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1. The 'Reasonable Person' in Standard Form Franchise Agreements – The Australian Perspective

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Standard form agreements represent the vast majority of contracts entered into in any time period. Many of these are consumer contracts or small business contracts. Some are presented as "click-through" agreements. That is, the standards form agreement is often a short decision between an offer and the delivery of a service.

Most franchise agreements are standard form agreements. The franchisee does not have the ability to amend the franchise agreement as a standard form agreement. Indeed, it is the uniformity of the arrangements between franchisors and franchisees that characterises business format franchising.

There is an issue with standard form agreements in that they often contain tests which are more usually characteristic of negotiated agreements. One of these tests is that of "reasonableness". Typically, the test is configured as a decision that would be taken by someone acting reasonably in similar circumstances.

This article provides an overview of standard form agreements and the statutory context that contains them. By analysing the concept of reasonableness in standard form agreements and the "reasonable person" test, the article considers the Australian judicial interpretation of reasonableness in business format franchising. It concludes that it is unsatisfactory for franchisees to have to determine what amounts to reasonable conduct retrospectively and only after an issue or dispute arises.

2. **What Does it Mean to be a Franchisee? Franchisees as Opportunistic Agents or Trusted Stewards**
Anna Watson – Edinburgh Napier University, UK
Olufunmilola (Lola) Dada – Lancaster University, UK

This conceptual paper critiques the traditional view of franchisees as agents of the franchisor, an approach that has dominated the franchise literature, and proposes a conceptual model of franchisee stewardship. We argue that the atomistic perspective of human nature associated with agency theory may promulgate franchise governance systems which actually promote the opportunistic behaviors they seek to reduce. In contrast, by adopting a communitarian philosophy, we propose that instead of viewing franchisees solely as agents, franchisees should also be considered as potential stewards of the franchise system. We explain how such a complementary perspective could provide novel insights for theory development and practice.

3. **To Do or To Teach? The Dichotomy Between Management Contracts vs Franchising in the Hospitality Industry**
Manuel González Díaz – University of Oviedo, Spain
Marta Fernández-Barcala – University of Oviedo, Spain
Susana López-Bayón – University of Oviedo, Spain

Although franchise and management contracts constitute the dominant growth strategy in the hotel industry (called asset-light and fee-oriented, ALFO), no study has compared them in terms of their relative performance. This paper aims to explain significant differences between them from an organizational and managerial perspective and to assess the impact of this modal choice on hotel online scores. First, we argue that franchise contracts are less effective than management contracts for operating upscale hotels due to the relative advantages that the latter have in transferring and enforcing tacit knowledge, typically embedded in skilled staff and very relevant in such quality-tier hotels. Second, we argue that franchising is better for large hotels because, on the one hand, its incentive structure better solves managerial shirking problems (typically more severe as hotel size increases). On the other hand, franchising also has advantages in situations in which the standardization and normalization of procedures are key to success (as also happens in large establishments).

Our empirical findings support broadly these arguments in a dataset of 220 Spanish hotel groups, which also provide evidence that there is no single organizational solution for all situations. Several theoretical and managerial implications are also drawn

4. **Franchisors' Communication of Risk and Return**
Areej Saad Alshamrani – Monash University, Australia
Sudha Mani – Monash University, Australia

Adding new franchised outlets is critical for franchisors. Yet, little is known of how franchisors' strategic use of communication can improve the number of new franchised outlets. Prior work on the strategic use of communications has identified that large franchisors communicate on the identity of the franchise system. However, little insight exists on the influence of communication of risk and returns. Understanding the communication of risk and return is vital as entrepreneurs seek to invest in franchising over independent businesses to increase returns and reduce risk. Thus, this study aims to investigate the influence of franchisors' communication on risk and return associated with new franchised outlets. We develop a custom database of 133 US-based franchises, we content analyzed item 1 of the Franchise Disclosure Documents to test how the communication of risk and return by the franchisors affect new franchised outlets. The findings show that risk significantly influences the number of new franchised outlets and that franchise age significantly moderates the effect of the communication of risk. However, we find no such influence of the communication of returns.

5. **The Impact of Ownership: Exploratory Case Studies in Governance of Franchise Retail Organizations**
Martin Ludvigsson-Wallette – Linnaeus University, Sweden

This explorative case study examines the effect of different ownership structures and corporate governance models on business operations at four franchise retail organizations. Corporate governance is defined broadly as the system of laws, rules, and factors that control operations at a company. Much of the previous research on hybrid organizations, which exist between markets and hierarchies such as franchise organizations, largely ignores corporate governance. Previous research has focused mainly on franchisee-franchisor channel governance. This study utilizes qualitative explorative interviews to explore franchise firms' ownership structures and resultant governance dynamics. All four case companies in this study share an appreciation of the low-cost, low-investment model of franchising with a contractual base. This paper finds that a fair and balanced approach to all stakeholders with regard to governance capabilities is needed for retailers to remain relevant and competitive. To our knowledge, this is the first empirical study in the retailing literature to focus on corporate governance and ownership in franchising platforms and contribute a typology of ownership models in franchising.

6. **Performance Implications of Authoritative, Contractual and Normative Control Mechanisms: The Case of Franchising**

Ilir Hajdini – University of Vienna, Austria
Josef Windsperger – University of Vienna, Austria

The causes of performance in franchise networks have been overlooked. This article shows the impact of multiple control mechanisms on franchise system performance. We find that franchisors use authoritative, contractual, normative and equity control mechanisms to maintain chain uniformity, standardization and brand image. The primary data from Germany and Switzerland support our claims that bilateral forms of control enhance franchise systems' profitability and growth, while unilateral authoritative control diminishes performance. Equity control through higher proportion of company-owned outlets increases efficiency and coordination, but does not impact networks' profitability.

7. **Multi-Brand Franchisees: An Integrated Agency Theory Perspective**

Mohammad Kayed – McMaster University, Canada
Manish Kacker – McMaster University, Canada

In this paper, we delve into the phenomenon of multi-brand franchisees, a relatively under-researched phenomenon that is increasingly visible in practice. Multi-brand franchisees (MBFs) are franchisees who operate outlets within more than one franchise chain. The presence of this phenomenon seems to challenge most of the established theoretical arguments in franchising, especially those emerging from power-dependence and agency theories. In our attempt to enhance our understanding of this complex, emergent phenomenon, we argue that an appropriate theoretical perspective for explaining this phenomenon is one that, prima facie, appears to clash with it the most – agency theory. So, we use agency theory in an integrated mode – one that utilizes the full capacity of the theory and in which both components of the theory (the motivation problem and the ability problem) coexist and involve a tradeoff. Drawing on this integrated, dynamic agency theory perspective, we advance the "ability-motivation tradeoff hypothesis" as a theoretical explanation for the emergence of multi-brand franchisees.

8. **They Didn't Give a Frappe: Life in Retail Food Group – Teaching Case**

Jenny Buchan – UNSW Sydney, Australia
Rob Nicholls – UNSW Sydney, Australia
Courtenay Atwell – UNSW Sydney, Australia

The RFG story exemplifies problems that arise when a franchisor acquires established brands rapidly without having the necessary financial arrangements, management expertise, support infrastructure or organisational strategy in place. This case study is designed to facilitate an understanding of participants' experience of the business model from different perspectives. It raises the complex problems and issues that can occur throughout the lifecycle of a business format franchise and is based on a real case. It examines issues presented from three perspectives: a Gloria Jean's franchisee, RFG as the franchisor and publicly listed company, and a junior accountant working at RFG's head office. It includes analysis of pre-contractual decision-making, post-signing challenges, regulatory frameworks, and organizational culture. The case also brings attention to regulatory criticisms and government inquiries, highlighting gaps in franchisee protections and systemic issues within the franchising model.

9. **Determiners of the Franchise Model Failure: Empirical Results in Mexico, 2006–2014**

Maria del Rosario Cortes Castillo – National Polytechnic Institute (IPN), Mexico
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The aim of this investigation was to determine which were the contextual and internal factors that caused the failure of Mexican franchisors during the period 2005–2014. The research is based on the theories of the New Institutional Economy, Signals theory, and Resources and Capabilities theory. Data were collected from 6,141 survivors and bankrupt franchisor companies in the commerce and service sectors reported by Entrepreneur 500 Magazine and official government records. A multivariate economic model was constructed using longitudinal analysis and multiple discriminant methods. Key findings show that variables such as association membership, consultant accreditation, company age before franchising, number of units before franchising, royalty percentage, and network size strongly discriminated between survivors and failures. This study enhances previous models by adding three stages and seven variables to the franchise success model by Nijmeijer et al. (2014), contributing to international understanding of franchisor failure.

10. **Franchising Lessons in the Age of Incivility: Operations Manuals and Trade Secrets**
    Robert W. Emerson – University of Florida, USA

The framework for a successful franchise relationship governs procedures, performance, and standards. The franchisor agrees to lend, in effect, its intellectual property and guidance, among other things, in exchange for the franchisee's royalties and other payments. Before entering an agreement, franchisors disclose a large bundle of information to the prospective franchisee. These data may include operational insights necessary for a franchise's success. In practice, though, franchise operations manuals only become available to franchisees once they pay for and are bound to the franchise system. This timing, and the centrality of the manual, is the key to many franchise disputes. For example, franchisees may allege they were harmed by vague, precontractual representations about the contents of operations manuals, which in turn franchisors would justify as a way to provide required disclosures while protecting trade secrets. When operations manuals are leaked – whether negligently, maliciously, or recklessly – or when the franchisee (or ex-franchisee) uses the manual's processes and information without permission, then trade secret or antitrust law may impute liability. This article explores legal precedents, trade secret protections, copyright and antitrust implications, and proposes safeguards for both franchisors and franchisees.

11. **THE FAITHLESS FRANCHISOR**

    Robert Emerson – University of Florida, USA

The rapid expansion of franchising requires that the courts, and the law in general, adapt to new circumstances, including the franchise parties' rightful expectations. Franchisees and franchisors may not act in the spirit of the contract, and the traditional approach under contract damages law often fails to remedy that situation. For example, how can a franchisee or franchisor recover in the event of actions that are not prohibited by the contract, but that nevertheless run counter to a party's natural (and probable) expectations? These and other issues are addressed in the context of a "Fairness in Franchising" rule.

Currently, remedies for disgruntled parties to franchise agreements are limited to those available for the breach of an express contract provision, and they certainly do not allow for an award of punitive damages. However, legal remedies for bad faith in franchising agreements already exist. For example, at common law, tort damages may be awarded in a cause of action for "bad faith." The allowance of a tort cause of action for bad faith could deter bad acts by parties inducing franchise purchases, by would-be fraudsters (whether franchisors or franchisees) throughout the course of a franchise relationship, and otherwise by free-riding franchisees or through the opportunistic behaviors on the part of franchisors after an agreement has been executed. A standard test for franchising good faith and fair dealing will leave courts better able to not simply deal with bad acts, but also to encourage the franchise parties' appropriate and mutually beneficial actions while they are reaching and then implementing their contracts.

12. Joint Employment and the Development of Vicarious Liability in Franchising

Robert Emerson – University of Florida, USA
Madelyn Loellke – Eastern Illinois University, USA
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This paper offers an overview of the development of regulations and adjudications regarding the concepts of vicarious liability and joint employment in the U.S. franchise context. We argue that the threat of franchisor/franchisee joint employment and its vicarious liability will likely become binding precedent. Franchisors should put systems in place that will mitigate the risks associated with franchising.

13. No Love for I Heart Mac & Cheese

Joyce Young – Indiana State University, USA
Adiba Fattah – University of the Sunshine Coast, Australia
Faye McIntyre – University of West Georgia, USA

This critical incident describes a legal dilemma faced by Elizabeth Torres, an I Heart Mac and Cheese franchisee. She reviewed the legal documents she just received from the Phillips, Cantor and Shalek law firm. The Mac and Cheese Franchise Group, LLC, (i.e., the franchisor) was suing her and her partner, Cory Attardo, for loan default involving their two I Heart Mac and Cheese franchised locations. The franchisor also pursued unspecified monetary damages from Torres related to an email she sent in September. The Mac and Cheese Franchise Group accused her of slander, libel, defamation, and tortious interference in a business relationship. She had twenty days to respond to the lawsuit. Students are asked to decide what course of action Torres should take in response to the legal notice.

14. Sustainability and Green Practices: The Role of Stakeholder Power in Fast Food Franchise Chains

Rozenn Perrigot – University of Rennes 1, France
Anna Watson – Edinburgh Napier University, UK
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This paper explores how the power of salient stakeholders involved in the green waste management of franchise chains can impact the ability of the chains to change their green practices.

This qualitative study is based on interviews data from 19 franchisors and their head office staff, operating in the fast food sector in France where franchise chains have been 'named and shamed' as continuing to ignore waste management regulation.

Our findings suggest that both the form and bases of power of different stakeholder groups have important implications for the implementation of green practices, even those required by law. We find that the franchisees' central network position alters the ability of franchisors to directly engage in dialog, consult with, and educate key stakeholders, creating additional challenges for franchisors in the implementation process.

Our study is the first to consider the role of stakeholders in the implementation of green practices in franchise chains. By examining franchise chains, we provide new insights into the role an additional stakeholder, that of franchisees, and enrich the literature on green practices in the hospitality sector.

15. Monopoly Control by Government Ownership of a Franchisor

David Emerson – Independent Researcher, Australia

This paper examines the capacity of franchising to control monopoly behaviour in the private sector, a question first asked in the 1950s but not apparently answered or examined further by government or academia. It is shown that franchising has the power to control prices and quality and that the franchisee does not have monopolistic opportunities. The results of a doctoral thesis on Dolomiti SuperSki, which examined the only known Community Franchise, is used to show how a government-owned franchise operates and the alignment of interests that it embodies. The differences between private and government ownership of a franchise is shown to have implications for franchisees and the general public. A government-owned franchise is more answerable to those within the

geographic area of any jurisdiction and if the government owns the franchisor then its interests align with those of the market being served. This paper raises those original questions on monopoly control first asked last century and concludes that it is a question that could usefully receive some further attention.

16. International Franchising Governance Mode Choice: A Stakeholder Perspective

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Ilan Alon – University of Agder, Norway
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This article aims to analyze the international franchising governance mode choice through the stakeholder perspective, verifying the influence of internal and external stakeholders on the franchisor decision. A quantitative analysis is employed using Brazilian Franchising Association data related to 463 observations of franchisors operations in each foreign market and databases from the International Monetary Fund and Global Entrepreneurship Index. We find that business groups, government agencies, and host markets' networks of stakeholders influence Brazilian franchisors' choices. The article contributes to the entry mode and franchising literature by including the stakeholder theory in the analysis of international franchising governance mode choice, shifting the one-dimensional focus of the rational models of mode choices to a dynamic approach that considers other franchise system stakeholders.

17. Franchise System Configurations for High Performance: The Role of Dynamic Capabilities and Know-How

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The performance drivers of franchise systems have spawned considerable research interest. Almost exclusively this research has relied on independent sets of explanatory variables in linear analyses. These analyses mask the complex interdependencies that are likely to exist among key success factors, leading to faulty theory and misspecified implications for practice. In this paper, we propose a model that consistently articulates dynamic capabilities, operational capabilities (know-how) and performance. This model provides a

canvas to a configuration approach to franchise system performance that accounts for complex interdependencies among dynamic capabilities, know-how and franchise ownership conditions (plural form versus “turnkey” franchisors). Using a fuzzy set qualitative comparative analysis of a sample of 119 France-based franchisors, the authors identify necessary and sufficient conditions to business format franchise system performance. These conditions include dynamic capabilities, both business and organizational know-how, and franchise ownership strategy that form causal paths towards franchise system performance. The study allows identifying the main know-how that are crucial (necessary) to performance and, in association with dynamic capabilities and depending upon the franchise ownership strategy, the conditions under which these different capabilities lead to high performance. We deepen the current understanding of configurations that promote the performance of franchise systems, offer important implications for theory and practice, and set new directions for future research on the strategic management of franchise systems.

18. Franchise Marketing Funds and the Law: The Unscrupulous Franchisor’s Piggy Bank

Jenny Buchan – UNSW Sydney, Australia
Courtenay Atwell – UNSW Sydney, Australia

Australia’s policy makers have worked since 1993 to curb unconscionable conduct in franchise relationships. One area that remains unyielding is franchise marketing funds. Franchise relationships are primarily regulated by contracts. The contracts are drafted to benefit franchisors, and in many relationships, franchisees are required to make payments to marketing funds, controlled by franchisors. The franchisee’s understanding when making these payments is that the funds will be used for the benefit of their own franchise. However, the failure to require franchisors to hold marketing funds in trust and has seen their being used to boost franchisors’ profits and even fund a franchisor’s racing car. For a range of reasons, franchisors resist recommendations to protect marketing funds by requiring they be held in trust. Recently, the Australian government’s Fair Entitlements Guarantee scheme has gained access to marketing funds to pay an insolvent franchisor’s employees. This article provides evidence of the scale of opportunism concerning marketing funds, identifies the current laws that stall effective regulation of these funds, and proposes solutions.
Keywords: Contract, consumer protection, insolvency law, franchise marketing funds

19. **Knowledge Transfer, Institutions, and Franchising: A Case of Social Enterprise in Africa**

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Context is an important factor in the knowledge transfer process. Despite advances in the knowledge management literature, our understanding of the role of the institutional context in knowledge transfer within social entrepreneurship remains inadequate. In particular, further explanation is needed about the role of institutions and the adaptation of the franchise model by social entrepreneurs in Africa. Using the qualitative induction methodology, we examine a social franchise network operating in Africa. Our findings suggest that social franchises respond to institutional frameworks (both formal and informal) to scale up their social impact on African countries. In settings dominated by formal institutions, social franchises transfer and adopt strategic knowledge and expand rapidly through direct franchising. In contrast, in those dominated by informal institutions, social franchises adapt their training strategies and use indirect franchising such as area master franchising. We provide valuable insights into the expansion of a rapidly growing business model within social entrepreneurship, social franchises, and show how this model responds to institutional environments in Africa.

20. **Social franchise chains operating in African countries: Are their social goals aligned with the 2030 United Nations, Sustainable Development Goals?**

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Social franchise chains have social goals rather than – or in addition to – commercial or profit-making goals. But are these social goals, targeted by social franchisors, aligned with the SDGs? And if it is the case, with which ones in particular? Based on legitimacy theory, we examine the disclosure of SDG-related information on websites of 69 social franchise chains operating in Africa. Our main findings show that social goals targeted by social franchisors are aligned with certain SDGs, the ones that are general in nature and not just sector-dependent, except in the case of education. Our paper contributes to the literature on franchising and on the role of the private sector, in particular SMEs and social franchising, in the achievement of SDGs and offers managerial implications.

21. Stepping-up? The UNCITRAL and the development of a blueprint for mandatory disclosure rules in international franchise transactions

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Currently, the process of pre-contractual disclosure is addressed by disparate bodies of national law and non-legislative instruments, which means that often in cross-border negotiations of franchises there is no guarantee that prospective franchisees have access to key information needed in order to make an informed decision about the merits and risks of investing in the franchise. This lack of legal harmonization amongst the different jurisdictions is exacerbated by the absence of an international regime governing mandatory disclosure of information to would-be franchisees before the franchise agreement is concluded, meaning that enterprising franchisors may seek out jurisdictions with little to no protective regulation, engaging in sharp practices, whilst prospective franchisees have no means of securing key information and legal redress. This paper asks whether the United Nations Commission on International Trade Law (UNCITRAL) has a role to play in filling this regulatory void, by developing a regime obliging franchisors to provide key information to prospective franchisees in the period leading-up to the conclusion of a franchise agreement? This paper looks at the current system in light of literature on mandatory disclosure in the field of regulation, to show that this system is inadequate. In light of these gaps, this paper advocates the position that the UNCITRAL should work alongside UN member states to design and develop a mandatory disclosure regime. After looking at the current regulatory framework (part 1), exploring the concerns associated with absence of an international mandatory disclosure regime (part 2) and considering the value of introducing an international regime of mandatory disclosure (part 3), I ask whether this is the type of project the UNCITRAL should consider (part 4). In the concluding segment of this paper, I explore the framework the UNCITRAL should consider introducing to protect prospective franchisees and optimise their investment decision-making process.

22. A Systematic Review of Power and Control in Marketing Channels: The Case of the Automotive Industry

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Prof. Lorelle Frazer, University of the Sunshine Coast, Australia

Dr. Wayne Graham, University of the Sunshine Coast, Australia

There is a growing political debate surrounding the fairness of the Australian Franchising Code of Conduct, particularly in preventing opportunistic behaviour within the Australian Automotive Industry (AAI). While the long battle for better regulations to protect new car dealers continues, the AAI is also witnessing major disruptions of its distribution model. In 2020, Holden abruptly left the Australian market and Honda along with Mercedes-Benz announced a switch to a new marketing channel-the agency model. In 2021, Renault has closed its Australian headquarters leaving its distribution in the hands of an independent distributor. All of which is calling for franchising scholars to pay closer attention to this important yet under-researched industry. To date, research has not yet offered a holistic perspective and industry-specific understanding of franchising based on social, contractual and institutional approaches altogether. Based on a systematic literature review, we examine the dynamics of power and control in marketing channels, drawing on current evidence from franchising in the automotive industry worldwide. Subsequently, we highlight the importance of taking a three- dimensional approach (i.e. social, contractual, and institutional) when conducting empirical and industry-focused research in marketing channels. Moreover, we discuss franchising issues in the AAI and some of the aspects of the disruptive agency model recently adopted by Honda and Mercedes-Benz. Finally, we close with a reflection on the future of marketing channels in the automotive industry, promising an exciting research agenda in franchising and the yet under-researched agency model.

23. **Nurture the Business Relationship before Resting on the Laurels of Trust: Exchange, Relationship Quality, Franchisee Satisfaction and the Moderating Role of Trust**

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Based on research results from social exchange and leader-member exchange theory, this study examines the relationship between exchange (franchisee commitment and franchisor support), relationship quality and trust on franchisee satisfaction from a franchisee perspective. We argue that exchange between the franchisor and franchisee influences relationship quality and franchisee satisfaction. The higher the franchisor and franchisee's exchange of relational resources, the higher is the franchisee satisfaction, due to their mediating effect via higher relationship quality. Since economic transactions between the franchisor and franchisee are embedded in social exchange characterized by a certain level of trust, trust influences the impact of exchange on relationship quality and hence satisfaction. Our findings based on franchisee data from the DACH region (Germany, Austria, Switzerland) highlight that exchange positively influences franchisee satisfaction via higher relationship quality but trust negatively moderates the impact of exchange on relationship quality. In a high-trust situation, the effect of exchange on relationship quality is weaker because high embeddedness may inhibit the recognition of the importance of exchange for a high-quality franchise relationship. This study contributes to the social exchange theory perspective of franchise relationships by showing in addition to the previous literature that trust is not only beneficial for relationship quality but may also increase relationship blindness as hidden costs of trust. Therefore, from a managerial perspective, it is important to nurture business relationships by exchange of valued resources between the franchisor and franchisee before resting on the laurels of trust.

24. Knowledge transfer mechanisms in franchising network: Antecedents and performance outcomes

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Dr. Josef Windsperger, University of Vienna, Austria

This study investigates the antecedents and performance outcomes of knowledge transfer mechanisms in franchising networks. The knowledge management field remains important in the era of constant learning. By applying the knowledge-based theory and the relational governance view, this paper provides new insights into the factors that influence the choice of different information-rich knowledge transfer mechanisms. The results suggest that the franchisor has to choose knowledge transfer mechanisms with high information richness, to support the transfer of the tacit knowledge and improve performance in the franchising networks. In addition, the transfer of explicit knowledge will be facilitated by mechanisms with low information richness, which will enable better performance.

25. Internationalization Challenges for Saudi Arabian Fast-Food Franchises: The Case of Kudu

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The purpose of this research is to answer the question “How do local Saudi Arabian fast-food franchises grow into international chains, and whether and how local and regional franchising environments stand in favor of their internationalization”. Franchising in Saudi Arabia is barely addressed in literature, despite the presence and the prominence of local franchise brands, many of which successfully expanded inside and across borders. The country is the biggest market of the Middle East. While changes and reforms brought by the 2016’s 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. If at all done, literature mostly portrays it as an importer of foreign franchises, and overlooks the development and the international growth of local franchise chains, and the factors which might encourage or hinder this growth. A qualitative, single-case, case study methodology is hereby applied to explore Kudu, a major Saudi-Arabian-born fast food service franchise chain, which was acquired in 2015 by an American investment group. The research finds that an appropriate regional legal infrastructure, and the international competitiveness of authentic, local franchise concepts, stand in favor of internationalization of Saudi franchises, while a local environment dominated by global franchise brands, and early exit decisions, might delay or hinder the process. The research has implications for local franchisors and policy makers, and recommendations for future research in this area considerably overlooked in literature.

26. Is Further Better?What the gravity model tells us about franchising in Brazil

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While the gravity model was designed by researchers in retailing, few studies have used it in the wide empirical literature on franchising. Yet, it is a very relevant analytical framework (its theoretical version) and an efficient econometric tool (with the econometric version of the gravity equation) to study the determinants of flows within the space: trade flows, knowledge flows. For these reasons, it is very appropriate to study franchising, business-format franchising being based on the transmission of a business concept and methods i.e business knowledge. In this article, we study the franchise flows in Brazil, providing interesting results based on a unique new dataset.

27. Multi-Unit Franchise in Brazil: An Integrative Model

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In the discussion around the governance of franchise chains, the proportion of owned and franchised stores (contractual mix) is a recurring theme. A third possibility in terms of this contractual mix is addressed in the present study: the multi-unit franchisees (MUF), franchisees that operate two or more units in the same chain. The literature on this issue has, almost unanimously, indicated benefits arising from the presence of MUF but, at the same time, informs too little concerning this phenomenon in emerging markets. Our study triangulates different aspects to develop and test a theoretical model related to franchisors' option for the more intense use of multi-unit franchises than traditional franchises (single-unit franchisees) or company-owned units. We applied econometric procedures to a sample with 202 networks (year-base 2018). Three theoretical aspects support a set of hypotheses regarding the characteristics that motivate a more intense MUF adoption by the networks. Specifically, the model examines the effect of agency costs, contractility of intangible assets (property rights), and local transaction costs on the proportion of MUF stores. In the applied procedure, the effects of the operationalized variables on the proportions of SUF stores and own stores are also verified, which allows comparability between the results found. These results indicate that the concentration of stores in contiguous markets, the uniformity, and the importance of maintaining the network's value proposition is associated with a greater proportion of MUF stores. It is expected to contribute to the literature on governance and control of franchise networks by addressing a phenomenon that is not so new but is still little known in structuring these networks.

28. Why franchisees leave their networks: the pivotal roles of the franchisor’s trust and control

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We contribute to franchising research by investigating why and under what conditions franchisees intend to leave their franchise networks. Combining individual-level and dyad-level data from 120 franchisor-franchisee relationships within a franchise network, we test how two contextual conditions (i.e. the franchisor’s trust in a franchisee and the franchisor’s network control) moderate the impact of franchisee economic outcomes (i.e. economic satisfaction) and social outcomes (i.e. trust in the franchisor and trust in peers) on their network exit intentions and subsequent exit behaviors. As predicted by Social Exchange Theory (SET), the franchisor’s trust in franchisee is beneficial for maintaining exchange relationships; economic satisfaction only reduces franchisee exit intentions when franchisor’s trust in franchisee is high. Contrary to SET, high franchisor’s trust in franchisee has only marginal value for the franchisee when the franchisee already trusts the franchisor. Next, a high franchisor’s network control weakens the negative (network- stabilizing) effect of economic satisfaction on franchisees’ exit intentions, and strengthens the positive, (network-destabilizing) effect of franchisees’ trust in peers on their network exit intentions. We discuss the theoretical and managerial implications of the promoting and undermining roles of franchisor’s trust and network control for the management of franchisee network exit intentions.

29. **How do franchise networks innovate? An approach based on Dynamic Capacities**

Alexandra Burlaud, University of Caen, Normandie, France
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A stream of research indicates that dynamic capabilities (DCs) increase the competitiveness and innovation of companies. Companies need to develop DCs to gain a competitive advantage. According to Wang and Ahmed (2007), DCs encompass the capacities of adaptation, absorption and innovation. This research seeks to understand how franchise networks innovate in terms of innovation capacity and DCs. Franchise networks represent an interesting ground for this analysis because they are subject to dialectics on the role of innovation in maintaining a competitive advantage. This research uses a qualitative methodology involving 24 interviews within 16 French franchise networks. Our results point to two categories of franchise networks. The first one corresponds to networks that are performing well but do not own DCs and the second one corresponds to networks that are performing well and own DCs. Finally, we propose to consider the innovation capacity as a component of DCs according to the model of Wang and Ahmed (2007).

30. **Are men from Mars and women from Venus when it comes to taking risks as leaders of franchise firms? Exploring leadership gender and risk taking in franchise firms.**

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Drawing on the previous literature, we suggest that male leaders make risky decisions to a greater extent than female leaders in the context of the Spanish franchise. We test for these gender differences in the real context of franchise systems and analyse the interaction between gender and other observable factors through univariate analyses. We used the chain discontinuation rate for a three-year period (2015-2017) to directly analyse how the franchisors leaders behave in terms of risk. Our results are in line with what is suggested by the large body of literature that states that women are more risk averse than men. In addition, we found interesting contexts where these gender differences do not hold true. In particular, we find that male and female leaders seem to operate with the same level of risk-taking behavior in the B2B as opposed to the B2C sector and in large firms as opposed to small firms. Theoretically, we posit this may be a function of two possible routes: first that women leaders take less risks in B2C sectors as they seek act on behalf of customers they represent and second that increased social pressure that male and female leaders may experience within large firm settings to operate in line with norms when it comes to risk taking: which may decrease risk-taking in male leaders and increase risk-taking in female leaders. Finally,

our exploration of risk taking suggested that both male and female leaders will take more risks as they gain more experience as leaders, suggesting that risk-taking may be an important skill that is learned in leadership. This study contributes to the field of strategic decisions, risk in senior leadership, and the literature on franchises and gender, and formulates interesting future lines of research related to risk in franchises.

31. A CROSS-NATIONAL STUDY OF INTERNATIONAL FRANCHISE CONSUMERS

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This paper studies the behavioral intentions of global restaurant consumers and the mediating role of their perception of value in 15 countries: Austria, Italy, Germany, Great Britain, Ireland, Israel, Portugal, France, Spain, Argentina, China, Egypt, India, Thailand and Russia. The international restaurant franchise studied in this paper has standardized to a great extent its operations, marketing strategy, atmospheric elements and its products and services globally. This paper analyses to what extent the standardization of the servicescape and quality elements of international franchise restaurants are effective and whether or not atmospheric and quality elements of a food retailer have a positive influence in the value perception, and ultimately, in the behavioral intentions of its international consumers. Furthermore, we study whether or not there are significant differences between consumers from emerging and developed countries. Drawing from the Spence et al., (2014) framework and using structural equation modelling, we found that the visual, auditory and environmental servicescape elements together with the quality of products and services offered by the company, have a positive influence in the perceived value and behavioral intentions of international restaurant consumers. Furthermore, when comparing differences between emerging and developed countries through a multigroup analysis, we found that service quality and lighting have a different effect in value perceptions and patronage intentions of consumers in these markets, therefore fast-food restaurant managers should reconsider the standardization of these elements when internationalizing in these markets.

32. Corporate Social Responsibility in franchise chains: Specificities, insights from French franchise chains' CSD and avenues for future research

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Franchise chains – as most companies outside the franchise sector as well – are becoming

increasingly committed to environmental, social and societal transitions. Despite this growing trend over the last decade, only a few researchers have focused on Corporate Social Responsibility (CSR) in the specific case of franchising. The aim of our paper is to explore how franchisors report on their sustainable practices, and emphasize subsequent directions for future research. In order to do so, we focused on Corporate Social Disclosure (CSD) of franchisors operating in the French market in which regulations on non-financial information disclosure exist for large companies. It is based on a multiple case study approach, with the examination of CSD by eight franchise chains operating in hotels, fast food/bakeries, clothing and automotive repair industries in the French market. Our findings show that these franchisors disclose rich and diversified information on their CSR activities. Our research contributes to the literature on CSR in franchise chains and the practice.

33. Work Health and Safety in Franchise Networks: A Regulatory Hot Potato?

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Prior to the arrival of the COVID-19 in early 2020, the challenges of promoting compliance with work health and safety (***WHS***) obligations in franchise networks had been largely overlooked in mainstream media and public commentary. The pandemic has refocused attention on the health and safety risks faced by frontline workers in casual or insecure work arrangements, including within franchise networks. Ensuring WHS obligations are met is essential not just for preventing the spread of disease amongst workers, but for protecting the community at large. This paper considers the regulation of WHS in the context of franchise networks in Australia. The paper begins with a summary of studies which have attempted to identify and assess the health and safety risks posed by franchise networks, including economic pressures faced by franchisees, fractured lines of responsibility and the characteristics of workers engaged in much franchise work. The paper then considers the harmonized work health and safety legislation in Australia and the way in which this unique statutory scheme maps onto franchise networks. Next, the paper surveys some of the key cases in this area to assess how courts approach the difficult task of ascribing liability for health and safety contraventions occurring in franchise networks. In concluding, the paper identifies possible lines for future research regarding the effective regulation of WHS in franchise networks.

34. Unstoppable scandals of Namyang Dairy Products Co., Ltd. in South Korea

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Namyang Dairy Products Co., Ltd. (hereafter “Namyang”) is one of the largest dairy manufacturers in South Korea (Dairy Market News Letter 2020). Namyang has franchised its dairy distribution system. In 2013, three former and current franchisees alleged that

Namyang' engaged in unreasonable coercion to purchase dairy products (i.e., "*mireonaegi*" in Korea), and coercion to provide benefits. Even though the Monopoly Regulation and Fair Trade Act in South Korea prohibits coercion of transactions and abuse of superior bargaining position, *mireonaegi* had been a well-established convention in franchising. The Supreme Prosecutors' Office of Korea found a legal advisory opinion that showed the illegality of excessive *mireonaegi* when investigating Namyang. The Korea Fair Trade Commission also found evidence that supported franchisees' allegations and imposed a penalty of 12.3 billion KRW (10.9 million USD). However, two years later the company filed a lawsuit for denying the illegality of unreasonable coercion to purchase dairy products to its franchisees. Since 2013, consumers continued to boycott Namyang's products. The company has never recovered its sales in the dairy industry in South Korea. Recently, the company proposed a resolution to the commission to improve its relationships and business practices with franchisees.

35. Can you guess the weight of an ox? Using crowdsourcing to study the impact of CSR on Brand Competitiveness in Franchising

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We investigate the relationship between CSR and brand competitiveness in franchising. Grounded in brand co-creation concept we collect the brand competitiveness data from an anonymous crowd of customers – active experiencers of the brand, and franchisors – original brand creators. We use crowdsourcing to collect the customer data and traditional survey methodology to collect the data from the franchisors. Corporate social responsibility is measured on two dimensions: proactive CSR and franchise partner preference. We employ cluster and regression analyses and find that CSR has a positive influence on brand competitiveness of franchise firms.

36. Antecedents of international franchising strategy

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Purpose – Identification of antecedents for international franchisor's standardization/adaptation strategy. Definition of practical implications for the international management regarding the adaptation and standardization degree of international franchise strategy.Design/methodology – This study uses survey data collected from franchise headquarters in eight countries. It applies quantitative research methods, i.e., multiple regression analysis. Findings - Power distance, cultural uncertainty, franchisor's system specific assets and franchisee's local assets significantly influence adaptation degree of

strategy in international franchising companies.Research limitations/implications – Limited sample size of 162 international franchisors from US and Western European countries. It is not a longitudinal study. Originality/value – First study in international franchising that investigates antecedents of international franchisor’s standardization/adaptation strategy.