Growth also symbolises survival of an organization and the ability of the organisation to increase the number of outlets amid challenges, linked to growth is the store size or the trading floor space. Customer count indicates the number of customers that visit store per day. Customer count also indicates the ability of a retail business to retain old customers and attract new ones. We therefore define performance as encompassing sales, gross profit(GP) and customer count.

Licensed under Creative Common

$$\text{Performance} = \frac{\text{Sales x Gross Profit}}{\text{Customer Count}} + \frac{\text{Sales x Gross Profit}}{\text{Size}}$$

The use of the new formula has been influenced by a number of reasons. The first one is that the methods used by many authors discussed earlier are complex when one is working with limited information as a result of the inclusion of private retail stores whose asset values, market values, exact share prices and other necessary information is inadequate and sensitive to find. Most researchers used data published by public companies as a legal obligation as well as stock exchange information. The second reason is that the formulae take into account the key performance indicators in the retail sector (Nicole DeHoratius & Ananth Raman 2000)

METHODOLOGY

In this research, the target population was store managers and store owners. The study population was defined as those retailers in the Southern Zimbabwe covering franchise stores in southern Zimbabwe who are well established and recognized. The sampling frame was based on an undisclosed retail contact list provided by a leading distribution centre. The list had 30 active members. These retail stores were accessed through emails, drop-ins and faxes where questionnaires were sent to each store. The use of the convenience sampling method was also necessitated by the fact that information about sales, customer count and trading size was supplied by the distribution centre. Most of the research based on separation of control has relied on readily available information from the stock exchange (Jones, 2007, Moustafa 2005, Amram and Ahmad 2009) it is justifiably so that we chose to focus on stores whose statistical data on performance was available.

The main source of primary data was overt with questionnaires as well as document analysis of supplied figures from the central office used. The initial draft of the questionnaire was tried on five stores to ensure reliability and validity of the scale items. The feedback ensured minor adjustments to scales and also the reduction in size of the questionnaires as respondents felt that the questionnaire was too long for them. The testing also revealed that it took less than 10minutes to complete the questionnaire and that the readability of the questionnaire was acceptable across various educational levels. From the 30 stores targeted 23 stores participated in the survey giving a satisfactory 76% response rate. A low response rate can introduce a major source of error through non-response bias (Paxson 1995). Before the questionnaire was adopted its validity using the SPSS software package yielded a satisfactory 0.7388 which is above the desirable benchmark of 0.5. To analyse and make conclusions on our enquiry a deductive logic of enquiry which is based on testing hypothesis was used. These are listed on the next section

Licensed under Creative Common

ANALYSIS & HYPOTHESIS TESTING

To have conclusive results on the effect on performance of separating ownership and control in managing retail stores we hypothesised the following:

1) H_0: Prospects of growth in sales and outlets do not affect performance
   H_1: Prospects of growth in sales and outlets affect performance
2) H_0: Ownership structure has no effect on the performance of a retail store
   H_1: Ownership structure affects the performance of a retail store.
3) H_0: Outside directors' involvement in strategic decision making is not positively associated with a store performance.
   H_1: Outside directors' involvement in strategic decision making is positively associated with a store performance.
4) H_0: There are no differences in sales from non owner and owner managed stores
   H_1: Stores that are managed by non owner have a higher sales level than stores managed by owners.
5) H_0: Giving serious considerations to stakeholder (Employees and Community) is not related to performance
   H_1: Giving serious considerations to stakeholder (Employees and Community) is correlated to positive related to performance

Interpretation rules for the statistical procedures used

Regression analysis summary: Gives the R and R square values. Where R square is more than 0.50 degree of variability in the predictor variable is significant.

Coefficients: gives the a and b values and the p value to check for significance. The H0 is rejected where $p \leq 0.05$. For example performance= a + b (ownership). If the a and be values are significant enough to affect ownership the p values have to be less or equal to 0.05 to reject the null hypothesis.

Anova: If p value is less than or equal to $p \leq 0.05$, statistically there is a significant difference between two groups and the H0 is rejected.

Correlations: Where correlations are used the p value (shown as sig. 2 tailed) is considered. Where p is below 0.05 we reject the H0 conclude a positive or negative correlation given the Pearson Correlation value (negative or either positive). For example if the Pearson correlation is -.66 and the p value .026 the value shows a negative correlation.

Licensed under Creative Common

Based on a number of research questions we crafted 5 hypothesis on Cash flow, Growth and Ownership structure and tested the impact of these on performance.

Table 1: Factors that can Affect Performance

Correlations between performance and growth and sales

		PEFRMNCE	QSTN6	QSTN7	QSTN8
PEFRMNCE	Pearson Correlation	1.000	-.347	-.417*	-.301
	Sig. (2-tailed)	.	.104	.048	.163
	N	23	23	23	23
QSTN6	Pearson Correlation	-.347	1.000	.643**	.640**
	Sig. (2-tailed)	.104	.	.001	.001
	N	23	23	23	23
QSTN7	Pearson Correlation	-.417*	.643**	1.000	.235
	Sig. (2-tailed)	.048	.001	.	.280
	N	23	23	23	23
QSTN8	Pearson Correlation	-.301	.640**	.235	1.000
	Sig. (2-tailed)	.163	.001	.280	.
	N	23	23	23	23

*. Correlation is significant at the 0.05 level (2-tailed).

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

Hypothesis 1

H_0: Prospects of growth in sales and outlets do not affect performance

H_1 :Prospects of growth in sales and outlets affect performance

Increase in profits and sales projections p=0.048 and is less than 0.05 and is significant. This implies that the optimism about a possibility of an increase in sales and profits leads to negative performance.

The plans to open more outlets (QSTN 8) p=0.163 is more than 0.05 and therefore not significant. The implication is that plans to open more businesses do not affect the performance of a spar store. From the survey done about 39.1% of respondents said that there were plans to open more businesses. This result is not consistent with the notion (Volker Wild) that opening more businesses affects the performance of existing ones as resources will be taken from them to finance new adventures.

Since the results about opening new businesses are generic across the business categories it can be concluded that the separation of ownership and control has no effect on performance.

Licensed under Creative Common

Hypothesis 2

H_0**:** Ownership structure has no effect on the performance of a retail store

H_1 : Ownership structure affect the performance of a retail store.

Table 2: Regression Analysis between ownership structure and performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.068[a]	.005	-.043	1128.0485

a. Predictors: (Constant), OWNERSHP

Using the linear regression model summary above R Square is 6% indicating that only 6% of the ownership structure variability is influencing store performance. Using the Analysis of variance table below ownership structure does not have an effect on performance of sampled stores. The .759 significance level is greater than the 0.05 level and therefore not significant.

Table 3 ANOVA Ownership and Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	123098.8	1	123098.770	.097	.759[a]
	Residual	26722363	21	1272493.485		
	Total	26845462	22			

a. Predictors: (Constant), OWNERSHP

b. Dependent Variable: PEFRMNCE

Table 4 Coefficients Ownership and Performance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1833.445	651.279		2.815	.010
	OWNERSHP	-72.409	232.806	-.068	-.311	.759

a. Dependent Variable: PEFRMNCE

Assuming the regression formula of *Performance= a+b (Ownership)* the coefficient a and b is not significant at 0.759 as shown above indicating that we accept the H_0 that asserts that ownership structure has no effect on the performance of a franchised store.

Licensed under Creative Common

Effect of ownership structure on the performance determinants

To further test the validity of the results presented about ownership structure and performance it is necessary to test the effect of ownership on each of the four components of performance discussed in the literature review. These are Sales, GP, Size Trading and Customer Count

Impact of ownership on Sales Levels

Sales level is a major measure in retail performance. Cragg & King (1988) argues that there are few researches that use sales as a measure of performance. However a number of authors concur that sales ensure economic prosperity in the short term (Chandler & Hanks 1993; Chonko1982) The tabulated regression table below that test the impact of ownership on the sales reveals that R square is 7.7% and shows a little impact of ownership on sales that a business can generate.

Table 5: Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.277[a]	.077	.033	1.02

a. Predictors: (Constant), SALES

The reliability of this measure is tested by use of the ANOVA that gives a significance level of 0.200 which is more than 0.05 and not significant.

Table 4.10 ANOVA: Ownership and Sales

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.806	1	1.806	1.750	.200[a]
	Residual	21.673	21	1.032		
	Total	23.478	22			

a. Predictors: (Constant), SALES

b. Dependent Variable: OWNERSHP

Influence of ownership structure on GP

The regression table below compares one dependent variable (ownership) and an independent variable that is Gross Profit (GP). GP is a measure of the profitability of retail products before expenses. As has already been illustrated in the literature view GP is a component of performance. It is essential to find the impact of ownership on GP.

Licensed under Creative Common

As shown on the table below, R square is 26.6% (below the 50% level) showing that ownership variability does not affect Gross Profit greatly

Table 6: Regression model effects of ownership on G P

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.516[a]	.266	.231	.91

a. Predictors: (Constant), GP

The ANOVA table below shows the significance level of 0.012 which is less than the 0.05 and it shows that ownership has a direct influence on the GP. The extent of this influence is limited though.

Table 7: ANOVA (Ownership and GP)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.245	1	6.245	7.609	.012[a]
	Residual	17.234	21	.821		
	Total	23.478	22			

a. Predictors: (Constant), GP

b. Dependent Variable: OWNERSHP

Effect of ownership structure on customer count

Another component of the performance is customer count. This measures the total number of customers that visit a store at a time. A performing store must expectedly have a higher customer count. As has been the case with the other performance indicators the R Square of 4.4% shows that variability of ownership does not affect the customer count

Table 8: Regression Analysis of ownership & customer accou t

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.210[a]	.044	-.001	1.03

a. Predictors: (Constant), CSTCOUNT

The R Square value above are supported by the ANOVA significance level of 0.33 which is above the 0.05 and it shows that ownership has no direct influence of the customer count.

Licensed under Creative Common

Table 9: ANOVA Customer Count and Ownership

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.035	1	1.035	.969	.336[a]
	Residual	22.443	21	1.069		
	Total	23.478	22			

a. Predictors: (Constant), CSTCOUNT

b. Dependent Variable: OWNERSHP

The coefficient of variance between the impact of ownership on the customer count shows that there is a significance level of 0.33 which is greater than the 0.05. This further illustrates that ownership structure has no direct or exact impact on performance.

Table 10: Coefficients Customer Count and Ownership

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.182	.484		4.509	.000
	CSTCOUNT	6.913E-07	.000	.210	.984	.336

a. Dependent Variable: OWNERSHP

Influence of ownership on the size trading

The regression analysis of on the effect of ownership shows an R square of 12.5% that shows that ownership variability affects the size by 12.5%. This follows prior results that show the insignificant impact of ownership on the performance outcomes.

Given that the impact of ownership on the four components of performance that are sales, GP, customer count and trading size have been tested and analyzed the hypothesis that ownership structure has no effect on performance cannot be rejected. Thought it has been noted that there are little effects it is not adequate to view ownership structure as being able to influence performance.

<u>Hypothesis 3:</u>

H_0: Outside directors' involvement in strategic decision making is not positively associated with a store performance.

H_1: Outside directors' involvement in strategic decision making is positively associated with a store performance.

Licensed under Creative Common

Based on the corporate governance theory is imperative to involve non executive directors as part of a company's board member to get experience and expert advice. Past researchers argued that the board of directors is one of the important controls in managing the firms operations (Fama, 1980; Fama & Jensen, 1983; Hart, 1995; Denis, 2001). This argument was tested using correlation table below to find the effect of outside director's involvement to performance.

Table 11 Correlations linking outside director involvement & Performanc

		DIRINVOL	PEFRMNCE
DIRINVOL	Pearson Correlation	1.000	.010
	Sig. (2-tailed)	.	.965
	N	23	23
PEFRMNC	Pearson Correlation	.010	1.000
	Sig. (2-tailed)	.965	.
	N	23	23

As sown in the table above using Pearson Correlation of 0.010 there is a slight positive relation between outside directors' involvement and performance but not significant enough to affect operational performance. In this case p value is .965 which is greater than 0.05 and it can be concluded that there is no correlation between outside directors' involvement and performance. We therefore retain the H_0 and conclude that outside directors have no effect on performance.

Hypothesis 4

H_0: There are no differences in sales from non owner and owner managed stores

H_1: Stores that are managed by non owner have a higher sales level than stores managed by owners

Table 12 Non owner managed versus owner manag d

		NWNSALES	OWNSALES
N	Valid	8	14
	Missing		
Mean		2048	1499
Std. Deviation		1167	1048
Variance		1.208E+12	3.442E+12

$$T = \frac{\overline{x}_1 - \overline{x}_2}{SE}$$

$$S_p^2 = \frac{(n_1+1)S_1^2 + (n_2+1)S_2^2}{n_1+n_2-2} = \frac{(14-1)\times 1048^2 + (8-1)\times 1167^2}{10+13-2} = 1190559$$

i.e $SE = \sqrt{S_p^2\left(\frac{1}{n_1}+\frac{1}{n_2}\right)}$ $=1190559 \times \sqrt{(1/14+1/8)}$ =483.59

i.e $T = \frac{2048-1499}{483.59} = 1.135$

$T(\alpha = 0.05) = 1.72$

Since $T \prec T(\alpha = 0.05)$ then we reject the null hypothesis and therefore conclude that there is significant evidence that Stores that are managed by non owner have a higher sales level than stores managed by owners

Hypothesis 5

H_0: Giving serious considerations to stakeholder (Employees and Community) is not related to performance

H_1: Giving serious considerations to stakeholder (Employees and Community) is correlated to positive related to performance

The correlation table below shows the relationship between various questions that are linked to the stakeholder theory. Though eight stakeholders are mentioned this research only sought to get data on two key stakeholders that are the community and employees. The next table gives the relationship between giving stakeholder influence and performance.

Licensed under Creative Common

Table 12: Correlation of stakeholder issues and performance

		QSTN24	QSTN25	QSTN26	QSTN27	QSTN28	PEFRMNCE
QSTN24	Pearson Correlation	1.000	.348	.453*	.158	.357	.173
	Sig. (2-tailed)	.	.104	.030	.472	.094	.430
	N	23	23	23	23	23	23
QSTN25	Pearson Correlation	.348	1.000	.643**	-.055	.528**	-.032
	Sig. (2-tailed)	.104	.	.001	.805	.010	.885
	N	23	23	23	23	23	23
QSTN26	Pearson Correlation	.453*	.643**	1.000	.237	.671**	.098
	Sig. (2-tailed)	.030	.001	.	.277	.000	.656
	N	23	23	23	23	23	23
QSTN27	Pearson Correlation	.158	-.055	.237	1.000	.018	-.003
	Sig. (2-tailed)	.472	.805	.277	.	.934	.988
	N	23	23	23	23	23	23
QSTN28	Pearson Correlation	.357	.528**	.671**	.018	1.000	.324
	Sig. (2-tailed)	.094	.010	.000	.934	.	.131
	N	23	23	23	23	23	23
PEFRMNCE	Pearson Correlation	.173	-.032	.098	-.003	.	1.000
	Sig. (2-tailed)	.430	.885	.656	.988	.131	.
	N	23	23	23	23	23	23

*. Correlation is significant at the 0.05 level (2-tailed).

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

Key

QSTN 24: The store has often participated in social help activities

QSTN26 :I believe we have the best human resource base to succeed.

The following can be concluded from the above links

Performance and Social help activities: The research hypothesis was supported. Social help activities do not correlate significantly with performance as the p value(sig 2 tailed) is .43 and greater than the 0.05 benchmark

Performance and Employee Resource: The research hypothesis was supported as there is no clear relationship between employee considerations and performance. The value is .656 and is greater than 0.05.

MAJOR FINDINGS

Although early corporate governance and financial management gurus focused on publicly listed entities (Berle and Means 1932 and Jensen and Meckling 1976) for their studies this study included both publicly owned and non listed stores. Though the past researches were general this research was specific to retail business which is in the Fast Moving Consumer Goods (FMCG) sector. Our major findings were that, only 15% of stores studied are publicly owned with owner managed stores accounting for 56.5% while non owner managed stores account for the

Licensed under Creative Common

43.5% the remainder. Of these 73.9% (about 17 out of the 23 stores) indicated that owners were involved in the day to day running of the businesses thus limiting the mandate and influence of store managers. The view that corporate governance is limited to public companies is not true as it is evident that even private stores practice it by having non executive directors, practice strategic management and have proper accounting systems. Although 52% participate in social help activities there is no major difference between sales and performance of participating stores and those thus give a blind eye to social causes.

CONCLUSION

Ownership structure has no effect on the performance of retail stores. This was done through testing the effect of ownership structure on four dimensions that are sales, GP, Size of store and Customer Count. Owner managed or family run stores lower costs but less sales than the professionally managed stores. This can be a result of incentives given o the managers by the owners to increase sales.

One important limitation common in studies related to ownership and control is that the reliance on published or respondents data can be methodically proven. The study focussed on Southern region stores and their performance can be attributed to geographic reasons. We are convinced that our research can stimulate academic interest and have practical relevance to corporate governance and firm management structure.

DIRECTIONS FOR FUTURE RESEARCH

In view of the enumerated limitations of this enquiry, there is need to extend and broaden research as follows:

- Research related to retail stores to cover the whole of Zimbabwe. If possible independent non franchised stores need to be considered to make more informed judgments with a larger sample
- To enrich this enquiry, research could be undertaken to revisit the impact of separating ownership and control by widening the informant base to include other industries outside retail.
- As has already been mentioned there is need to do an investigative research on the various performance measures as it has been shown that the use of different measures result in different results. There is need to stimulate academic debate on the best measures to be adopted given a plethora measures available.
- There is need to do a similar study on different periods and different economic conditions.
- A fruitful extension of this work can be comparisons between countries say South Africa and Zimbabwe even using the same Retail stores as they are in many parts of the world.

Licensed under Creative Common

REFERENCES

Berle, A. A., & Gardiner, C. (1968). Means. 1932. *The modern corporation and private property*, 204-5.

Chandler, G.N.(1996) Business similarity as a moderator of the relationship between experience pre-ownership and venture performance, Entrepreneurial Theory and Practice, Spring, 51-65.

Cragg, P. B and M. King (1988). "Organizational characteristics and small firm's performance revisited". Entreprenuership: Theory and Practise 13 (2): 49-63

Davis, J. H., Schoorman, F. D., & Donaldson, L. (1997). Toward a stewardship theory of management. *Academy of Management review*, *22*(1), 20-47.

Demsetz, H., & Lehn, K. (1985). The structure of corporate ownership: Causes and consequences. *The Journal of Political Economy*, 1155-1177.

Denis, D. K. (2001). Twenty-five years of corporate governance research… and counting. *Review of financial economics*, *10*(3), 191-212.

Donaldson, L., & Davis, J. H. (1991). Stewardship theory or agency theory: CEO governance and shareholder returns. *Australian Journal of management*, *16*(1), 49-64.

Eccles, R. G. (1990). The performance measurement manifesto. *Harvard business review*, *69*(1), 131-137

Fama, E. F. (1980). Agency Problems and the Theory of the Firm. *The Journal of Political Economy*, 288-307.

Fama, E. F., & Jensen, M. C. (1983). Separation of ownership and control. *Journal of law and economics*, 301-325.

Freeman, R. E. (1999). Divergent stakeholder theory. *Academy of management review*, *24*(2), 233-236.

Galina, S., Dmitri, K., & Gina, V. (2013). *To Be or Not to Be: When Should a Threshold Firm in an Emerging Market Move to Professional Management?*. EERC Research Network, Russia and CIS.

Galina, S., Dmitri, K., & Gina, V. (2013). *To Be or Not to Be: When Should a Threshold Firm in an Emerging Market Move to Professional Management?*. EERC Research Network, Russia and CIS.

Hart, O. (1995). Corporate governance: some theory and implications. *The economic journal*, 678-689.

Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of financial economics*, *3*(4), 305-360.

Nicole DeHoratius & Ananth Raman, 1997; Store Manager Incentive Design and Retail Performance at Tweeter Home Entertainment Group.

Olson, K. (2008, October). The Relationship Between Stewardship Theory of Management and Employee Engagement: A Case Study of Exploration of Leadership Philosophy of a Professional Services Firm. In *Midwest Academy of Management Annual Conference*.

Paxson, M. C. (1995). Increasing survey response rates: Practical instructions from the total-design method. *The Cornell Hotel and Restaurant Administration Quarterly*, *36*(4), 66-73.

Stephen P 2006 Doing Postgraduate Research; Sage Study Skills

Villalonga, B. and Amit, R. (2006) How do family ownership, control and management affect firm value? Journal of Financial Economics, 80, 385-417.

Weinzimner, L.G, Nystrom, P.C and S.J. Freeman (1998). "Measuring organizational growth: Issues, consequencies and guidelines", Journal of Management 24(2): 235(28)

Zahra, S. A., & Filatotchev, I. (2004). Governance of the Entrepreneurial Threshold Firm: A Knowledge-based Perspective. *Journal of Management Studies*, *41*(5), 885-897.

Licensed under Creative Common