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1. **Antecedents and Consequences of Franchisee (Dis)trust Towards Franchisors: A Dynamic Approach**

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Evelien P.M. Croonen – University of Groningen, The Netherlands

This multiple case study compares three franchisee 'subnetworks' with different trust slopes: increased trust, decreased trust and development of distrust. Franchisee trust of the franchisor is of vital importance, since trust makes a difference between constructive and destructive franchisee behaviors and between positive and negative performance effects. Studies of franchisee trust antecedents, mainly focusing on static, distinct variables, have not amounted to encompassing insights on how franchisors may act to build franchisee trust. Taking the dynamic and interpretation-based nature of trust into account, and applying an abductive approach, our study aims to build an encompassing theoretical framework on (dynamic) antecedents of franchisee trust (slopes) and franchisee reactions. The emerging theoretical framework reveals the importance of having access to resources needed to attain the valued goal of running a profitable business, which feeds into franchisee interpretations of (changed) franchisor actions. These interpretations explain the trust slopes and subsequent franchisee reactions.

2. **The Performance Drivers of the Franchise Relationship: Narrative Synthesis and Perspectives**

Jacques Boulay – ESSCA School of Management, France
Odile Chanut – Jean Monnet University, Lyon University, France

The links between franchisor-franchisee relationship quality and performance generated more than 40 empirical contributions published in English-language journals between 2009 and 2021. Based on a triptych describing the franchise relationship as "a contractual relationship, a business relationship and an intuitu personae relationship", we propose a narrative synthesis of the corpus. The contribution is threefold: to give meaning to this literature; to offer professionals levers to strengthen the relational and economic performance of their network; to identify questions for future academic work.

3. Franchisor Practices for Optimal Omnichannel Deployment in Franchising Networks

Fabienne Chameroy – Aix-Marseille Université, France
Maryline Schultz – Université de Bourgogne, France
Nabil Ghantous – EM Normandie Business School, France
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Sophie Jeanpert – Aix-Marseille Université, France

This research contributes to theory by extending the knowledge on power in franchise relationships to the case of omnichannel marketing. As the relative autonomy of franchisees can be an obstacle to optimal omnichannel integration, the research uncovers three broad forms of franchisor practices to align franchisees to the omnichannel strategy, rooted in an enforcing, a collaborative, and an empowering stance. In addition to traditional coercive and relational practices, this research highlights the importance of internal marketing as a key power mechanism in franchising. This research also contributes more broadly to knowledge on omnichannel marketing by taking into account the specificities of channel organization mode, here franchising, and their impact on omnichannel integration.
The findings related to franchisor practices have practical significance. They offer franchisors concrete tools that they can use to align franchisees to their omnichannel strategy depending on their relational stance.

4. Antecedents and Consequences of Franchisee Trust in Their Corporate Franchise Consultants

Evelien P.M. Croonen – University of Groningen, The Netherlands
Rozenn Perrigot – University of Rennes, France
Eszter Gedeon – University of South Brittany, France
Hamid Mazloomi – Rennes School of Business, France

Despite the existence of an extensive amount of research on antecedents and consequences of trust in franchisee-franchisor relationships, franchising researchers have so far adopted a rather ‘holistic’ view of trust in franchisee-franchisor relationships and have neglected the role of corporate franchise consultants as a specific referent in building trust in franchisee-franchisor relationships. This lack of research is surprising and undesirable because such consultants are employees of the franchisor organization who fulfil multiple important roles in franchisor-franchisee relationship management. Our paper uses an in-depth case study of franchisee-consultant relationships within one Western European franchise network (including interviews with 18 franchisees and 13 consultants) to generate insights into the antecedents and consequences of franchisee trust in their consultants. Our findings point at three types of antecedents of franchisee trust in their consultants: consultant role fulfillment, franchisee-consultant interactions and clan culture. Moreover, our study hints at two types of consequences of franchisee trust in their consultants: franchisee compliance and unit performance. Our study takes an important step in research on franchisee-franchisor relationship quality – and more specifically micro-level processes affecting franchisee trust and their outcomes – by delving into the relationships of franchisees with corporate franchise consultants as a specific type of franchisor representative.

5. Proposal to Classify Franchise Networks According to the Nature of Their CSR Commitment

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Hanène Oueslati – Université Bourgogne, France
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This paper focuses on the commitment of internal stakeholders of franchise networks in the deployment of CSR, and is based on organizational commitment, a concept that comes from human resources. Franchising is a model that is conducive to the deployment of CSR, and the commitment of the franchisor and franchisees is a necessity to achieve this. In the first stage, a qualitative study conducted through semi-directive interviews with 17 pairs of franchisors and franchisees, made it possible to characterize the three constituent dimensions of their organizational commitment and showed that these three dimensions are present in all the networks interviewed, but to varying degrees. In a second step, the case study research method was used to deepen the three typical network profiles that emerged from the results of the first study. Each network studied is driven primarily by one of the affective, continuance or normative dimension. The results of these two studies show that there is a progressive evolution in the nature of CSR commitment, regardless of the dominant dimension. However, this commitment appears to be the prerequisite and the indispensable daily ground for a management based on reciprocity between the franchisor and his franchisees.

6. From Social Entrepreneurship to Social Franchising: Key Factors and Challenges (Extended)

Muriel Fadairo – Univ. Savoie Mont-Blanc, France

In this paper we show that the replication of a successful social entrepreneurship concept through franchising can provide several advantages, the most important being the scaling up of the social impact. However, maintaining the social impact mission of the business can be challenging, as franchisees may not fully understand or align with the mission. This can lead to deviation from the original concept and dilution of the social impact. The paper also contributes to practice by highlighting the key factors for transitioning from social entrepreneurship to social franchising, the tensions in scaling up a social entrepreneurship concept, and the challenges with the transition to social franchising.

7. The Influence of Multi-Unit Franchising and Multi-Brand Franchising on Hotels Performance: A Comparison with Other Forms of Multi-Unit Ownership

Manuel González-Díaz – University of Oviedo, Spain
Marta Fernández-Barcala – University of Oviedo, Spain
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The widespread use of Multi-Unit Franchising (MUF) and Multi-Brand Franchising (MBF) is unquestionable. However, its rationalization and influence on performance remain underexplored. We develop our research on the Spanish hotel sector, which is an undisputed leader in the international tourism scene. We show, first, that the MUF and MBF are detrimental to performance, especially after a certain threshold. We argue that whether the number of establishments is large, performance deteriorates due to the inherent difficulties of properly monitoring many outlets by the franchisee. Managing different brands adds extra complexity because of disparate standards to be fulfilled on the establishments of different brands.Second, we compare these results about MUF and MBF with how other forms of multi-unit ownership (i.e., management contracts) influence online scores. Thus, hotels under management contracts do not suffer the same performance shortages when the managed company is Multi-Unit (MUM) or Multi-Brand (MBM). We acknowledge this is because of the better-aligned incentives design and a more developed internal labor market for general managers in management contracts compared to franchising.

8. Knowledge Transfer Mechanisms and Decentralization of Decision Rights in Franchise Networks

Nina Gorovaia – Frederick University Cyprus, Cyprus
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Josef Windsperger – University of Vienna, Austria

Decentralization of decision-making in franchise networks requires successfully transferring system knowledge from the franchisor to franchisees. This study examines the relationship between knowledge transfer mechanisms and the decentralization of decision rights in franchise networks. Specifically, we empirically test the facilitating effect of three types of knowledge transfer mechanisms – high information-rich, medium information-rich and low information-rich media – on the decentralization of decision rights by using data from 168 franchise networks in four European countries. We argue that high-information-rich media facilitate the decentralization of decision rights by transferring tacit knowledge. In contrast, medium-information-rich and low-information-rich media support decentralization through transfer of explicit knowledge. Our findings show that high information-rich media increase decentralization of decision rights by transferring tacit knowledge, while media with medium information richness facilitate decentralization by supporting the transfer of more explicit knowledge. Overall, we contribute to the franchise and knowledge management literature by highlighting that formal network governance through allocation of decision rights is closely intertwined with the choice of the appropriate knowledge transfer mechanisms.

9. From Catalyst to Cataclysm: The Role of Shopping Malls in the Development of Franchising in Brazil

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Julia E. Hess – Eastern Illinois University, USA
Haroldo Monteiro da Silva Filho – Centro Universitário IBMEC, Brazil

This research fills a gap in the literature on international franchising by linking the global advance of the franchise business model to the geohistorical foray of shopping malls through an empirical longitudinal study in Brazil. We show that shopping malls were key

catalysts in the pre-pandemic growth of franchising in Brazil, yet during the pandemic, many of the original advantages of malls became liabilities. Ultimately, attitudes towards malls as hosts for franchises have changed dramatically, flipping the mall perception from catalytic host to cataclysmic trap.In the future, critical adjustments are needed to the symbiosis between franchises and shopping malls in emerging markets, including a balancing of benefits of mall locations, consumer traffic and safety on one side, with needed flexibilities related to operations, costs and access on the other side. In this context, mall management companies emerge as key gatekeepers for franchise success. In the past, the criticality of gatekeepers for franchising has been neglected, and their potentially differing roles in developed vs. lesser developed markets is worthy of further investigation. Further, will virtual marketplaces (social media platforms) in the future substitute or complement the role of shopping malls as past catalysts, or will they represent traps in the future in ways that are different from shopping malls?

10. Organizational Citizenship Behavior in Franchising: Reciprocity, Referents and Repercussions

Marko Grünhagen – Eastern Illinois University, USA
Anna Watson – Edinburgh Napier University, UK
Evelien P.M. Croonen – University of Groningen, The Netherlands

While researchers and practitioners have recognized the essential role of organizational citizenship behaviors (OCBs) by employees, there is an apparent absence of their consideration within franchise organizations. Given the unique characteristics of franchise organizations, this absence reflects an important research gap. Franchisees can be considered 'quasi-employees' as they are independent business owners who, at the same time, operate their business under their franchisor's business format and guidelines. Through a set of semi-structured qualitative interviews, we explore the nature of OCBs within franchise organizations, motivational factors and consequences. We find critical new evidence not only of the existence of franchisee OCBs, but also of franchisor OCBs, reflecting the 'dual agency' character of franchise relationships. Further, we reveal frequent shifts of OCBs from one 'referent' to another, often from the franchisor to franchisee associations or industry groups outside the franchisor-franchisee dyad, in the wake of disappointed interactions with the franchisor. Ultimately, our study points at the critical role of the 'liaison' (the franchisor's field consultant) who appears frequently mismanaged by franchisors in the eyes of franchisees.

11. **Social Support for SMEs During COVID-19 – A Multidimensional Approach to Network Structure, Governance, and Resources**

Maria Jell-Ojobor – John Cabot University, Italy
Rozenn Perrigot – Univ Rennes, France
Anna Watson – Edinburgh Napier University, UK
Corentin Le Bot – Univ Rennes, France

This study embeds social support theory and social network theory in resource-based theory to investigate how SMEs can obtain various forms of social support from their stakeholder networks during COVID-19 pandemic. We take a multidimensional approach that combines resources based on network's structure and governance, and social support. We divide network structures into direct and indirect ties to stakeholders who provide emotional, instrumental and informational support to SMEs through relational and formal identity governance. Based on interviews with 32 franchisees and 29 independent owners from France, we found that in highly disruptive environments, French SMEs rely on their existing networks of direct relational ties which bridge the access to indirect formal ties, together providing a resource-rich network exchange. While emotional support is limited to direct relational ties, instrumental and informational support can be obtained through all types of partnerships: direct, indirect, formal, and relational. By being embedded in a franchise network, franchisees have the advantage over independent owners of more coordinated access to third-party resources. Our study clarifies the mechanisms by which SMEs can obtain important resources from their stakeholder networks to support them during crisis. Our findings can help entrepreneurs manage their stakeholder networks so their businesses can survive.

12. **Multiple Components of Sales Performance in Franchising**

Manish Kacker – McMaster University, Canada
Farhad Sadeh – Eastern Illinois University, USA

A number of franchising researchers have focused on total number of retail units/retail unit growth in the franchise system as a measure of organizational performance and examine how franchisor strategies and characteristics impact it. In contrast, there is a relative paucity of franchising research on the drivers of sales revenues/sales revenue growth per retail unit, even though such measures (e.g., "same store sales" or "same store sales growth") are often the focus of practitioner and investor attention and same store sales performance often becomes a more critical driver of overall system revenues as franchise systems mature. We seek to address this critical gap between extant research and industry practice by

undertaking a theory-driven examination of what/how/why various franchisor strategies and characteristics drive sales revenues/sales revenue growth per unit in franchise systems.

13. A Practitioner Piece for Franchisors

Christos Kelepouris – Palm Beach Atlantic University, USA

A practitioner version of the largest known study of its kind using Franchise 500 data to bring awareness to new findings. Findings include the fact that approximately ninety percent of franchise stores are owned by franchisees and that the most important variable when attempting to adjust the mix of company owned outlets vs franchised outlets is the initial investment requirement.

14. Unpacking the Process of Fear of Failure: Insights from Entrepreneurs Impacted by the Crisis

Nabil Khelil – University of Caen Normandy, France
Rozenn Perrigot – University of Rennes, France
Anna Watson – Edinburgh Napier University, UK

The literature on fear of failure (FoF) in entrepreneurship has primarily focused on early entrepreneurial stages and the entrepreneurial context of achievement. Research focused on the fear of failure among established entrepreneurs in a context of crisis remains rare. Accordingly, based on an integrative framework and a qualitative study comprising interviews with 57 entrepreneurs operating in the French hospitality sector, which was impacted by the COVID-19 crisis, this article unpacks FoF processes and provides new insights into its various types, sources and consequences, as well as the various and salient coping strategies employed by entrepreneurs.

15. Negative Franchise Relationship Outcomes After a Destructive Act: How the Nature of Relationship Commitment Impacts Opportunism

Vidhya Krishnaraju – McMaster University, Canada
Manish Kacker – McMaster University, Canada
Jonathan D. Hibbard – Boston University, USA

In this study, we examine how the nature of a supplier's commitment towards its franchised dealers (in the aftermath of a supplier-initiated action that is considered damaging by the dealers) can buffer or amplify negative relationship outcomes. Drawing on behavioral theories as well as transaction cost theory, we build a conceptual framework and posit the differential effects of a supplier's affective and calculative commitment on active and passive opportunism by dealers, with these effects also being influenced by the perceived intensity of the supplier's destructive act. We empirically assess the hypothesized relationships using cross-sectional, multiple informant survey data collected from (a) independent franchised dealers of a consumer durables supplier and (b) the supplier. Our empirical analyses reveal that the nature of the supplier's post-destructive act relationship commitment matters impacts the types of opportunism by the dealers.First, the supplier's affective commitment acts as a relational buffer and diminishes dealer active and passive opportunism. Second, the supplier's calculative commitment exacerbates active opportunism by the dealers. Third, dealer perceptions of the intensity of the supplier's destructive act increase passive opportunism by dealers. Fourth, dealer perceptions of the intensity of the supplier's destructive act interact with supplier affective commitment (to influence dealer active opportunism) and with supplier calculative commitment (to impact dealer active and passive opportunism). Fifth, as predicted by transaction cost theory, our control variable of a dealer's relationship specific investments has a negative effect of active and passive opportunism by the dealer.Taken together, our findings reveal a key managerial implication – in the aftermath of a destructive act by a firm that affects its B2B exchange partner, the type of relationship commitment that the firm has to its exchange partner has a significant impact on different types of negative relationship behaviors exhibited by the latter. In these conditions, firms are better served by developing and showing affective commitment rather than calculative commitment towards their B2B exchange partners.

16. No–Poaching Clauses in Franchise Contracts: Anticompetitive or Efficiency Enhancing?

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Saattvic – University of British Columbia, Canada
Margaret E. Slade – University of British Columbia, Canada

A no–poaching clause (NPC) is a restraint on employers' behavior that prevents them from hiring employees of other firms. NPCs can be horizontal, in which case the agreeing employers are competitors, or they can be vertical, in which case the employers are in an upstream/downstream relationship.

To illustrate, if McDonald's and Burger King were to agree not to hire each other's workers, that agreement would be horizontal. On the other hand, if the NPC were embedded in McDonald's franchise contract, it would be a vertical agreement between an upstream franchisor and its downstream franchisees. In both cases, however, although the clause restricts workers' labor market mobility, those workers are not party to the agreement and, as such, need not be aware of the restriction.

A vertical NPC is a type of vertical restraint. However, unlike vertical restraints such as exclusive dealing, resale price maintenance, and tying, which are discussed and analyzed in every Industrial Organization textbook, to our knowledge, NPCs are never mentioned in those discussions. Nevertheless, from an antitrust perspective, NPCs, like other vertical restraints, can increase market power, albeit in labor markets, in which case they would be expected to lower wages, or they can be efficiency enhancing, in which case they could cause wages to rise.

The principal anticompetitive theory that has been used to argue against NPCs is traditional monopsony, which is based on the idea that NPCs reduce the number of potential employers or buyers. However, in most labor markets, restaurants are numerous and the market for low wage workers is thick. We therefore do not base our analysis of anticompetitive effects on traditional monopsony. Instead, we rely on the idea that NPCs increase labor market frictions, such as search and information costs, and limit workers' job market opportunities.

The principal pro-competitive justification for NPCs is that they increase efficiency. We emphasize the potential effect of NPCs on worker training and retention as possible efficiency-enhancing motives for adoption.

Given that the predictions of the competing theories go in opposite directions, we take them to the data. We assemble a rich data set that includes restaurant chain characteristics, franchise contracts for those chains, and online job ads posted by their restaurants. The latter source, which is the most important, comes from Burning Glass Technologies (BGT), now Lightcast.We use these data to assess how the removal of NPCs from franchise contracts affected worker wages. Starting in 2016, vertical NPCs began to attract attention from competition authorities, the legal profession, consultants, lawmakers, and academics. Employees of franchised chains filed class action suits, states' attorneys general brought civil cases against franchisors, lawmakers proposed legislation that would outlaw vertical NPCs, and academic articles analyzed the effects of NPCs. Consequently, hundreds of franchisors dropped NPCs from their contracts, some voluntarily and others after legal settlements. Furthermore, we expect that even those franchisors that did not drop the clauses stopped enforcing them when they realized that enforcement could trigger crippling and potentially expensive legal action.

This setting provides us with a natural experiment to assess the effect that the elimination of

the clauses had on wages. At the time of their abandonment, not all franchise contracts contained NPCs and many chain restaurants were operated corporately, in which case there was no contract and thus no such restraint. We make use of this difference to evaluate the time pattern of wages in the two groups: those with NPCs and those without.
In our empirical work we face a number of econometric issues that could lead to biases in our estimates of the NPC effect. First, sample selection could be a problem. Specifically, although our data consist of essentially the universe of online job ads, only a small fraction of those ads have information on wages, and that subsample might not be representative. Second, and more important, we discovered that, for a large fraction of the ads that contain wage information, that information had been estimated by third party platforms. Moreover, such wage estimation began in 2018, a time that overlaps with the period when NPC clauses were removed. We expect wage estimation or imputation by third parties to lead to an upward bias in our estimates of the response of wages to the removal or cessation of enforcement of NPCs.To illustrate, suppose that the third-party platforms included ads from non-NPC employers in the comparison group that was used to estimate wages in the NPC group, and vice versa. The result would be that, for reasons having nothing to do with the removal of NPCs, wages in the two groups would become more similar after 2018, when wage estimation began. Failure to account for this would thus cause an upward bias in OLS estimates of the effect of removal of NPCs.

We find that the process leading to non-enforcement and removal of NPCs, which occurred over several years, resulted in average wage increases of 5 to 6 percent in the chains that had adopted NPCs relative to those chains that had not. We therefore conclude that NPCs depressed wages, most likely by limiting workers' labor market opportunities.
We also find that both potential biases identified above (due to sample selection and third-party wage estimation) have sizable effects on our results. However, compared to addressing sample selection, the removal of estimated wages from the data has a much greater effect. Indeed, we find that failure to remove those wages results in an upward bias in the effect of treatment of 40-45 percent.Finally, as mentioned above, our analyses focused on wages in the chain restaurant industry, an industry that has been an important focus of antitrust action with respect to vertical NPCs in franchise contracts. However, since NPCs are prevalent in franchise contracts in many other industries, such as lodging, health and fitness, tax preparation, and retail, our findings should have broader implications. We conclude that there are compelling reasons for the antitrust authorities to pay attention to NPCs in the vertical context. Our results also suggest that franchisors in the U.S. and elsewhere may want to revisit their decisions to rely on such contract clauses if they have not yet.

17. Employing people with disabilities in retail chains: A focus on the supermarket industry in France

Corentin Le Bot – Univ Rennes, CNRS, France
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People with disabilities face a number of barriers in accessing suitable employment. The specificities of chain-based organizations may strengthen or lighten some of these barriers. Although chain-based organizations have a major role to play in the achievement of Sustainable Development Goals, little attention has been paid as to how they may actually contribute to the employment of people with disabilities. This research aims to fill this gap by exploring the implementation of disability policies by retail chains with a specific focus on the French supermarket industry. This sector is an oligopolistic market with chains developed under different organizational forms (franchising, company-ownership, cooperatives) and operating different brands and store formats. As such, a qualitative study was conducted with 37 semi-structured interviews with staff involved in the implementation of disability policies in the leading supermarket chains. Findings of this research are currently under analysis using QSR-NVivo.

18. Why do banks prefer to finance franchise businesses despite their high default risks and losses? Insights from French loan officers

Corentin Le Bot – Univ Rennes, CNRS, France
Rozenn Perrigot – Univ Rennes, CNRS, France

Despite having higher default rates, franchisees usually benefit from easier access to bank financing and better credit terms. Yet, few scholars have attempted to explain this paradox. Our paper investigates the determinants of bankers' decisions regarding franchise projects and, especially, the influence of franchisee human capital. To do so, we rely on a qualitative study based on 19 semi-structured interviews with loan officers from the leading banking institutions in the French market. Contrary to previous claims in the literature stating that banks are not rigorous when assessing franchise projects, we observe that they apply a very structured and stringent screening to franchise chains. In addition, loan officers expect franchisee candidates to possess similar levels of skills and experience as independent business owners. Therefore, joining a franchise chain may reassure bankers concerning the quality of the project but will not compensate for a low level of human capital. Moreover, we

emphasize that banks pay little attention to the level of fit between franchisee applicants and the franchise model, as well as the franchise chain they intend to join, which can eventually lead to adverse selection.

19. Property Rights and Organizational RE-design: The Case of Franchising

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Organizational design has emphasized the de novo design of organizations, but less has been written about principles of re-design. In franchise chains, prior research has demonstrated that units are optimally chosen as franchised or company owned. When performance degrades, however, changes must be made. In this research we demonstrate that, in the face of decline, conversion from an owned unit to a franchised one increases operational performance by increasing the incentives to the franchisee. Implications are discussed for theory and practice.

20. Resilience in the Face of Adversity: Evidence from an International Franchisor's Expansion into Multiple Markets

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Kersi D. Antia – Ivey Business School at Western University, Canada

International franchisors—firms licensing the right to duplicate a successful business format in foreign markets to local business entities (Global Negotiator 2021)—are ubiquitous in developed and developing countries alike. Franchise systems navigating the intricacies of multiple host countries rely on local franchisee-operated outlets to penetrate these markets. Franchisors provide operational knowhow and support to franchisees even while relying significantly on these local outlets to establish their brand presence across multiple markets. Similar to new products, outlets also go through the phases of life cycle viz. introduction, growth and maturity (Chandrasekaran and Tellis 2007). Both parties have a vested interest in seeing outlets shed their early-stage vulnerability and transition to maturity. Maturity, however, does not confer immunity from sudden dips in sales that all outlets experience (See Figure 1). The most severe of these—what we term a setback—might even pose an existential threat to the outlet. This study seeks to identify the factors driving outlets' resilience⍰ the likelihood and speed of their recovery from setback. We seek to answer two critical questions:

21. Franchise System Failure after the Great Recession

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Franchisor failure is an important issue to academics, practitioners, and policy makers. Franchising had an unregulated start and grew rapidly in the 1960's and 1970's. Complaints to legislators and state agencies grew during the same period because of unscrupulous persons selling franchises. Franchise registration began in the 1970's with then Governor Ronald Reagan signing the first state level legislation and continued into 1979 with the FTC Franchise Rule adoption at the national level in the United States. Many academics have studied franchise failure only to finish with inconsistent results. As suggested by many researchers, those results may be due to varying definitions of franchise failure. Franchise failure has been defined in many ways including, not being listed in publications, failure to respond to requests for information, and discontinuing offering new franchises, among others. Some research has confounded franchisor failure with franchisee failure. Variables used by researchers to explain franchisor failure include franchise network age, size, royalty rate, franchise fee, and percent of the system owned by franchisees, among others. This study investigated franchisor failure during an economic growth period in the U.S., 2010 – 2019 using data from Entrepreneur magazine's Franchise 500 issues. Results show the percentage of units franchised and the total number of outlets in the franchise system increase the likelihood of franchisor success. All other predictors were not significant. Also, during this period of economic growth, franchisor survival, as measured by franchisors reporting opening the firm in 2010 that were also listed in the 2020 Franchise 500 publication was essentially equal to the survival rate from all enterprises in the U.S. during this time period, as reported by the U.S. BLS. This comparison stands in contrast to the position that franchising reduces risk for new business start-ups. Further research may include longitudinal studies using annual data and survival analysis and data obtained using FDD forms submitted to states requiring the data. The FDD data would increase the richness of predictor variables and potentially the accuracy of failure rate measures.

22. Success Factors of Coffee Shop Potential Franchisors in Saudi Arabia

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Over the last few years, the coffee market and coffee shop business have been developing into becoming a highly robust business in Saudi Arabia. This has been possible due to the

endemicity of coffee to this region and the culture. In fact, 2022 has been earmarked as the Year of Saudi coffee, even after the supply chain getting hit globally due to the COVID-19 pandemic. Most of the studies on the area of coffee plantations from Saudi Arabia highlighted about the general overview of plantations dealing with coffee, or on the matter of entrepreneurship dealt with the issues that the women entrepreneurs from Saudi Arabia mostly faced. There were hardly any empirical studies that dealt with the factors that contributed to the potential success of coffee shop entrepreneurs from Saudi Arabia and the challenges faced by them, and their fanchisability, locally and across borders. Therefore, the purpose of this research is to identify those possible factors essential for the success of coffee shop business entrepreneurship, and their franchisability in Saudi Arabia, compare the mindset of entrepreneurs on this matter after the introduction of Saudi Vision 2030 and improve their business performance. Despite Saudi Arabia's being the largest Middle Eastern franchise market, both as recipient and originator, franchising in Saudi is barely addressed in the literature. While changes and reforms brought about by the 2016 national transformation and Vision 2030 are moving Saudi Arabia quickly towards a diversified, oil-alternative economy, the country is still largely under-researched, especially with regards to franchising. A qualitative approach using in-depth interviews as the research instrument was conducted with randomly selected five coffee shop owners located in Al-Khobar, a Saudi Arabian city on the Arabian Gulf. The findings of this study showed there is a significant influence of market conditions on coffee entrepreneurship in terms of motivation, reasons for selection of coffee as business startup, spread of coffee shops in Saudi Arabia, the influence of local culture on entrepreneurship, and changes in marketing and regulatory conditions in Saudi Arabia. The other factors include the behavior of the coffee shop franchisors including their entrepreneurial mindset and business mindset after Vision 2030. It was also observed that the competition of other industries was advantageous even for coffee businesses. Following this, the barriers faced by entrepreneurs during the establishment of business, their suggestions towards sustenance of coffee shops as a business option and business strategies for attaining success. This study is hoped to be helpful for coffee franchisors in other territories, industry policy makers, academicians, economics model analysts, customers, coffee lovers, and many others and contributes in understanding and improving the business of coffee. According to the best of our knowledge, this is the first study where such factors have been discussed in the Saudi context.

23. Automated Text Analysis of Franchise Disclosure Documents: A Systematic Framework

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Benjamin Lawrence – Georgia State University
Yinghao Pan – University of North Carolina at Charlotte

Drawing on a tradition of scholarship in applied computer science, we outline a method for automated text analysis of franchise disclosure documents. We provide a step-by-step guide by which researchers can acquire, clean and pre-process, extract features and apply learning-based models or neural networks in natural language processing to franchise disclosure documents. Our process offers franchising, legal, and B2B scholars a template to utilize advances in artificial intelligence-enabled natural language processing text analysis to enrich current research agendas. We discuss the potential for applying machine learning and deep learning, and other artificial intelligence methodologies in natural language processing to franchise disclosure documents.