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**1. Franchising Reimagined: Exploring Generation Z's Entrepreneurial Aspirations and Perceptions**

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**Purpose:** This paper examines Generation Z's characteristics and identifies critical factors influencing their attitudes toward entrepreneurship and perceptions of the franchising business model. The investigation elucidates potential changes and adaptations necessary within the franchising industry to effectively engage this emerging demographic. Moreover, the paper emphasizes organizations' need to reassess their strategies to accommodate this cohort.

**Design/methodology/approach:** The research design implemented for this study is exploratory. The analysis is grounded in the information and data obtained from scholarly journal articles, newspapers, and research about students' perceptions of franchising and in-person discussions with members of the Generation Z cohort. This research paper is grounded in an extensive literature review of academic and industry publications focused on Generation Z, their entrepreneurial aspirations, and the evolving role of franchising.

**Findings:** Generation Z is strategically positioned to assume a pivotal role in shaping the future of franchising. Their proficiency in utilizing technology, commitment to value-oriented principles, and entrepreneurial spirit are key drivers of innovation and the transformation of industry standards. Franchisors who adapt their strategies to accommodate this generation's unique features and preferences will likely benefit from their enthusiasm, creativity, and dedication to fostering meaningful business connections. Generation Z is poised to redefine the franchising landscape by emphasizing entrepreneurial opportunities that align with their values of authenticity, social responsibility, and technological advancement integration.

**Research limitations/implications :** It is crucial to recognize that limited information exists regarding Generation Z, as they have only recently commenced participation in franchising as franchisees.

**Practical implications:** Traditional franchising models, characterized by rigorous operational guidelines, may require adaptation to permit greater flexibility in creativity and personalization. Such adjustments may entail allowing franchisees to customize specific elements of the business to align with local market demands or their unique competencies.

**Originality/value:** The research proposes a viable approach for effectively managing Generation Z, optimizing their potential within the franchise sector, primarily as franchisees but eventually as franchisors.

## **2. Blockchain and Decision Rights in Franchise Networks: A Property Rights Approach**

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Previous literature argues that blockchain enables automation of transactions through smart contracts, resulting in decentralized governance without explaining the concept of decentralization. This missing perspective is challenged with the development of a theoretical concept for decentralization of decision-making in intra- and interfirm networks, based on the property rights view of allocation of decision rights. Applied to franchising, we argue that codification of knowledge assets regarding the different value chain activities influences the use of blockchain (BC) and smart contracts (SC), and hence the allocation of decision rights in franchise networks. If the value chain activities regarding local market assets and system-specific assets in the franchise network can be partially codified in SC, a higher proportion of BC-based automated decision-making will either increase or decrease decentralization of decision-making authority in the network. We contribute to the body of knowledge on governance of franchise networks by developing a theoretical framework using codifiability of knowledge assets as the driver for the degree of centralization/decentralization of decision-making in BC-based networks.

## **3. ‘Interest Domination’ in Franchising**

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Nicholas Robinson, Eastern Illinois University, USA

This study suggests that ‘interest domination’ (Dahab, Gentry and Sohi 1996), i.e. an overriding interest, or agenda, by the franchisor with respect to the profiles of the franchisees and a resulting shared interest across the network, may constitute an alternative explanation

for the choice of the franchise model over other channel constellations which has not been explored in the franchise literature. ‘Interest domination’ designates a framework in which distribution channels are controlled by groups or networks of people with mutual interests. Applying this concept to a franchise network, franchisors may have a special interest, such as the selective recruitment of veterans, ethnic or religious minorities, in the pursuit of a common interest. When entrepreneurs are faced with the decision which legal form to select for their business, the pursuit of dominant interests may steer them in the direction of a franchise. Franchisors to date have not been held legally liable for franchisee recruitment practices and profiles that would otherwise be considered discriminatory in employment contexts, and this study examines the legal *status quo*. The pursuit of interest domination in franchise systems ought to result in greater social identification, a cohesive network of peers with a common identity, strong organizational citizenship behaviors (OCBs) and, thus, an especially successful franchise system. A downside of such common interests across franchise systems may lie in a lack of diversity, or in essence, the creation of uniquely homogenous groups of franchisees.

#### **4. Beyond business ties: Exploring the antecedents and outcomes of friendship among franchisees**

Dr. Eszter Gedeon, University of South Brittany, France

Dr. Corentin Le Bot, University of Rennes, France

Dr. Rozenn Perrigot, University of Rennes, France

Dr. Anna Watson, Edinburgh Napier University, UK

This study explores the emergence and impact of franchisee-franchisee friendships within franchise networks. Although franchising is a hybrid model combining entrepreneurial autonomy with standardization, the role of informal relationships between franchisees within the network—critical to its functioning—has been largely underexplored. Through qualitative interviews with 36 French franchisees, this research examines the factors facilitating the development of friendships and their effects on both individual franchisees and the overall network. The findings indicate that franchisees often form friendships that range from workplace-focused to strong emotional bonds. These friendships foster knowledge sharing and emotional support, which enhance franchisee well-being and contribute to the network's success. Overall, this research provides new insights into the importance of franchisee friendships, suggesting that franchisors should encourage these relationships to maximize network benefits, while also being mindful of their potential challenges.

## **5. Superior Customer Service as a Competitive Strategy in Chains: Entrepreneurial Orientation and Market Dynamics**

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Steven C Michael, University of Wisconsin – Milwaukee, USA

This study explores whether and how franchisees seek to achieve differentiation through superior customer service strategies. While extant literature has focused on agency theory explanations for quality outcomes, we theorize that the entrepreneurial orientation of franchisees will yield overall higher customer ratings. Further, we include market dynamic considerations, exploring how such strategy differs in the presence of competitors of the same and different brands, as well as their ownership type. Using a comprehensive unit-level dataset that includes large chains in the United States, we find that franchisees do exhibit higher customer satisfaction ratings. Moreover, results also highlight the importance of intra-brand competition, and distinctions in how single-unit and multi-unit franchisees react to nearby competitors.

## **6. Risk Management in Family Franchises: Analysis of the behaviour differences between founding and heir leaders**

María Fernández Muiños, University of León, Spain

Luis Vázquez Suárez, University of Salamanca, Spain

Ilir Hajdini, University of Sharjah, United Arab Emirates

Based on the theories of the upper echelons, this study addresses the existing research gap on the risk that family leaders are willing to assume in the franchise industry. We suggest that heir leaders lead companies to a higher level of risk than founding leaders. In addition, we examine the role of gender, age and type of owner (majority and minority shareholder) in the relationship between generation and risk. Through a sample of 215 Spanish family firms that operate in the context of the franchise, we found that age, gender and owner profile moderate the relationship between generation and risk in the chain.

## **7. Private Equity Investors as Active Owners in Franchising**

Martin Ludvigsson-Wallette, Kristianstad University, Sweden

Private equity ownership in franchising is expanding as investors are drawn to low asset requirements and stable royalty revenue. While existing research has explored how franchisor strategies influence the balance between corporate-owned and franchised outlets, these studies have primarily focused on acquiring profitable assets rather than

broader ownership shifts that impact resource allocation and system growth. Unlike publicly traded or family-owned franchise chains, private equity firms are active owners and operate under short time horizons and seek to maximize returns. One key strategy they employ is refranchising—selling company-owned units to franchisees—to enhance short-term profitability, as royalty-based earnings typically exceed company-owned store margins. Although plural-form franchising offers potential long-term benefits, we anticipate a growing trend toward fully franchised systems under private equity ownership, challenging the predictions of Oxenfeldt and Kelly's (1969) lifecycle model.

This study introduces the concept of active ownership in franchising by drawing on theories and perspectives of ownership. It identifies the key backgrounds of active ownership and differentiates between various processes through which active ownership manifests. Different pathways to active ownership by private equity highlight the contrast between the often distant, sometimes passive nature of a public shareholder and a more engaged, and active relationship between private equity investors and firms. Few studies explore active ownership between investors and firms in franchising. By modeling active ownership, this research establishes a foundation for future study, addressing the unique attributes to investing in franchise businesses. Understanding the nature of private equity investor engagement is essential for fostering effective franchise corporate governance. Policymakers and practitioners can leverage these insights to anticipate and implement necessary adjustments to governance frameworks, ensuring more sustainable franchisor investor relations.

## **8. An Exploratory Study of Emerging Trends and Early Responses to AI in Franchising Networks**

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Mélanie Roux, Toulouse Business School, France

Maryline Schultz, Université de Bourgogne Dijon, France

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This research contributes to theory by extending the understanding of technology adoption in franchise networks to the case of Artificial Intelligence (AI) as a General- Purpose Technology (GPT). As traditional adoption models fail to capture the complex and dynamic nature of AI integration, this study introduces a novel framework structured around four levels of engagement (acculturation, individual usage, experimentation, and strategic planning) and three faultlines (nature of AI, beneficiaries, and finality of applications).

It conceptualizes AI as a transformative GPT in the context of franchising. This perspective highlights the pervasive impact, continuous improvement, and ability to spawn

complementary innovations that characterize AI, offering a new lens through which to view its adoption and impact in franchise networks.

This research also contributes more broadly to knowledge on AI adoption in organizational contexts by emphasizing the spectrum of engagement rather than a binary «adopted or not adopted» perspective.

The findings related to AI adoption patterns have practical significance. They offer franchise networks a roadmap for AI integration, from basic understanding to comprehensive strategies, while highlighting the untapped potential of predictive AI and strategic applications. This provides franchisors with concrete insights to tailor their AI adoption approaches based on their current level of engagement, resources and capabilities, and strategic objectives.

## **9. The Challenge of Financing Social Franchises**

E. Hachemi Aliouche, University of New Hampshire, USA

Social franchising, a concept closely related to social entrepreneurship, has two bottom lines: a social one (social impact) and a financial one (financial sustainability). The financing of social franchises is critical to the success of social franchises as it determines their financial sustainability. Financial sustainability is more likely when social franchises rely on a diversified portfolio of financial sources, including traditional financing sources (grants, debt, equity), non- traditional financing sources such as patient capital and social impact bonds, and company revenues. Case studies of two successful social franchises (Jibu, Unjani Clinics) are presented.

## **10. Enhancing Law Through Artificial Intelligence: A Case Study Of Disclosure Laws**

Uri Benoliel, College of Law and Business, Israel

Artificial intelligence (AI) has catalyzed transformative advancements across diverse fields, including healthcare, business, and finance, by streamlining processes, enhancing outcomes, and fostering innovation. This Article empirically investigates whether AI can similarly revolutionize the regulatory landscape, with a specific focus on disclosure laws—a cornerstone of regulatory policy designed to promote transparency and informed decision-making.

The study reveals that AI-powered paraphrasing tools hold significant promise for improving the conciseness of legally mandated disclosures. Specifically, a systematic empirical analysis of disclosure documents from leading U.S. food franchises demonstrates that AI tools can reduce word count by nearly a third and character count by more than a quarter,

primarily by eliminating verbosity. These findings highlight the potential of AI to make disclosures significantly more accessible and effective for recipients.

Building on these results, the Article proposes a novel regulatory framework that incentivizes firms to adopt AI tools for complying with disclosure law requirements. By doing so, policymakers can modernize regulatory practices, enhance the effectiveness of disclosures, and better align legal frameworks with their intended objectives.

### **11. Collaborative vs. Independent Entrepreneurship. Is Franchising the Answer to Unfavorable Entrepreneurial Conditions?**

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Susana López-Bayón, University of Oviedo, Spain

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This paper delves into the personal and contextual characteristics that differentiate *collaborative* entrepreneurs (franchisees) from those who have decided to start their own businesses (independent owners). Both types of entrepreneurship have been analyzed separately, without really knowing which conditions favor one or the other form of entrepreneurship. This knowledge is fundamental to understanding how to promote entrepreneurship in different environments or among different individual profiles. Thus, based on neo-institutionalist and RBV theories, we first identify the conditions capable of discriminating between collaborative vs. independent entrepreneurship and then empirically test their influence. Using a unique dataset from the Global Entrepreneurship Monitor (GEM) survey, the results identify several *actor-centric* (e.g., formal education and age) and *environmental-centric* (e.g., informal institutional norms) factors that favor collaborative forms of entrepreneurship (franchising) over individual initiatives. Results also show that franchisees are not necessarily less entrepreneurial than independent owners. On the other hand, they do not support the advantages of collaborative entrepreneurship in adverse institutional contexts, at least when analyzed at a country level.

### **12. Governance of Franchising Strategy with a Global Scope**

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We explain complementary strategies of franchisors for regional diversification of franchise networks. Using a sample of 156 franchise systems headquartered in eight countries, and differentiating among four strategies anchored in dimensions of governance structure and knowledge transfer of the franchise business model, we examine the effectiveness of

*combined* governance of these strategies as franchise systems expand into nine global regions. The results show that by complementing a low-control dominant mode with mode variations and aligning knowledge transfer through tacitness and training, franchisors can obtain synergies in global strategies that enhance efficiencies of scale, scope, and learning for their combined applications. We emphasize the implementation of a global franchise network through competent management of interrelated value creation and value delivery strategies in an ever-changing, complex environment.

### **13. Building Bridges in Franchise Networks: Understanding Foundations and Outcomes of Trust in Franchisee-Consultant Relationships**

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Franchise networks form a unique type of entrepreneurial network, with trust among franchisors and franchisees as an important ingredient for success. Franchising research has, however, largely adopted a generic trust view and has neglected the role of field consultants (as franchisor representatives) as a specific trust referent. To capture the unique dynamics in franchisee- consultant relationships, we aim to develop theory on micro-level foundations and outcomes of franchisee trust in their consultants. Based on a case study within a Western-European franchise network, we find a need to integrate calculative and relational/micro-sociological views, where the consultants' fulfilment of franchise-specific functional roles as well as interpersonal bonding and a network clan culture appear to be key foundations of franchisee trust in their consultants. Moreover, such trust appears to enhance franchisee compliance with consultant advice and unit performance.

### **14. Simplifying Independent Contractor Classification: bUsing the Factors that Courts Actually Invoke in Franchise Cases**

Robert Emerson, University of Florida, United States

Bruce Louis Rich, California State University San Marcos, USA

A franchisee's classification as employee or independent contractor carries enormous implications under a range of state and federal laws. Courts generally follow one of a few different legal tests, or variations thereof, including the common law, ABC, or economic realities tests. Disputes over classification can be time-consuming and expensive, but

technological and societal developments may herald the development of a uniform standard for classification.

To reach such a standard, this article examines the landscape of independent contractor case law, detailing the major tests' numerous elements, each of which may support or undermine the judge's finding that a hiree is an employee. Moreover, for each test, the courts' analysis often assigns extra weight to specific factors. Having completed a study of 696 federal and state court opinions evaluating the employee-independent contractor classification, this article analyzes the data and focuses on the factors that courts most used to reach their decisions about a franchisee's status as employee or independent contractor. With the data in mind, we offer suggestions for franchises to operate capably under the current system, and for development of a single, more consistent legal framework. The law is in flux, and the usual political and legal alliances as well as the presumed policy outcomes may not hold.

Data from numerous classification decisions shows what drives judicial determinations that a franchisee is, or is not, an employee. There are several ways to streamline the classification process. Adoption of a uniform test for independent contractor determination would cut down on extraneous criteria that our statistical analysis indicates does not predict what the courts hold. With results showing what judges consistently deem important, the data can clarify the tests that courts should apply.

By culling the classification factors from the three major tests, judges can adopt clear standards for independent contractor or employee status. Jurisdictions could trim the factors and tighten the tests to just a few elements rather than having as many as 12 factors per test. Congress, federal agencies, and state legislatures could push for a new standard that applies uniformly, consolidating all factors to lead to more predictable case law. This streamlined approach would facilitate better business planning. Currently, courts use many tests and a totality of circumstances approach to determine working relationships, but they only weigh a few of the more important factors while the rest take a backseat. By focusing on criteria that are actually determinative, we can supply a consistent standard that courts will rely upon to render the just determinations important to both hirees and hirers. In franchising, the data driving court decisions can guide the legal tests and make the choice - independent contractor or employee status - in keeping with the reality of litigation and actual franchising practices.

## **15. Franchising In Good Faith: The Nonrenewal Power, Good Cause, And Goodwill**

Robert Emerson, University of Florida, United States

The power structure of franchise agreements generally favors franchisors. This preference, in policy, practice, or both, applies, *inter alia*, to issues arising with respect to renewal and non-renewal, including: (1) disclosure requirements and time periods; (2) the role of franchisees in forming associations; (3) a franchisee's expectation of compensation for the goodwill that it has accrued; (4) the right of automatic renewal in some circumstances; (5) public policy; commercial reasonableness, and equity, including notions of estoppel and defenses to allegations of discrimination; and (6) the effect of consistently applied ideals – the benchmarks for good cause – on continuation of or recommitment to a franchise agreement.

In addition to case law, the primary impact on renewal arises from statutes, franchising codes of ethics, and – broadly – the concepts of good faith and fair dealing. Besides analyzing minimum performance standards and American jurisprudence, this article compares the renewal principles found in many nations. While other nations' legal and ethical precepts may not reach or otherwise reform the American law of renewal, the collective action of franchisees may rectify, at least in part, a pro-franchisor, anti-renewal predisposition based almost exclusively on contract language and traditional common law concepts.

## **16. Uniform Pricing, Demand Shocks & Organizational Form: Evidence from the Hotel Industry**

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Renáta Kosová, Imperial College London, UK

We analyze if hotels that belong to geographically dispersed multi-unit firms adjust their prices in response to local demand shocks and whether these responses differ by the hotel's organizational form. Hotels can be company-managed, franchised, or independently owned, and managerial incentives differ across these organizational forms. Unlike prior studies focusing on retail chains, we do not find evidence of uniform pricing among hotels – neither across nor within organizational form. The price responses to local shocks differ when the hotel operator is a residual claimant on outlet profits and by the type of demand (transient vs. repeat customers) and hotel quality.

## **17. Mapping the Intellectual Landscape of Franchising Research: Topic Modeling of ISoF Papers**

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We identify the core topics of franchising research by applying a topic modeling approach to make sense of the diverse body of scholarly papers presented at the International Society of Franchising conferences from 2003-2024. We extract 12 coherent topics from 555 papers, interpret and validate them through a Latent Dirichlet Allocation topic modeling technique. We describe the methodology of the topic modeling and the challenges encountered doing the analysis. Our study provides a structured approach to researchers seeking to understand franchise scholarship and make a contribution to the field of franchising. We also showcase the benefits of probabilistic modeling of topics for deep comprehension of a vast body of literature.