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1. **International Franchising: Literature Review and Future Avenues**
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The article provides a meta-analysis of the already substantial and growing literature on international franchising. Franchising is a model for business entities to achieve scale with limited resources, while international franchising is a mode of entry that allows firms to develop new markets with relatively low risk but also low control. Using a systematic approach, we identify all articles in the ISI Web of Science (WoS) from 1970 to 2018 that include the term international franchising (in the title, the , or keywords) and find 131 articles. From HistCite, we find four major research clusters in the international franchising literature. In addition, we identify change of patterns in research topics theories, and methodologies from the 1970s through 2018. We identify articles, leading articles, authors, and journals that have contributed the most to the field. From the analyses, we develop a conceptual framework of IF and suggest future research questions.

2. **Franchise Signals Towards Internationalization**
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Michèle Boulanger – Rollins College, USA
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To date, the majority of international franchising research is based on resource-based and agency arguments, limiting their explanation of it. By adopting a systemic approach that defines signal strength through institutionalization, standardization, observability, cost, irreversibility, governance, and credibility, our study contributes to understanding of the concepts of signal fit and reliability in general. More

specifically, the goal of this article is to expand the theoretical lens for analyzing the internationalization of franchising using signaling theory. To test our signaling hypotheses, we study a large database of US franchisors taken from Entrepreneur magazine and collected by World Franchising, which consists of 4,150 business format franchise systems. Internationalization is positively and significantly affected by a firm's signals: public listing status, earnings disclosure, and franchise association membership. Royalty rates and the number of company-owned units were not statistically significant.

3. Antecedents of Franchisees' Positive Word-of-Mouth in Emerging Countries

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The importance of the word-of-mouth for the acceptance of products and services offered by firms is evident in the marketplace. While organizations spend continuously on various means to promote their products and services, the word-of-mouth (WOM) has been proven to be very effective and comes at almost no cost to organizations. In this paper, the effectiveness of word-of-mouth is examined with respect to the growth of franchises. The paper investigates factors that motivate existing franchisees to recommend their franchise systems to other interested or prospective franchisees. Among the factors identified in the literature are the perceived support of the franchisor, the quality of the existing relationship between a franchisee and his franchisor, and the franchisee's perception of the brand. This paper, therefore, aims to develop a model based on five hypotheses, proposing relationships between perceived franchisor's support and franchisee satisfaction; franchisees' perceived relationship quality and franchisees' satisfaction; franchisees' brand perception and franchisees' word-of-mouth; and franchisee satisfaction and franchisees' word-of-mouth. These hypotheses will be tested in a future study by a mixed method in which the required data will be collected through a questionnaire and in-depth interviews.

4. Blockchain and Smart-contract: A Pioneering Approach of Inter-firms Relationships? The Case of Franchise Networks

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Magali Chaudey – Université de Lyon, France

This paper is interested in the analysis of Blockchains and Smart-contracts applied to inter-firms relationships, in particular the franchise networks. After defining the Blockchain technology and the Smart-contract as a particular type of contract stored in blockchains, we question the theory of contracts and its conception(s) of transactions, information asymmetries, firm or inter-firm relations. To better understand the challenges of blockchain for franchise networks and identify opportunities for implementation in these networks, we present some relevant applications of this technology. We identify different ways where blockchain technology could improve the network management and therefore their performance: the supply-chain, the brand-name protection, security and transparency in the payment of fees and royalties, access to reliable information via an oracle.

5. **Does mandatory pre-contract disclosure regulate business format franchising sufficiently or do franchisees still have to rely on the kindness of strangers: an Australian perspective.**

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This paper focuses solely on pre-contract disclosure and immediate post contract exit rights under black letter franchise laws and soft law franchise codes. In the discussion, the characteristics, idiosyncrasies and limitations of pre-contract disclosure as a consumer protection mechanism for franchisees are documented and critiqued. The submissions to Australia's 2018 franchise inquiry provide a lens into the perspectives of diverse stakeholders into the role and effectiveness of Australia's form of black-letter pre-contract disclosure.

6. **Franchisees' Satisfaction and Commitment: The Role of Brand Equity and Fairness in Mobile Payment**

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Abdoul Anasse – Félix Houphouët-Boigny University, Ivory Coast
Gérard Cliquet – University of Rennes 1, France

Using social exchange theory, this paper shows that the franchise relationship can be an unsteady relation in which franchisees' satisfaction index is low during the decline period and many of them exit during this period. The purpose of this paper is to investigate the moderating effects of brand equity and procedural fairness on the relationships between franchisees' satisfaction dimensions and their relationship commitment. A survey of 250 franchisees using a partial least squares (PLS) model have been used. The questionnaires were collected in mobile payment industry in Ivory Coast. Franchise system in this industry was created eight years ago and many franchisees have exited since. Overall, this paper reveals that only social satisfaction has positive influence on franchisees' relationship commitment and that brand equity enhances the relationship between franchisees' satisfaction dimensions and their relationship commitment. However, procedural fairness enhances only the relationship between franchisees' social satisfaction and their commitment. In mature phase, franchisees tend to use their own initiative instead of following the processes and procedures prescribed in the franchise agreement. Future researches could study the factors able to maintain cooperation performance during the mature phase in order to reach decline phase with more certitude. To the extent that franchisors practice fair procedures and focus their effort on the construction of brand equity not only at the beginning but over time along the life cycle, franchisors would be in a better position to retain valuable franchisees in decline phase.

7. **Who Wants to Be a Franchisee? Integrating Theories to Explain Entrepreneurial Intentions**

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Maarten van der Bij – University of Groningen, Netherlands
Rozenn Perrigot – University of Rennes 1, France
Assâad El Akremi – Toulouse School of Management, France
Olivier Herrbach – University of Bordeaux, France

Entrepreneurial intentions (EI) are fundamental to the entrepreneurial process, and their antecedents have therefore received a lot of research attention. Recent EI research has called for an integration of theories to better explain individuals' EI in different entrepreneurial contexts. We integrate the Theory of Planned Behavior (TPB) with Achievement Motivation Theory (AMT) to develop and test a model explaining EI; more specifically, individuals' intentions to become franchisees. Franchising is an increasingly popular form of entrepreneurship, and several stakeholders can benefit from knowledge on factors affecting EI regarding franchising. Our survey among 666 individuals contributes to EI research by demonstrating the relevance of integrating TPB and AMT to explain EI: individuals' motivations (i.e. need for achievement and risk-taking propensity) affect their attitudes towards franchising and perceived behavioral control. Moreover, our study reveals a more complex structure among the main TPB antecedents in explaining EI than TPB research typically hypothesizes: in addition to a direct effect on EI, subjective norms also have direct effects on individuals' attitude towards franchising and perceived behavioral control. Our results have several practical implications for different stakeholders of the franchising industry.

8. **A franchisor's vicarious liability: trademarks, control, Consumers' perceptions, websites, and the internet**

Robert W. Emerson – University of Florida, USA

Vicarious liability in the franchise context has always been connected to issues of intellectual property, especially trademark, as well as to matters of control, consumer perception, mass marketing, and – increasingly – the ramifications of an Internet marketplace. This article examines those issues, including the roles of franchisor websites, and it incorporates a series of surveys of consumers as well as a review of website content for 250 franchise networks.

9. **Gender differences in ethical behavior: Evidence from CSR policies in Spanish franchise chains**
María Fernández-Muñios – Universidad de Oviedo, Spain
Paloma Sánchez-Gómez – Universidad de Oviedo, Spain
Marta Vázquez-Suárez – Universidad de Oviedo, Spain

The purpose of this study is to examine the impact a CEO's gender has on Corporate Social Responsibility (CSR) in Spanish franchise chains. Using a sample of 246 franchise systems, we have observed that there are gender differences in the ethical behavior of the chains analyzed. These results support previous research based on gender socialization theory in which men and women behave differently due to their individual psychological differences. We can therefore confirm that in the franchise field, as in other organizational forms, ethical decisions are informed by managers' gender.

10. **Franchise model in health care sector. Institutional influences on health care clinics in Spain**
Nina Gorovaia – Frederick University, Cyprus
Guillermo Navarro Sanfelix – University of Valencia, Spain

This paper uses insights from the institutional theory and intellectual capital perspective to study the competitiveness of the health care clinics in Spain. The environment of the health care services is highly institutionalized: professional associations are state agents responsible for the extensive regulations and recently emerging franchise chains become subjects for imitation by creating institutionalized routines from within and increasing competitive pressures for other industry players. The franchise business model as applied to the health care services is evolving: while the core activity – provision of a healthcare service – cannot be standardized and the independent judgement of a health care professional is legally protected, franchise chains standardize management of health care clinics to achieve economies of scale and efficiency. Franchise chains and institutional influences of professional associations improve competitiveness of the independent health-care professionals. The survey of the health care professionals in Spain provides support to the hypotheses.

11. **Franchising in the Balkans: History, Status and Challenges**
Marko Grünhagen – Eastern Illinois University, USA
Nada Mumdžiev – Webster Vienna Private University, Austria
Barbara Harča – University of Rijeka, Croatia
Tamara Milenković-Kerković – University of Niš, Serbia
Jasmina Dlačić – University of Rijeka, Croatia

Since the Balkans have not been covered with regards to franchising in any comprehensive fashion in the past, this study represents a first look at the topic in this part of the world and contributes to the literature on franchising in emerging economies. This research contrasts the development of franchising in the ten Balkan countries of Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Macedonia, Montenegro, Romania, Serbia and Slovenia. A comprehensive overview of the franchise industry and its history is created for each country, integrating economic and franchise infrastructure development. The study reveals severe deficiencies in the region with regards to the availability of official data and a lack of specific legislation with regards to franchising and disclosure mandates, as well as education about franchising and a reliable legal environment. Implications for researchers and policy makers conclude the study.

12. **Choice between Equity and Non-Equity Governance Modes in International Franchising**

Maria Jell-Ojobor – LUISS Guido Carli University, Italy
Ilir Hajdini – University of Vienna, Austria
Josef Windsperger – University of Vienna, Austria

International franchisors need to choose a governance structure which determines their equity investment and control in foreign markets. Based on resource-based and organizational capabilities theory, transaction cost theory and cultural theory, we investigate the antecedents of the international franchisor's choice between equity modes, such as wholly-owned subsidiaries and joint venture franchising, and non-equity modes, such as single-unit franchising, area development franchising and master franchising. Our study is a first test of the integrative model of the governance structure of international franchise firms developed by Jell-Ojobor and Windsperger (2014) by using primary data from international franchise systems headquartered in eight countries. Franchisor system-specific assets, local market assets, bilateral transaction-specific investments, environmental uncertainty, cultural distance and home country culture variables significantly affect the international franchisor's international governance mode choice.

13. **Determinants of Franchisee Overall Satisfaction: Application of the Performance Feedback Theory**

Michal Jirasek – Masaryk University, Czech Republic
Susanne Maria Gaffke – University of Vienna, Austria
Josef Windsperger – University of Vienna, Austria

Franchisees' satisfaction in the franchising system represents a factor with various consequences – from stimulating the implementation of new practices up to the decision to stay or leave the franchising system. In our paper, we posit that the satisfaction is influenced by three performance dimensions: finances, service, and relationship. Building on the performance feedback theory, we assume that decreasing performance on any of these dimensions leads to decreasing franchisee's satisfaction. The study is conducted on a small sample of franchisees' data collected via questionnaires. The findings show that the central role is played by relationship quality that consistently predicts changes in satisfaction and largely mediates the effect of the other important performance factor – financial performance relative to the competitors. We, therefore, propose that some performance factors have non-significant effects on the satisfaction because they are more franchisee-dependent (financial and service performance relative to their historical values) or known by the time of joining the system (service performance relative to the competitors). On the other hand, financial performance relative to the competitors can be largely attributed to the franchising system, and relationship quality role reflects both the role of an important performance dimension as well as a mediator of other performance factors.

14. Ownership Structure of Franchise Chains: Trade-off between Adaptation and Control

Michal Jirasek – Masaryk University, Czech Republic
Matthias Glaser – University of Vienna, Austria
Josef Windsperger – University of Vienna, Austria

This study provides a new explanation of the ownership structure of franchise firms by highlighting that there is a trade-off between adaptation and control under increasing uncertainty. Franchising networks are formed to reduce transaction costs by combining franchisee outlets (as adaptation mechanism) to increase local responsiveness and company-owned outlets (as a control mechanism) to increase central coordination. Franchisors use more local responsiveness stemming from a lower proportion of company-owned outlets (PCO) to access the local profit opportunities under low to moderate environmental uncertainty and more central control by a higher PCO under a high environmental uncertainty to better coordinate interdependent local market outlets. Hence the franchisor has to find an optimal PCO by balancing the PCO decreasing effect of higher local adaptation with the PCO increasing effect of higher central coordination under increasing uncertainty. We argue that, under low to moderate degree of uncertainty, it is likely that the information and search cost savings exceed the higher coordination and control costs under lower PCO, and, under a high degree of uncertainty, it is likely that the higher coordination and control cost savings exceed the higher information and search costs under higher PCO. Therefore, there is a U-shaped relationship between PCO and environmental uncertainty. Data from Swiss and German franchise systems provide support of this hypothesis.

15. Channel Governance through Brand Equity: Implications for Capital Allocation to Brand Investments

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Manish Kacker – McMaster University, Canada
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Senior executives are often faced with the challenge of justifying marketing investments to various stakeholders. When it comes to investments in the brand (e.g., advertising, marketing communications), it becomes even more challenging due to the intangibility and long-term nature of the outcomes of such investments. In this study, we provide empirical evidence that draws attention to a relatively under-recognized benefit of brand investments, one that goes beyond customers, competitors, and shareholders to reach distribution partners. We argue that by investing in its brand, a firm reduces the need for investing in forward vertical integration because brand equity functions as an alternative governance mechanism that enables the firm to effectively govern its channel through contractual self-enforcement. Therefore, investments in the brand may offer a lower risk/reward ratio and a better hedge against uncertainty than many other alternatives because they can be considered as “dual investments” directly in the brand and indirectly in the channel. Empirically, the results of a Bayesian Panel Vector Autoregression (BPVAR), on a large panel dataset (n=6,292) covering North American franchise chains in 44 sectors, reveal that brand equity has a direct, powerful, but lagging impact on channel governance such that higher brand equity leads to (Granger-causes) less hierarchical channel governance structure (lower levels of downstream vertical integration). Furthermore, reverse causality analysis suggests that the effect in this direction is more pronounced, powerful, and persistent than the reverse one. Our findings contribute to three literature streams and provide actionable insights to senior executives, primarily in the areas of capital allocation and marketing communications investments.

16. Dynamic Capabilities, Operational Capabilities, and Franchise System Performance

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Anne-Laure Le Nadant – University of Rennes, France
Frédéric Perdreau – University of Lyon, France

This article seeks to empirically explore the relationship between dynamic capabilities and franchise system performance. Using survey data from top-executives from 119 France-based franchisors, a cluster analysis was conducted to highlight the multiple configuration profiles of franchise systems based on their dynamic capabilities and operational capabilities and by elucidating how, under specific environmental conditions (market dynamism and uncertainty) and according to the franchisor's strategic intent, these configurations lead to differential franchise system performance. This article outlines the coexistence of five configurational profiles of franchise systems: four configurations typify high-performing franchise systems whereas one typifies low- performing franchise systems. Theoretical and practical implications are discussed.

17. **Governance in Franchising: Expanding the Conceptual Domain**
Martin Ludvigsson-Wallette – Linnaeus University, Sweden
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We propose a conceptual model that expands the concept of governance in franchising to include higher order ownership structures while considering the unique characteristics of the franchise relationship. Ownership structures to include cooperatives, private equity firms, publicly traded companies, families and foundations have a significant impact on the functioning of modern franchise systems but have failed to be recognized in current franchise governance models. Franchising's unique ontology to include semi-internal members of the organization (i.e., franchisees) that invest their own assets and maintain their own balance sheets provides a rich context to explore governance issues. Franchisees, whom exist outside the traditional boundaries of the firm, are not employees but are tied firmly to the brand given the significant investments they make in firm specific assets. Franchisee based organizations are also getting larger with their own corporate structures and investments in firm specific assets sometimes dwarfing those of their franchisor partners. By expanding the concept of governance in franchising we open up avenues for significant scholarship that can enrich both the governance and franchising literatures.

18. **Governance Structure and Franchisee Opportunism in an Emerging Market**
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Opportunism is a key factor that can affect the quality of inter-firm relationships. While extant research has investigated multiple forms of governance mechanisms to address opportunistic behaviors in franchising, sparse attention has been afforded to franchise systems operating in emerging markets in spite of exponential growth in these markets. In this study, the research objectives are to test the a) direct effects of different governance mechanisms on franchisee's satisfaction and b) moderating effects of franchisee opportunism on the relationship between different governance mechanisms and franchisee satisfaction. The present study specifically focuses on the franchisee's perspective in India. Results suggest that formalized processes and solidarity in franchising relationships positively affect franchise satisfaction levels. In cases where the franchisee behaves opportunistically, relational mechanisms are more effective than formalized mechanisms in addressing such behaviors. Findings of the study have important theoretical and practical implications for governance design in business-to-business relationships in emerging markets.

19. **Bankruptcies and Bailouts: The Continuing Impact of the Financial Crisis on the Franchise Auto Dealer Industry**
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Robert W. Emerson – University of Florida, USA

An intricately intertwined network of corporate manufacturers, independently-owned dealers, suppliers, and workers, the U.S. auto industry has been a staple of the American economy for the better part of a century. However, in the wake of globalization, ever- increasing foreign competition, and the Financial Crisis, only governmental intervention has allowed the U.S. auto industry to remain viable over the last decade. But did the governmental intervention achieve its intended purpose? And, in the long run, is governmental intervention the only answer to shield a fledgling U.S. auto industry from the ebbs and flows of a global economy? Perhaps, the source of the U.S. auto industry's viability issues does not lie within the macro-level circumstances that surround it—but, rather, in the franchise business model it utilizes.

20. **Resale Pricing as Part of Franchisor Know-How**
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Begoña López-Fernández – University of Oviedo, Spain
Guy Basset – University of Rennes 1, France
Olivier Herrbach – University of Bordeaux, France

Purpose: Franchise relationships imply that franchisors allow their franchisees to use a valuable brand, provide them with continuous assistance and transfer a set of relevant know-how to them. On the other hand, as franchisees are independent entrepreneurs, one important part of the business format that franchisors are not allowed to impose on their franchisees is resale prices. They are only allowed to indicate a recommended or a maximum price. This study looks further into the capabilities underlying the calculation of resale prices and suggests that price-setting is both part of the “business know-how” transferred to franchisees and part of the “organizational know-how”, that is, capabilities developed and kept at the franchisor level. Design/methodology/approach: Adopting a qualitative approach to the French franchise sector, we used a dual perspective involving a total of 65 interviews, 19 with franchisors and 46 with franchisees. Findings: We found support for our propositions that resale pricing is a process that involves both business know-how and organizational know-how. Originality/value: We confirm the existence and relevance of another kind of know-how apart from the business know-how that is transferred to the franchisees. Specifically, we claim that organizational know-how at the chain level, though often neglected, is a necessary determinant of sustaining a competitive advantage. This know-how is not transferred to the franchisees but contributes to the success and sustainability of the franchisor/franchisee relationship. Franchisors should thus work on improving their capabilities to better assist their franchisees.

21. **The Impact of Franchisees’ Perceived Stakeholder Roles on Conflict in Franchising Networks**
    Aveed Raha – University of Vienna, Austria
    Ilir Hajdini – University of Vienna, Austria

Scholars have investigated causes of conflict in networks and interorganizational relationships for a relatively long time. However, one of the conflict causes that purely attributed to perceptions, has provided little insights so as to how can managerial perceptions influence the quality of relationships in networks. Investigating this topic in light of franchising is particularly important as franchisees may take on multiple stakeholder roles of customers, employees, business partners or investors. Therefore, the aim of this study is to examine the level of conflict in franchise networks influenced by the franchisor’s perceptions regarding the different stakeholder roles of their franchisees. With field data from Germany, Austria, Czech Republic and Slovakia, we show how the franchisor’s perceptions of their franchisee roles influence the amount of franchisor’s support and conflict outcomes in franchise systems.

22. **Unpacking the Microfoundations of Dynamic Capabilities in Franchise Systems**
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    Magali Malherbe – University of Caen, France
    Catherine Allix-Desfautaux – University of Caen, France

This paper addresses the unfolding of dynamic capabilities in franchise systems. Dynamic capabilities facilitate adaptation to changes in the environment. However, in franchises, changes to the franchise concept need to be uniformly deployed to enhance economies of scale and a consistent customer experience throughout the network. Consequently, different mechanisms are mobilized to ensure both adaptation and uniformity. In this paper, we conduct a qualitative study of franchise systems in different sectors. We propose a taxonomy of different networks according to their settings in terms of the microfoundations of dynamic capabilities. Microfoundations include the role played by individuals, processes and interactions, and the company's structure in shaping dynamic capabilities. We particularly highlight the roles of the velocity of the external environment and the appropriability regime in explaining differences among different micro foundations of franchise systems.

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23. **Differences in Franchise Contract Design Between Countries: The Case of Austria and Spain**
Vanesa Solís-Rodríguez – University of Oviedo, Spain
Nada Mumdziev – Webster University Vienna, Austria
Manuel González-Díaz – University of Oviedo, Spain

Franchise contract provides essential framework for franchise collaboration, outlining the roles and responsibilities of each party, the allocation of decision and control rights, the planning for various contingencies, how the parties will communicate and how to resolve disputes. The existing literature on franchise contracts has mainly focused on studying few contractual provisions and characteristics, particularly the incentive structure and monitoring issues of franchise relationship. This study extends the existing literature by examining the overall structure of the franchise contracts and a number of provisions in two countries: Spain and Austria. The study is unique because it compares contracts from two different countries and, therefore, two different institutional environments. Findings indicate that contracts of both countries do not differ in terms of parties' formalization of provisions. However, it is clear that national regulation may affect contract design in terms of the degree of contractual completeness. Larger differences between Spanish and Austrian contracts were found in relation to "Transfer of the business" and the "Control of selling prices" provisions, which may be linked to differences in franchising industry between the analyzed countries and different country contexts.

24. **Market Coverage and Company-Owned Outlets in Mature Franchise Systems: An Examination of Yum! Brands**
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Market coverage is an inherent goal of franchise systems, as the value of the franchise brands is only realized by patrons selecting the brand at multiple locations. Franchisors operate an expected number of company-owned locations in their system's early history to demonstrate their development of a profitable working format to attract potential franchisee resources; initiating growth and market coverage. As the franchise system grows in locations, resources and experience, franchisors' have higher incentives to buy back locations from franchisees, who through non-renewal or choice, exit the system (Oxenfeldt and Kelly 1969). Those locations retained by the franchisor would be those locations with superior performance, such that an increased portion of a system would steadily become company-owned units. However, franchisors have increased their dependence on multiunit franchisees to provide a continual stream of royalties and franchise fees that provide a competitive offer to the choice of franchisee or company-owned operations, such that evidence on an ownership redirection is mixed (Dant, Kaufmann, and Paswan, 1992). Having an effective measure of market coverage, particularly for convenience foods consumed away from home, would be beneficial to both franchisors and franchisees prior to any actions that lead to the market being overstored. Research on approaches to achieving market coverage is limited in validity, because it is typically reported as the number of outlets per person, or households, or in cases of encroachment if intrabrand competition comes within a distance that "has an adverse effect on gross sales" (Iowa Code, 2009). Franchisors, franchisees, and regulators would benefit from a shared measure of coverage for the franchise, such that after a certain level of coverage is obtained, contracting parties would need to agree on increasing the number of outlets. While the topic of market coverage is important to coverage, no studies at this point have examined the spatial dimension across geographic markets. An initial cross-sectional study with separate analysis of the three Yum Brands: KFC, Pizza Hut, and Taco Bell is provided on the largest counties in the U.S. An initial spatial measure based on the geographic distances in ranges of store locations is compared to the conventional approach that is based on the number of stores per persons in the market. This proxy of market coverage provides criterion validity when regressed on common structural characteristics that vary within the franchise system

25. **Opportunities and Challenges for Social Franchise Development**
Marta Joanna Ziolkowska – SGH Warsaw School of Economics, Poland

The main goal of the paper is conceptual analysis of social franchising model, opportunities and challenges within implementation and the consideration about the possible future of this concept. This study concludes the usage of franchising as a growth method in social economy. This is an exploratory study designed to identify some of the key issues for social franchisors and potential franchises and act as a pointer for future more detailed research. It has involved a number of research activities as desk research and literature review, as well as some examples of social franchising in Poland. The author underlined the complexity of social franchising based on its area, nature and type. There are many factors that should be taken into consideration, when thinking about successful implementation of social franchise business model.

26. **Stay Ahead of a Game or Stay Still: The Impact of Learning and Development on Business Performance**
Janette Timms – University of the Sunshine Coast, Australia
Lorelle Frazer – University of the Sunshine Coast, Australia
Scott Weaven – Griffith University, Australia
Park Thaichon – Griffith University, Australia

It is proposed that investment in Learning and Development (L&D) can and does lead to enhanced channel outcomes for the various players involved in the franchising relationship (franchisees, franchisors, customers, franchise employees, suppliers and industry and the franchise sector as a whole).The focus of this paper is in investigating solutions to known problems associated with poor levels of participation and engagement in franchisor-initiated L&D activities that have impacted franchise system performance. L&D research in the franchising sector has been lacking; however, this paper extends research conducted in the Small to Medium Sized Enterprises (SMEs) context on barriers to participation and engagement with training. We used a qualitative case study approach, supplemented by archival data, targeting 60 participants across four franchise systems, and present an integrative framework of knowledge transfer in franchising relationships, providing actionable insights to the franchising sector and human resources fields.

27. **Controlling for Innovation: An Exploration of Innovation Processes in Franchise Organizations**
Anna Watson – University of Hertfordshire, UK
Julienne Senyard – Griffith University, Australia
Olufunmilola Dada – Lancaster University, UK

Franchising, as a replicator organizational form, provides a challenging context to manage innovation. Whilst franchisors may wish to limit their franchisees' innovative activities to ensure network consistency, the potential value that franchisee innovations may create for the system should not be underestimated. Franchisees, at the coal-face of customer-centric activities, have the potential to offer valuable customer insight and develop important innovations within their franchise systems. However, little is understood about how franchisees respond to the inherent tension within franchise systems between the franchisor's desire for control, and their own desire for autonomy and the ability to respond to local market opportunities. This paper seeks to address this gap, drawing on data from two related empirical studies of franchisees operating in the UK. More specifically we explore the organizational factors which may influence innovation processes within franchise systems, and consider how franchisees respond to attempts to control their innovation activities. Our first study reveals that franchisees are extensively engaged in innovation, but that often these innovations are not adopted by the system. These findings motivated our second, qualitative study, which sought to better understand why innovations may not be adopted. In particular we consider the extent to which innovation may be hidden from the franchisor. Through a case analysis of 29 franchisees from 7 different franchise systems, we identify a number of organizational factors which influence the extent to which franchisees share their innovations with the network, and develop a framework of franchisee-led innovation processes. Our findings extend emerging research in franchise innovation, and also provide some practical insight into the ways franchisees can be best supported in creating and disclosing innovations to benefit the system.