



Exploring the dynamic relationships of franchising in South Africa

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DECLARATION

I, Hendrik Petrus Venter, confirm that this mini-dissertation, submitted in partial fulfilment of the requirements for the Master of Business Administration degree within the Faculty of Economics and Management Sciences at North-West University, is entirely my own original work and has not been presented or submitted for consideration or examination at any other institution. All references and sources used in this research are properly cited and listed in the reference list.

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ABSTRACT

The current study explored the relationship between franchisors and franchisees with a focus on power dynamics. The aim of the study was to find ways to effectively manage power dynamics in the franchising relationship in South Africa and to ensure a collaborative and successful partnership between the franchisor and the franchisee. The study had five objectives, namely to explore power dynamics in a franchising relationship, to ensure a collaborative and successful partnership, to understand the cause of power struggle, to explore the abuse, misuse, and conflicts in the franchise relationship, and to develop and recommend policies and rules or provide recommendations that foster fair franchise agreements.

The literature review highlighted the gaps in literature which this study is focused on, thereby covering and contributing to the current body of knowledge. Previous studies focused on conflict and used quantitative methods to analysis franchising relationships. This study proposed a qualitative methodology in South Africa to analyze the issue of managing power dynamics in the franchising relationship. The qualitative research method used for this study applied semi-structured interviews. The research philosophy was interpretivism, using an inductive approach, and the research design was exploration which aligns with qualitative procedure. Participants for the interview process were selected using the purposive sampling approach and 12 people, directly working as both franchisors and franchisees, were chosen. Two participants from the 12 were utilised for the pilot to assess the feasibility of the developed interview questions. Participants were well informed of the objectives and all ethical considerations were reflected. The study then prepared themes and sub-themes that were used to analysis data through thematic analysis. The themes developed include dynamic relationship in franchising, interdependence and collaboration, enforcement of contracts, compliance and commitment, communication and transparency, adaptability and flexibility, and trust and relationship building. Data collected from interviews were recorded and transcribed. The transcripts were put into the Atlas.ti software and coding was performed using the themes and subthemes for effective thematic analysis.

The results are presented in the findings showing all participants' views, thoughts, beliefs, sentiments, experiences, perceptions, and perspectives on the relationship between franchisors and franchisees. The study concluded by illustrating the key research findings and recommendations to improve franchise relationships. It was found that the relationship between franchisees and franchisors is diverse and evolves during the business lifespan causing power shifts between the partners. A healthy and quality relationship between franchisors and franchisees produces satisfaction, making the parties collaborate, cooperate, and effectively support the franchise system in both ways. Relationship satisfaction and reduced antecedents of conflicts between franchising businesses are achieved through trust, openness, and the provision of financial or operational support.

This study found that a good relationship between franchise partners depends on good communication and sufficient level of transparency leading to trust, success, and high performance. The study recommends franchisors and franchisees to work together in training staff. Training staff improves staff conduct, knowledge, and communication that can all assist in reducing negative power dynamic relationships. There must be cooperation, mutual understanding, and trust between the franchisee and franchisor.

Key terms: Franchise business, Franchisee, Franchising relationship, Franchisor, Power dynamics, Thematic analysis

LIST OF ABBREVIATIONS

AI	Artificial Intelligence
CFA	Confirmatory Factor Analysis
DHL	Dalsey, Hillblom and Lynn,
FASA	Franchise Association Of South Africa
FPRV	Franchisee Perceived Relationship Value
GDP	Gross Domestic Product
IFA	International Franchise Association
ITA	International Trade Administration
LMX	Leader Member Exchange
NFF	National Franchise Forum
PAYE	Pay As You Earn
POPIA	Protection of Personal Information Act
URF	Unified Requirement Framework
USA	United States of America

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CHAPTER 1 INTRODUCTION

1.1 Introduction

The franchise model has become a prominent business concept in South Africa, evidenced by several hundred franchised outlets operating across various sectors (Welsh, Alon, and Falbe, 2006:4). An estimated 40 000 franchised outlets are operating in the country with approximately 4 000 franchisors (Bailey, 2022:8). In 2023, franchise businesses contributed approximately ZAR 999 billion, thus 15% of the total Gross Domestic Product (GDP) in South Africa (FASA, 2024). As this model continues to excel, the intricate dynamics between franchisors and franchisees have gained increasing attention (Rahatullah & Raeside, 2008:21). This dynamic interaction between franchisee and franchisor comprises of the distribution of authority and decision-making ability within the franchising relationship (Welsh *et al.*, 2006:18). The concept of franchising offers a structured pathway for entrepreneurs to operate under established brands. However, the imbalances in power dynamics have given rise to challenges that can hinder the success of both parties (Raha & Hajdini, 2022:165 and Rahatullah & Raeside, 2008:23).

Within South Africa's business landscape, the franchising model has become popular with increasing number of franchisors and franchisees (Bailey, 2022:8). The dynamics at the core of the relationship between franchisee and franchisor has emerged as a pressing concern, prompting investigations into the elements that influence the relationship (Rahatullah & Raeside, 2008:21). Therefore, this research aims to explore the relationship, discern the impact of its dynamics, and aim to incorporate effective management strategies. Through a qualitative approach, the study investigates the perspectives of the franchisors and the franchisees, considering both their roles in decision making, operations, and collaborative success. With a theoretical foundation this research seeks to provide a clear understanding of power dynamics within franchising relationships. Furthermore, this study contributes valuable insights to the field of entrepreneurship and offers potential pathways to equitable and thriving partnerships in South Africa's franchising landscape.

1.2 Background

A franchisor refers to a company that grants the franchisee the right to operate a business under its trademark. A franchisee refers to the individual or company that purchases the right to operate a business using the franchisor's trademark, services, and products (Bailey, 2022:8). Dynamics refers to the distribution of power and control between the franchisor and franchisees in the franchise relationship (Giddings, Frazer, Weaven, and Grace, 2009:27). According to the academic literature, dynamics in franchising have been the subject of much debate. On the one hand some scholars argue that the franchisor holds the most power in the relationship. This is due to their control over the franchise system, including the brand, products, and services offered (Griffith, 2019:179). According to Triasih and Muryati (2020:418) the franchisor has all the power to terminate the franchise agreement if the franchisee fails to meet the terms and conditions of the agreement. Furthermore, the franchisor maintains control over the franchisee's business operations and marketing. This creates a power dynamic between the two parties, as typically the franchisor has more power and resources than the franchisee (Gillis, Combs, and Yin 2020:2).

On the other hand, authors also argue that franchisees hold all the power in the relationship, due to their control over the day-to-day operations of the business (Elmore, 2021:1241). Franchisees also have the power to negotiate certain aspects of franchising agreements. These negotiated aspects can be the ongoing royalty fees or initial investment (Dube, Mara, and Ntimane, 2020:4). The impact of this dynamic franchise relationship and the balance between who has the most power between the franchisors and the franchisees can have a significant influence on sustainability of the business. According to Bailey (2022:5), if the franchisor holds too much power the franchisee may feel marginalized and disempowered, leading to poor performance and low morale. On the other hand, if the franchisee holds too much power, they may challenge the franchisor's authority (Perrigot, R., López-Fernández, B. and Basset, 2021:7). They can then make decisions that are not in line with the franchise system, and this leads to conflict in the relationship (Perrigot *et al.*, 2021:8 and Song, Kang, & Pyun, 2020:141).

1.3 The research problem

Franchising has become a popular business model in South Africa, resulting in a steady growth in the number of franchisors and franchisees in the country (Bailey, 2022:8). The dynamics and power balance between the franchisor and the franchisee have become a growing concern (Balsarini *et al.*, 2022:181). This has led to challenges between the franchisor

and the franchisees that are affecting the success and profitability of the franchise business in South Africa (Bailey, 2022:5).

The main problem stems from the perceived power of franchisors who abuse the franchising relationship by demanding huge fees upfront, exorbitant royalties, unnecessary or extra advertisement fees, high training fees, and pegging high percentages charges on revenue to drain franchisees (Dube *et al.* 2020:1; Frazer *et al.*, 2012:88; Raha & Hajdini, 2022:165; Wang *et al.*, 2020:548). Dube *et al.* (2020:5) noted that "...having entrusted their investments to the franchisor, franchisees may resent the franchisor for inflated revenue projections and forced purchases from franchisor selected suppliers." As such, forcing franchisees to buy stock only from the franchisor or franchisor's suppliers signifies abuse of power. Franchisors magnify their power and use it excessively when they set strict rules or standards for franchisees to operate, while continually monitoring them (Lopez-Fernandez & Lopez-Bayon, 2018:677).

Wang *et al.*, (2020:549) highlighted that franchisors misuse and abuse litigation and lawsuit processes against franchisees. Franchisors draft contracts that suit them with the aim of minimizing agency problems and achieving consistency within the franchise regardless of the franchisees position (Lopez-Fernandez & Lopez-Bayon, 2018:683). Lopez-Fernandez & Lopez-Bayon (2018:677) further noted that the franchise relationship thrives only when franchisees are profitable, resulting in a one-sided relationship. In addition, franchisors tend to terminate the agreement when franchisees fail to generate revenue. Conflicts between franchisors and franchisees emanate from illicit behaviour or conduct by franchisors as they infringe franchisees from participating in decision making and impose their services on them, including managerial, transportation, and advertisements (De Carvalho, 2020:466; Elmore, 2018:101; Elmore, 2021:1241). In addition, Raha & Hajdini (2022:165) noted "...franchisors may exercise contract termination clauses or violate franchisees' territorial exclusivity by placing their own outlets close to those of franchisees in an attempt to impose a higher level of control, increasing the likelihood of franchisee retaliation with non-compliance to system standards or fee arrangements..."

The emergence of challenges stemming from franchising dynamic has fueled a pressing need to explore and understand the root causes and consequences of these dynamics (Ghantous & Christodoulides, 2020:443). The primary challenge lies in the dynamics between the franchisor and the franchisee, characterized by a significant power imbalance, financial issues, and a lack of collaboration; all of which have profound implications for the sustainability of the franchise system. Within this dynamic, the franchisor wields considerable authority, dictating decisions spanning operations, marketing, and branding across the franchise network (Giddings *et al.*, 2009:27).

The franchisee expects a certain level of autonomy in the decision making because they have invested their money, time, and effort into the business (Gillis *et al.*, 2020:2). This leads to a conflict of interest between the franchisor and the franchisee which can result in friction that can ultimately lead to the breakdown of the franchise relationship (Perrigot *et al.*, 2021:8). Another issue is the buying power between the franchisor and the franchisee. The franchisee is required to purchase products and supplies from the franchisor, which can be at a premium price (Bailey, 2022:10). This leads to the franchisee struggling to make a profit while the franchisor benefits from the sale of the product and supplies (Abdul Ghani *et al.*, 2022:4). Furthermore, the franchisor has the right to demand a revamp of the franchise store, which can also damage relationships (Perrigot *et al.*, 2021:5). This can become costly, and the franchisee may not have the financial means to comply (Wang *et al.*, 2020:549).

It is important to understand the motives of the franchisor while the franchisor's primary goal may be to expand their market share. However, it is equally important to consider the welfare of their franchisees (Dube *et al.*, 2020:4). The success of the franchisee is directly linked to the success of the franchisor (Guidici *et al.*, 2020:289). Therefore, the franchisor must take a collaborative approach with the franchisee to ensure mutual success (Bailey, 2022:6). Additionally, it is crucial to consider whether those working for the franchisor have had experience in managing a franchise or have their own franchise (Parker *et al.*, 2020:10). There can be a lack of experience in managing a franchise which results in a lack of understanding of the challenges and complexities of the franchise, and this can have a negative impact on the franchisees (Gills *et al.*, 2020:5).

As previous research indicated, there is an ongoing debate around the power dynamics between the franchisor and franchisees, as well as who holds the most power in this franchise relationship (Ekelund, 2014:77). This study aims to delve into the multifaceted dimensions of power dynamics within franchising relationships. It analyzed the intricate interplay between franchisors and franchisees, understanding their perspectives and identifying key challenges and potential solutions. Understanding the intricate dynamics between franchisors and franchisees is paramount for the sustainable future of the franchise systems. This study endeavors to elucidate the impact of various sources of franchisor power on the financial performance and satisfaction of franchisees. By understanding these dynamics, it became possible to devise strategies conducive to the long-term viability of the franchising system.

1.4 Aim of the study

The purpose of this study is to explore the complex power dynamics within South African franchising businesses, aiming to foster equitable and mutually beneficial partnership between franchisors and franchisees to ensure the sustainability and prosperity of franchising

businesses in the country. The study focuses on providing recommendations to foster a fair level field of engagement and agreement between franchisors and franchisees. Identifying the

inclination of power between franchisors and franchisees were assisted in finding ways to balance the relationship and minimise abuse of power by either part to the agreement. A qualitative research approach is adopted for this study using interviews to collect data.

1.5 Research objectives

1.5.1 Primary objective

The primary objective of the study is to explore how power dynamics can effectively be managed in the franchising relationship in South Africa. Thus, reducing abuse of power and creating a fair level field for the franchise relationship.

1.5.2 Secondary objectives

In order to achieve the primary objective, the following secondary objectives are set:

- To ensure a collaborative and successful partnership between the franchisor and the franchisee.
- To understand the cause of power struggle between franchisors and franchisees.
- To explore the abuse, misuse, and conflicts in the franchise relationship.
- To develop and recommend policies and rules or provide recommendations that foster fair franchise agreements.

1.6 Research questions

1. Does power determine the relationship between franchisor and franchisee?
2. How do you ensure collaborative and success relationship in franchisee and franchisor relationship?
3. Do franchisors have the power to abuse and misuse franchisees?
4. What are the challenges to establishing a fair level field for franchise agreements?

1.7 Scope and significance of the study

The field of study pertains to entrepreneurship in the South African fast-food industry, with a focus on the fast-food franchising sector within South Africa. The geographical demarcation for this study is focused on food franchises within South Africa. The study specifically explores the dynamics within franchising relationships in the South African food industry. The research examined the interactions, challenges, and collaborative efforts between franchisors and franchisees operating in the food industry across various regions of South Africa. By concentrating on the specific industry and geographical context, the study aims to provide insights into the dynamics of power within food franchising relationships in South Africa. Therefore, the study focused on the food industry since, according to Dube *et al.*, (2020:10), the food sector has the largest number of franchise agreements.

The findings of this study were used to develop proposed policies that safeguard franchisees from abuse or misuse. The research provided recommendations to avoid conflicts and improve the relationship between franchisor and franchisees.

1.8 Conceptual framework

The conceptual framework for the current study is depicted in the Figure 1.1, showing the power dynamics involved in franchising. There is a competition for power between franchisors and franchisees, thus the diagram shows that the party that has more weight enjoys more control and power in the franchise relationship.

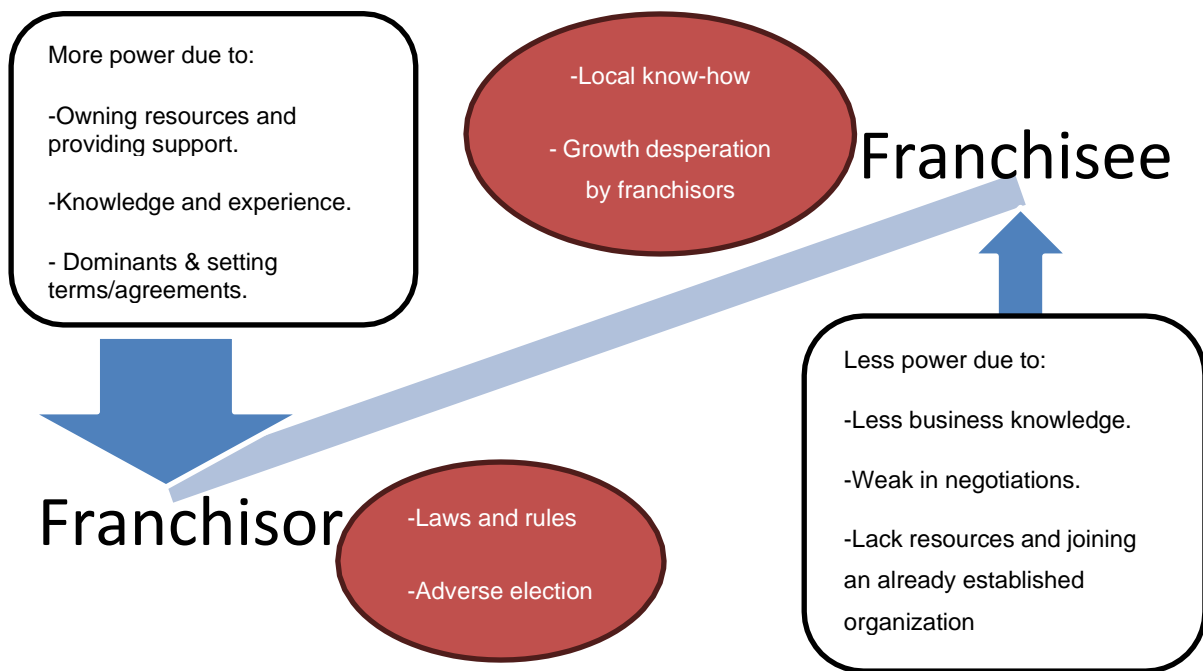


Figure 1.1: Conceptual framework of power dynamics in a franchising relationship

Figure 1.1 illustrates the power dynamics existing in a franchising relationship between the franchisor and franchisee. The figure also illustrates the interplay of forces determining power between franchisor and franchisee. Resources providing support, experience, knowledge, and contract settings stretch more power to franchisors as compared with franchisees. In red circles are aspects that can overturn the perceived franchisor power, making franchisees more powerful in the relationship, including franchise local market knowledge, rules and regulations, franchisors relying on franchisees for growth, adverse selection, *etcetera*. The franchisor accrues power through extensive business knowledge (Raha & Hajdini, 2022:165), better access to information (Wang *et al.*, 2020:549), has business experience, expansive size, domination in negotiations, setting terms and conditions for agreements (Lopez-Fernandez & Lopez-Bayon, 2018:683), own resources, and provision of support to dependent franchisees (Frazer *et al.*, 2012:97). The franchisees lack technical know-how, are inhibited to conduct extensive research, lack resources, lack business experience or knowledge, negotiate as underdogs in agreements, reciprocate on franchisor set terms, are dependent on franchisor support, and are small or weak to challenge franchisors.

On the other hand, franchisees can gain power if they have knowledge on the market, environment and local aspects that franchisors lack (Raha & Hajdini, 2022:166). However, there are rules and regulations that can favour and empower franchisees at the expense of franchisors (Frazer *et al.*, 2012:88). If franchisors are desperately dependent on royalties and growth through franchisees, the power tend to slide towards franchisees (Lopez-Fernandez

and Lopez-Bayon, 2018:677). Franchisees can overpower franchisors through opportunistic and free riding activities that may result from adverse selection from franchisors and moral hazard behaviours by franchisee (Dube *et al.*, 2020:2).

1.9 Chapter outline

The structure of this dissertation contains five chapters, including the introduction chapter; literature review chapter; research design and methodology chapter; findings, analysis, and discussion chapter; and the conclusion, summary, and recommendations chapter.

Chapter 1 illustrates the background and context of the study, the problem statement, research objectives, research questions, and the rationale for the study are presented. Chapter 2 provides the literature review, touching on the overview of franchising in South Africa, power dynamics in business relationships, historical and current trends in franchising, and theoretical frameworks relevant to power dynamics. Chapter 3 explains the research methodology and design by discussing the research approach, study population, sampling strategy, time horizon, justification, data collection instruments or procedures, and ethical considerations. Chapter 4 demonstrates the data, including the collection process, analysis, and discussion. Thus, illustrating the overview of collected data, thematic analysis process, presentation of findings using graphs, tables, and textual descriptions. The chapter also provides the interpretation of findings in light of existing literature, comparative analysis between franchisors and franchisees, and the discussion on power dynamics evolution. Chapter 5 covers the conclusion, summary, and recommendations of this study. It illustrates the theoretical contributions of the current study to franchising and power dynamics research, practical implications for franchisors, franchisees, and policymakers, recommendations for strengthening franchising relationships, recapitulation of study limitations, recommendations for future research endeavours, areas left unexplored in current research, summary of key findings, the relevance of findings in a broader context, and the final thoughts and reflections.

1.10 Conclusion

This chapter started by giving the introduction and background of this dissertation. It covered the problem statement, research questions, purpose, and significance of the study. The chapter ended by illustrating the structure of the dissertation. The next chapter will illustrate the literature review conducted on this study.

CHAPTER 2 LITERATURE REVIEW AND OVERVIEW OF THE STUDY

2.1 Introduction

This chapter discusses the overview of the study and the reviewed literature. The overview of the study provides an outline of franchise businesses in South Africa. The literature review describes the theories applicable to franchise businesses, particularly the relationship between the partners. Furthermore, the literature review highlights previous studies conducted on the relationship between franchisor and franchisee with a focus on power dynamics. One of the key focus points in this study is the power dynamics in the franchise relationship.

2.2 Overview of the franchise business in South Africa

In South Africa, the franchise business is found in at least 22 sectors including retail, restaurant and fast foods, beauty and body culture, health, mining, agricultural, industrial and manufacturing services, home services, office buildings, direct marketing services and transportation services (IFA, 2023). Restaurant, fast food, retail, and direct marketing services are sectors that are most common in franchising business in South Africa having over 30 active franchises (IFA, 2023). According to Dalsey, Hillblom & Lynn, in 2023 it was estimated that there were 68 463 franchisees in South Africa showing an increase of 43% from 2019 (DHL, 2024). The DHL (2024) and FASA (2024) highlighted that the franchising business contributed 15% of South Africa's total GDP in 2023. The revenue generated by franchisors and franchisees combined was approximately R 999 billion in 2023 in South Africa (FASA 2024).

The franchise business is crucial to the South African economy since it has a huge economic impact through its contribution to the country's GDP (DHL, 2024). Franchising is an engine for job creation as it assists the country in creating opportunities for employment and business start-ups (DHL, 2024; FASA, 2024). The DHL (2024) termed franchising as a powerhouse for transferring skills as "...the franchising model allows for valuable skills to be passed down, fostering a more skilled workforce." The combination of franchisor and franchisee helps in mitigating business operational challenges as the former leverages on its collective strength whilst the latter brings entrepreneurial spirit to the tables (DHL, 2024). FASA (2024) highlighted that the South African economy is hugely informal, and franchising is capable to bring these informal traders into the mainstream economy through training, mentoring, and

helping them formalise their operations, which can, in turn, increase government revenue due to increased tax payments. Given the contribution by the franchising business to the economy through job creation and reduction of unemployment, the government is expected to play its part in supporting franchise businesses in South Africa (FASA, 2024; IFA, 2023).

To provide support to franchise businesses in South Africa an organisation termed the Franchising Association of South Africa (FASA) was created in 1979 (FASA, 2024; IFA, 2023). FASA was established to promote, protect, develop and lobby ethical business practices in franchising, and nurture the entrepreneurial spirit to ensure a continuous and phenomenal business operation system (FASA, 2024; IFA, 2023). FASA created a Code of Business and Ethical Practices that members of a franchising business must comply to, with the principles of this code of practice subsequently being adopted into the Act of Consumer Protection Number 68 of 2008 (FASA, 2024; IFA, 2023). The Consumer Protection Act (CPA) of 2008 covers three aspects, namely disclosure, fairness, and operations (FASA, 2024; IFA, 2023). The document of disclosure stipulates all relevant information of the franchise business and the specific franchisor as a company. This information includes requirements before joining, operational activities, and an outline of the franchise details (FASA, 2024; IFA, 2023). The second aspect provides a franchise agreement which is fair, transparent, and equitable (FASA, 2024; IFA, 2023). The third aspect specifies the cooling off period which allows the franchisee to exit the agreement in ten-days without a penalty (FASA, 2024; IFA, 2023). Furthermore, the Act highlights the operational conditions specifying the procedures and policies to be adopted for a successful business franchise (FASA, 2024; IFA, 2023).

IFA (2023) also highlights other laws that guide the franchising business in South Africa, namely the Companies Act, Number 71 of 2008; the Labour Relations Act, Number 66 of 1995; the Basic Conditions of Employment Act, Number 75 of 1997; the Trademarks Act, Number 194 of 1993; and the Competition Act, Number 89 of 1998. The Companies Act regulates the operations of a franchisor as it allows it to operate as either a private or public profit-oriented organisation. The DHL (2024) noted that franchises depend on three aspects, which include copyrights that document the initial idea or operation, know-how which is business expertise or confidential knowledge, and trademarks which are slogans, logos, and brand names. The Competition Act monitors business agreements on firm relationships, either vertical or horizontal, and their impact on preventing competition which affect franchise businesses, for example: discounts, price, price-fixing, and market division (IFA, 2023). The vertical relationship involves arrangements with exclusive territories like international franchisors and local franchisees. The South African franchise market is comprised of 27% international entities, mainly under United States of America (USA) brands,

including McDonalds, Signarama, Starbucks, Burger King, Pizza Hut, *etcetera* (ITA, 2024). This section covered the overview of the South African franchise system from its composition, evolution, structure, supporting associations, and regulation. The following section discusses the literature review for this study.

2.3 Literature review

The literature review for the current study is split into two sections to encompass a theoretical and empirical literature review. The study under this section critically evaluates theories and previous studies on the dynamics between a franchisee and franchisor, investigating the implications of these dynamics on operational and strategic decisions.

2.3.1 Theoretical literature review

Franchise relationships have been studied before by various authors, including Griffith (2019), Triasih & Muryati (2020:418), Dube *et al.* (2020:10), Giddings *et al.* (2009:24), Gillis *et al.* (2020:1), Perrigot *et al.* (2021:1), Bailey, (2022), Raha & Hajdini (2022:166), Wang *et al.* (2020:548), Lopez-Fernandez & Lopez-Bayon (2018:690), Frazer *et al.* (2012:96), Chen & Chen (2018), Morales & Arroyo-Rodriguez (2021), Johnson & Smith (2023), among others. These studies highlighted several theories related to franchisor and franchisee relationships, namely the agency theory, resource-based theory, leader member exchange (Dube *et al.*, 2020), equity theory, and stakeholder theory (Raha & Hajdini, 2022:165). There are many theories that apply to the relationship between a franchisor and franchisee, however, this section focusses on the main three theories that is the agency theory, resource scarcity theory, and the leader member exchange theory.

2.3.1.1 Agency theory

The relationship between franchisor and franchisee is seen like a relationship between a principal and agent (Bui *et al.*, 2022:2; Dube *et al.*, 2020; Gillis *et al.*, 2020:1; Harmon & Griffiths, 2008:256; Jang & Park, 2019:13; Raha & Hajdini, 2022:162; Sabaran & Aziz, 2023:52; Sanfeliix & Puig, 2017:89). The principal agency theory was introduced by Meckling, and Jensen, (1976) in their journal titled 'Theory of the firm on managerial behavior, agency costs and ownership Structure'. Meckling, and Jensen, (1976) argued that owners of a company cannot run the business daily and so appoint a steward to assist in running and managing the business on their behalf. Therefore, the owner is the principal whilst the steward is the agency managing the

business on the principal's behalf. The agency theory captures the relationship between franchisor and franchisee in the light of a principal and agent relationship, which is affected by moral hazard and adverse selection (Dube *et al.*, 2020). The agent operates or acts on behalf of the principal in conducting business activities (Raha & Hajdini, 2022:163). Raha & Hajdini (2022:162) states that the agency theory focuses on the shareholder and agent relationship which allows certain individuals, or a group regarded as principal, give permission to another group, or individuals regarded as an agent to perform certain functions or business actions on their behalf. The principal aims to achieve shareholder goals, whilst the agent promotes their personal goals instead of their patron's goals creating potential conflict, moral hazard issues, and raising agency costs (Raha & Hajdini 2022:162). Bui *et al.* (2022:7) highlighted that there is a divergence of priorities among parties in this relationship of principal and agent. In line with the principal-agent theory, this study posits that the franchisor represents the principal whilst the franchisee represents the agent in the franchise relationship.

Conflict arises between franchisor and franchisee due to discrepancies in objectives and information (Sabaran & Aziz, 2022:52). According to Sabaran & Aziz (2022:52) franchisees use the franchisor's business concept for a certain agreed period under certain restrictions. Although franchisees pursue liberty and success, franchisors pursue brand protection and consistency. The principal franchisor performs duties of arranging, assigning, and guiding the partnership whilst the agent franchisee participates by paying royalties and joining fees to the franchisor (Sabaran & Aziz 2022:52). Sanfelix & Puig (2017:90) pointed out that the agency problem in the franchise relationship emanates from moral hazard, which can either be through the franchisee as agent benefiting unfairly from information obtained from franchisor, or both parties behaving unfairly by taking unfair advantage between each other. Jang & Park (2019:14) asserts that the relationship between franchisor and franchisee is a contractual agreement stipulating that the franchisor provided operational, informational, and financial support to franchisees to manage outlets.

This study looks at the dynamics of power management in the relationship between franchisor and franchisee along with exacerbation of the problem by the agency as each party pursues its self-interested goals as their goals are not aligned, as illustrated by Jang & Park (2019:14). The franchisee may adopt free-riding activities or aim to cut costs which might reduce the quality of products or services, which is referred to quality cheating in franchise business (Jang & Park, 2019:14). On the other hand, the franchisor may use opportunistic behaviour by imposing input suppliers, charge exorbitant fees on advertisements, and prepare contract agreements that favour their position (Jang & Park, 2019:14). Dube *et al.* (2020:7) raised the idea that there is an agent problem that emanates from adverse selection in which one member fails to gauge and precisely forecast the abilities and incompetencies of the other member in the franchisor and franchisee relationship. Moral hazard, adverse selection, lack of support as expected, high unsubstantiated fees, unfair practices, imposition of suppliers or

buyers, and incomplete or biased contracts exacerbates the pulling of power between franchisor and franchisees in their union as principal and agent.

2.3.1.2 Resource scarcity theory

The resource scarcity theory is also referred to as the resource-based view theory (Bui *et al.*, 2022:6) and looks at the lack of resources on both ends between the union of franchisors and franchisees. The resource scarcity model “proposed by Oxenfeldt and Kelly in 1969 on franchising stated that firms turn to franchising when the need to achieve economies of scale pressures them to expand at a rate beyond what is possible using only internally generated resources,” (Castrogiovanni, G.J., Combs, J.G. and Justis, R.T., 2006:910). Each party in the relationship contributes certain intangible and valuable resources to the other party so that the relationship is functional and could succeed (Bui *et al.*, 2022:11; Dube *et al.*, 2020; Gillis *et al.*, 2020:4; Harmon & Griffiths, 2008:256; Jang & Park 2019:14; Sabaran & Aziz, 2023). This theory was developed by Oxenfeldt & Kelly (2014:1968), who pointed out that firms join franchise networks to access resources like information, managerial expertise, and finances for business success and quick expansion in markets that are new or growing (Jang & Park, 2019:14). Dube *et al.* (2022:3) posited that a “...franchisor can expand his business idea and the use of his intellectual property by swiftly making franchise licenses available, franchisors can share that burden of increasing the visibility and profitability of the business with a proportionate investment of their own resources.”

According to Harmon & Griffiths (2008:256), entrepreneurs lack resources and subsequently join franchises to get capital and operational and managerial expertise, whilst franchisors gain access to new locations, market knowledge, and finance for expansion. Bui *et al.* (2022:11) reiterated that resources from franchisor are crucial for the performance of franchisees that also include intangible resources like brand names, training, and valuable resources like advertising and bulk buying, gaining scale and support. Jang & Park (2019:14) and Dube *et al.* (2020:3) argued that there are contributions that emanate from the franchisee in mitigating the scarce resource problem on the side of the franchisor as the franchisee provides access to cheap labour or human resources and knowledge of the local market. Resource-based theory looks at the complementing effect of both franchisor and franchisee when one party lacks certain resources and gets boosted by the other part (Dube *et al.*, 2020:3).

The element of power dynamics arises due to the dependence by the parties on each other to solve the resource scarcity problem and form a franchise. Franchisee and franchisors need one another to mitigate the challenges of raising enough capital for growth, competitive advantage, and business expansion (Jang & Park, 2019:14). According to Jang & Park (2019:14), this theory outlines the potential aspect of ownership redirection that can threaten the relationship between

the franchisor and franchisee leading to collapse due to self-interest

goals and opportunistic tendencies. Sabaran & Aziz (2023:52) pointed out that the franchisor and franchisee marriage is fundamental for nurturing and expanding the brand equity of the franchise.

2.3.1.3 Leader-member exchange (LMX) theory

Leader-Member Exchange (LMX) theory originated in the 1970s as the Vertical Dyad Linkage (VDL) model and was introduced by Fred Dansereau, George Graen, and William Haga the theory in their 1975 article (Graen, 2015). The LMX theory assumes the franchisor takes a leading role in business activities while the franchisee manages these operations on behalf of the franchisor (Dube *et al.*, 2020:3). This theory posit that every relationship, marriage, agreement, or union has a party that takes the leading role while the other(s) follow (Dube *et al.*, 2020:3). Thus, the relationship can either be leader as franchisor and group or leader and individual member as franchisee.

According to Dube *et al.* (2020:3), regarding the relationship between franchisor and franchisee in leader-and-group member scenario, some leaders may give more attention to certain members than others creating a scenario termed in-group and out-group. The franchisor is expected to treat all franchisees in a group equally, thus preserving trust, respect, support, and communication for the success of the entire franchise business network (Bui *et al.*, 2022:11; Dube *et al.*, 2020:3). Lack of equality in the relationship between a franchisor and franchisee might raise the issue of power dynamics since trust is lost and support is deemed as lacking or inappropriate (Bui *et al.*, 2022:11).

Abou Kamar & Alsetoohy (2021:296) asserts that the LMX theory illustrates the binary relationship between a leader and its subordinate. In this scenario, a franchisor and franchisee, respectively. The relationship thus depends on legal obligations made formal and other binary informal interactions, while being guided by rewards, for example: royalty fees, capital for expansion, reduction in costs, and economies of scale (Aung & Ousawat 2019:190; Abou Kamar & Alsetoohy, 2021:296). According to Abou Kamar and Alsetoohy (2021:296) a good quality relationship between leader and member is shown by a high level of participation, commitment, positive mutual influence, respect, confidence, delegation, and professional exchange.

The LMX theory is critical in the franchise relationship as it highlights the relationship quality and aspects affecting power dynamics like trust, satisfaction, motivation, support, commitment, and performance (Aung & Ousawat 2019:191; Abou Kamar & Alsetoohy, 2021:296). Lastly, according to Raha & Hajdini (2022:163), "...the stakeholder theory provides the basis for exploring the nature of relationships as a way of managing various stakeholders' interests in

relation to joint value creation.”

2.3.2 Empirical literature review

This section reviews the empirical literature by highlighting similar studies to the topic of franchising power dynamics. The section captures the title of study, the authors, year of publication, focus subject area, place of study, methodology, findings of the study, recommendations, highlighted shortcomings, and conclusions made by the researchers.

Raha & Hajdini (2022:165) conducted a study of franchise relationships by focusing on multiple stakeholder roles, stakeholder perceptions, and conflict in franchise networks. The study used a quantitative approach and analysed data from Austria, Czechia, Germany, and Slovakia. The variables used for measurement were support and conflict. They found that the support given to franchisees by franchisors depended on how they perceived them in terms of investors, partners, customers, and/or employees. Partners or investors perceived as franchisees enjoyed more support from franchisors, compared with the ones perceived as customers or employees (Raha & Hajdini, 2022:160).

Dube, *et al.*, (2020:1) researched the perceptions of franchise stakeholders on trust in franchising agreements. The research was conducted in South Africa using a qualitative methodology with a focus on trust and expectations. They concluded that the determining factor in franchise performance, sustainability, and success was trust (Dube *et al.*, 2020). Frazer *et al.* (2012:88) assessed the causes of conflict between franchisors and franchisees in Australia through the application of questionnaires and a structural equation model. The study identified several themes as causes of conflicts, namely trust, transparency, support, expectations, and satisfaction (Frazer *et al.*, 2012:87). Wang *et al.* (2020:549) studied the aftermath of conflict in dispute resolution and financial implications thereof in franchises. A quantitative analysis was conducted using a longitudinal study of real conflict occurrences. The authors suggested dispute resolution frameworks (Wang *et al.*, 2020:548). Most of the published literature on franchise relationships focused on conflicts between franchisor and franchisee.

According to Chen & Chen (2018:42), power asymmetry between the franchisor and the franchisee can result in negative outcomes such as opportunistic behaviour, mistrust, and communication breakdowns. They found that franchisees perceived power negatively affects their willingness to comply with the franchisor's policies. This resulted in a decrease in the overall franchise performance. Morales & Arroyo-Rodriguez (2021:73) argued that power dynamics in the franchise relationships can affect the franchisees entrepreneurial orientation.

They discovered that when franchisees perceive high autonomy and control in the relationship, they were more likely to exhibit an entrepreneurial orientation. On the other hand, when they felt marginalised and disempowered, their entrepreneurial orientation was negatively affected (Perrigot *et al.*, 2021:10).

Gillis *et al.*, (2020:1) looked at franchisor management capabilities and franchise performance under alternative franchise ownership strategies in the USA using a mixed-method and structural equation modelling approach. The study highlighted factors like knowledge sharing, standard operational routines, and trust as crucial towards franchise management. They did not find a relationship between franchise management and performance. Jang & Park (2019:15) conducted a study on the sustainability of franchising relationships under the theory of a win-win situation between franchisor and franchisees using a systemic literature review approach. The authors noted various factors contributed towards a healthy relationship in a franchise business, namely relationship quality, commitment, trust, and satisfaction. Aung & Ousawat (2019:190) analysed the relationship between franchisor and franchisee in the fast-food industry in Myanmar using a qualitative research method through interviews and thematic analyses. The authors came to the conclusion that the relationship between franchisee is strengthened by factors such as franchisor support, trust and good franchisee performance.

In Egypt a study on franchisee-franchisor relationship quality and its impact on restaurants' operational and financial performance by applying the LMX theory, was conducted by Abou Kamar & Alsetoohy (2021:293) using a quantitative approach. Abou Kamar & Alsetoohy (2021:293) found that the essential determinants of a good quality franchise relationship included trust, commitment, support, coordination, compliance, control, and satisfaction. Harmon & Griffiths (2008:256), using information from USA, conducted a survey to analyse the value in franchisee-perceived relationships and concluded that the relationship depends on trust, commitment, and satisfaction. Fairness was suggested as a new element to boost a positive franchisee and franchisor relationship by Shaikh (2016:28) and Shaikh *et al.* (2018:555) using mixed-method analyses and a systematic literature review, respectively. The former noted trust, along with fairness, was highly crucial in franchising relationships. The latter pointed out that non-coercive power is fairly perceived and boosted the relationship. Altinay & Brookes (2012:278) researched the factors influencing relationship development in franchise partnerships using a case study approach on hotel firms in USA and Europe, and found that role performance, asset specificity, and cultural sensitivity varyingly influenced franchise partnerships relationship development.

Sanfeliu & Puig (2017) used the agency theory to analyse new challenges in Spain emanating from the franchisor and franchisee union. They had a qualitative approach through the

application of document or content analysis and noted that the franchise relationship weakness based on agency problems resulted from issues concerning incompatibilities on human capital, relational capital, structural capital, and sharing risks. Perrigot *et al.*, (2021:1) conducted in-depth interviews in France to investigate the management of conflicts in franchises. They noted that conflict management processes and, in particular, problem solving, persuasion, bargaining, and politics, were developed and implemented within franchise chains. Conflicts are at the centre of dysfunctional franchisor and franchisee relationships as they reduce interest to share goals and collaborate, as well as affect mutual trust (Perrigot *et al.*, 2021:3). Perrigot *et al.*, (2021:7) concluded that the implementation of these conflict management processes over time and with various franchisees nurture conflict management capabilities of franchisors.

Frazer *et al.*, (2012:87) conducted research on the causes of conflict in Australia between the union of franchisor and franchisees using a mixed method of surveys and discussions. They identified four main aspects contributing to conflict eruption which were the expectation gap, trust in the franchise relationship, relational satisfaction, and perceived conflict. The findings highlighted constructs like trust, expectations confirmation, openness, perceived support, and relationship satisfaction as the main antecedents causing franchising conflict (Frazer *et al.*, 2012:97). Ninh *et al.* (2023:e03413) performed both qualitative and quantitative analyses in Vietnam using the reliability test, exploratory factor analysis, and confirmatory factor analysis to determine factors affecting franchisor and franchisee intention to sustain a long-term relationship. Ninh *et al.* (2023:e03413) showed that "...four independent factors are trust, cooperation, brand value, and cost, are factors that indirectly affect the intention to maintain the relationship in franchising, franchise through the intermediate variable which is satisfaction."

The reviewed studies suggest that the impact of power dynamics on franchise relationships is multifaceted and can both have negative and positive effects (Sanfeliu & Puig, 2017:89). It is essential to manage power dynamics between franchisor and franchisees effectively to ensure a fair equitable franchise relationship (Bailey, 2022:6). Ghantous & Christodoulides, (2020:445) states to achieve this there must be clear communication, transparency, and mutual respect between both parties. Franchisors should also consider a more collaborative approach and, in return, the franchisees must be viewed as partners in the business rather than operators (Raha & Hajdini, 2022:165).

An exploration of the literature produced several studies conducted to examine the dynamic relationship between franchisors and franchisees (Abdul Ghani *et al.*, 2022:138; Abou Kamar Alsetoohy, 2021:294; Balsarini & Lambert, 2023:2; Brown & Dev, 1997:38; Bui *et al.*, 2022:2;

Dube *et al.*, 2020; Frazer *et al.*, 2012:97; Gillis *et al.*, 2020:1; Hanafiah *et al.*, 2023:10; Harmon & Griffiths, 2008:256; Howe, 2003:13; Jang & Park, 2019:14; Ninh *et al.*, 2023:e03413; Oueslati *et al.*, 2021:977; Perrigot *et al.*, 2021:7; Raha & Hajdini, 2022:165; Sabaran & Aziz, 2023:56; Sanfelix & Puig, 2017:87; Saraogi, 2009:31; Shaikh, 2016:28; Shaikh *et al.*, 2018:550). Some of the studies reviewed were conducted in different countries or regions and reported unique findings as countries have different characteristics and regulations on the formation and operation of franchise businesses. Prior studies failed to examine dynamic relationship of franchising in South Africa which is the objective of this study. Table 2.1 reports previous studies, methodologies used, and findings in analysing franchising operations, as well as franchisor and franchisee relationships.

Table: 2.1 Studies conducted on the relationship between franchisor and franchisee

AUTHOR(S)	YEAR	TITLE	PLACE OF STUDY	FOCUS AREA	METHODOLOGY	FINDINGS AND RECOMMENDATIONS
A Shaikh	2016	Conceptualizing fairness in franchisor–franchisee relationship: Dimensions, definitions and preliminary construction of scale	India	Fairness in franchisor and franchisee relationships	Exploratory method using interviews and quantitative analysis.	Findings of the nomological test suggests positive association between dimensions of fairness and trust. Future research should further refine the concept and validate the construct in different settings and cultures.
P Balsarini & C Lambert	2023	The Dimensions of Entrepreneurial Orientation in Franchise Networks: Exploring the Role of Franchisee Associations	Australia	Entrepreneurial orientation	Case study, in-depth analysis using a rigorous qualitative method was facilitated by the triangulation of informant interviews, publicly available data, archival data, and artefacts.	The findings of this study suggest that franchisee associations may be instrumental in activating the five dimensions of entrepreneurial orientation in franchise networks.
A Shaikh, D Sharma, A Vijayalaks hmie & S Yadav	2018	Fairness in franchisor–franchisee relationship: An integrative perspective	India	Fairness	Systematic literature review.	This study contends that non-coercive power is perceived fairly. Also, coercive power that is legitimate is perceived fairly. However, coercive power that is illegitimate can be detrimental to relationships between franchisee and franchisor. Furthermore, a franchisee who perceives the relationship to be fair is likely to place more trust in the relationship, is more satisfied with the relationship, and is less likely to be opportunistic. Finally, the study contends that these relationship outcomes are dependent on the franchisee’s personality traits.
L Altinay & M Brookes	2012	Factors influencing relationship development in franchise partnerships	Europe and USA	Relationship development	Case studies of two international hotel firms were the focus of the enquiry. Interviews and document analyses were used as the data collection techniques.	Findings demonstrate that role performance, asset specificity, and cultural sensitivity influence relationship development in franchise partnerships. The influence of these factors, however, varies in different forms of franchise partnerships, namely individual and master franchises.

GN Sanfelix & F Puig	2017	New challenges in franchisor-franchisee relationship. An analysis from agency theory perspective	Spain	Agency theory	Document or content analysis	The emergence of new sectors and realities shows an agency problem that is derived from asymmetries and discontinuities that challenge the effectiveness of the model.
NNH Sabaran & NAA Aziz	2023	Technology adoption in franchising business: understanding factors and challenges	Malaysia	Technology integration in franchise business	Systematic review was used to explore this topic more deeply.	Technology has enabled franchisors and franchisees to streamline processes, enhance client interactions, and broaden their outreach.
MH Hanafish, MFA Ghani, RM Isa & HA Hamid	2023	Critical Success Factors of Franchising Firms: A Study on Franchisors and Franchisees	Malaysia	Critical success factors in franchising business firms	Qualitative strategy focus group approach. Discussion and interview protocols were prepared by the researcher using semi-structured parameters.	The main theoretical contribution is that this study brings together the three elements of the critical success factors. The case study proposes three propositions related to the critical success factors: (i) the existence of a franchisor's capability is positively associated with the critical success factors of the franchising business; (ii) better interconnections between franchisors and franchisees are positively associated with the critical success factors of the franchising business; and (iii) constant innovation is positively associated with the critical success factors of a franchising business.
TTT Ninh, NV Quang, BTP Hoa & BTT Trang	2023	Research on Factors Affecting the Intention to Maintain a Long-Term Relationship in Franchising in Vietnam	Vietnam	Satisfaction and intention to maintain a long-term relationship	Qualitative and quantitative analysis. The reliability test, exploratory factor analysis, and confirmatory factor analysis were carried out to determine confirmatory factor analyses (CFA) and test the structural equation modelling hypothesis.	This study shows that four independent factors are trust, cooperation, brand value, and cost. These are factors that indirectly affect the intention to maintain the relationship in franchising. Franchise through an intermediate variable is satisfaction.
TR Harmon &	2008	Franchisee perceived relationship value	USA	Franchisee-perceived relationship	A survey of existing literature provided the relevant constructs	The behavioural aspects of the franchise relationship are explored from the franchisee's perspective, providing an alternative viewpoint of the franchise relationship.

MA Griffiths				value (FPRV) performance outcomes	and concepts for developing a conceptual framework of FPRV.	
TTH Bui, M Jambulingam & M Amin	2022	A literature review of franchisee performance: Insights for further research	Developed countries	Antecedents and outcomes franchisee performance	Review of scientific articles.	The findings revealed that four factors affect franchisee performance: franchisor-related factors, franchisee-related factors, relationship factors, and external environments. Franchisor resources and franchisee entrepreneurial orientation are among the most critical variables to enhance franchisee performance.
R Perrigot, B Lopez-Fernandez & G Basset	2021	Conflict management capabilities in franchising	France	Conflict management	Qualitative study based on 44 in-depth interviews.	Findings show that the implementation of these conflict management processes over time, and with various franchisees, nurture conflict management capabilities of franchisors.
A Raha & L Hajdini	2022	Franchisees with multiple stakeholder roles: perceptions and conflict in franchise network	Austria, Czechia, Germany, and Slovakia	Conflict; stakeholder roles; franchising; managerial perceptions	Survey questionnaire, in conjunction with a mixed method analysis of variance test and CFA.	One explanation for this finding is that, when franchisees are perceived as customers or employees, the franchisor is still aware of their crucial role in the overall performance of the franchise system and does not change the level of support provided.
MA Kamar & O Alsetoohy	2021	Franchisee-Franchisor Relationship Quality and Its Impact on Restaurants' Operational and Financial Performance: An Application of Leader-	Egypt	Franchisee-franchisor relationship quality and the extent of their impact on the operational and	A quantitative approach with a self-administered and structured questionnaire was conducted. Several interviews were conducted with franchise professionals from the respective franchises in a study area to ensure structural	The findings indicated that mutual trust, commitment, and franchisor support are essential determinants of the franchisee-franchisor relationship quality. There must be a high level of mutual understanding between the franchisor and franchisee otherwise the relationship deteriorates into disputes and legal actions for settlements.

		Member Exchange Theory		financial performance	consistency and achieve approach reliability.	
L Frazer, S Weaven, J Giddings & D Grace	2012	What went wrong? Franchisors and franchisees disclose the causes of conflict in franchising	Australia	Causes of conflict	Qualitative and quantitative, series of 11 multiple case studies, involving 30 protocol discussions with franchisors and franchisees, was undertaken across a variety of franchise systems to explore the topic, refine the research question and develop hypotheses for the next stage of the research.	A number of themes emerged from the qualitative investigation which led to the development of 12 research propositions that include constructs such as expectations confirmation, trust, openness, perceived support and relationship satisfaction in attempting to explain the antecedent causes of conflict in franchising.
MFA Ghani, M Hizam-Hanafiah, RM Isa & HA Hamid	2022	A Preliminary Study: Exploring Franchising Growth Factors of Franchisor and Franchisee	Malaysia	Growth factors	The case study method was adopted, which involved semi-structured interviews with five service firms from two different brands, including franchisors and franchisees.	The findings show that three growth factors emerged from this study, namely product and service innovation, franchisor-franchisee tolerance, and government support.
A Saraogi	2009	Exploring franchisor franchisee relationship: building a predictive model of franchisee performance	India	Relationship	Mixed method survey questionnaire.	The attitudinal variables are more potent in identifying potentially cooperative franchisees.
H Oueslati, M Deparis & S Bennaghouch-Maire	2022	The franchisor–franchisee relationship and customer data management in the digital era	France	Customer data management and digitization	Qualitative study and a literature review mixed-method design. Statistical data were analysed on SPSS software for exploratory investigations and on XLSTAT software for confirmatory investigations using the PLS.	The results of the various studies show that relationship quality, through interorganisational commitment, contributes to explaining the achievement of marketing performance in franchise networks. In addition, relationship quality depends on four essential variables: interorganisational communication, franchisee autonomy, technical and human resources, and contractualisation of customer data management.

JJ Wang, M Grünhagen, LJ Ji & XV Zheng	2020	Conflict Aftermath: Dispute Resolution and Financial Performance in Franchising	USA	Dispute resolution and conflict management	Quantitative analysis of secondary data using a two-stage least square model.	The findings suggest that franchisors could safeguard the system's brand value by penalising opportunistic franchisees and putting observing franchisees on notice. Past experiences of franchisors in dealing with litigations enables them to develop the capability of safeguarding their own financial interests through litigation more effectively.
WE Gillis, JG Combs & X Yin	2020	Franchise management capabilities and franchisor performance under alternative franchise ownership strategies	USA	Management capabilities and franchisor performance	CFA structural equation mixed-model method.	The study found no evidence of an overall direct relationship between franchise management capabilities and franchisor performance. However, the study did find that these capabilities relate positively to performance among plural form franchisors. That is, as anticipated, franchise management capabilities appear important for helping plural form franchisors work with franchisees to leverage the symbiotic advantages available from having franchisor-owned outlets.
SS Jang & K Park	2019	A sustainable franchisor-franchisee relationship model: Toward the franchise win-win theory	Not specified	Sustainable franchisor-franchisee relationships	This study began with a thorough review of franchise-related theories. Then, a theoretical framework for sustainable franchisor-franchisee relationships including both antecedents and consequences was suggested. This study reviewed the past literature in the relationship.	This study suggested that relationship quality is a vital part of a healthy relationship. The study conclusively suggested that franchisees are willing to continue their current franchise business only when they are satisfied with a franchisor's fairness, autonomy, formalisation, and support. As noted, a franchisor's performance is essentially dependent on the performance of franchisees' and relies on the relationship quality between the two parties.
B Dube, C Mara & V Ntimane	2020	Perceptions of franchise stakeholders on trust in franchising relationships	South Africa	Franchising relationships	Systematic literature review.	The study found that while the franchise agreement provides guidelines on expected conduct and remedies to challenges that may arise, it sometimes becomes the source of conflict. Despite this, with the balance of power weighing seemingly in favour of the franchisor, the franchisees buy into franchises trusting that the franchisor

						acts in good faith and in the best interest of the whole network.
M Aung & T Ousawat	2019	The relationship between franchisee and franchisor: a qualitative approach study of the fast-food franchising in Yangon	Myanmar	Franchising relationships	Exploratory research was conducted and involved gathering qualitative data using interviews. A thematic based analysis.	The finding of this study in franchise business, reports that franchisors allow the use of its brand name by the franchisor for monetary compensation.
B López-Fernández & S López-Bayón	2018	Antecedents of early terminations in franchising: franchisor versus franchisee cancelations	Spain	Franchising cancelations	Survey data and mixed-method approaches.	The results show how the performance outcomes of entrepreneurial autonomy differ depending on the decision area in which it is exercised. Results also sheds light on the consequences of various critical franchise policies that may be masked if both types of termination (franchisors vs. franchisees) are considered together.
FASA	2024	The power of franchising...Contributing to the South African economy	South Africa	Franchising	Report	R 999 billion which is 15% of the South African GDP.
DHL	2024	South Africa's booming franchise industry	South Africa	Franchise	Business Report	Benefits of franchise ownership.

2.4 Analysis of reviewed literature

Previous studies show mixed findings on the factors that cause conflicts in the relationship between a franchisor and franchisee. For example, Raha & Hajdini (2022:165) identified lack of support by franchisor; whilst Frazer *et al.* (2012:87) noted factors like trust, transparency, support, expectations, and satisfaction. Previous reports from the literature made use of different methods like Dube *et al.* (2020) used a qualitative approach, whilst Wang *et al.* (2020:549) applied a quantitative approach. This shows inconsistency in the methodology that can accurately capture the relationship between franchisors and franchisees in relation to conflict or power dynamics. The current study uniquely looks at a distinct aspect, which is power dynamics. Most articles in the literature focused on general causes of conflicts, financial implications, and the type of relationship between franchisor and franchisee, including trust, expectations, satisfaction, transparency, and support. Here, the study aims to highlight the overseen gap by previous literature that factors such as trust, expectations, satisfaction, transparency, and support emanate from the pulling of power between franchisors and franchisee, eventually leading to conflicts. Power-dynamics has not been extensively assessed to investigate its influence on franchise relationships and the creation of conflicts. This study therefore covers this unmet need by exploring how power dynamics can be effectively managed in the franchising relationship in South Africa.

2.5 Conclusion

This chapter provided an in-depth analysis of the franchising business in South Africa, a review of previous studies, and franchising theories. This assisted in highlighting the theoretical and literature gaps in line with power dynamics under the relationship between franchisors and franchisees. The next chapter will discuss the research design and methodology applicable to this study.

CHAPTER 3 RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This chapter provides an outline of the research design and methodology applied in this study. Thus, it mentions and discusses specific aspects of the research design, research philosophy, research approach, research paradigm, research strategy, research methodology, and target population. The sampling process, data collection, data analysis, pilot study, validation processes, and the ethical consideration that were adopted while conducting this study are also discussed. These elements were utilised and applied with the purpose of answering the research questions and achieving the set objectives of this research study.

3.2 Research design

A research design is described as the process of planning or building a structure for the research project (Leavy, 2022:9). According to Hunziker and Blankenagel (2021:5) "...a research design refers to the overall strategy in which a researcher logically integrates the research study's different components to address the research problem, and it serves as the blueprint for data collection, measurement, and analysis." Therefore, a research design is a plan for conducting a project, and it details the techniques for obtaining the data required to solve research problems (Hunziker & Blankenagel 2021:5; Leavy, 2022:9). Simply, it is the general plan of how researchers answer the research questions.

There are various types of the research designs, namely descriptive, correlational, exploratory, explanatory, diagnostic, and experimental research designs(cite). The descriptive research design focuses on describing a phenomenon as a characteristic of a population under study, based on theory (Leavy, 2022:9). The correlational research design looks at connections between two setsof groups in trying to understand their relationship. The explanatory research design is focused on examining, explaining, and expanding knowledge on a phenomenon under study. The diagnostic research study aims to identify and unearth the root cause of a problem. The experimental research design, also known as causal research design, is a practical research process focusing on testing a phenomenon through assessing the cause-and-effect scenario between variables, objects, solids, liquids, elements, molecules, *etcetera*. The exploratory research design aims to gather a study population and report on a phenomenon or condition under study. The exploratory designs include grounded theory, ethnography, phenomenology, and research in naturalistic settings with evolving research methods involving thick description

(Lederman & Abell, 2014:601). The exploratory research design is the choice of design for this research as the study aims to explore the power dynamics in the relationship between franchisors and franchisees.

The exploratory design is the appropriate style as it applies qualitative research processes to investigate intricate issues like the origins, motivations, and causal connections in a phenomenon or situation. This style allows the researcher to investigate the behaviour of humans, their beliefs, experiences, and insights overlooked by quantitative research methods. Methods that utilise tools such as interviews, observations, and document analysis help uncover the rich and intricate insights into human behaviour and thinking. The design choice of this study was the qualitative method. Qualitative research relies on data obtained directly from the participants experiences and perspectives. This approach employs methods including interviews, observations, and document analysis to reveal intricate insights into human behaviour and reason (Merriam, 2009:13).

3.3 Research philosophy and paradigm

The research philosophy is the nature of research, which is critical to researchers as it determines the practical investigation of research-problems as well as the interpretation of findings and policy choices (Saliya, 2023:39). There are three main forms of research philosophies, which include positivism, interpretivism, and pragmatism that combines positivism and interpretivism. Positivism is a belief that knowledge is entirely derived from corporeal experiences, confirmed facts of data collected using five senses known as empirical evidence; thus, positivism is based on empiricism. Interpretivism, on the other hand, is the belief in world existence, that reality is subjective or relative, does not exist independently, and it exists as several jointly formed realities in the mind of humans (Saliya, 2023:39). The choice of philosophical approach in the current research study is the interpretivism research philosophy to explore the subjective realities in the relationship between a franchisor and franchisee raising a phenomena of power dynamics.

3.3.1 Interpretivism research philosophy

Interpretivism and constructivism philosophical perspectives emphasise the importance of understanding social realities from participants' viewpoints and recognising the influence of subjective interpretations in shaping those realities (Charmaz, 2006:15). Mbanaso *et al.*, (2023:84) highlighted that "...researchers can interpret the social nature of the phenomenon by

reviewing relevant documents (such as public policy documents, minutes of meetings/events, internal rules of the institution and others), as well as by conducting interviews to collect data from people who have a close acquaintance with the phenomenon of study.” The philosophy type chosen for this study was interpretivism, which aligns with the qualitative nature of the research. According to Smith & Osborn (2022:67), interpretivism allows for a deep understanding of the subjective nature of humans. In the context of this study the ontology of interpretivism recognises that the dynamics within franchising relationships are influenced by various subjective viewpoints and contexts. As highlighted by Denzin & Lincoln (2018:93), interpretive research acknowledges the diverse interpretations that individuals bring to their interactions. This ultimately shapes the dynamics and outcomes observed.

3.3.2 Research paradigm

According to Aguzzoli *et al.* (2024:166), paradigm is defined as “...the entire constellation of beliefs, values, techniques, and so on shared by the members of a given community.” The paradigm defines a researcher’s philosophical orientation and, as in the conclusion to this study, this has significant implications for every decision made in the research process, including choice of methodology and methods (Saliya, 2023:36). A research paradigm is a set of guiding principles researchers use to view and approach their studies, and shapes how they comprehend the world, interrogate participants, and seek responses (Turin *et al.*, 2024:e73249). A research paradigm is developed on four main aspects, including axiology, ontology, epistemology, and methodology as shown in Figure 3.1.

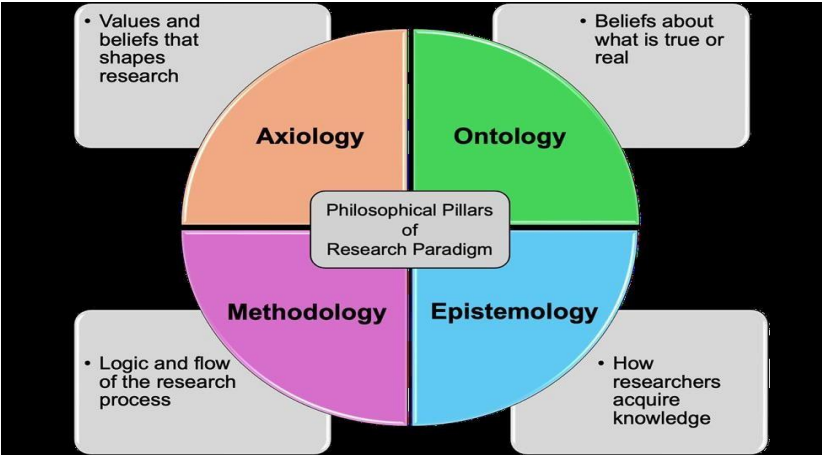


Figure 3.1: Depiction of the research paradigm in terms of axiology, ontology, epistemology, and methodology (Source: Turin *et al.*, 2024:e73249)

As depicted by the four pillars, Figure 3.1 covers the structure of a research paradigm. The first paradigm referred to as ontology, studies the nature of reality like the positivism philosophy believes in a singular reality while interpretivism philosophy believes in multiple realities (Alharahsheh & Pius, 2020:39; Zou & Xu, 2023). The second paradigm termed epistemology explores the nature of knowledge, reasoning, and the connection between reality and cognition (Treagust & Won 2023:3). The third pillar is axiology, which analyses whether investigators include biased viewpoints or not (Alharahsheh & Pius, 2020:40; Pal, 2023:1). The fourth pillar is methodology, which encompasses the research design, methods, and approaches used in a study and highlights the flow and logical steps of the research process that enables the gaining of new knowledge on a topic of interest (Treagust & Won 2023:4; Turin *et al.*, 2024:e73249).

The epistemology adopted in this study is constructivist, which identifies that knowledge is actively constructed through the interaction between researchers and the phenomena under study, as noted by Charmaz (2014:125). It highlights the importance of understanding the participants narratives, experiences, and perspectives to unearth the nuanced meanings attributed to power dynamics within franchising. Acknowledging the inherent value of individual perspectives and diverse experiences are crucial. As emphasized by Lincoln & Guba (2020:54), this study recognises the influence of participants' situated knowledge and researchers' subjectivity and perspectives. By valuing and respecting the multiplicity of viewpoints this study aims to provide an understanding of power dynamics while avoiding undue imposition of external viewpoints.

3.4 Research approach

A research approach is an outline of the procedure and action plan applied in conducting data gathering, analysis, and evaluation of the findings (Leavy, 2022:9; Naeem *et al.*, 2023:2). There are three forms of research approaches namely deductive, inductive, and abductive that combines the first two approaches. The deductive method classified as theory provides the basis of the current study and is appropriate for quantitative analysis (Naeem *et al.*, 2023:9). The deductive research approach is focused on demonstrating, refuting, or giving credibility to theories in existence (Leavy, 2022:9). The inductive approach classified as data-driven, uses real data extracted and analysed to formulate knowledge or theories. A top-down approach describes a research approach where variables are measured and relationships between variables tested to reveal correlations, patterns, links and causality. A bottom-up approach aims at generating meaning through knowledge building. Therefore, an inductive research approach is suited for

qualitative analysis (Leavy, 2022:9; Naeem *et al.*, 2023:9). According to Leavy (2022:9), "...researchers use this approach to explore; to robustly investigate and learn about social phenomenon; to unpack the meanings people ascribe to activities, situations, events, or artifacts; or to build a depth of understanding about some dimension of social life." The abductive approach combines aspects of the deductive and inductive approach to formulate a mixed-method form of research that combines quantitative and qualitative data analysis.

This study aims to investigate and understand the power dynamics of franchisors and franchisees on their relationship and therefore this study adopts the inductive approach.

3.4.1 Rationale on qualitative approach

The aim of this study is to explore the power dynamics in the franchise relationships in South Africa. Since the research seeks opinions and perceptions of participants in the subject matter a qualitative approach is best suited for the research question. The research approach employed in this research is inductive, aligning with the constructivism paradigm (Creswell, 2013:56). The research process commences with the collection of rich qualitative data. The researcher dissects the data and endeavours to develop a deep understanding of the nuances, contexts, and complexities embedded within the participants accounts. This process aids in identifying preliminary patterns and emerging themes that shed light on power dynamics.

This study followed a mono-qualitative approach, and the research focuses solely on qualitative data collection and analysis techniques to explore the complex dynamics of power within the franchising relationships (Creswell, 2013:212). This study followed an inductive approach as qualitative research typically follows an inductive approach, which aligns with the systematic procedure for analysing qualitative data guided by specific evaluation objectives. This approach resonates with the study's objective of understanding the nuanced meanings attributed to power dynamics in franchising relationships.

Qualitative research is inherently subjective, as it involves the researcher's interpretation of data (Creswell, 2013:73). This is aligned with the studies intention to delve into the participants' experiences and viewpoints, ensuring that their perspectives are accurately understood and captured. Throughout the research process, the researcher-maintained reflexivity, acknowledging their influence on the study's direction and interpretations. Engagement with participants and peers provided an opportunity for validation and feedback. The research concluded by summarizing the identified patterns, themes, and generated theories. These findings were

interpreted within the broader context of power dynamics in franchising relationships. The implications for both theory and practice were discussed. The research approach underscores the significance of inductive reasoning in uncovering the complexities of power dynamics (Denzin & Lincoln, 2018:92).

3.5 Research strategy

Research strategy is a step-by-step process followed in collecting data, processing the data, analysing the collected data, interpreting the findings obtained from the data, and reporting the findings from the research. The research strategy depends on the choices made on the research design, philosophy, and approach (Zou & Xu, 2023). Dudkowski (2021:86) states that the research strategy illustrates the "...stages that were organised and executed and in what sequence, how certain categories were used, what decisions were taken in the context of the inquiry, and how the outcomes were reached." There are several strategies applied in a research methodology, and these are shown and explained in Table 3.1.

Table 3.1 Research strategies (Source: Leavy, 2022:15)

Research Strategy	Method / Explanation
Experiments	Randomised, quasi, single subject
Survey research	Questionnaires (administered in multiple ways)
Interview	Structured, semi-structured, in depth, oral history, biographical minimalist, focus group
Field research	Participant observation, non-participant observation, digital ethnographies, visual ethnographies
Unobtrusive methods	Content analysis, document analysis, visual analysis, audio analysis, audiovisual analysis, historical comparative, systematic literature review
Case study	Single case, multi-case
Self-data	Autoethnography, duoethnography
Mixed-methods	Sequential, convergent, nested
Literary practices	Fiction-based research/social fiction, narrative inquiry, experimental writing, poetic inquiry
Performative practices	Drama, play building, ethno-drama, ethno-theatre, film, video, music, dance and movement, observation of people
Visual arts practices	Collage, painting, drawing, photography, photovoice, comics, cartoons, sculpture

Community based	Participatory action research, social action research
Action research	Researcher and participant work together

With regards to the nature of this study, the chosen research strategy involved conducting interviews. Interviews were chosen in order to delve deeply into the complexities of power dynamics within franchise relationships. Interviews offered a more in-depth and personal approach to gathering the insights. This consisted of in-depth interviews with franchisees and franchisors, making detailed observations of their interactions and behaviours, and analysing the relevant materials and documents. This study captured diverse perspective, narratives of participants and experiences regarding the power dynamics in franchising relationships. The collected data was reviewed, transcribed, and organised. This allowed for a better exploration of participants perceptions, experiences, and emotions related to power interactions (Bryman, 2016: 80). This study engaged with different participants through face-to-face or virtual interviews. Following this approach the researcher was able to pose open-ended questions and follow-up queries, fostering a richer understanding of the dynamics at play.

Interviews create flexibility in probing specific areas of interest and the researcher can adapt the conversation based on participants responses. With the engagement of franchisees and franchisors, this study aimed to catch the diverse perspectives and uncover the intricate facets of power dynamics inherent in franchising relationships. The structure of the interview involved predetermined topics and themes. The topics and themes served as a guide for the conversation while allowing for organic exploration within each subject area (Couper, 2017:150). The structured framework ensured consistency across interviews while allowing room for spontaneous insights to emerge. Each participant in the study had the opportunity to express their viewpoints candidly within the interview setting. This created a sense of comfort and authenticity for the participants. With conducting these interviews in personal spaces or through virtual platforms it helped to minimize response bias and enhance more open communication.

3.6 Research methodology

According to Taherdoost (2022:62) the research "...perspective is based on ideologies and overshadows the aim and research questions of the project including different aspects of the methodology such as the chosen design, the identification of the data sources, interpretation and reporting processes, and analysis." The research methodology is a set of methods practically used in conducting a study or research activity (Hunziker and Blankenagel, 2021:5 & Mweshi, and Sakyi 2020:186). Leavy (2022:16) reiterated that the things a researcher do in data collection

and analysis after putting all research elements together, is referred to as the research methodology. In this section participants, the target population, sampling strategy, sample size, data collection processes, data analysis, limitation, elimination of bias, and pilot study are discussed.

3.6.1 Participants

With the participation of 12 individuals, this study delved into the intricate dynamics of franchising relationships within the South African fast-food industry. Each participant brought experience and expertise gained from years of immersion in the fast-food sector, which offered invaluable insights into the franchising landscape.

The participants represented a diverse array of fast-food brands operating within South-Africa, ensuring a variety of franchising models and practices. The participants' roles spanned from various levels within the fast-food industry, encompassing franchise owners, managers, executives, and operational staff, thus providing a multifaceted perspective on franchising dynamics.

Participants were selected through targeted invitations and referrals from industry networks, professional associations, and franchise organizations. The advantages of using selected and targeted participants are that the right participants who have knowledge and experience of the subject phenomena are interviewed and rich and accurate information is corrected. The disadvantage is that it may be biased. They were chosen for their deep understanding of franchising intricacies specific to South Africans. Furthermore, their insights shed light on the power dynamics, challenges, and collaborative opportunities within franchising relationships.

The collective expertise and diverse perspectives of these participants enriched the study's outcomes creating a deeper understanding of the nuanced dynamics shaping franchising relationships in the South African fast-food industry.

3.6.2 Time horizon

For this study, the most suitable time horizon was a cross-sectional time horizon. The choice aligned with the nuanced nature of understanding power dynamics in franchising relationships within a snapshot of time. A cross-sectional time horizon aimed to provide a comprehensive examination of power dynamics at a particular moment, which provided insights into the current

situation within the franchising industry. Given the complexity of power dynamics within

franchising relationships, this time horizon provides the opportunity to capture a broad spectrum of perspectives and interactions among stakeholders.

A cross-sectional approach facilitates the collection of data from various participants simultaneously (Creswell, 2014:250). It offers a snapshot of the power dynamics across different dimensions of the franchising landscape. Following this method, the research was able to provide valuable insights into the distribution of power, decision-making processes, and relational dynamics among franchisors and franchisees.

3.6.3 Population and sampling strategy

Study population seeks to outline the scope and characteristics of the participants and the unit of analysis (Creswell, 2014:92). The focus of the study revolved around a diverse section of brands operating within the franchising landscape. The study population encompassed both franchisors and franchisees. Franchisors represented the entities that hold the right to franchise a system, while franchisees constituted the individual proprietors of franchise outlets. The research delved into the intricate dynamics of their relationships while considering multifaceted factors.

The study investigated various dimensions of franchising relationships. Investigating topics such as royalty agreements, the pricing of products sourced from the franchisor, the implementation of different promotions during various periods, and the management of stock that may face challenges. Moreover, the research made a probe into instances where franchisees may have experienced difficulties in effectively managing their franchise outlet. This encompassed an exploration of challenges they may have faced in their unique demographical context to their store location.

The unit of analysis displayed the interplay between franchisors and franchisees, with a focus on their interactions and how they navigate the complexities of franchising relationships. The characteristics of the study population involved individuals who held managerial roles as both franchisors and franchisees. The study drew from their firsthand experience and insights to uncover the intricacies of power dynamics and operational challenges. This holistic approach enables a comprehensive understanding of the franchising landscape, by examining various brands, their operational practices, and the relationships within the franchising ecosystem.

The sampling strategy employed a purposive sampling approach to select participants who best represented the diverse array of brands in the franchising industry. This strategy was non-probability sampling as it focuses on selecting participants based on their experience, expertise,

and relevance to the research objectives. The study compiled the sampling frame by identifying franchisors and franchisees operating in various geographical regions and sectors in South Africa. Additionally, the snowball sampling element introduced a networking dimension, wherein selected participants provided referrals to other relevant individuals who could provide valuable perspectives. This process expanded the reach of the study creating a more comprehensive understanding of power dynamics within the franchising landscape.

Participants for this study were drawn from a range of geographical locations across South Africa, including urban and rural areas. The sector includes a broad spectrum of brands from different food industries within the franchising landscape. Gaining access to the study population and sample tends to be presented with moderate difficulty due to the need to liaise with franchising entities. Gaining permission from managers and ensuring adherence to ethical guidelines was challenging.

Gaining access to participants required permission from franchisors and franchisees to obtain insights into their operations. The study population's accessibility was moderate as it involved reaching out to franchisors and franchisees through various communication channels. The qualitative study determined an appropriate sample size based on the concept of data saturation targeting a saturation point of 12 participants. This ensures that enough participants are included to yield comprehensive insights.

3.6.4 Designing the measuring instrument

The development of the measuring instrument for this study involved the adaptation and complication of established measuring instruments and constructs that are tailored to the unique context of power dynamics in franchising relationships as noted by Raha & Hajdini (2022:162) and López-Fernández & López-Bayón (2017). The data collection method involved structured interviews aimed at gathering primary data that aligns with the study's objective.

The interview protocol commenced with Section A (Appendix A) that captured demographic details such as, gender, age, role within the franchising relationships, years of experience in the industry, and geographical location (Creswell, 2014:211). This section provides contextual insights into the participants' backgrounds and allows for an understanding of their perspectives on power dynamics.

Section B consisted of the assessment of power dynamics, the questionnaire delves into the core constructs related to power dynamics in franchising relationships. Referenced from literature on

power dynamics, this section of the interview explored various dimensions using probing

questions and prompts (Denscombe, 2014:200). The constructs encompassed aspects such as franchisor control, decision-making processes, financial agreements, and communication channels.

By utilising probing questions and prompts during the interview process, the participants could express their viewpoints in detail and provide insights into the perceived power dynamics within the franchising relationships. The interview protocol addressed both franchisors and franchisees, allowing for a comparative analysis of their perspectives of power interactions.

Overall, the design of the measuring instrument adheres to a systematic approach. Insights were synthesised from existing literature and constructs, with a focus on the specific context of franchising relationships. The interview structure enabled efficient data collection while accommodating the diverse range of experience and perspectives present within the franchising community.

3.6.5 Data collection

Regarding the online nature of the study, the data collection process was facilitated through structured interviews conducted either face-to-face or via virtual platforms. Collaboratively, the researcher, research supervisor, and other academic colleagues circulated emails to potential participants. The initial email served as an introduction to the study's purpose, ethical consideration, and instructions for completing the questionnaire. This email included a cover letter that provided information about the research and its objectives.

To schedule interviews, respondents were asked to indicate their availability within a response email. Upon the confirmation by the participant, the researcher coordinated interview times together with the participants. The interviews followed a standardised interview guide to ensure consistency across interviews and facilitate data collection.

This methodology was chosen for its efficiency and convenience and allowed participants to engage with the study on their own time and convenience. Participants from diverse geographical locations and schedules were accommodated as interviews could be conducted at mutually convenient times. Interviews also ensured the confidentiality and security of participants' responses, as these discussions were held in a private setting. The structured interview approach and the use of online tools aligned with the study's qualitative nature. It provides a convenient and secure manner for participants to contribute their insights on the power dynamic within franchising relationships.

3.6.6 Data analysis

The phrase "thematic analysis" refers to a variety of approaches rather than a single methodology. The approaches used in different forms of themed analyses differ among themselves, and they are founded on different conceptual and philosophical assumptions (Vaismoradi *et al.*, 2013). Thematic analysis was employed to analyse the collected data. Creswell's thematic analysis framework guided the identification and interpretation of recurring themes and patterns within the data (Creswell, 2013:207). This qualitative research was well-suited for understanding social realities and studying human behaviour. The study aimed to capture the perspectives of franchisor and franchisees shedding light on the intricate power dynamics that shape their interactions and decisions.

Thematic analysis was employed to identify recurring themes and patterns within the data. The identified themes were systematically analysed and interpreted in context of the franchise business. The researcher aimed to recognize overarching patterns that highlight how power dynamics manifest in such businesses. Building on these emergent themes and patterns, the study further engaged in theory generation. Provisional theories or conceptual frameworks were formulated that capture the underlying dynamics of power within franchise relationships. Thematic analysis was used in this research and the processes outlined by Cypress (2018) were followed:

- Familiarisation is the process of decoding data collected in the form of text and notes.
- The practice of highlighting words in order to construct content labels is known as coding.
- Investigating the topics that were connected to the study's objectives.
- The process of combining related codes to build broad themes is known as theme generation.
- The process of identifying the research subjects is referred to as "defining themes".
- Writing the report, which included data analysis based on the study's methodology and objectives.

The researcher collaborated with the North-West University's statistical consultation services to ensure a comprehensive and precise research analysis. Upon the collection of the qualitative data through the structured interviews the researcher coded the data to identify patterns and recurring themes (Brown & Davids, 2023:80). These thematic codes served as the basis for the qualitative analysis to explore these complexities. With the study's cross-sectional approach, the researcher collaborated with the North-West University's qualitative analysis experts to determine suitable analytical methods tailored to the qualitative data collected from the interviews. Different methods

of content analysis and thematic coding to identify the different themes and relationships in the data were included. Additionally, the University's qualitative analysis service provided guidance on potential techniques such as analysis and ethnographic analysis if needed. These different techniques excelled our understanding of power dynamics within the franchising relationships.

3.6.7 Pilot study

A pilot study is a minor edition to a greater analysis. Its goal is to determine and outline how long it would take to finish the interview, whether it's too long or too short, easy or complex, and whether the interview questions are clear and free of vagueness or language concerns (Cohen *et al.*, 2002:600). A pilot study was launched to detect design and equipment issues, endeavouring to provide proxy evidence for the gathering of probability samples. Consequently, it recruited participants from the desired demographics and mimicked data collection techniques and protocols. The data collection technique was directed via an interview guide with open-ended questions. The results of the pilot study were used to determine if the interview process needed to be amended or adjusted. Two people were be picked for the trial testing and this helped in testing the interview questions and aligning them with themes which was successful. After the pilot study questions were seen appropriate for the study and the interview process proceeded with the interrogation of 10 more participants.

3.7 Validation and reliability

3.7.1 Validity, reliability, and trustworthiness

The actions of the researcher determine the quality and dependability of the study, including the procedures used in data gathering (Cypress, 2018:3). The trustworthiness of the study relies on factors such as credibility, reliability, dependability, and conformability. A research investigation that is trustworthy is considered stable, safe, steady, timeous, and applicable in future. Dependable results are those that are tested, documented, recorded, assessed using theory, and audited for authenticity by either an internal or external arbitrator.

Results that precisely reflect real circumstances under the study are classified as credible and named "credibility" in research analysis. This signifies that research outcomes truly depicts how participants feel when data is collected for a research study. Conformability is achieved when the steps used in the research process can be followed by another researcher to obtain the same results making it possible for future researchers to assess, examine, and repeat the same

findings. Transferability, or applicability, is the ability of generalising the outcomes of a research process to a bigger or different population and subsequently mapping the collected facts to a

different context. This study utilised interviews and used a tested analysing method to enhance credibility, reliability, dependability, and conformability. Credibility, reliability, dependability, and conformability, including the characteristics of participants, were clearly described to maintain authenticity and reliability.

3.8 Ethical considerations

Ethical considerations are critical in any research, their main purpose is to ensure the respect, privacy, and safety of all participants in the study. It is crucial that the ethical considerations uphold the integrity of the research process. This study poses several instances for ethical considerations. Before starting the research, all respondents were introduced to an informed consent form during the interview. The form ensured that the participants understood the reason behind the research, what the objectives were, and the rights of the participants. It is very important that all participants of the research were made aware of the expectations, purpose, potential risks, and measures taken to ensure their privacy (Cresswell, 2014:211).

Through appreciation of the sensitive nature of the research, the confidentiality and privacy of the participants responses were crucial. The utilisation of structured interviews ensured that data was securely stored, and access was restricted to only those involved in the study (Smith *et al.*, 2023:8). Personal details such as the participants' names and contact information were kept separate from the main dataset to ensure safeguarding. The method of data collection that consists of email distribution and structured interviews needs to be transparent. All the participants were made assured that their responses were solely for the purpose of the study. The study details, objectives, and an outline of the study were included in the introductory email, providing the participants with all the necessary information.

With a diverse range of participants from various sectors and geographical regions in South Africa the results can lead to different perspectives on power dynamics. It is important to treat each participant's viewpoints with respect and without bias. Each participant must feel free to participate without any repercussions (Burgelman *et al.*, 2018:532). Understanding the core dynamics of franchising relationships, this research might have included sensitive or contentious issues for participants. It was the researcher's role to ensure that the questions were neutral and avoided any potential distress or harm to the participants.

3.8.1 Permission

Participants were approached to obtain consent before conducting the research. Interviews took place after permission was granted by the North-West University and the participants.

3.8.2 Personal data protection and POPIA Act

Private data was not collected from participants and regulations from the POPIA act were strictly adhered to. After data were collected, the information was strictly protected in order for authorised people only to have access to it. Passwords and encryptions were used when data was stored electronically to prevent access from unauthorised people or hackers. All data will be destroyed upon completion of the study.

3.8.3 Informed consent

Participants were fully informed of the activities undertaken in the research process so that they could participate with full knowledge of the objectives, as well as their own rights.

3.8.4 Participation on a voluntary basis

Participants were not pressured to participate and their participation was fully voluntary, which was clarified in the informed consent form.

3.8.5 Confidentiality

Participants were kept anonymous, and no information that can link the research results to any of the participants were used. Participants were informed of confidentiality principle in the informed consent form.

3.8.6 Ensuring no harm comes to participants.

The study was conducted in a manner that caused no harm to participants, enhancing their safety.

3.9 Conclusion

This chapter started by explaining the research design of the study and supporting the choice of study design. The research philosophy, approach, and strategy adopted by this study in line with the topic and research questions or objectives were then explained by preparing a clear research methodology. A qualitative method of analysis was selected. Furthermore, as data collection occurred using interviews, data were analysed using thematic analysis and an interpretivism philosophy. The research approach involved the inductive process as the study aimed to use an exploratory process to understand and investigate the power dynamics between the relation of franchisors and franchisees. A pilot study, purposive sampling, validation processes and ethical approval procedures were illustrated in this chapter and adhered to by the researcher to ensure the results of this study are accurate, acceptable, applicable, and authentic. The following chapter provides a detailed description of the information collected, data analysis, and interpretation of results to develop meaningful judgements, theories, and academic knowledge.

CHAPTER 4 FINDINGS, DATA ANALYSIS AND INTEPRETATION

4.1 Introduction

The previous chapter highlighted the research design, methodology, approach, philosophy, and strategy used in conducting an empirical study. This chapter highlights the results obtained from data collected through in-depth semi-structured interviews. Furthermore, qualitative data analysis is presented that was conducted through thematic analysis as themes and sub- themes developed from the collected data. Themes were used to categorise the gathered data through interviews for easy interpretation and extraction of meaningful information based on empirical and theoretical literature. The outcomes of this study assist in providing guidance on how franchisors and franchisees build strong, long-term working relationships that promote balanced power dynamics, trust, commitment, and reduce conflict. This chapter is structured as follows, the first section illustrates the demographics of the participants, then themes in line with research objectives are presented, and finally a conclusion is drawn based on these findings.

4.2 Demographic characteristics

The demographic characteristics specifies characteristics of the study population chosen for analysis which represents franchise businesses in South Africa. This section illustrates the participants' under factors like gender, age range, highest educational qualification, type of franchise, occupation, and period working in the franchising business. This information on demographics was asked and gathered under section A in the interview guide (Appendix A).

4.2.1 Gender

All participants responded to questions pertaining to gender (Figure 4.1). Overall, 42% of participants were female and 58% male. These participants worked as either franchisee or franchisor in the franchise business. Moreover, the composition of males (n=7) is greater than that of woman (n=5), which is in line with Mosomi (2019) who noted that there are more males than females in certain workplaces in South Africa.

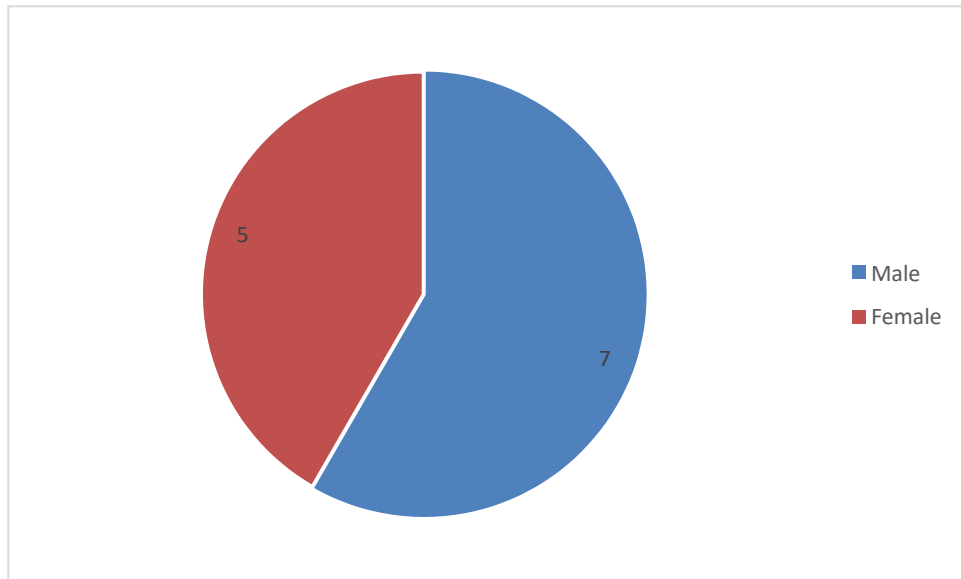


Figure 4.1: Gender composition of sample population (N=12)

4.2.2 Age range

Participants supplied information relating to their age in the form of a range. Figure 4.2 shows age composition in the sample population.

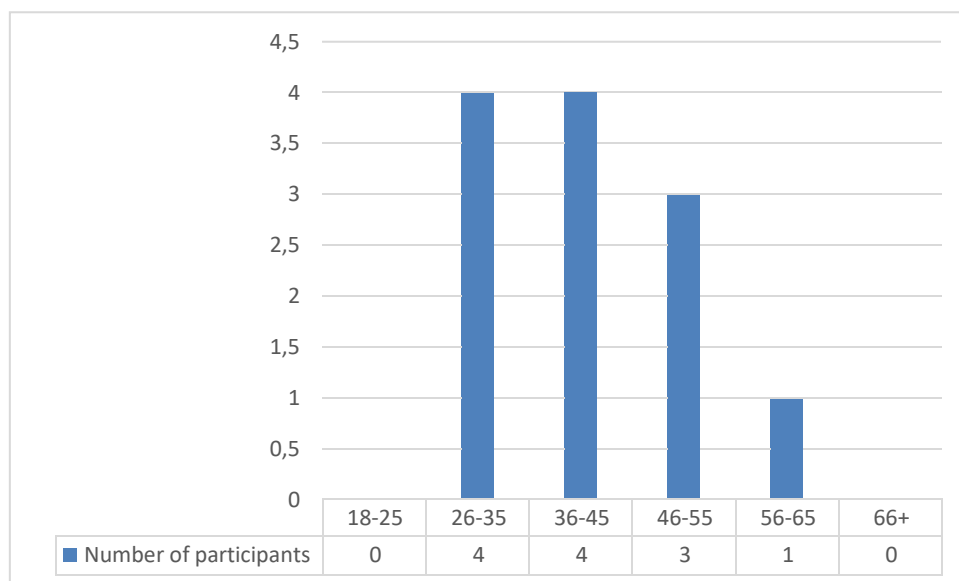


Figure 4.2: Age range of sample population

Overall, 33.3% (4/12) of participants were aged 26–35 years and 36–45 years, each. Furthermore, 25.0% (3/12) of participants were aged 46–55 years and 8.3% (1/12) were aged 55–65 years. The composition of participants was balanced between all ages from younger to

older who have enough experience to give concrete feedback, useful for analysing the power dynamics in the relationship between franchisors and franchisees.

4.2.3 Franchise business

Information regarding which division the participant makes part of within the franchise was gathered in the interview. This was to gather information from both sides involved in a franchising business and get both parties' perspective and knowledge on the power dynamics of the relationship between franchisors and franchisees. Figure 4.3 shows the division in which the sample population work.

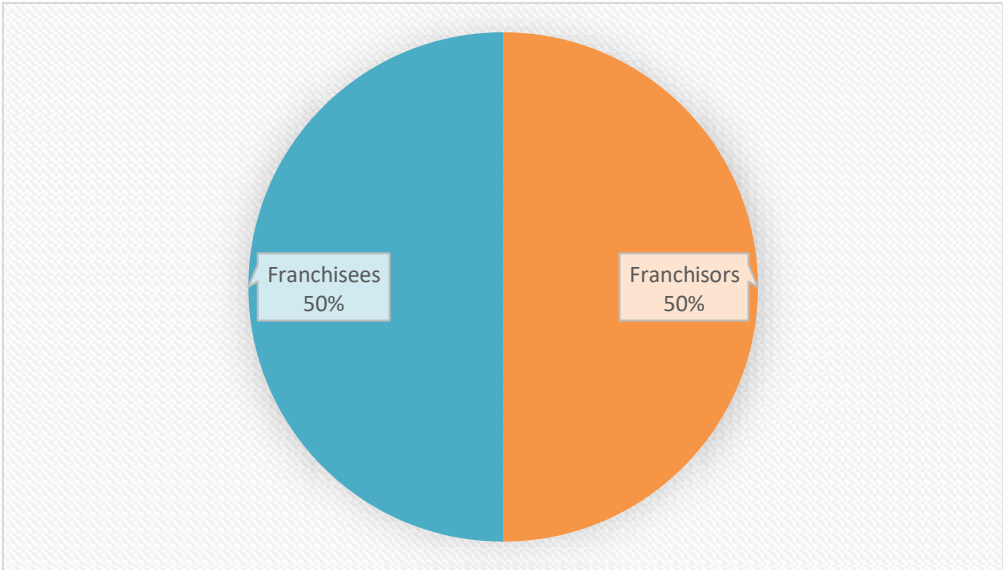


Figure 4.3: Division of franchise business the sample population worked in.

There was an equal number of representatives (i.e., 50.0%) for both franchisors and franchisees that would allow to attain holistic feedback, covering all parties involved in the franchise system.

4.2.4 Occupation or work position

Participants were asked about their position or occupation in the franchise business they work for. Figure 4.4 shows positions of participants on the sample that was interviewed.

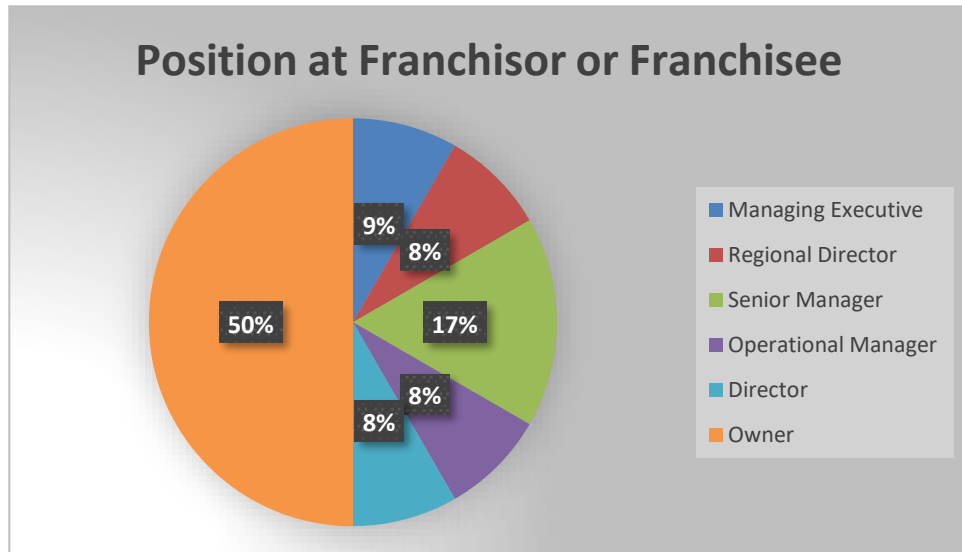


Figure 4.4: Occupation or work position of the sample population

The majority of participants (50%) were owners as either a franchisee or franchisor. The distribution of participants shows that information was obtained from people that are directly involved in making decisions for both franchisees and franchisors who are knowledgeable about all franchise systems.

4.2.5 Time in the franchising business

Participants provided the period they have been working for or have been involved in the franchising business. Figure 4.5 shows the time in years that the sample population have worked for or owned a franchising business.

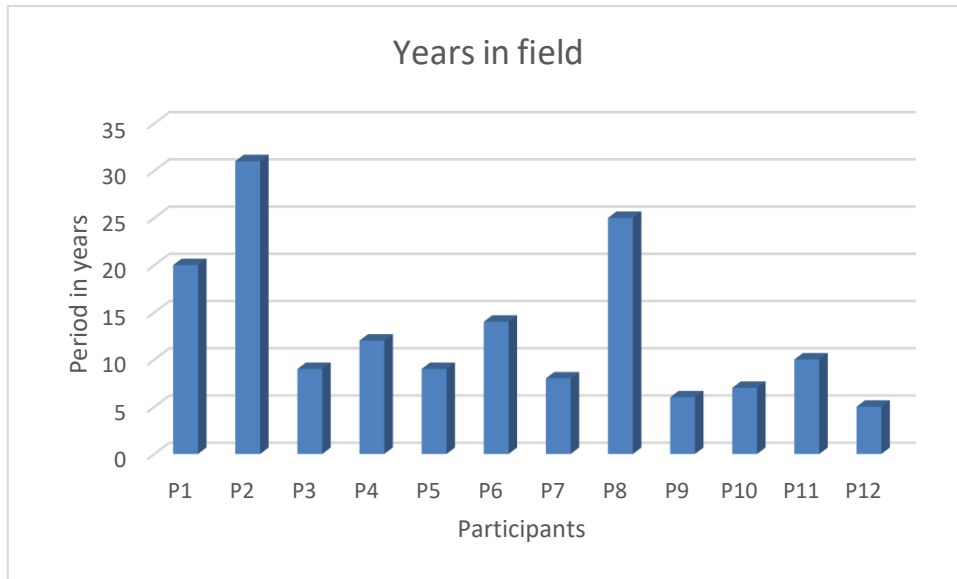


Figure 4.5: Time in years the sample population have worked in the franchise business

Participants had close to and more than 5 years of experience in the franchise business. This shows that participants were highly knowledgeable of franchise systems and were able to provide meaningful feedback to assess the challenges faced by franchisors and franchisees in their business relationship.

4.2.6 Highest educational qualification

Section A in the interview guide further inquired about the education and qualification of participants from the sample that was interviewed. Figure 4.6 shows educational qualifications of the participants interviewed in the franchising business.

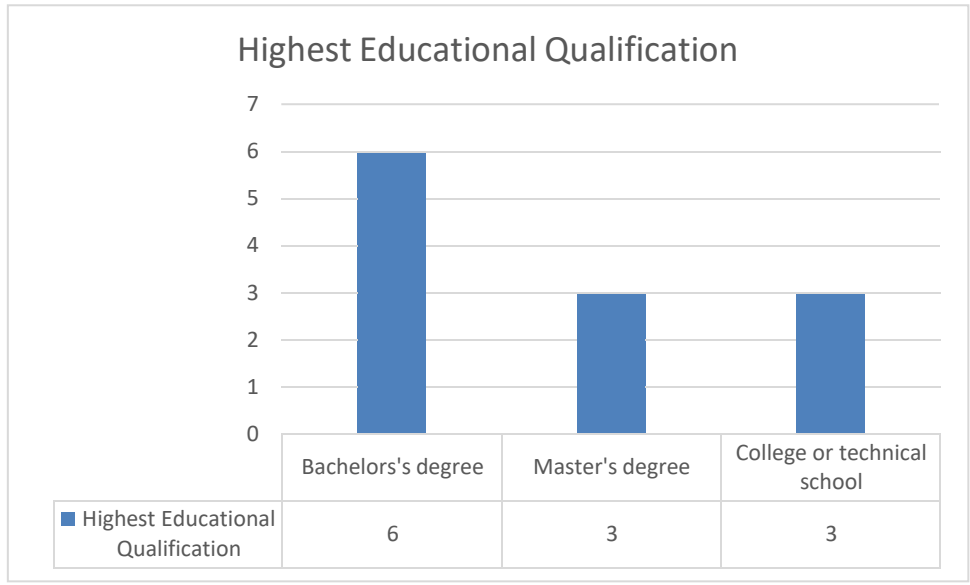


Figure 4.6: Highest level of education of the sample population

All participants are highly educated as they have at least a college qualification. The education of participants is crucial as it assist the research in making feedback reliable.

4.3 Summary of research objectives and themes

The study aimed at exploring power dynamics prevalent in the relationship between franchisor and franchisee. The focus was on franchise businesses operating in South Africa with the aim of guiding parties in the franchise business to balance power, build trust, and a long-term relationship beneficial to both. Secondary objectives were then developed to expand the analysis through themes. The themes and sub-themes used for analysing data collected in this study are shown in Table 4.1.

Table 4.1: Summary of research objectives and themes

Research objective	Main theme	Sub-theme
To explore how power dynamics can be effectively managed in the franchising relationship in South Africa	Dynamic relationship in franchising	Franchise relationship Perception of power dynamics Impact of power dynamics
To ensure a collaborative and successful partnership between	Interdependence and collaboration	Distribution of authority Effects of power imbalances

the franchisor and the franchisee		
To understand the cause of power struggle between franchisors and franchisees	Enforcement of contracts, compliance, and commitment	Ensuring compliance Conflict resolution mechanism
To explore the abuse, misuse, and conflicts in the franchise relationship	Communication and transparency	Transparency in decision making Impact of transparency in communication
To develop and recommend policies and rules or provide recommendations that foster fair franchise agreements	Adaptability and flexibility	Adapting to challenges Challenges and opportunities
	Trust and relationship building	Strategies to building trust Importance of trust

4.4 Thematic analysis

This study applied thematic analyses to categorise responses from participants and then interpret meaningful information in relation to power dynamics in the franchisor and franchisee relationship. Interviews were used to collect information, and as a qualitative tool, subjective perspectives and beliefs of participants were gathered. Sub-themes or codes assist in categorising participants' responses into actual themes for easy interpretation. Atlas.ti software was used to extract sub-themes, themes, and quotes from participants' feedback and linked with the research objectives.

4.4.1 Themes based on the first objective

The first theme, in line with the first objective, focuses on the dynamic relationship between franchisor and franchisee. The relationship is like a partnership as two distinct entrepreneurs collaborate for business (Sabaran & Aziz, 2022:52). The sub-themes inherent in this category are the franchise relationship and perception of power dynamics in the franchising business.

4.4.1.1 Franchise relationship

The marriage of two organisations to conduct business signifies the relationship found in the franchising business as parties work to serve one another to achieve goals (Raha & Hajdini, 2022:160). Participants responded to their understanding of the franchise relationship and had this to say:

Participant P₁: *“It has to be a partnership, and it has to be collaborative in nature.”*

Participant P₂: *“It’s a business relationship, basically between franchisee and franchisor. Also, the relationship is based on a contract signed by both parties, the franchise agreement, that governs the relationship to protect the brand, protect franchise’s investment, the relationship must be a transparent one, honest one and it should be a mutual beneficial one.”*

Participant P₃: *“Ok, so I think the most important part in the relationship is what they bring on the table the franchisor assists with guidance and franchisee assists with running the business. A profitable business, yeah, I think that would be the most important part.”*

Participant P₄: *“The franchise relationship is a fundamental of a partnership. As a franchisor, we provide the framework and the brand standards of the support system. While the franchisee implements these on the ground. It’s a mutual relationship where we work together. To ensure the success of each of each location. The key for me is maintaining the open communication and trust for both sides.”*

Participant P₆: *“So, my relationship with my franchisees is obviously ensuring that all operational standards are upheld and building trust relationships to ensure that there’s a balance between both parties that remains in a healthy state. So, it’s a two-way relationship between the franchisee and the franchisor in terms of we look after them, but they also need to look after the franchisor and protect the franchisor’s intellectual property and all of that stuff.”*

Participant P₇: *“OK, so as a franchisee, we buy into the franchisors model if you wanna call it that, where you pay your royalties and. Your marketing fee franchisor. You probably pay your 2% in your 9% and then on your turnover you get invoiced for your marketing. That’s 2% and your royalty to obviously be a franchisee of the franchisor’s company in our case. And yeah, so that’s basically how it works in the background, we purchased all our stuff from franchisor as we sell the product. And are they there to support you and guide you through the process of preparing the stock? Selling the stock and the daily operations.”*

Participant P₈: *“I still feel the franchise relationship is always like a hierarchy. When it comes to running the brand, obviously we get into the brand, and we have to follow what we’ve sign for You know, the franchisee partner is always getting helping hand from the franchisor.”*

Participant P₉: *“The franchisee is given the structure by the franchisor.”*

Participant P₁₀: *“According to me it should be a partnership, so we should take hands. Unfortunately, I don’t think it always works that way. Sometimes the franchisor makes some calls.”*

That has an influence on the franchisees. It's not always favourable to both parties, but most times most times I do think that there is a relatively good relationship between the two."

Participant P₁₁: *"Support each other, give resources to each other and holding each other in business, yeah, and commitments and that's the relationship."*

Participant P₁₂: *"The franchise relationship we've got has certain guidelines that we have to adhere to, to form part of a franchise group. Oh, so the franchise relationship we buy into a group, and we are the franchisees. We have certain rules that we have to adhere to and based on sales, we buy royalties."*

The study findings show that the relationship between franchise and franchisor is more like a partnership as highlighted in studies like Altinay & Brookes (2012:278) and Sabaran & Aziz (2022:52). The parties in the franchise are married using a franchise agreement, which provide guidance to this relationship. The relationship is strictly for business as the parties serve each other in achieving their unique goals with one universal aim to make profit.

The relationship is reciprocal, and a contract is signed in which the franchisor set standards, develops the brand, while the franchisee buys in through paying royalties and marketing fees. This is in line with previous studies which identified the relationship as principal-agency relationship thus studies like (Bui *et al.*, 2022:5; Dube *et al.*, 2020; Gillis *et al.*, 2020:2; Harmon & Griffiths, 2008:258; Jang & Park, 2019:14; Raha & Hajdini, 2022:165; Sanfelix & Puig, 2017:85; Sabaran & Aziz, 2023:50).

4.4.1.2 Perception of power dynamics

The second sub-theme under Objective 1 and Theme 1 was the perception of power dynamics in the relationship between franchisor and franchisee. The participants responded by providing their perspectives on the power dynamics in the franchise relationship and they said the following:

Participant P₂: *"It is a mutual beneficial relationship. So, one shouldn't have more power than the other one. I think the power, shifts more towards the franchisee. When they're successful, they implement brand strategy. Franchisee do what the brand ask, and they benefit from it. After the power shifts more to the to the franchisee rules then the franchisor needs to take action and need to start using the franchise agreement, managing relationship. It's when the franchisee is non-compliant that you've got to shift the power back to the other side."*

Participant P₃: *“So, according to me, imagine nobody must feel that they are being pressurized by the other one. But I mean, the franchisee did join a brand. So, they would like the franchisor to take the lead and take control. So, more power is on the franchisor side because they have the brand ownership.”*

Participant P₄: *“So, I think the power dynamics needs to be balanced. While the franchisor has the brand knowledge and the long-term strategy, the franchisee must bring the local market inside. So, for me, it's important that we respect the input and maintain an equal 50/50 power split however possible, although certain situations may require franchisor to take the lead. Especially when it comes to providing the brand or protecting the brand.”*

Participant P₅: *“So sometimes there is a bit of loggerheads in that relationship. So, the franchisor sometimes has to be a bit heavy with the franchisee, but that is to keep the brand pure and keep that momentum and that drive that the franchisor always created for the franchisee to ride that wave. So, I think obviously the franchisor sometimes can rule with an iron fist. I've heard of different franchisors being like it's ABC and if it's not like that boy we are kicking you out. So, some are ruthless and are also understand why they're ruthless, it's a brand that they've created. And that they are driving so hard, and they wanted to be the number one business outlet. The franchise can be run like the military, strict with certain standards.”*

Participant P₆: *“For me, it should be a 50-50 power because obviously we need to give them power as well, but they also need to give us the power. So, I would say it's an equal relationship between the two to ensure that both parties survive.”*

Participant P₇: *“The franchisor always, most definitely. They are the main power behind the setup I would say of course. If they say no, we unfortunately have to agree on that, and they say yes, unfortunately we have to agree on that as well. That's just how it works. Buying into a franchise. Unfortunately, franchisee can't go and their own menu out. The brand wants us to sell their intellectual property, so definitely they they're overpowering the other party between the two.”*

Participant P₈: *“Wow, Dynamics is very restricted, when it comes to the franchisee because obviously from a head office perspective, there's very little that they know when it comes to decision making. Decisions are made at the head office level and obviously they're filtered down through operations, senior operations and obviously at times you wouldn't get the right answer that you want because there there's definitely a lot of red tape when it comes to decision making on certain things.”*

Participant P₉: *“So, I in my, opinion, obviously the franchisor is king.”*

Participant P₁₀: *"I would say that the majority is definitely towards the franchisor. They make the calls. They decide on what their approach is. They want to take and use. The franchisee must fall in with it. There's not a lot that you can change, so you have to stick with what they want."*

Participant P₁₁: *"When we opened our store as franchisee. We never had a support system from franchisor. We didn't get hold of franchisor; all we had to try figure out everything ourselves. As a franchise, we have zero power. And all the guidelines come from the franchisor."*

The findings show that power in the franchise relationship lies on the franchisor side. The findings also noted that there is a lead-member relationship between franchises as the franchisor set rules and standards and franchisee has to adhere to those rules to protect the brand. This conforms to findings by Dube *et al.*, (2020:3) and Bui *et al.*, (2022:11) who claimed that franchisor performs a leading role whereas a franchisee joins as a member.

4.4.1.3 Impact of power dynamics

Impact of power dynamics is the third sub-theme and the participants responded by saying the following:

Participant P₂: *"You know, I think some examples I can use is where the power shifted towards the franchisee, in such a case always franchisee become non-compliant. Franchisor tried several attempts to get those franchisees compliant, but failed and couldn't just remove franchisee from the brand because obviously there's livelihoods at stake."*

Participant P₃: *"I think definitely like on licensed products and branding the franchisee cannot just choose their products, you know, a franchise isn't allowed to go. Franchisee is allowed to use any local printer, or anybody let's say for marketing and to print the artwork, but the artwork itself must be provided and supplied by franchisor."*

Participant P₄: *"So, one example that comes to mind is when we had to enforce a new menu update that some of our franchisees were resistant to. We had a few long-standing franchisees who were unlikely to change, however, by explaining the market research and sharing data on why change was needed, we managed to find common ground. It is crucial to have a balance where both sides feel heard and brand integrity remains intact."*

Participant P₅: *"Yeah, of course, I think there's a lot of brands that potentially miss a trick where a franchisee may have said, listen, this area, this catchment area that I've got one product I serve ice cream and so the franchisee won't change even if franchisor want to."*

Participant P₆: *“Personally, from my point of view, my franchisees that have been around a long time probably have a slightly more power than the new franchisees because they've got so much knowledge and they've been in the business such a long time. And from an age point of view, they're a lot older than I am. So, you might find that some of them have a slightly more power over me.”*

Participant P₇: *“So, running through the system every five years, you unfortunately do agree on doing revamps. They don't allow you to skip a revamp unfortunately. So that's where we are currently in the stage where we can't agree with the revamp cause the revamps close to 800,000 rand, does not make financial profit. So, it's physically impossible for us to invest and do a revamp on these shops. Franchisor doesn't come to the party as well because we pay to franchisor 10% of turnover.”*

Participant P₉: *“Yes, but that happens quite often. Yes, it happened to me now actually. We are busy with three revamps of two of our stores. And they said they have certain requirements, and I felt it unnecessary. There are things that are not really required. It doesn't work in our system specifically. And so, I had to work up. I started on a regional level and it I worked up my way. They refused. They said I must do this and then I worked my way up all the way to the national Head of that specific franchise and eventually when I pointed out the fact, then they eventually said OK, no you will be excused from this. You don't have to do this anymore. But after I had to prove to many, many people. But I think they're all quite strict, but to a certain degree I think if you are big franchisee only to a certain degree like if you are a person that's got 40 stores under the franchisor, then you might get away with a bit more than one or two issues.”*

Participant P₁₀: *“In terms of expansion, definitely has an impact. Sometimes the franchisor wants to expand. With a franchisee that's got a note and doesn't, necessarily see that the expansion benefits the franchisee, but for the franchisor it would definitely assist them and generate more turnover for them compared to an individual store which might not be as profitable anymore because of Location and they put stores just too close together at the expense of franchisee.”*

Participant P₁₂: *“There is a time where we tried to adjust certain aspects of our trade, but we were denied. Yeah, you don't really have much power as a franchisee. We as franchisee tried to adjust the product to make it more market specific in terms of the volumes that the store will do, the items that the store will sell products, and they denied the application to adjust it.”*

The impact of power dynamics discerned by this study shows that franchisors have the final say on decision making, however huge franchisees have room to change this narrative and deny or challenge some decisions by franchisors to a certain level. These findings confirm the findings by

Perrigot *et al.*, (2021:6) that franchisees' entrepreneurial orientation is negatively affected due to lack of power in decision making.

4.4.2 Themes based on the second objective

The second theme looks at collaboration and interdependence between franchisors and franchisees. The sub-themes include distribution of authority and effects of power imbalances. These subthemes were linked to the main themes and were created through coding as linked to the research questions and objectives.

4.4.2.1 Distribution of authority

Authority is distributed between partners in the relationship between franchisors and franchisees. Participants shared their views on this by saying that:

Participant P₁: *“So I mean, I think for a successful system to work, you need to be very clear that a franchisor will always drive the brand at a national level and at a higher level and in a bigger picture, you know it's a strategic point of view and it will. Franchisee have very limited the activities to drive the national footprint and the national or regional, depending on the size of the franchisee business, yeah. But then when it gets to restaurant level, it is the franchisee.”*

Participant P₂: *“So, the franchisor or brand is ultimately responsible for strategy and ensuring there's a lifespan on each brand and it's not just short term. We actually got medium- and long-term strategy. 10 years from now, we're doing work now for 10 years from now to ensure longevity for the brands and that power is with us as franchisor. There is a level of franchisee input. I wouldn't say there's an extent of decision making and that's through the National Franchise Forum. Where the NFF members meet quarterly with the brand teams to explain the brand strategy and the reason behind it. And then the NFF members will vote on strategy, and they'll have input as franchisee. So, there is a level, but the brand, the strategy isn't determined by the franchisees, but they have got input on it.”*

Participant P₃: *“Oh yeah. So, in the franchise system we do have NFF members elected by the franchisees themselves to go and represent them annually or quarterly or in national meetings where all those decisions would be made by chosen NFF members that make part of the decision makers.”*

Participant P₄: *“So, authority is shared but guided by the franchise strategy decision, we have regular regional meetings where franchisee can provide feedback and outcome changes. These ensure their voices are considered before we finalize decisions. However, when it comes to crucial aspects like branding and compliance, the franchisor has ultimately, the final say.”*

Participant P₅: *“So, we've got staff that visit stores talk to store owners, managers and obviously they relay a lot of information to me as franchisor and then we ask sort of an overview of the information on all these different stores. But I mean at the end of the day, if in a franchise environment, if the franchisee is not being heard, they will need to climb the ladder until they get to somebody that hears them. And I know with us you can e-mail.”*

Participant P₆: *“I think it all boils down to respect. You build relationships through respect and integrity. So, by having respect for each other, you build up a trust relationship and your integrity is intact.”*

Participant P₇: *“When it comes down to decision making in the store, the franchisor does not have any decision or say, or they'll guide you how to run the shop. But at the end of the day responsibility lies with the franchisee. This concept of franchising is that when you buy into something, it's not like stocks or assets that you buy into and then they all of a sudden just create money. Unfortunately, the franchisee has to make the decision at the end of the day, and it's a profitable or not decision. It's it comes down to the day of running your business the way you should, to make profit. The franchisor does not take responsibility for that.”*

Participant P₈: *“You know, going through the committee, what I've seen is our input is slowly growing over the last five years. But decision makings are still filtered down from head office and opinions. That, you know, obviously that we put ideas through but we're not that strong as yet and so they don't listen to us as much as we'd like them to.”*

Participant P₉: *“These instance where franchisor actually ask for assistance on let's say menu changes and to actually test some items. We assist on many things, and we give feedback on their support. I would say franchisors are open to a certain degree.”*

Participant P₁₀: *“It depends on the situation, I think most of the time that's about a 5050 split, so franchisee still can make a lot of decisions. Especially when it comes to lease negotiations with landlords and so on. So, there I think it's about 5050 with authority on certain things.”*

Participant P₁₁: *“Franchisors don't listen to franchisees and so there is no sharing of authority.”*

Participant P₁₂: *“The franchisor as guidelines and vision to where they want to move the brand and holds all authority.”*

The results show that franchisors retain all authority, but releases limited authority to franchisees gradually. This conforms to the findings by Morales & Arroyo-Rodriguez (2021:73) who argued that the more power the franchisor has affects the entrepreneurial orientation of the franchisee.

4.4.2.2 Effects of power imbalances

The following sub-theme focuses on effects of power imbalances and the participants had the following to say:

Participant P₂: *“Yeah, the power shift, you know, in the people's game. So, it's the business is based on relationships, as an example would be, it happened when we wanted to open a new store and the franchise was very upset. We enforced our power to continue opening the store despite the fact that he rejected and submitted a letter three times for us not to open on the site.”*

Participant P₃: *“It's just enforcement of contract compliance thus ensuring compliance. So, there is franchise laws, to ensure that franchisees comply with contractual agreements and operational standards.”*

Participant P₄: *“Yes. So, we had the situation where franchisees felt sidelined during decision making, especially when we opened new locations near existing stores. Although we tried to include them in decision process. The final line with our overall growth strategy. When the situation arose, we made sure to have in depth conversations to explain our decisions and intention to migrate.”*

Participant P₇: *“A short example is the revamping, the franchisor physically forces it down on you and there's nothing you can do about it.”*

Participant P₈: *“We've been banging on our head office door that the GPS imposed on food costs by franchisor are very tight and costly It was something that had to be implemented, but when we started speaking about it was more like we're going to do it. But it took them a period of six to seven months to address it when it reached the stage of reality.”*

Participant P₁₀: *“I think we had an issue in the same franchise where they wanted to open more stores. The franchisor did open more stores through which wasn't to the benefit of the franchisees, and it created a little bit of tension between the two.”*

The findings from this sub-theme shows that power imbalances affect decisions like expansion when the franchisor plans to open new stores in close proximity to old franchises and they face resistance. Furthermore, it was noted that franchisees might raise good ideas, but they are not implemented by franchisors. These findings are in agreement with Raha & Hajdini (2022:163) and Sabaran & Aziz (2022:51) who noted that different objectives raise conflicts between franchisors and franchisees.

4.4.3 Themes based on the third objective

The third objective focuses on causes of power struggle between franchisors and franchisees. The main theme is contracts enforcement or compliance and commitment, which can be identified through sub-themes like ensuring compliance and mechanisms applied in resolving conflict.

4.4.3.1 Ensuring compliance

The two parties to the franchise agreement must ensure there is compliance to the contract, standards, systems, rules, and agreed business processes. Participants shared different views on this aspect through the following:

Participant P₁: *“Listen, so I think there's two things operational standards and contracts which should be something that you do up front. The franchisor plans what do to protect itself, in case of non-compliance or divorce thus they put that agreement on the back shelf. So, on operations, franchisors got very clear tools and systems or processes and are very strict in monitoring them.”*

Participant P₃: *“There are measurements in place, file evaluation, but I personally really take it as the last way to go. In non-compliance the franchisee can be issued a breach letter or in case of using the incorrect marketing or not paying fees and that that will also lead to contract breach, breach of contract.”*

Participant P₄: *“This key is to maintain brand standards we consider regular business reviews to ensure that each franchise meets the necessary requirements. Compliant process indeed includes annual elevations and predict mystery shopper visits. If we identify any gaps, we work closely with the franchisees to address them, providing training where needed.”*

Participant P₅: *“So, for us as franchisor, obviously you get all the documents signed when franchisee pay deposits and all of that is put in place, then we've got a cloud-based system where*

everything is uploaded. So all the operations, contracts, labour documents, all the rosters, staff rules, franchise rules are all there on the cloud. And obviously, if a franchisee reaches out to us, we can guard them on the cloud. We do an inspection, or store audit and we got a complaints portal, so we monitor if the same kind of complaints keep coming through."

Participant P₆: *"Okay, so, for us it's the evaluations. We do the evaluations, and we run a campaign. So, we do those evaluations over the campaign period. We do business assessment reviews where we ensure that all the admin side of stuff is in place. So, your staff contracts, URF payments, pay as you earn payments, Certificate of Acceptability (COAs), all those admin related things, we check those once a year."*

Participant P₇: *"We call it evaluations every three to four months that there's a severe one that comes through, but they do yearly. They do about 10 emails where they come through, they send out a franchise manager and that person looks after your shop. To check if all operations are being followed and all the checks and balances are being done, so that's how they control what's happening. Each and every shop."*

Participant P₉: *"Obviously, you've got your national store visits, and campaigns by franchisors. And franchisor managers that do store visits evaluations. Then you've got training provided by franchisors."*

Participant P₁₀: *"Yes, you have to comply as a franchisee, I don't think there's give or take necessity, and there you have to stick to it."*

Participant P₁₁: *"Franchisors do evaluations and request like in February that you provide business risk rating (BRR) file with the other documents from you to ensure that your end is up to date. Your PAYES been paid, you got your Certificate of compliance for your electrical gas generator and business license which they check quarterly or half yearly."*

Participant P₁₂: *"The franchisor issue franchise agreements before you have the right to trade, which is a very in-depth document of rules and regulations. If those rules and regulations does not get followed as a franchisee, there's a risk that you might lose your franchise agreement, and a franchise agreement is issued for a five-year period."*

The sub-theme found that franchisors monitor franchisees regularly to ensure there is compliance. There use regular evaluations, measurements, and shop visits to check operations. The written agreement or contracts assist in enforcing compliance on franchisees. This is in agreement with studies like Jang & Park (2019:14) and Dube *et al.* (2020:7) that reiterated that franchisors use contractual agreements to ensure compliance by franchisees.

4.4.3.2 Conflict resolution mechanism

The following sub-theme under objective three is conflict resolution mechanisms where franchisors and franchisees must find a mutually agreed upon solution should conflict arise. As long as there are two parties to a contract, conflict will rise from different objectives or disagreements on certain business activities. Participants shared their experience and thoughts on conflicts prevalent in franchising business and how they think these conflicts can be solved. Participants mention some of these aspects in conflict resolution mechanism:

Participant P₁: *“To solve conflict, they communicate via e-mail, have face to face conversations personal interaction, phone call or over an e-mail, or WhatsApp.”*

Participant P₂: *“We always take the approach of holding hands and trying to find mutual ground to move forward but if brand reputation is at risk and other franchisor investments is at risk because of franchisee actions, we definitely enforce and breach the contract based on the written down agreement.”*

Participant P₃: *“As I just explained, obviously we work with the chain of command so as manager will have the first meeting or conversation with the franchisee. Should we not be able to get to a fair ground then, then the next in line will be my operations (OPS) manager. And after that we get to the general manager for our region and after that if no resolution it should go to for further assessment and yeah, if conflict is urgent basically it skips some of these structures or smaller steps in the front and goes directly to the top management for assistance or intervention.”*

Participant P₄: *“So, we always try to resolve conflict through open dialogue first. If issues persist, we escalate the matter through formal meetings and written notices. In extreme cases where there is significant significance, breach of contract, we need to take more serious actions like ensuring a breach notice. However, our goal is always to find a solution that work for both parties before it gets to that point.”*

Participant P₅: *“We obviously communicate with the franchisee directly with the owner of the store, we don't go to management. So, we'll set up a meeting and we'll have e-mail correspondence saying we've noticed XY and Z, please investigate and come back us and if it gets quite serious then we'll invite them to the head office. We'll set up a meeting in the boardroom, record it and basically thrash it out and discuss to find solutions.”*

Participant P₆: *“If you as a franchisee keep failing your evaluations, you get letters, and we can eventually breach you because you're not upholding your side of the franchise agreement. Yes. But only those kinds of things are real last hard case scenarios. I mean, we don't like doing it, but if somebody's really bad, we can go that route if we need to, but obviously we try and not go that route. But I mean, everything that you need to maintain is in your franchise agreement and you've signed that a franchise agreement and agreed to uphold all those standards and laws and regulations by making sure you only buy spec products, etc.”*

Participant P₇: *“There is a channel of communication that we can follow and that's basically the only way to communicate and get the right message through to solve matters or to communicate your problems on the ground and then the franchisor resolves it through the distribution company whoever needs to discuss the problem with you.”*

Participant P₈: *“The brand or franchisor is very accommodating at this stage to try to resolve a dispute. it's obviously again it pertains to what the dispute is and how serious it is, if big its escalated and they can suspend you from the franchise or sue you.”*

Participant P₉: *“Time and time the franchisor set up a meeting to discuss the issue at hand. Some conflicting issues require drafting a new agreement or improving it to get a resolution.”*

Participant P₁₀: *“Head office would discuss issues and then they try to resolve it. If not, then there's a higher chain of command where issues can be taken up with.”*

Participant P₁₂: *“So, there is franchisor manager that you deal with but if you can't resolve a problem, you can take it up further to the regional manager.”*

The study found that there is a hierarchy used in solving problems through communication and engagement by both franchisors and franchisees. The franchise agreement provides a guide on all rules and steps to reduce conflicts. However, in the case that certain issues persist, a new agreement can be drafted or the agreement can be terminated. These findings corroborate the results found by Wang *et al.* (2020:549) that franchisors end up using litigation after failing to solve matters amicably with franchisees.

4.4.4 Themes based on the fourth objective

The fourth objective comprises of sub-themes, including transparency and its impact on communication between franchisor and franchisee.

4.4.4.1 Transparency in decision making

Participants shared their opinions on transparency in decision making scenarios observed in the relationship between franchisor and franchisees. Participants said the following:

Participant P₂: *"I think we are very transparent as franchisor through our regional roadshows, the NFF meetings, although a lot of stuff that gets discussed, is confidential because it's projects in working and will only be shared with the rest of the network once the projects are completed, can be implemented and tested. The business is as transparent as they can be without giving any information away that will benefit the competitors."*

Participant P₃: *"We believe that we are very transparent or that the brand is very transparent and that we do provide reasons where why we why certain decisions are made, although sometimes franchises do still feel that they might be left out of the circle."*

Participant P₄: *"So, transparency is something we prioritize, we have lots of meetings and send our regular updates through newsletters for larger decisions like changes is in supply chain or supply chain partnerships or new marketing companies, we share the reasoning behind the choices, the franchisors are thus transparency. This helps build trust and ensure everyone understands why certain decisions are being taken."*

Participant P₅: *"As a franchisor we are very happy to play open books."*

Participant P₆: *"I think we're pretty transparent as a brand. We share, I mean, because we're a listed company, we've obviously got to share results and all of those kinds of things. But from an internal point of view, within the brands, we share weekly newsletters, we have conferences, we have roadshows, we have many regionals where we share all information. So, nothing's kept a secret. Yes. So, which I think does help the franchisees as well because it builds trust that there is no hidden agendas."*

Participant P₇: *"I think that franchisors are not transparent they just treat you with royalty even if you have many stores and spend years with them."*

Participant P₈: *"I think at the moment that when it comes to the franchisor and being transparent, they are not. As franchisee we're not getting enough information that is required. A majority of the things are just handed down to the franchisee partner without any reasoning."*

Participant P₉: *“Not transparent at all everything franchisors do is done with a hidden agenda, not necessarily with the franchisees interest at all but to benefit the franchisor.”*

Participant P₁₀: *“In, in my case, I think if you don't ask the questions, you will never get the answers. So you have to ask the franchisor what's your expansion plan, what's your expansion criteria and then they will tell you they're not going to tell you off the cuff, but if you ask them, then they will most probably elaborate on that because it might have a direct impact on the franchisee.”*

Participant P₁₁: *“There's is no transparency there's no fairness, franchisor say it's our way or never.”*

This study finds that franchisors perceive that they are open or transparent, whereas franchisees believe the opposite. Ghantous & Christodoulides (2020:444) noted that there is no transparency in the franchising business and that franchisors use this as a mechanism to protect the brand.

4.4.4.2 Impact of transparency in communication

According to Ghantous & Christodoulides (2020) improving transparency boosts the relationship between franchisor and franchisee. Participants were given a chance to share their sentiments on the impact of transparency in communication and they mentioned:

Participant P₄: *“So, a good example is when we introduced a new digital auditing system. Some franchisees were sceptical about the investment. By sharing the project benefits and demonstrating our systems that has already increased sales in pilot tools. We were able to win the support through transparency.”*

Participant P₇: *“At the start of this year, I was looking at the nearby shop because the franchisor came to me to suggesting I buy it or takeover and I was quite honest with them from the very start to make it clear that I'm not a miracle worker. I can't make a shop that's running a loss for the past two years, all of a sudden, just turn around. So, they again, they come to the party and then the franchisor offered a good deal to switch in the pot by giving breaks to royalty payments and marketing fees.”*

Participant P₁₀: *“In my specific case where the franchisor wanted to open more stores, and one which is close to my existing stores. I had to ask the question what's the expansion plan when they want to open near my shop? It's about 3 kilometres down the road. So they wanted to open another store and they do give me first option to open the store and were transparent about it. So*

that gives a little bit more trust, but in the same sense if I don't agree they will in any case open the store, so they will go to someone else, but it does create more trust to say, OK, this is what we want to do and we are planning.”

Participant P₁₁: *“Transparency fosters collaboration, yeah, I think regional forums, conferences and meetings to share information is a better system because at least you are able to interact with the heads of departments, you're able to view, give them your view and opinion.”*

The study found that transparency improves trust and opens communication channels as franchisees can share their opinions or views as they are informed about new plans or the intentions of the franchisor. These findings are in agreement with Frazer *et al.* (2012:87) who mentioned that increased transparency between franchisors and franchisees reduces conflicts in their partnership.

4.4.5 Themes based on the fifth objective

The fifth objective aims to develop and recommend policies and rules as well as provide recommendations that foster fair franchise agreements. There are two main themes under this objective, namely adaptability plus flexibility and trust plus relationship building. Four sub-themes were developed from the two themes, and these include adapting to challenges, challenges and opportunities, strategies to building trust, and importance of trust.

4.4.5.1 Adapting to challenges

To succeed every business or relationship must adapt to challenges exerted by market changes or business environment. Participants shared their opinions and had the following to say:

Participant P₂: *“We're going to through tough economic times here, so we've got to constantly accept on pricing strategy, product innovation and also protecting gross profits through packaging and innovation.”*

Participant P₃: *“Okay, in every standard franchise agreement, there's a five-year contract and in that application a franchisee is requested to submit a business plan, which won't be the same with the previous five-year business plan obviously due to changing opportunities. As a franchisor we also look at it to see where we can assist in the franchisee's business plan.”*

Participant P₄: *“So, we adapt to market changes by staying close, attending to customer preferences. Through regular surveys and market research for, for instance when we notice a shift towards healthier options, we work with our franchisees to introduce a new range of lighter meals. We also give franchisees the flexibility to run local promotions that reinforce because they deal with the special marketing needs.”*

Participant P₆: *“I think from a market point of view, we have our marketing team that is really on top of things with markets. If we see something's opposition is really going hell-bent on certain items or certain price ranges, at the moment we will try to come in and combat that with our own promotion looking at a similar price point. So, marketing team is obviously very quick to react to market and we can run promotions to combat that. Then stores have the options to run their own locality. So, if they see something's opening in the same area as them or a new competitor is coming into the market, we can run locality promotions for them to combat that as well.”*

Participant P₇: *“You'd be running a good operation, but with market not turning in positively. So, the franchisors try running specials even as well try to undercut our competitors.”*

Participant P₈: *“I think from a franchisee perspective we have to follow what's given to us by head office or franchisor and I think obviously franchisors do their six months projections and they speak to other market researchers as well.”*

Participant P₉: *“The franchisor that I'm associated with does enough market research to actually bring in some items that accommodate the current market space and current economic space as well.”*

Participant P₁₀: *“And so, I know the franchisor uses a gap analysis some kind of clever software that they use to identify opportunities in certain regions and certain areas. Sometimes the old school one was where we would just go and look with our competitors and if there a possibility to their clients from them, which in all normally worked good, but I think the software and the detail that they use these days is probably much more accurate.”*

Participant P₁₁: *“The franchisor tries to get an idea of what your competitors are doing a copycat strategy of their own initiative.”*

Participant P₁₂: *“Once again, it comes from franchisor there is change to market related stuff.”*

The study found that on adaptability to market changes, there is a high dependence on the franchisors by franchisees. Franchisors analyse their competitors, conduct market research, surveys, promotions, and run specials to identify and deal with market changing conditions. The

findings confirm the sentiments made by Harmon & Griffiths (2008:256) who stated that franchisors have market knowledge and provide this as a resource to franchisees.

4.4.5.2 Challenges and opportunities

Participants were asked about the challenges and opportunities that franchise business relationships face, and they said the following:

Participant P₁: *"I think the challenges on an ongoing basis is in terms of navigating. Regulations and the things that you cannot control, business licence, water issues, electricity, political issues, criminal activities etc."*

Participant P₃: *"When it comes to challenges, you get like load shedding, increase in fuel prices, that's all challenges that we need to adapt to. And as far as opportunities it comes with sports facilities, sports functions like wrapping matches and that is opportunities for us to vending and going, going to schools to do vending at school functions these are all great opportunities to expand our brand."*

Participant P₄: *"So, one challenge is balancing brand consistency with the need for local flexibility. On the other hand, this adaptability also presents opportunity for franchisees to consider more deeply with these local customers driving loyalty."*

Participant P₇: *"Well, so on that we don't make the specials as the franchisee, franchisor makes the special. They undercut the general price (GP) and then obviously at the end of the day, you have to actually sell more volumes just to break even on the previous GP. So they're becoming more competitive in the market price wise but at the expense of franchisees."*

Participant P₉: *"I would say the main challenge is both parties are working towards the same thing but actually working against each other. Both are working towards profit, but the way that the structure is set up is not necessarily that way. So, let's say I don't make profit, but I still have to pay my royalties and other fees."*

Participant P₁₀: *"It's quite difficult because there's a lot of new development that happens. So obviously your market changes, your market segment changes. The market has changed so much that it's not anymore, your customer base and you need to move out of it."*

Participant P₁₂: *"The franchisor we involved with is known since day one as free deliveries. We provide free deliveries, so but the franchisor decided to change with immediate effect without*

giving any choice to franchisees. Additionally, the franchisor focuses on the bigger cities in South Africa and not in the rural areas where some franchisees operate.”

The study noted that there are challenges between franchisors and franchisees where decisions are made without considering the other party. There are also external factors that pose challenges to both franchisors and franchisees, such as social, technological, political, and infrastructure issues. Markets change rapidly, as such the business environment, regulations and economic conditions are constantly revolving, which pose more challenges to franchise businesses and their relationship as partners.

These findings are in line with reports by Sanfelix & Puig (2015:85) who identified the internal and external challenges as causes of conflict between franchisors and franchisees. However, there are opportunities emanating from franchising like those highlighted by the DHL (2024) and the FASA (2024). Franchising boosts business start-ups and shield new entrepreneurs joining as franchisee from failing through resources and market knowledge provided by the franchisor.

4.4.5.3 Strategies to build trust

The study aims to recommend strategies for building trust between franchisors and franchisees. Participants shared their thoughts on this and had the following to say:

Participant P₁: *“At all times behave with integrity, with transparency and with honesty, and that leads to trust. You say no when you need to say no. You help and support what you do and what you do and how you behave as a franchisor. That's what's going to build the trust longer term.”*

Participant P₂: *“It's a relationship of trust. Otherwise, it is governed by the principle agreement.”*

Participant P₃: *“You have to earn your trust. You have to have the best interest of the art, and you come with different, with new ideas and stuff if you are a new franchisee.”*

Participant P₄: *“So, building trust is all about being consistent and reliable. We ensure that our franchisees always have access to support and training when needed. We also aimed to be transparent with them, particularly about financial performance and market things. When franchisees see that we are committed to their success, it creates foundation of trust that benefits everyone.”*

Participant P₅: *“Strong relationships with franchisees that they can be honest, and we are also honest with them as well.”*

Participant P₆: *“Again, I think maintaining trust is about showing integrity in everything that you do. Integrity, honesty, and I think it works both ways. So, if your franchisee can see that you have got a high level of integrity and honesty, they're going to give the same respect back to you in terms of their integrity and their honesty when they speak to you. So, again, it's a two-way street. If you've got the integrity, they're going to have the integrity back to you.”*

Participant P₇: *“So monthly, as they do the evaluations, the franchisor managers, come around the shops. And they do assist franchisee with creating regional specials, or they do adhere to your needs which boost trust.”*

Participant P₈: *“Building trust for me is at number 1 open communication with your head office.”*

Participant P₁₁: *“Basically, both to meet what they say, like we commit to the promises, immaterial if it's a franchisor or a franchisee, or make sure that they commit.”*

Participant P₁₂: *“The more you want to invest into the franchise group, the more trust you get. So it's all a power and money thing.”*

This study found that trust is built from both sides through honesty, transparency, open communication, support, and being consistent and reliable. These results agree with Dube *et al.* (2020) and Bui *et al.* (2022:3) who found that franchise partners can build trust through transparency and open communication, which inevitably improve franchise performance.

4.4.5.4 Importance of trust

The last sub-themes discern how important trust is in a business relationship between franchisors and franchisees. Participants described the importance of trust in fostering long-term partnerships and sustainability within the franchise system. Participants mentioned the following:

Participant P₂: *“Our relationships are based on trust, and we've got franchisee relations of over 35 to 40 years in some of the brands and it wouldn't be if we didn't have trusting relationship. We value our franchisees and refer to them as partners, and we hope sometimes that they value us also.”*

Participant P₃: *“This is definitely important, if the business is thriving and if the franchisee makes money, then he believes in us. If we, just happy, we trust each other, but there's not when no money is coming.”*

Participant P₄: *“Trust is a crucial for a successful franchise system. If franchisees don't trust and franchisor, it becomes difficult to implement new innovations or maintain brand standards. Trust allows us to work together more effectively and help create a sense of community with the brand. Over time it is the trust that keeps franchise engage and committed of growing their business alongside us.”*

Participant P₆: *“I think trust is important in everything that we do, because if a franchisee can't trust you, how are they going to trust the band and trust what the franchisor is trying to sell them or do for them? Because without any trust, there's no faith in the franchisor. So, I think trust is a huge, huge part, and I think one of the biggest things we do as franchisors is to ensure and maintain the trust of our franchisees.”*

Participant P₉: *“If you gain the trust of a franchisor and you're the franchisee, you not only get to represent the brand, but you are involved within a good way, you get to run a successful business and that's at the end of the day what you want to do. So, then they can make money, and you can make money.”*

Participant P₁₀: *“Look, I think that's the most valuable one, because if you don't trust the brand and you don't trust your franchise, all you're also not going to give your full commitment and understanding what you want to do. So that's really important to have that trust relationship and that it leads to both of you going a long way.”*

Participant P₁₂: *“If you've got trust and vision from a franchisor, you will invest more money as a franchisee because it's beneficial for you, yeah, it's a full financial gain.”*

This study found that trust is crucial for the success of the franchise system. Trust assists franchisees to be more invested and more committed or loyal. Trust assists franchisors to improve on transparency as franchisees become more like partners rather than clients. These findings are in agreement with studies like Dube *et al.* (2020), Abou Kamar & Alsetoohy (2021:296), and Aung & Ousawat (2019:191) who all emphasised the importance of trust on franchising performance, sustainability, and success.

4.5 Conclusion

This chapter provided an in-depth analysis of results and interpretation using thematic analytical approach. Themes were developed from the research objectives targeted at finding solutions to power shifting relationship between franchisors and franchisees. The main finding of this study is

that franchisors have more power than franchisees as they develop the brand, possess knowledge of the market, and are protected by the franchise agreement. Franchisees buy into the franchise agreement through paying royalties, marketing fees, and other charges and are expected to comply with rules set in the franchise agreement in order to maintain brand standards. It takes time for franchisees to have a voice in the agreement and gain trust from franchisors, in order to enjoy more transparency and involvement in decision making of the brand.

The results suggest that if there is good communication and transparency trust will be developed, which assists in improving the performance of the franchise system, guaranteeing success, and sustainability. Trust is the backbone of long-term relationships and reduction of conflicts. Franchisors should open more channels of communication with franchisees so that they can boost morale and get inputs from franchisees as they have local market knowledge. Moreover, their contributions can add value to future overall brand decision-making. Franchisees should initiate platforms to engage franchisors to avoid conflict or being forced to do activities not benefiting their business but benefiting franchisors. Franchisees should improve on compliance to avoid conflict and breach of contract, but rather communicate any issues through proper channels that can allow the franchise agreement to be negotiated or amended.

The next chapter provides a conclusion and recommendations from this study. The conclusion chapter provides clear discussion of the research questions developed for this study. This highlights how the research objectives were achieved and what needs to be studied in the future to solve the issue of power dynamic shifting between franchisees and franchisors that causes conflicts.

CHAPTER 5 CONCLUSION, SUMMARY AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a narrative discussion of the conclusion from this study, a summary of the study findings, and recommendations and areas for future research in relation to franchise relationships and power dynamics. Firstly, key findings from the literature are presented followed by key findings from the primary research. Secondly, a discussion is provided of the conclusion from the study, recommendations are made, areas for further studies are highlighted, and conclusion of this chapter is provided. The recommendations of this study are taken from the findings of the primary data collection and analysis to suggest ways for improving the relationship between franchisee and franchisor, reduce conflict, and make both parties conscious of the power dynamic factors in the franchise system.

5.2 Summary of study

The mini-dissertation has five chapters and started with the first chapter, which looked at the introduction of the study. The introductory chapter presented the background of the study and highlighted the research problem. The problem statement of this study focused on the power dynamics between franchisors and franchisees which raise conflict, as well as affect the relationship and performance of the franchise business. The aims of the study were discussed in the first chapter to highlight the main purpose of this study. The purpose of this study focused on investigating the magnitude of the power differences and power shifting between franchisors and franchisees. Five research objectives were created to support the aim of the study.

- To explore how power dynamics can effectively be managed in the franchising relationship in South Africa.
- To ensure a collaborative and successful partnership between the franchisor and the franchisee.
- To understand the cause of power struggle between franchisors and franchisees.
- To explore the abuse, misuse, and conflicts in the franchise relationship.
- To develop and recommend policies and rules or provide recommendations that foster fair franchise agreements.

The study objectives were then linked to research questions aimed at providing solutions to the problem through people's views and experiences. The scope and significance of the study was discussed in chapter 1 to show the area of focus and its importance, which is the entrepreneurial sector in South Africa's fast-food industry where franchisees and franchisors mainly operate. The importance of this study is based on the influence of the franchising business, which boosts the economy through improving development, increasing the country's GDP, raising employment, and reducing poverty. The conceptual framework was then developed, illustrating the pulling of power for control in the relationship between franchisees and franchisors.

The second chapter focused on two aspects that was an overview of the study and a literature review. The overview section provided a synopsis of the franchise business in South Africa. This covered issues like franchise registration, structure, regulation, contribution to the economy of South Africa, establishment and evolution franchising in SA, the number of franchises, importance of franchising, and government intervention to support franchise businesses. The literature review was split into two sub-sections in the form of a theoretical literature review and an empirical literature review. The theoretical literature review covered previous theories related to franchise businesses and three theories were identified, namely agency theory, resource scarcity theory, and leader-member exchange theory.

The agency theory states that the relationship between a franchisor and a franchisee is like principal and agent relationships where the former owns the business, but the latter manages the business on behalf of the other. The resource scarcity theory states that the relationship between franchisor and franchisee is based on the provision of needed resources so each party has some resources to offer the other for the franchise relationship to operate optimally. The leader member exchange relationship argues that the franchise relationship is based on a master and servant relationship, where the franchisor assumes the master position and franchisee becomes the servant.

The empirical literature review provided a chronological analysis of all previous studies conducted on franchise business. The process looked at various topics, methodologies, unique variables, different locations, findings, and period or different time zones in which research were conducted on franchise businesses. This helped in identifying a clear gap in the literature as no previous study explored th relationship between franchising businesses in South Africa.

The third chapter provided detailed information about the research design and methodology applied in this study. The selected research method was a qualitative approach using an explorative research design. The applicable selected research approach was an inductive process as this is compatible with a qualitative approach. This led to the use of the interpretivism

paradigm and interview questions were created linked to the study's objectives and research questions. Fifteen participants were targeted after selection through a purposive sampling method from a population of all franchise workers and owners but only 12 participants were interviewed of which two were part of the pilot to test interview questions. Data was collected through semi-structured in-depth interviews and information was recorded and transcribed. All ethical requirements were strictly followed, and permission was obtained from the North West University, companies involved, and participants who participated voluntarily being aware of the study's objectives and risks. The transcribed information was analysed using thematic analysis after the development of themes and sub-themes or codes linked to the research objectives.

The fourth chapter presented the findings of the study illustrating the data analysis and interpretation. This chapter started by providing an analysis of demographic characteristics of participants, which assist in assessing the reliability of their feedback. The demographic characteristics analysis started by looking at gender composition, then the age of participants, the side of franchise business participant works for, their position, the time spent in the franchise system, and finally the participants' highest educational qualification. The chapter provided a summary of the themes and sub-themes as linked to the research objectives of this study. The main themes of the study were as follows:

- Dynamic relationship in franchising.
- Interdependence and collaboration.
- Enforcement of contracts, compliance, and commitment.
- Communication and transparency.
- Adaptability and flexibility.
- Trust and relationship building.

The chapter further provided the feedback from the participants, discussions, and interpretations of the findings. The feedback was presented under related sub-themes or codes that enhanced the thematic analysis approach. These sub-themes or codes were linked to the text in the transcripts using Atlas.ti through the process of coding. The findings of the study were linked to previous studies' findings.

The final and fifth chapter explained the conclusion and recommendations of this study. Firstly, a summary of each chapter was provided in detail. Secondly, the chapter presented findings of the study based on the literature review. The findings were categorised according to the main themes of this study. Thirdly, the findings of the study were presented based on primary research that is

interview process and transcription. These findings were categorised using the five objectives of this study. Fourthly, the chapter provided a conclusive narrative of the current study using sub-themes developed in this study under a thematic analysis. The fifth element described the recommendations from this study and areas of further research to tackle the challenges faced by franchisees and franchisors in their relationship as they fight for power. Lastly, the chapter provided closing remarks to mark the end of this research study.

5.3 Findings from reviewed literature

The study made significant findings related to previous literature and linked them to the main themes developed for thematic analysis. Literature analysis gives the findings of this study reliability and credibility, which is required for findings to be trusted. This shows the study findings conform to currently available academic knowledge on the area under study and present the gaps identified in previous studies.

5.3.1 Dynamic relationship in franchising

The study found that the relationship between franchisees and franchisors is diverse and evolves during the business lifespan causing power shifts between the partners (Altinay & Brookes, 2012:278; Bui *et al.*, 2022:2; Dube *et al.*, 2020; Gillis *et al.*, 2020:2; Harmon & Griffiths, 2008:256; Ninh *et al.*, 2023: e03413; Raha & Hajdini, 2022:165; Shaikh *et al.*, 2018:550). Some franchise businesses have an equal mutual relationship meaning they are full partners equal in the franchise relationship. In this form of relationship there is trust, honesty, transparency, cooperation, collaboration, some form of autonomy, commitment relational planning, fair franchise agreement, fairness, communication, two-way support, and equal power (Dube *et al.*, 2020; Gillis *et al.*, 2020:2; Frazer *et al.*, 2012:97; Abou Kamar Alsetoohy, 2021:294). Oueslati *et al.* (2021:978) emphasised that a good quality relationship is signified by an equal partnership in the franchise system and Bui *et al.* (2022:7) highlighted that this kind of relationship boosts franchise performance, success, and sustainability. This approach reduces the prevalence of conflicts and quickly finds resolutions if conflicts arise (Jang & Park, 2018).

However, other franchise relationships have the franchisor as master and franchisee as servant or customer (Raha & Hajdini, 2022:166). In this case, franchisors have hidden information and agenda, and strict contracts while monitoring franchisees aggressively. Moreover, there is only one-way communication with no trust, fairness, or transparency. Bui *et al.* (2022) argues that this

relationship is inefficient and makes the franchise perform poorly overall. There is no trust, so franchisees safeguard the systems' brand value using penalties on franchisee's opportunistic activities (Wang *et al.*, 2020:549).

5.3.2 Interdependence and collaboration

According to Jang & Park (2018:14) a healthy and quality relationship between franchisor and franchisee produces satisfaction, making the parties collaborate, cooperate, and effectively support the franchise system both ways. Bui *et al.* (2022) noted that franchise performance depends on resources from the franchisor and the entrepreneurial orientation of franchisees. The support from franchisors, either operational or financial, assist in maintaining franchise relationship as well as satisfaction. The collaboration is determined by the authority exhibited by franchisors to drive the brand and relationship quality through interorganisational commitment and communication (Oueslati *et al.*, 2021:978). The study identified that both franchisors and franchisees depend on one another in terms of growing and running the business, but franchisors have more influence on the relationship as they have more knowledge of the business line.

5.3.3 Enforcement of contracts, compliance and commitment

Strict franchise agreements, fines, penalisation, and litigation are factors instituted by franchisors to safeguard the brand value of the system (Wang *et al.*, 2020:548). Aung & Ouasawat (2019) highlighted that franchisors allow franchisees to use their brand names through monetary compensation. Dube *et al.* (2020) emphasised that franchise agreements are forms of guidelines for franchisor expectations on franchisees' conduct and act as remedies on challenges if they arise. Wang *et al.* (2020:549) argued that franchisors should put observing mechanisms on franchisees to protect the brand value. Compliance can be achieved through constant visits, strict monitoring of franchisees, frequent evaluations, regular meetings, and enforcing brand strategies (Wang *et al.*, 2020). Franchisors use contracts to enforce compliance on franchisees and due to visits and monitoring exercises ensure franchisees commit to agreed standards.

5.3.4 Communication and transparency

Oueslati *et al.*, (2021:978) pointed out that interorganisational communication is crucial for a healthy and quality relationship between franchisees and franchisors. Frazer *et al.*, (2012:97)

found that relationship satisfaction and reduced antecedents of conflicts between franchising businesses are achieved through trust, openness, and the provision of financial or operational support. Communication and transparency have also been heightened by technology, which

enabled franchisees and franchisors to streamline their processes boosting interaction as well as broaden their client reach (Sabaran & Aziz, 2023:49). Perrigot *et al.* (2021) determined that communication and transparency between franchising institutions smoothens conflict management processes and nurture conflict management capabilities. The current study found that a good relationship between franchise partners depends on good communication and sufficient level of transparency leading to trust, success, and high performance as highlighted by (Dube *et al.* 2020, Sabaran & Aziz, 2023:49 and Perrigot *et al.* 2021).

5.3.5 Adaptability and flexibility

This study found that adaptability and flexibility of franchise systems are dependent on constant innovation, market research, keeping close relationships with customers, and conducting campaigns or promotions (Hanafiah *et al.*, 2022:1; Raha & Hajdini 2022:162). Hanafiah *et al.* (2022) illustrated that the main critical success factor for a franchise business is constant innovation in products, services, and operations. Good proximity between the franchise business, through franchisors or franchisee, and customers make the franchise system aware of its crucial role in the market and able to adjust to market needs, and adapt to market changes (Raha & Hajdini, 2022;165).

5.3.6 Trust and relationship building

This study found a connection between trust and fairness showing that trust is the epitome of franchise relationship quality and success as also highlighted by Shaikh (2016:28). Shaikh *et al.*, (2018:550) found that once the franchisee feels that they are fairly treated, the levels of trust in the franchise relationship rise, leading to increased satisfaction, compliance, performance, and commitment. Abou Kamar *et al.* (2021) and Frazer *et al.* (2012) emphasised the element of mutual trust in franchisor-franchisee relationship, indicating that trust is the only basis for a good quality relationship. Dube *et al.* (2020) argued that even though franchisors show more power in the franchise relationship, franchisees join the system through payments of royalties with the trust that franchisors will act in utmost good faith, keep promises, provides full support, and perform their activities with best interests of the entire partnership. The findings agree with results found by Shaikh (2016), Abou Kamar *et al.* (2021), Frazer *et al.* (2012) and Dube *et al.* (2020) on the importance of trust in the franchise relationship but these studies relied more on the contracts to uphold the relationship instead of fairness which this study highlighted.

5.4 Primary research findings

This study presented findings based on structured interview questions using sub-themes. Participants responded to these questions providing insight, knowledge, experiences, perceptions, and perspectives that subsequently formulated the results of this study.

5.4.1 Franchise relationship

The study found that the franchise relationship is basically a business relationship based on an agreed contract and franchisees are expected to buy into the system through royalty payments to franchisors. Following this, both parties are guided by the franchise agreement. The franchisor provides guidance to franchisees, while in turn, the franchisees run the business directly. The system creates a partnership based on the relationship between franchisors and franchisees where they have to collaborate, cooperate, and work as a team. The relationship is of mutual understanding and is structured as a two-way relationship. The relationship will flourish if there is transparency, honesty, fairness, trust, communication, support, and commitment. However, as the owner of the brand, the franchisor assumes the leadership role in the relationship through setting guidelines and having more business knowledge.

5.4.2 Perception of power dynamics

This study found that there is a shifting of power dynamics between franchisees and franchisors. The franchisor assumes more power by leading and controls the relationship as the brand owner. The power shifts slightly to franchisees when the franchisee has more local market knowledge and has been in the relationship for an extended period of time, after which it assumes some autonomy with knowledge of the sector. A balanced power relationship is believed to produce satisfaction, boost trust, promote success, and performance of the franchise system. Jang & Park (2019:14) and Dube *et al.* (2020:7) mentioned that franchisors use contractual agreements to ensure compliance by franchisees.

5.4.3 Impact of power dynamics

This study found that the more power moves towards franchisees, the more the franchise experience cases of non-compliance by franchisees. Conflicts and arguments lead to changes in franchise agreements when franchisees have power to voice their dissatisfaction. However, franchisors have more power to enforce decisions and set guidelines and rules, which they can

apply through monitoring and evaluating franchisee performance or conduct for their benefit.

5.4.4 Distribution of authority

This study found that franchisees have limited authority to drive the brand nationally. The franchisor owns the brand; however, some level of authority be disseminated to franchisees through extensive training. Franchisors appreciate the local market knowledge of franchisees and can be given some authority for assistance in decision-making and providing input for strategic plans by franchisees that have been in the franchise relationship for a long time. Franchisors can consult some franchisees based on the trust and local market knowledge to a certain level, but not entirely. In most cases, as noted in this study, franchisors do not listen to franchisees and therefore the distribution of authority to franchisees is minimal.

5.4.5 Effects of power imbalances

This study realised that the franchisor assumes power to enforce decisions or plans for the brand irrespective of franchisee consent. Franchisors use laws or rules to force franchisees to comply with their brand strategies or decisions. However, for franchisees that have been a part of the relationship for a long period of time, the opportunity exists to raise their voices to a certain extent, negotiate with franchisors, or even reject some initiatives they perceive unbeneficial to their entrepreneurial orientation.

5.4.6 Ensuring compliance

As evidenced in this study, franchisors have different tools to ensure franchisees comply through evaluations to assess performance of franchisees. Franchisors periodically monitor activities of franchisees, and if not satisfied, they can recommend training, provide support, or terminate the contract. Business reviews, mystery shop visits, and assistant franchisors keep franchisees in line with guidelines and regulations. Franchise agreements and set laws help franchisors to ensure that franchisees comply with all agreed terms and conditions in the contract.

5.4.7 Conflict resolution mechanism

This study found that mechanisms exist for conflict resolutions in the franchising relationship. There are channels of communication and a chain of command that can be followed to solve conflicts between franchisors and franchisees. Conflicts are resolved through dialogue, communication via email, telephone or face-to-face conversations, and meetings. Franchisors can use letters drafted to franchisees to highlight misconduct or any issue causing conflict in order for the franchisee to adjust behaviour and operations. Franchisors end up using litigation after failing to solve matters amicably with franchisee (Wang *et al.* 2020:549).

5.4.8 Transparency in decision making

This study noted that franchisors try to be open to a certain degree, but some information is kept confidential or hidden to protect the brand value. In cases where decisions have been made, franchisors share the reasoning with franchisees to maintain trust, transparency, and cooperation. However, franchisees feel that franchisors are not transparent at all, which creates conflict and mistrust.

5.4.9 Impact of transparency in communication

This study found that transparency can gain franchisee support on a brand strategy, plan or decision. Due to transparency the relationship can enjoy more trust, collaboration, and idea sharing between franchisors and franchisees. Transparency allows franchisees to share their local market knowledge or provide inputs regarding the decision making.

5.4.10 Adapting to challenges

The study found that constant innovation in the franchise network helps the system adapt to changing market conditions, adjust products or service to customer needs, and out-perform competitors. Market research is crucial in finding ways and strategies to adapt and keep abreast of the business requirements. Good proximity with customers aids franchise businesses to stay in line with market needs. Furthermore, franchisors have marketing teams or researchers who constantly monitor market trends, conduct market research, observe competitors, and assess

new technology that can assist the franchise network to adapt to the evolving business

environment. They use promotions and campaigns to promote their products and services so that the brand stays relevant.

5.4.11 Challenges and opportunities

The franchise business like any other business faces challenges from both the internal and external business environment. There have been issues in South Africa of rolling blackouts, rising fuel prices, and sovereign credit downgrades, all which affect operations and performance of the franchise system. The relationship of franchisor and franchisee can be a challenge on its own as both parties believe they are working together. Simultaneously, both parties can also work against each other since the franchisee pays royalties and fees to franchisors. When franchisees make losses, they would prefer to not pay these charges, while franchisors expect these payments irrespective of franchise profit.

5.4.12 Strategies to building trust

This study found that trust is built when there is fairness, honesty, and transparency in the relationship between franchisees and franchisors. To build trust, franchisees and franchisors should work together to train staff. In addition, franchisors should provide financial and operational support. Another vital element is more or enhanced communication that strengthens trust in this franchise business relationship. Franchisors should keep promises and operate at the best interest of franchisees to build trust, while franchisees should comply and be willing to invest more in the franchise network for trust from franchisors to be maintained.

5.4.13 Importance of trust

This study found that trust is crucial for the success of the franchise system. Through trust, the parties in the franchising relationship achieve satisfaction, success, good performance, and a sustainable relationship. Furthermore, trust makes franchisees commit and comply to the terms and conditions of the franchise agreement. Therefore, trust creates a conducive platform for transparency within the communication channels of both franchisees and franchisors.

5.5 Conclusions of the study

Thematic analyses helped in highlighting the findings that further assisted the research to achieve the objectives of this study. These findings serve as answers to the research questions presented in chapter 1 of this mini-dissertation.

5.5.1 To explore how power dynamics can be effectively managed in the franchising relationship in South Africa

The aim of this study was to explore the power dynamics in the franchising relationship so as to highlight ways for effective franchise system management. This objective was achieved through analysing literature and conducting interviews to attain study participants' views. The study found that the relationship between franchisee and franchisors is marred by negative consequences of power dynamics. Based on three theories the relationship can be like a principal agent relationship, a mutual relationship through bringing scarce resources together, or a leader-member relationship. The agent performs the duties on behalf of the principal, thus franchisee and franchisor, respectively. The relationship based on the agent theory signifies power pulling and shifting between franchisor and franchisee. If the amalgamation is based on resources, it is more like a mutual and equal relationship with power divided equally between franchisor and franchisee. If the relation is leader and member-based, the franchisor has more power and control whilst the franchisee abides, follows, and complies with rules set by franchisor. A healthy and quality relationship between the parties involved in a franchise agreement is one that has trust, transparency, honesty, fairness, support, cooperation, more communication, and clear franchise agreements. This kind of relationship foster franchise satisfaction, success, and sustainability.

5.5.2 To ensure a collaborative and successful partnership between the franchisor and the franchisee

This objective was achieved in this study through the illustration of factors like support from franchisors towards franchisees, openness in the relationship, good communication, relational planning, cooperation, and both parties working together to train staff and make decisions.

5.5.3 To understand the cause of power struggle between franchisors and franchisees

The objective of understanding the causes of power struggle between franchisors and franchisees was achieved through highlighting factors like poor communication, lack of support, unclear franchise agreements, no fairness, no honesty, no transparency, no consultation in decision making, and opportunistic behaviours by franchisees.

5.5.4 To explore the abuse, misuse, and conflicts in the franchise relationship

This objective was achieved in this study by highlighting actions of both franchisors and franchisees. Franchisors impose and enforce decisions, plans or strategies on franchisees which cause franchisees to revolt. Unclear agreements and lack of proper training also causes conflicts between franchisees and franchisors. A franchise system must have strategies in place to solve conflicts.

5.5.5 To develop and recommend policies and rules or provide recommendations that foster fair franchise agreements

The objective of providing recommendations for improving fair franchise agreements was achieved in this study by detailing recommendations that should be enforced by authorities, governments, policy makers, and franchise practitioners to foster fair franchise partnership. The study recommends these factors to foster fair franchise agreements

- Building trust
- Constant innovation
- Enhancing communication or communication channels
- Improving transparency
- Being fair and honest
- Offering more training to staff
- Constant monitoring of franchisee using appropriate channels
- Drafting clear franchise agreements and making room for adjustments to benefit both parties in the agreement
- Improving the legal or regulation system to make franchise systems operate smoothly

There is no one-size-fits-all approach in the relationship between franchisor and franchisees but the implementation of the above factors may foster a fair relationship and boost franchise relationship quality, success, good performance, and a long-term partnership.

5.6 Limitations

This study had several challenges and limitations. Participants were cognisant of the information they divulged, as they were concerned about their franchise business or partners. This limited the quality of feedback obtained from participants. Language barriers was another limitation affecting the collection of information and transcription, as some participants only speak Afrikaans the recording of words in English was affected due to pronunciation leading to challenges in transcribing information. The short time period in which this research was conducted was another limitation, as this study needs at least six months to analyse the information. Furthermore, some participants had time constraints to respond to all questions as they were at work and had less than 20 minutes to respond which limited the collection of more reliable information.

5.7 Recommendations

This primary research through interviews, transcribing information, and thematic analysis assisted in developing recommendations for future studies. This study provides recommendations to both franchisors and franchisees on ways to combat negative consequences of power dynamics in the franchise relationship, which may affect growth and performance.

This study recommends franchisors and franchisees work together in training staff. Staff training improves conduct, knowledge, and communication that can assist in reducing negative power dynamic relationships. More staff training can improve the relationship between franchise businesses as they understand their duties and boundaries in their business. In addition, further training between partners creates a culture of long-term partnership orientation between franchising partners.

There must be cooperation between the franchisee and franchisor. Cooperation can be boosted by a mutual understanding, balance of power, autonomy, and restraint in the abuse of power. As franchisees and franchisors understand their mutual partnership, the relationship evolves into equal footing that serves both parties in achieving their goals as a team through supporting each

other. This can foster trust and further relationship building that can lead to franchise success, reduced conflict, and good business performance.

Communication is crucial in the franchise system between the two partners. Communication should be two-directional, and there should be clear channels of communication between franchisees and franchisors. Furthermore, communication is encouraged and enhanced if there is room for feedback between the partners. Therefore, good communication practices foster a good relationship between franchise partners, boost trust, and allows partners to conduct the franchise business as a team. Good communication is nurtured by openness, transparency, and clear understandable contract documents. Franchisors should endeavour to communicate all royalties, fees, and charges clearly and in full to franchisees. This practice reinforces fairness and commitment by franchisees.

Transparency is another important factor in building trust and strengthening relationships between franchise partners. Franchisors and franchisees should be open in terms of plans, business operations, strength, weaknesses, opportunities, and threats. The more openness there are between partners, the more they can provide support, share ideas, share knowledge, communicate, build trust and commitment which assist in boosting long-term relationship, improve franchise performance, and reduce conflicts.

To improve quality relationships between franchisors and franchisees there must also be relational planning. This means that if one partner is conducting planning exercises, it should consider the position of the other partner. There should be consultation among franchise partners before implementing or changing plans, visions, products, suppliers, services, and brands.

Both franchisees and franchisors should aim to raise the quality of their relationship though being approachable, trustworthy, honest, and acting in good faith. They both require support either in resources by franchisors or local market knowledge by franchisees. More financial or operational support should be provided by franchisors to franchisees to deepen strong positive relationships. If the parties have a reciprocal support structure the franchise system experience a win-win situation.

Franchise agreements should be clear and understandable without hidden agenda or confusing jargon. Franchisors should be open to negotiate or amend terms and rules in the franchise agreement. Franchisees should read, familiarise themselves, and understand the agreements and contracts before committing to the union. There must be formalisation of contracts so that decision making is guided by written rules, policies, and procedures. Formalised and clearly

written agreements foster compliance by franchisees and franchisors keeping promises, which fosters good a quality relationship between the franchise partners.

Franchisors should constantly monitor franchisees to avoid non-compliance, opportunistic behaviour, and free-rider tendencies. Regular meetings, visits, evaluations, and supervision by franchisors to and with franchisees are necessary as they keep franchisees aligned to agreements and guard against non-compliance or opportunistic behaviour. Franchisees should approach franchisors regularly for clarity and assistance on issues affecting them so that there is mutual understanding. Franchisors should also constantly aware to offer support to franchisees.

To maintain flexibility and adapt to the changing marketing conditions franchisors and franchisees should constantly innovative and invest in research, development, deployment, and demonstration which can give them an advantage over competitors.

There must be strategies for conflict resolution, such as negotiations and steps to solve problems so that problems are urgently solve and good quality relationships are maintained in the case of disputes. Lastly the government and authorities should develop and enforce laws that protect franchisees from abuse, ill-treatment, overcharging of royalties or fees by franchisors, and protect franchisors from misrepresentation and non-compliance by franchisee.

5.8 Suggestions for further study

This study provides suggestions for further research in line with power dynamic problems found in the relationship between franchisors and franchisees. The study suggests the use of unique methodologies like a survey or quantitative analysis that uses numerical values test the magnitude, correlation, and impact of power dynamics on relationship and performance. The correlation tests can study the impact of power dynamic on period of years in relationship or franchise performance. Quantitative data analysis has an advantage over qualitative data analysis since it uses a larger sample and more variables for analysis, thus improving the analysisoutcomes. In addition, future studies can apply AI or machine learning techniques to predict the future of franchise relationships and performance based on power dynamics and trust. AI and machine learning techniques are capable of handling large data sets and conduct classification that can produce more accurate results as compared to qualitative studies or traditional statisticalmethods. Lastly, the study on power dynamics on franchise relationships can be conducted in different countries which may produce different results.

5.9 Conclusion

The aim of this research study was to explore the dynamic relationship between franchising businesses in South Africa and suggest solutions that fosters a good and high-quality relationship. The objectives were on how to manage power in franchising relationships, ensure collaboration, enforce compliance, improve communication and transparency, boost adaptability or flexibility, improve trust, and build strong relationships between franchisees and franchisors.

The objective was met appropriately by discussing factors that can assist with strengthening good franchise relationships. The causes of power shifting and negative power dynamics were discussed in the study, including lack of support, lack of transparency, non-compliance, poor communication, poor relationship, lack of trust, opportunistic behaviour, and unclear franchise agreements. This study provided several recommendations and the objective of developing and recommending policies or rules and provide recommendations that foster fair franchise agreements was achieved.

This study has positive implications for the dynamic relationship between franchisees and franchisors. Good quality relationships between franchise partners reduce power conflicts, build trust and boost business performance. Thus, there is a need to improve the quality of franchise relationships to maintain their success, growth, and sustainability as they assist the economy in reducing unemployment, raise GDP and contribute to infrastructure development. This study contributed to the body of knowledge through highlighting the gap in existing literature on the power dynamics that affect the relationship between franchisor and franchisee. The study concludes that both franchisees and franchisors should work together to foster good quality long-term business relationships that boost overall performance.

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APPENDIX A: DRAFT / INTERVIEW SCHEDULE

Section A: Demographics

1. Gender

Gender:	Female		Male	
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2. Age

Age:	18–25 years		26–35 years		36–49 years		≥50 years	
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3. Position

Position at franchise:	
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Representing which side

Side:	Franchisor		Franchisee	
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4. Tenure

Number of years in the franchise:	0–5 years		6–10 years		11–15 years		>16 years	
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Section B: Objective 1 - Dynamic Relationship in Franchising

1. Please elaborate on your understanding of franchise relationship.
2. How do you perceive the power dynamics between franchisors and franchisees within the franchise relationship?
3. Can you describe instances where power dynamics have influenced decision-making or interactions within the franchise system?

Section C: Objective 2 - Interdependence and Collaboration

1. How is authority and decision-making power distributed between franchisors and franchisees within your franchise system?
2. Can you provide examples of instances where power imbalances have affected the relationship between franchisors and franchisees?

Section D: Objective 3 - Enforcement of Contracts and Compliance

1. How do franchisors ensure that franchisees comply with contractual agreements and operational standards?
2. Discuss the mechanisms in place for resolving conflicts and disputes related to contract enforcement within the franchise system?

Section E: Objective 4 - Communication and Transparency

1. How transparent are franchisors in their decision-making processes, and how does this transparency impact the franchise relationship?
2. Describe a scenario where transparent communication improved trust and collaboration between franchisors and franchisees.

Section F: Objective 5 - Adaptability and Flexibility

1. How do franchisors and franchisees adapt to changing market conditions and consumer preferences within the franchise system?
2. Discuss the challenges and opportunities associated with maintaining flexibility and adaptability in the franchise relationship.

Section D: Objective 6 - Trust and Relationship Building

1. What strategies do franchisors and franchisees employ to build and maintain trust and mutual respect within the franchise relationship?
2. Describe the importance of trust in fostering long-term partnerships and sustainability within the franchise system.

THANK YOU FOR YOUR TIME AND ATTENTION