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► **To cite this version:**

Rozenn Perrigot, Begona López-Fernández, Guy Basset. Conflict management capabilities in franchising. *Journal of retailing and consumer services*, 2021, 63, pp.102694. 10.1016/j.jretconser.2021.102694 . hal-03335742

**HAL Id: hal-03335742**

**<https://hal.science/hal-03335742>**

Submitted on 20 Sep 2021

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# Conflict management capabilities in franchising

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Version 3 accepted for publication in *Journal of Retailing and Consumer Services*

on 20 July 2021

**Acknowledgements:** The authors acknowledge Corentin Le Bot from the Center in Franchising, Retail & Service Chains, as well as the students of the Master in Franchising, Retail & Service Chains at the Graduate School of Management (IGR-IAE Rennes) - University of Rennes 1 for their assistance in the data collection and organization. The authors also acknowledge the editors and reviewers for their relevant comments. This work was supported by the Spanish Ministry of Economy and Competitiveness [grant number ECO2017-85704-R].

# **Conflict management capabilities in franchising**

## **Abstract**

Conflicts are common in franchising, however, they become dysfunctional above a certain threshold. Our aim is to understand how conflict management processes and, in particular, problem solving, persuasion, bargaining and politics, are developed and implemented within franchise chains and how they contribute to franchisors' organizational capabilities. We do so through a qualitative study based on 44 in-depth interviews with franchisors and franchisees operating in France. Our main findings show that the implementation of these conflict management processes over time and with various franchisees nurture conflict management capabilities of franchisors.

## **Keywords**

Franchising, Conflict management, Organizational capability, Know-how, Qualitative study

# Conflict management capabilities in franchising

## 1. Introduction

Very low margins, unbalanced contracts... Franchisees ... are trying to take collective action against the retail giant. [...] While until now they have been fighting each other separately, some of them ... have decided to join their forces to face [the franchisor]. About twenty of them even set up an Association of ... franchisees on February 1<sup>st</sup>. One month later, it already had 50 members. (Press, May 2020)

The above is an anonymous example of conflicts that involve many franchisees, but there are many other conflicts in franchise chains that can involve a few or even only one franchisee. In this paper, conflict is considered “an interactive process manifested in incompatibility, disagreement, or dissonance within or between social entities” (Rahim, 2002, p. 207). The sources of conflicts are varied (e.g., breach of the franchise contract, encroachment, lack of assistance, misuse of the know-how), but many sources are related to financial, performance and competitive advantage aspects (Perrigot et al., 2020a; Weaven et al., 2021). Some conflicts end up in the courts, others are solved through explanation, communication and agreement. In brief, whatever the country and whatever the industry, conflicts are of concern in franchising.

Franchisors and franchisees are independent entrepreneurs, but they commit to maintaining a long-term relationship deeply rooted in knowledge sharing (Iddy & Alon, 2019) where “successful franchisors [...] perfect a business system and then sell the know-how and benefits of the business system to prospective franchisees and subsequently to customers”

(Paswan & Wittmann, 2009, p. 173). Franchising thus involves transferring a set of organizational routines<sup>1</sup> to franchisees that may convert them into capabilities (Maalouf et al., 2020). These intangible assets and capabilities are commonly acknowledged as a major source of competitive advantage in dynamic environments where competition is fierce (Teece et al., 1997).

The franchise relationship is governed by contracts with different degrees of formalization (Yakimova et al., 2019) that are built on certain of the franchisor's resources and capabilities. Formal ruling principles codify relevant contractual clauses (Kashyap & Murtha, 2017) and some relational governance involving codified patterns of behavior (Keller et al., 2021). However, there are also informal (uncodified) ruling principles in franchising such as confidentiality arrangements (uncodified enforceable promise), or relational, such as trust (Keller et al., 2021). Both formal and informal ruling principles are valuable because formal ruling principles do not prevent all "perceived incompatibilities [...] among the parties involved" (Jehn & Bendersky, 2003, p. 189). We explore the process of conflict management in franchising and how it may lead to the development of capabilities that are linked with relational ruling principles, i.e., patterns of behavior that parties are expected to observe (Keller et al., 2021). Franchisor capabilities emerge from knowledge and experience (in the form of routines) (Grant & Jordan, 2015) gained from the relationships they have with different franchisees. They refer to franchisors' ability to mobilize resources to solve conflicts. They are dynamic capabilities evolving over time, i.e., "ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments" (Teece et al., 1997, p. 516), or "processes that integrate, reconfigure, gain and release

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<sup>1</sup> Routines are "patterns of sequential tasks that emerge when organizational members use existing knowledge and repetition to produce anticipated and consistent outcomes" (Maalouf et al., 2020, p.1 citing Feldman & Pentland, 2003 and Wohlgemuth & Wenzel, 2016).

resources to match and even create market change” (Eisenhardt & Martin, 2000, p. 1107 as cited in Weaven et al. (2021, p. 110).

As franchising is deeply rooted in capabilities, there is a growing number of recent papers dealing with this topic (Parmigiani & Holloway, 2011; Ganthous et al., 2018; Hussain et al., 2018; Gillis et al., 2020; Maalouf et al., 2020; Perrigot et al., 2020a; Weaven et al., 2021). But none of them have dealt with conflict management capabilities in franchising, despite their significant role in maintaining good relationships within franchise chains. Research on conflict (Pondy, 1967), and particularly on conflict in distribution channels including franchising (Dant & Schul, 1992; Strutton et al., 1993; Wang et al. 2020), draws on research on power distribution (e.g., Argyres & Liebeskind, 1999; Michael, 2000; Antia et al., 2013; Argyres & Bercovitz, 2015), and on more general aspects, such as expectations, communication, trust, commitment, compliance (e.g., Wu, 2015; Tikoo, 2005; Weaven et al., 2010, Kang & Jindal, 2018). However, researchers have neglected the early stages of conflicts when they are not yet so apparent (Wang et al., 2020) or conflicts that have not escalated to a dispute where solicitors were engaged.

Our research aims to understand how conflict management processes are developed and implemented within franchise chains and how they contribute to franchisors’ organizational capabilities. To do so, we relied on the Resource-Based View (RBV) (e.g., Collis, 1994; Grant, 1996) and dynamic capabilities (e.g., Winter, 2003; Teece et al., 1997), and conducted an empirical study in the French market. Franchising in France is particularly dynamic, with 1,927 franchisors and 78,032 franchised stores (French Franchise Federation, 2021). Moreover, the French Franchise Federation pays particular attention to conflict management in franchise chains through, in particular, the launch of a franchisor-franchisee mediation

system.<sup>2</sup> We adopted a dual approach to take into consideration the perceptions of the two sides of the franchise dyad and obtain a more complete assessment of conflict management and capabilities in franchise chains. We used a qualitative approach based on in-depth interviews with franchisors and/or headquarter staff (27) and franchisees (17) from various industries.

Our research findings show that conflicts are part of daily life in franchise chains. Although some conflicts may serve in the long run to improve products/services, operational processes and/or the franchise concept, other conflicts can become dysfunctional. The way franchisors manage these conflicts depend on their severity. In addition, franchisors develop organizational capabilities when managing conflicts with their franchisees. They may learn from these conflicts and the way they have managed them. This can sometimes lead to the codification of new processes, the evolution of know-how, new forms of assistance and amendments to their franchise contracts. Franchisors and/or headquarter staff, and on-field consultants in particular, play a key role in the development of routines and capabilities based on what they have learned from their experience in terms of conflicts exposure and management.

Our research contributes to the franchising literature. We build on the stream of literature dealing with conflict and, more specifically, conflict management processes (e.g., Dant & Schul, 1992; Strutton et al., 1993), as well as the recent literature on capabilities (Gillis et al., 2020; Maalouf et al., 2020; Weaven et al., 2021). Another contribution we make to the franchising literature is the dual approach of our empirical study, as we take into consideration the two sides of the franchise dyad, contrary to one-sided perspectives often offered in the franchising literature.

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<sup>2</sup> <https://www.franchise-fff.com/mediation/mediation-franchise>

Our research also contributes to the practice by showing the dual side of conflicts in franchise chains. Conflicts can turn from positive to dysfunctional when parties are no longer interested in collaborating and sharing goals. We also show that franchisors modulate the type of conflict management chosen depending on the severity of the conflict, i.e., through problem solving, persuasion, bargaining and politics. Furthermore, franchisors may learn to develop conflict management capabilities from conflicts with their franchisees.

The paper is organized as follows. In the next section, we review the literature on conflict management processes and on franchisor capabilities. We describe the research methodology in the third section. We successively present and discuss our research findings in the fourth and fifth sections.

## **2. Literature review**

### ***2.1. Conflict management processes in franchise chains***

Existing contracts cannot prevent all conflicts, as there will always be some areas of disagreement, but sometimes those conflicts can enrich the decision-making process. However, conflicts should be contained within certain limits (Mohr & Spekman, 1994; Rahim, 2002). In fact, conflicts may go through different levels of severity (Pondy, 1967) that follow a dynamic process (Duarte & Davies, 2003; Rahim, 2002). If conflicts are not resolved in their initial stages, they may evolve, leading to dysfunctional situations and impacting company performance. March and Simon (1958), using organizational theory, proposed a taxonomy of conflict management processes that parallel their severity ranging from minor to serious conflicts (Pondy, 1967; Wang et al., 2020). This taxonomy identifies four processes useful for solving conflicts: problem solving, persuasion, bargaining and politics. These have been used in franchising research on conflicts (Giddings et al., 2011, Strutton et al., 1993;



Dant & Schul 1992) but not in conjunction with capabilities. Moreover, March and Simon (1958) consider organizations as information processing systems, and their taxonomy serves to examine behavioral mechanisms of conflict management (Dant & Schul, 1992). In franchising, franchisors and franchisees who are in conflict have behaviors that lead to developing and practicing routines and acquiring capabilities that contribute to relational governance. Therefore, March and Simon's (1958) taxonomy is particularly adequate vis-à-vis our focus on franchisor capabilities development. In addition, we also consider Rahim's (2002) criteria for effective conflict management, which includes willingness to learn and identification of important conflicts, satisfaction of stakeholder needs and ethics. These criteria help us to better understand how conflict management processes are developed and implemented within franchise chains, and how they contribute to franchisors' organizational capabilities.

### *2.1.1. Problem solving in franchise chains*

Problem solving can be used when franchisors and franchisees share the same interests and goals. At this stage, conflicts are not explicit and franchisors and franchisees may share information with the goal of finding solutions that satisfy both parties (Pondy, 1967; Rahim 2002). When possible, communication is a cost-effective means of solving conflicts, as compared to contract enforcement, franchisee monitoring or economic incentives (Kang & Jindal, 2018). For example, Wu (2015) shows that knowledge sharing and trust increase franchisee intention to stay in the franchise chain, as well as financial performance. However, Tikoo (2005) explains that when franchisors provide their franchisees with information without an explicit request to incorporate that information in their local businesses, franchisees may ignore it, as they may not consider it to be compulsory. In this vein, communication is more effective when promoting positivity than reducing negativity (Kang

& Jindal, 2018). Therefore, franchisor/franchisee trust and cooperation favor the use of problem-solving processes to solve conflicts (Dant & Schul 1992; Eisenhardt et al., 1997). In summary, the problem-solving process is appropriate when conflicts are not severe and the parties are still willing to cooperate.

### *2.1.2. Persuasion in franchise chains*

Persuasion entails an intent to modify the other party's opinion regarding an issue. Eisenhardt et al. (1997) recommend establishing common goals to minimize conflict, even if the parties do not share a homogeneous view on the issue at stake. Therefore, franchisors will try to persuade franchisees to adopt a common set of objectives before the conflict escalates.

Persuasion is a coordinative behavior that looks for an integrative outcome, although information sharing is not as noticeable as in the problem-solving process (Dant & Schul, 1992).

### *2.1.3. Bargaining in franchise chains*

Bargaining involves compromising behaviors where both parties who do not have common goals, give and take to come up with an acceptable solution (Rahim, 2002). Both parties then engage in active behavior (Pondy, 1967). In the bargaining process, the orientation of the behavior is zero-sum, i.e., one gains at the expense of the other's loss. Bargaining may involve threats and/or promises. In this regard, Tikoo (2005) indicates that franchisors' promises to franchisees may reduce conflicts, but coercive communication towards franchisees or threats may escalate them. If explicit conflicts emerge, they tend to escalate within the franchise chain. Franchisors and franchisees will usually add other complaints to the original point of conflict (Kang & Jindal, 2018; López-Fernández & López-Bayón, 2018; Giddings et al., 2011; Pondy, 1967).

#### *2.1.4. Politics in franchising chains*

When politics come into place, parties may be unable to solve their conflicts among themselves and they may have to rely on a third party. Dant and Schul (1992), Goldberg et al. (2014) and Wang et al. (2020) assert that both parties can still de-escalate the conflict at this stage by means of negotiation, mediation and arbitration. Argyres and Bercovitz (2015) point out that there can be a connection between involving third parties and gaining more favorable clauses for franchisees, such as longer franchise contract durations, shorter periods for non-compete clauses and fewer contract terminations and non-renewals. Third parties, such as advisory councils (Croonen and Bleeker, 2019) and independent franchisee associations, may also influence the franchisor/franchisee balance of power. Some conflicts can also end up in court, but Winsor et al. (2012) report that there may be residual problems in the franchisor/franchisee relationship even after a court settlement.

### ***2.2. Conflict management processes as part of franchisor capabilities***

#### *2.2.1. Know-how transfer in franchise chains*

Franchising is a business model based on know-how transfer. Franchisees are recipients of know-how conceived by their franchisors as practical knowledge and organizational routines (Maalouf et al., 2020) or capabilities (Watson et al., 2005). Know-how provided by franchisors to their franchisees (Paswan & Wittman, 2009), through codification in operation manuals and transfer during initial and continuous training sessions, enable all franchisees to run their stores in a consistent way. Maalouf et al. (2020) explain that routines, and therefore capabilities, are created and improved by *doing* and *re-doing* tasks. Routines and capabilities are thus specific to each chain. They also interact together in ways that are sometimes difficult to disentangle (Kashyap & Murtha, 2017; Szulanski & Jensen, 2008). In other words, chain

history provides path dependency and the difficulty inherent in unpacking capabilities, or causal ambiguity, creates a safeguard against capabilities' imitation. Additionally, best practices, reported as codified knowledge, may be difficult to imitate because recipients may not be aware of the routines that are relevant (Knott, 2003).

### *2.2.2 Organizational capabilities and conflicts in franchise chains*

We propose that the repetition of conflictual episodes over time and with different franchisees may help franchisors acquire knowledge and then develop routines in terms of conflict management that later serve to reinforce their organizational capabilities as an “outcome of knowledge integration” (Grant, 1996, p. 116). Furthermore, these organizational capabilities dealing with conflict management may evolve as dynamic capabilities (Weaven et al., 2021). As noted earlier, organizational capabilities emerge through learning by doing, that is, by using resources and developing routines. Franchisors have the opportunity to learn from conflicts with their franchisees and to develop capabilities allowing them to better manage further conflicts with other franchisees, as observed in learning processes stemming from innovation failures (Danneels & Vestal, 2020). These organizational capabilities are more likely to remain at chain headquarters (Parmigiani & Holloway, 2011) as “organizational know-how,” rather than be transferred to the franchisees (Argyres & Mayer, 2007) who mostly rely on tacit know-how. However, over time, some of the capabilities can be made explicit and codified as new clauses in the updated contracts.

Franchisor organizational know-how can be considered to be a cross-functional or broad capability that embodies narrower capabilities (Grant & Jordan, 2015; Perrigot et al., 2020a) covering different value-chain activities (Hussain et al., 2018). Other authors name these capabilities as “first-level” (Weaven et al., 2021 based on Collis, 1994 and Winter, 2003). First-level capabilities have a dynamic nature. Therefore, they can incorporate sensing,

seizing opportunities and threats and reconfiguring when necessary. They are built on so called “zero-level capabilities,” addressed to operate in the present.

### **3. Methodology**

#### ***3.1. Empirical study: A qualitative study conducted in France***

We adopted a qualitative approach, based on in-depth interviews with franchisors and/or headquarter staff, as well as franchisees operating in various industries in the French market. Qualitative approaches have often been chosen when exploring specific topics, practices and issues in the franchise context, including conflicts (e.g., Frazer et al., 2012; Perrigot et al., 2020b; Weaven et al., 2010). We considered that through in-depth interviews, we would understand in a more in-depth way how conflict management processes are developed and how they contribute to franchisor organizational capabilities. We interviewed both parties of the franchise dyad, in other words, franchisors and/or headquarter staff as well as franchisees, in order to capture the perceptions of both parties regarding conflict management processes.

Our empirical study focuses on the French franchise market where conflicts are frequent, as in many other markets. With the existence of such frequent conflicts, the French Franchise Federation launched a franchisor-franchisee mediation regulation

in order to offer franchise chains – whether or not they are members of the federation – a simple and efficient way of dealing with disputes that may arise between a franchisor and a franchisee, taking into account the principles set out in the European Code of Ethics for Franchising and its appendices, which are applicable in France. [...] The objective of the franchisor-franchisee mediation [...] is the amicable settlement of conflicts between a franchisor and a franchisee who, with the help of a third party – the

mediator – try to find an amicable solution to their conflict without necessarily using the law [...]. When the mediation is successful, a transaction is signed between the parties.<sup>3</sup>

It is also important to note that franchising is particularly dynamic in France with 1,927 franchisors, 78,032 franchised stores, 63.88 billion euros of total sales and 668,837 created jobs (French Franchise Federation, 2021).

### ***3.2. Franchisor, headquarter staff and franchisee interviewees***

The interviewees – franchisors and/or headquarter staff, as well as franchisees – were chosen using purposive and snowball sampling techniques as is often done in qualitative franchise studies (e.g., Watson et al., 2020). According to our knowledge of the franchise business in France, all franchisors and/or headquarter staff, as well as franchisees, have experienced conflicts within their chains and/or heard about conflicts occurring in other chains.

Nevertheless, we first contacted purposively franchisors and/or headquarter staff who we knew – through press articles and/or discussions with franchising experts – had experienced conflicts within their chains. They thus had first-hand knowledge of how the conflicts were resolved, their capabilities in terms of conflict management, as well as conflicts they had heard about from peers within the franchise sector. We also asked these first interviewees to give us contact information on other franchisors and/or headquarters staff they knew who had also experienced conflictual situations in their chains. We proceeded the same way when selecting franchisees to be interviewed.

We interviewed 27 franchisors and/or headquarter staff (e.g., franchise chain CEOs, franchise directors, chain directors, directors of chain development, directors of marketing, on-field consultants, etc.). The 26 franchise chains represented in our sample operated in various

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<sup>3</sup> <https://www.franchise-fff.com/mediation/mediation-franchise>

industries (e.g., cosmetics, clothing, supermarkets, homecare services, fast food, hotels). They had diverse characteristics in terms of franchise chain size, length of time in operation and included a varying percentage of company-owned stores. The franchisors and/or headquarter staff interviewees had different profiles as well in terms of age category, gender, tenure within their position (1 to 15 years) and background. We left out additional interviewees when franchisors and/or headquarters staff did not include other types of conflicts and/or conflict management processes, as we considered, at that point, that with 27 interviews of franchisors and/or headquarter staff, we had achieved data saturation (Huberman and Miles, 2002).

We also conducted 17 interviews with franchisees and stopped the data collection when we achieved data saturation. The profiles of the interviewed franchisees varied in terms of the industry they operated their stores in (cosmetics, clothing, supermarkets, homecare services, fast food, hotels, etc.), brands, store locations, as well as age category, gender, tenure within the chain.

### ***3.3. In-depth interviews***

The two interview guides were symmetrical, and the wording was adapted to fit interviews with the franchisors and/or headquarter staff and with the franchisees, respectively. They were composed of the following questions: “What are the main sources of franchisor/franchisee conflicts in your chain and in franchise chains in general?”; “How intense, frequent are they and do they depend on the franchisor/franchisee relationship stage?”; “How are these conflicts managed?”; “How are conflicts avoided?”; “What are the consequences of such conflicts?”; “What do you learn from these conflicts?” When conducting the interviews, we ensured that the interviewees were able to freely voice their responses and avoided asking leading questions (Gioia et al., 2013).

The 44 interviews were conducted face-to-face or by phone and, depending on geographical distance, some were face-to-face. The total length of these 44 interviews ran 39 hours, 45 minutes (franchisor interviews lasted 26 hours, 1 minute in total and franchisee interviews 13 hours, 44 minutes in total), for an average of 54 minutes (58 minutes for franchisor interviews and 48 minutes for franchisee interviews). All interviews were audio-recorded and transcribed for further analyses. Details about the franchisors and franchisees interviewed are provided in Tables 1 and 2.

<<Insert Tables 1 and 2 about here>>

### ***3.4. Data analyses***

We employed a two-step process, as suggested by Saldaña (2015), to analyze our data.<sup>4</sup> Saldaña (2015) explains that coding can be divided into first cycle coding (gathering various approaches) and second cycle coding. In the first cycle, descriptive coding (i.e., words or short phrases) is used to assign symbolic meaning to the information given by the interviewees. The purpose here was to summarize segments of data (Miles et al., 2014), for instance, conflict occurrence, conflict intensity, conflict frequency, oral notification and written notification. In the second cycle, also referred to as pattern coding, the data segments were classified as themes in order to get “more meaningful and parsimonious units of analysis” (Miles et al., 2014, p. 86), for instance, omnipresence of conflicts and conflict management processes.

We preferred to employ a manual data analysis approach compared to computer-assisted (or aided) qualitative data analysis software (CAQDAS). Softwares are tools that can aid with

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<sup>4</sup> The interviews were conducted in French and transcribed in French. Analyses were conducted in French and relevant quotes were then translated into English for insertion in this paper and double-checked with an English native speaker for translation accuracy.



speeding up the data analysis, but we preferred “going forth and back between print outs, and organizing the data [...] in a digital way” (Madsen & Petermans, 2020), using “View > Navigation Pane” in the Word files to get a system of headings and sub-headings in which to navigate. Basit (2003) reminds us that “coding [is] an intellectual exercise [...]. [The software does] not eliminate the need to think and deliberate, generate codes, and reject and replace them with others that were more illuminating and which seemed to explain each phenomenon better” (p. 152). We employed a rigorous approach, from the elaboration of the interview guide to the presentation of the findings (Morse et al., 2002). We paid particular attention to the standards of quality of our findings as recommended by Miles et al. (2014). First, in terms of objectivity, we explicitly described our methods and procedures. Second, in terms of reliability, the three researchers participated in the data analysis to ensure there was accord between categorization and structure of the data. Third, in terms of credibility, explanations given by our interviewees were rich and contextualized. Fourth, in terms of transferability, we discussed our findings with other franchisors, headquarter staff and franchisees during a meeting organized for this purpose in order to obtain their feedback. They confirmed that our findings reflected what they experience in their chains. Fifth, concerning application, we included our findings in a training module designed for part-time students who work at franchise chain headquarters for them to better manage conflicts.

## **4. Findings**

### ***4.1. Omnipresence of conflicts in franchise chains***

As is also the case in other types of alliances, most franchisor and franchisee interviewees revealed that conflicts are daily occurrences within their chains. Interviewee #FOR13, head of chain development in the restaurant industry, asserted: “I’ve never known any franchise chain where there are no conflicts. [There are conflicts] at different levels. Whether at the

contractual level or regarding the concept or the evolution or financial obligations, conflicts always arise.” Interviewee #FOR24, an on-field consultant in the specialized food industry, added: “It’s worthwhile having disagreements in order to challenge headquarters or some of the practices. If the conflict is a ‘healthy’ one, then it will tend to benefit all parties. It helps generate a mirror effect and allows one to say to the franchisor, ‘Be careful, we might not necessarily be up to date there.’” These verbatims demonstrate that conflict is inherent in the franchise relationship. Moreover, conflict can have positive consequences, such as detecting problems (e.g., obsolete practices, non-respect for the standards) as soon as possible, but it can also become dysfunctional when parties do not have healthy disagreements, as discussed in the literature review (Tjosvold et al., 2014; Rahim, 2002; Pondy, 1967). As conflicts are so pervasive in franchise chains, assessing which processes are used by franchisors to manage them in the best way as possible is relevant (Wang et al., 2020). We, therefore, analyze in section 4.2 franchisor and franchisee perceptions regarding the conflict management processes based on March and Simon’s (1958) taxonomy, i.e., problem solving, persuasion, bargaining and politics.

## ***4.2. Conflict management processes in franchise chains***

### *4.2.1. Problem solving in franchise chains*

First of all, a few franchisors used the adverb “amicably” when describing the problem-solving process. For instance, a chain development manager in the real estate industry said: “We have a policy of settling [conflicts] amicably, regardless of conflicts in the chain.” (#FOR3) Another interviewee, head of chain development in homecare services, mentioned: “In the contract, it is stipulated that the dispute will be resolved amicably, as far as possible.” (#FOR10) This is consistent with the findings of Nyadzayo et al. (2011) who found that

amicable conflict resolution can be positive for the brand in franchising, reducing non-compliance with standards.

Moreover, several interviewees explained the importance of good franchisor/franchisee relationships, fair communication and real transparency to avoid the emergence of conflicts and/or the conflict escalation. According to the interviewees, this can aid in identifying solutions that will satisfy both parties, as suggested by Strutton et al. (1993). Wang et al. (2020) have stated that parties involved in a legal action sometimes de-escalate the issue and solve it “amicably.” Rahim (2002) and Tjosvold et al. (2014) also underlined the importance of minimizing affective conflicts and restricting them to (moderate) substantive issues and to respect ethics. A head of chain development in the homecare services explained: “If there is a remark, even without talking about conflict or dissatisfaction, if there is a remark, a question, something, then [franchisees] can call us and say, ‘Hello [First Name]. I have a question, or I have a problem in a particular area.’ ‘Well, we will send you the legal contact or the communication contact, if it has to do with communication ...’. Each time, we try to be as supportive as possible.” (#FOR10) A head of chain development in the restaurant industry commented: “In communication, to be as transparent as possible means that before setting up a new process, or any restaurant management system, you have to provide them with all the data on this subject so that later there is no possibility that they will come and tell you, ‘You didn’t mention this to me before’. Be as transparent as possible, so that the relationship is clear and so that each time a decision is made, there are no conflicts afterwards.” (#FOR13) The founder of a franchise chain in the building/construction sector added: “I believe that honesty and transparency are already ways of avoiding conflicts. [...] Today, we are totally transparent with our franchisee candidates. We tell them how it’s going to be. We tell them what we know, and we do what we say.” (#FOR5)

The interviewees' assertions are consistent with previous research findings that link knowledge sharing and trust with franchisee intention to remain within the chain (Wu, 2015). Parmigiani and Holloway (2011) have also remarked on the relevance of “ordinary” capabilities (Winter, 2003, p. 992) that serve to solve daily business operations and can be deployed across different franchisees (zero-level capabilities, according to Weaven et al. (2021)). In lines with Dant and Schul's (1992) explanations, our findings highlight that information sharing is rich in the problem-solving process of conflict management.

In addition to the importance of internal communication, many of the interviewees have mentioned the role of on-field consultants in the problem-solving process. On-field consultants seem to be relevant stakeholders who seek to provide additional and up-to-date information, explanations, examples, etc. to franchisees. They can aid in finding solutions that satisfy both parties. On-field consultants thus contribute to identifying and managing conflicts. A franchisee owning a supermarket said: “It's communication; it's all the actions of the on-field consultants. I think it's really the solution to conflict issues.” (#FEE17) The founder of a franchise chain in the building/construction sector asserted: “Conflicts arise from a lack of information or difficulties that franchisees may have. To compensate for this, only communication is important. [...] There must be very close coaching [by on-field consultants] behind ... with almost permanent contact with each of the franchisees. At least once a week, each of the franchisees must be in contact with the on-field consultant for him to detect a possible conflict and immediately remedy it before it gets bigger and reaches the point of breach of contract, etc.” (#FOR5) An on-field consultant in the services for companies explained: “By being on the field first, we can possibly prevent 80% of conflicts. Because we're going to meet the franchisees, the role of the on-field consultant is not to systematically send over the information. The job of the on-field consultant is to send up the information [to headquarters]. It is going into the field and bringing up the difficulties and helping the

franchisees with regards to the information exchanged.” (#FOR18) Conflicts may be mostly tacit at this stage. Capabilities to deal with franchisees are then crucial to contain such conflicts at a moderate level. On-field consultants have to be proactive and willing to learn about conflicts, considering that franchisees play different stakeholder roles (Raha & Hajdini, 2020). They are customers who benefit from services, business partners who need assistance and also investors who demand specific conditions in the renewal period.

#### *4.2.2. Persuasion*

Contrary to our expectations, during our interviews, very few respondents implicitly referred to the persuasion process when mentioning the role of on-field consultants. An on-field consultant in homecare services explained: “Conflict resolution comes through the on-field consultant. It is up to him to find the right means of communication, to be able to review everything with the franchisee, to explain why it is better to take this action or that action, or, conversely, not to do that thing. It is really, in fact, the communication between the on-field consultant and the franchisee.” (#FOR11) A head of on-field consultants in the fast-food industry added: “We’re very much about oral notifications, so the on-field consultant will call. We call each other directly and settle in person. If things don’t go well with the on-field consultant, I’ll take over. And if there really is no way out, [we give] a written warning.” (#FOR20) A franchisor in the fitness industry mentioned: “The on-field consultant is first and foremost a mediator whose job is to make sure that everyone moves in the same direction. The role is essential.” (#FOR27) Therefore, on-field consultants are in charge of finding or highlighting a common ground of expectations for franchisors and franchisees to ensure consistency, while still looking for integrative solutions by means of persuasion (Dant & Schul, 1992). Interviewees seemed to place more emphasis on transparency and ethics, in line with Rahim (2002), than on the need to modify their behaviors.

### 4.2.3. *Bargaining*

Several franchisors and franchisees insisted on the importance of franchisors protecting themselves with written notifications sent to franchisees in case of contractual breach. These written notifications can point out differences in franchisors' and franchisees' views of what should or should not be undertaken in the stores, with the expectation that in following the franchisors' directives, both parties will gain even at certain cost (Strutton et al., 1993). For instance, while having to respect some standards, franchisees may perform better and while having to set up such standards, franchisors may maintain more consistency across their stores. An on-field consultant also in charge of chain development in the real estate industry explained: "I generally give them the first warnings by email. Then, one or two days after that, I check to see if the subject has been dealt with and, if it hasn't, I phone and try to see why not. At that point, if you're dealing with the case of someone who's really reluctant, who doesn't want to hear anything, there can be sanctions like cutting their software access." (#FOR4) Another on-field consultant in the homecare services added: "As soon as we have a conflict that arises, whether because a franchisee has not respected his [territory] area or because he has not respected the graphical charter and the brand, directly, systematically, we send a registered letter with acknowledgement of receipt." (#FOR11) A franchisor in the fitness industry asserted: "When you have a franchisee who doesn't pay on time or who doesn't respect strict rules, especially when they are linked to security or to the brand image of the chain, the franchisor must protect himself. So, he does it through letters, just in case." (#FOR27)

As observed during the interviews, most of this formal communication is carried out routinely when a certain level of conflict is achieved, supporting the idea of the development of conflict capabilities by the franchisors who institutionalize the knowledge stemming from the

management of these issues. In line with Rahim (2002), verbatims mentioned above refer to issues regarding routine tasks that are not accomplished; those were reported as one of the main causes of conflict by Giddings et al. (2011). To cope with such issues, other formal but relational processes (Keller et al., 2021), such as sending a registered letter, are then developed. Moreover, when conflicts are explicit and franchisors and franchisees are bargaining, conflicts may extend to other franchisees and/or to other issues previously overlooked (Pondy, 1967; Kang & Jindal, 2018; López-Fernández & López-Bayón, 2018; Weaven et al., 2021). However, Yakimova et al. (2019) have found that coercive procedures that raise a threat of breaking up the franchise agreement may entice franchisees to look for remedial action. An on-field consultant in the services for companies said: “Of course, it’s contagious. When a franchisee is dissatisfied, you shouldn’t put a bandage on it. It’s useless. You have to heal it right away, because in franchising a dissatisfied franchisee can very quickly spread his dissatisfaction. We must not allow discontent to persist, because the most beautiful showcase of a franchisor is his franchisees.” (#FOR18)

Many respondents implicitly mentioned the bargaining process when they explained that, most of the time, conflicts emerge because franchisees want to negotiate better conditions. This is a relevant finding often overlooked in the franchise literature in which franchise contracts are often considered as homogeneous among franchisees and over time (Brickley et al., 2006; Bhattacharyya & Lafontaine, 1995). Nevertheless, as franchise practitioners and experts remark, there is room for franchise contract negotiation in some instances. The director of a franchise chain in the specialized food industry explained: “The divergences may be broad and varied, regardless of the franchisee profile. Divergences may, for example, be tied to the purchasing policy.” (#FOR25) An on-field consultant in the optic industry also noted: “There may be conflicts after about three years, because the store is launched. They say to themselves, ‘Frankly, the store is running. Why do I need them?’ [...] ‘After all, I give

them the money for nothing.’” (#FOR14) The founder of a franchise chain in the building/construction sector added: “Also involved here might be contractual disagreements owing to the fact that market conditions have changed. [...] There’s not really any inherent conflict, but more specifically complaints or grievances may be filed by some franchisees” (#FOR5).

The above assertions reflect that, at this point, franchisors and franchisees do not share the same expectations and try to take advantage of the other through a zero-sum behavior, i.e., one gains at the expense of the other’s loss. For example, franchisees complain because market conditions are non-favorable or because they think that they already know everything about running their businesses. It is difficult to find a common ground for these situations; it seems that franchisees simply look for better conditions, not rich solutions with several options. According to many interviewees, these negotiations are more likely to occur during the franchise contract renewal period. Therefore, information sharing is more cautious. It reflects the development of negotiation capabilities on both sides of the franchise dyad and the non-absolute homogeneity of franchise contracts. Franchisees, as well, become more knowledgeable and become more demanding. A chain development manager in the house furnishing industry explained: “I think that most often [conflicts] happen at the time of contract renewal. Franchisees want to ask for more advantages, since they want to keep growing and believe they are entitled to these advantages. Advantages may be financial or other. However, the franchisor may not necessarily agree with that.” (#FOR8) A franchisee in services for cars and motorcycles added: “When the contract is renewed, it’s the same. We’re trying to defend our own beefsteak, as we say. We try to leave as few feathers as possible. For re-signatures, we try to re-negotiate everything that has to do with royalties, things like that. That’s the goal.” (#FEE2) Certainly, when the time for franchise contract renewal approaches, relational contracting and trust may not be so effective in containing opportunism. Conflicts



may then appear because a long-term perspective for the franchise relationship is no longer guaranteed unless franchisors and franchisees agree to sign a new agreement.

Several people we interviewed also pointed to the specific case of multi-unit franchisees in the bargaining process in conjunction with the power they wield within franchise chains. An on-field consultant in the optic industry explained: “[Multi-unit franchisees] feel as though they have power: ‘I have so much weight in sales’. We had the case of a franchisee who had five or six stores in the same region, and he felt like he was the king of oil. [It was] ‘I’m big, I can do anything, I can afford anything, I can afford to put down the brand.’” (#FOR14)

Another interviewee, chain development manager, in the clothing retailing added: “The only problem with multi-unit franchisees is that, as they have more clout, they can constrain us as they generate a lot of sales for us. If the guy has three or four stores, he starts to carry some weight and he can [figuratively] arm wrestle with us sometimes.” (#FOR15) A head of chain development in the restaurant industry commented: “The more stores a franchisee has, the more important he will be in the franchise chain, and the more important he will be in terms of royalties. So, he will bring more money to the franchisor and have greater influence among franchisees. So, yes, it changes the relationship, but not fundamentally. It remains a franchisee-to-franchisor relationship and vice versa.” (#FOR13) Although multi-unit franchising has advantages, such as reinforcement of franchisor organizational capabilities (Hussain et al., 2018), it may have some drawbacks in terms of franchisors’ reduced bargaining power (Kalnins & Lafontaine, 2004).

#### *4.2.4. Politics*

When it is not possible to solve conflict through one of the previous processes, i.e., problem solving, persuasion or bargaining, there is no other recourse than to bring in third parties, as explicitly explained by a franchisor as follows: “We first try to resolve the problem amicably

and if we see that the franchisee is taking legal action, we let the [legal] department do the work.” (#FOR13, head of chain development in the restaurant industry).

The head of on-field consultants in a fast-food chain indicated the role of sequencing oral and written notifications as follows: “We start with oral notifications, maybe we’re a little too nice... We’re more about oral notification at the beginning and when we see that [the conflict] persists, we’ll start with emails... [In the end], all oral notifications are always followed by an email. It’s very important to have documentation and that we have evidence.... [...] We have learned that we must anticipate any conflict and that we must have a written record of everything. So, we really have to be vigilant about this. [...] So it is, indeed, oral, written, by email, registered mail, formal notice and then expulsion if necessary.” (#FOR20)

This procedure from oral to written notification reflects an iteration that aims to match the conflict management process with the intensity of conflict. Interviewees acknowledge the learning process and the routines franchisors have developed over time with their franchisees. Like other contracting capabilities, these usually remain at chain headquarters (Argyres & Mayer; 2007; Parmigiani & Holloway, 2011) as part of the organizational know-how (Perrigot et al., 2020a). It is then a cross-functional or broad capability that embodies narrower capabilities and different areas of expertise, such as human resources, legal aspects or internal marketing, among others.

According to our interviewees, third parties can refer to “mediators,” such as franchisee associations within given chains or external experts in conflict resolution in the field of business and/or franchising. A head of chain development in the restaurant industry explained: “For example, there is the [Brand] association of franchisees who take on the [role of] mediating. When facing the franchisor, they are accompanied by several lawyers to control the changes and so that the changes are not too excessive and are reasonable.”

(#FOR13) The head of another franchise chain in the restaurant industry added: “The mediator remains at a legal level that is less impactful, even if he is an external third party. He will enable us to find a point of agreement so that we can start again with a logic of development.” (#FOR12)

If franchisors and/or franchisees decide to go to court, the judges can be considered third parties, as well. A director of chain development in services for cars and motorcycles asserted: “Every franchisor today knows their job and has no interest in conflicts arising. [...] We have conflicts with franchisees that can go as far as to the Courts.” (#FOR1) A head of chain development in the restaurant industry explained: “Very often the franchisor will ensure that the conflict ends, either by going to court, because the franchisee refuses to engage in further discussion and no longer accepts the franchisor’s instructions and stops paying royalties. After a while, the situation is frozen and the only way the franchisor will be paid is to take it to a legal level; take legal action and hope that the franchisee will either get back on track, pay his bills and follow the franchisor policy or terminate the contract to stop the damage.” (#FOR13) Even at this point, as long as legal procedures remain win-lose situations where both parties may end up losing money and their reputation, it is common that franchise parties will try to solve the conflicts informally before the legal action is resolved (Wang et al., 2020).

#### ***4.3. Franchisor conflict management capabilities***

Whatever processes are used to manage conflicts, franchisors learn when dealing with them, thus reinforcing their conflict management capabilities. Moreover, those capabilities based on tacit knowledge are sometimes the source of explicit knowledge that is then codified in new clauses in the updated contracts, as observed by Cochet and Garg (2008). For instance, there will be modifications in the franchise contracts after franchisors experience conflicts with

franchisees in order to avoid future conflicts of the same type. As a franchisee in the bakery industry said: “Franchisors, as conflicts continue, will adapt their contracts. That’s for sure.” (#FEE16) A sales chain director in cosmetics explained: “We’ll work on the new contract. We are going to rewrite the franchise contract for the future and therefore have a more complete, more precise or longer contract. It is to avoid new conflicts; to learn from existing conflicts.” (#FOR17) An on-field consultant in the fast-food industry added: “If we have a really big conflict, a very big conflict, we may have to redo the contract.” (#FOR19)

## **5. Discussion**

### ***5.1. Summary of findings***

Our empirical research shows that franchisor and franchisee interviewees are aware of the pervasiveness of conflict in franchising, as in other alliances (Duarte & Davies, 2003; Keller et al., 2021). They are often both responsible for the conflicts. Although some conflicts may result in early correction of inadequate or outdated practices, other conflicts may grow to a dysfunctional level that prejudices the operations and performance of both franchisors and franchisees (Rahim, 2002). Additionally, conflicts may extend to other fields of collaboration, i.e., once trust is missing, franchisees may suspect any action undertaken by the franchisor (Giddings et al., 2011) or conflict may extend to other franchisees who were not initially involved in the conflict.

Conflicts offer the opportunity to develop capabilities that, as the RBV illustrates, can be a source of competitive advantage for franchise chains, particularly in present-day dynamic environments (Teece et al., 1997). Current successive economic downturns make more relevant this ability to deal with conflicts, particularly when they result in a dynamic

capability, the competence to update on time and to match different external environments or contexts.

The interviewees highlight the concept of progression in conflict intensity, as anticipated by Pondy (1967). Different conflict management processes as proposed by March and Simon (1958) and Giddings et al. (2011) are useful in managing conflicts. This iterative process, adding layers of complexity to conflict management from communication to resolution in the courts, may help franchisors develop routines (Maalouf et al., 2020) and conflict management capabilities (Parmigiani & Holloway, 2020). Indeed, as franchisors deal with franchisees who are new or inexperienced, they may develop strategies that address these liabilities and circumvent mistakes franchisees make that stem from inexperience (Panda et al., 2019). Franchisors may develop useful capabilities to avoid or help manage repetitive issues resulting in a positive outcome for both parties by preventing conflictual episodes. This tacit knowledge is sometimes codified and converted into explicit knowledge at a later stage as a clause in the franchise contract. This was mentioned by several interviewees and observed in previous research (Cochet & Garg, 2008). In fact, contracts may be considered to be repositories of knowledge stemming from previous experience, and contract design capabilities may be a source of competitive advantage (Argyres & Mayer, 2007; Gorovaia & Windsperger, 2018), as happens with other capabilities. As noted, some of the franchisor organizational capabilities remain at headquarters, contributing to the competitive advantage of the chain; they are not transferred to franchisees (Parmigiani & Holloway, 2011; Perrigot et al., 2020a). In order to gain useful capabilities, franchisors should consciously learn from conflicts that arise (Rahim, 2002), as recommended in innovation studies that have taken place outside the franchising context (Wohlgemuth et al., 2019; Danneels & Vestal, 2020).

When conflicts gain intensity, contracts become progressively more detailed. Therefore, the role of informal governance that complements formal contracts (Jeon et al., 2016) is diminished. In fact, as observed during interviews, more formal processes, such as bargaining and politics, come into play in the case of serious conflicts between franchisors and franchisees. However, some franchisee management can still be informal and relational such as patterns of behavior that franchisees are expected to conform to. An example would be “positive interpersonal relationships” (Keller et al., 2021, p. 4). For that reason, communication and persuasion, conducted in a trustful environment in the context of relational contracting, do not vanish with the complexity of the contracts. In fact, they still play an important role in franchising despite the contracts’ increasing complexity. In turn, conflict management is acknowledged as promoting trust, cooperative behavior and being positive for brand relationships (Nyadzayo et al., 2011; 2016). Problem solving pursuing integrative solutions is the process more frequently used to manage conflicts. Most franchisees and franchisors point to communication and persuasion as necessary processes for managing conflicts. This finding is consistent with Rahim’s (2002).

Our interviews reveal that other stakeholders, apart from franchisors and franchisees, such as mediators, or even collective actors, such as councils and associations of franchisees, play relevant roles in conflict management. Additionally, considering that franchisees experience different roles as customers, business partners, and investors (Raha & Hajdini, 2020) and thus have various types of interests, this may reduce conflicts.

## ***5.2. Contributions to the literature***

Our research contributes to the franchising literature by building on the stream dealing with conflicts and, more specifically, conflict management processes and franchisor capabilities.

Although franchising is a business model based on knowledge transmission, the development

of capabilities in franchise chains has been mostly neglected in the literature (Weaven et al., 2021; Gillis et al., 2020; Hussain et al., 2018; and Parmigiani & Holloway, 2011 are some exceptions). Knowledge-based studies are still scarce in franchising (Jeon et al., 2016; Paswan & Wittmann, 2009), although it is a governance form that allows some knowledge transfer that is difficult to achieve otherwise. Our study addresses a particular facet of “organizational know-how” that is not transferred to franchisees, due to the complexity of the transmission and the willingness to safeguard the competitive advantage (Perrigot et al., 2020a), i.e., conflict management as a capability and part of organizational know-how. Additionally, we add to the research on strategies franchisors adopt to better deal with conflictual relationships with franchisees, responding to Iddy and Alon (2019) who found, in their thorough bibliographic review on knowledge management in franchising, that this topic was underdeveloped. Iddy and Alon (2019) mention adaptation as a subject that deserves further research and absorptive capacity that, in our context, is related to the ability of franchisors to recognize patterns or lessons from past conflicts, and develop dynamic capabilities. Weaven et al. (2021) also highlighted the importance of matching external threats with dynamic capabilities as can be the case of conflict management capabilities explored here. Our examination of the development of conflict management capabilities may further be transferable to other types of partnerships or alliances.

Our empirical approach is another value of the research. In particular, using a dual approach is still scarce in the franchising literature. Unlike most previous studies (e.g., Croonen, 2010; Perrigot et al., 2017; Weaven & Frazer, 2006 for franchisees-based studies; Doherty, 2009; Kirby & Watson, 1999; Perrigot & Basset, 2018 for franchisor-based studies), our research comprises both franchisors’ (and/or headquarter staff) and franchisees’ perspectives. This is a way to better assess conflict management processes in link with franchisor capabilities.

### ***5.3. Contributions to the practice***

Our research findings contribute to the practice. Franchisors may consider analyzing current and past conflict episodes with the purpose of developing conflict management capabilities. As shown in our empirical research, those capabilities may be on a healthy level and can serve as a stimulus to innovate and/or to correct inadequate practices that, in turn, may lead to higher performance for both franchisors and franchisees. However, conscious consideration of the issues has to be purposive to result in a capability. Businesses facing current uncertain and turbulent environments may find that the ability to nurture these dynamic capabilities that match different circumstances contribute more to a sustainable competitive advantage (Teece et al., 1997; Grant & Jordan, 2015; Weaven et al., 2021).

Such efforts to learn from conflicts may be highly rewarding because the broader the knowledge comprised within a capability (first-level capability as mentioned by Weaven et al., 2021 based on Collis, 1994 and Winter, 2003), the more protected against imitation (Grant, 1996). Additionally, the complexity of the capabilities makes them more difficult to imitate and, therefore, the higher the contribution of the capability to a sustainable competitive advantage, particularly because this set of capabilities related to conflict management is not transferred to franchisees. Additionally, conflict management has been acknowledged as enhancing cooperative behavior and desirable reciprocation (Nyadzayo et al., 2011).

Finally, our findings point to the key role on-field consultants play in conflict management, above all in the problem-solving process. They have to be carefully recruited and trained to the specificities of the given chains. In addition to mastering the concept, the products and the services, they have to possess soft skills that will help them to better identify and manage potential conflicts with franchisees.



#### ***5.4. Limitations and tracks for future research***

This paper has some limitations that constitute tracks for future research. One limitation deals with the qualitative approach. Our findings, even though they are based on a series of 44 in-depth interviews with franchisors and/or franchisor staff (27) and franchisees (17), cannot be generalized. Future research could use a quantitative approach with a questionnaire-based survey on franchisors to measure conflict management processes used in their franchise chains and explain their link with franchise chain characteristics (e.g., chain age, chain size, percentage of company-owned units), franchisor capabilities (e.g., to keep conflict at a non-affective level or to contain conflicts at an intensity where they can be solved amicably) and franchisee profiles (e.g., tenure within the chain, multi-unit/single unit, age, gender). The perception of franchisees, through a questionnaire-based survey as well, of the processes used by their franchisors to manage conflicts could also be relevant. Moreover, we only focused on the French market. A multi-country study could be relevant for observing if franchisors use the same processes to solve their conflicts with their franchisees, whatever the countries, or if cultural aspects impact these conflict management processes. The case of international franchisors solving conflicts with their franchisees in their various markets could be of particular interest as well.

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| <b>Interviewee #</b> | <b>Interviewee job title</b>                            | <b>Interviewee gender</b> | <b>Interviewee age or age category</b> | <b>Interview duration (in mns)</b> | <b>Interview type</b> | <b>Chain #</b> | <b>Industry</b>                   |
|----------------------|---|---------------------------|--|------------------------------------|-----------------------|----------------|-----------------------------------|
| #FOR1                | Director of chain development                           | male                      | 45                                     | 65                                 | phone                 | Chain A        | Services for cars and motorcycles |
| #FOR2                | On-field consultant also in charge of chain development | male                      | 30                                     | 81                                 | phone                 | Chain B        | Services for cars and motorcycles |
| #FOR3                | Chain development manager                               | male                      | 35-45                                  | 14                                 | phone                 | Chain C        | Real estate                       |
| #FOR4                | On-field consultant also in charge of chain development | female                    | 30-40                                  | 56                                 | phone                 | Chain D        | Real estate                       |
| #FOR5                | Founder of a franchise chain                            | male                      | 40                                     | 40                                 | phone                 | Chain E        | Building/construction             |
| #FOR6                | Chain development manager                               | female                    | 40-45                                  | 27                                 | phone                 | Chain F        | Real estate                       |
| #FOR7                | Head of Administration                                  | male                      | 40                                     | 80                                 | face to face          | Chain G        | Kitchen industry                  |
| #FOR8                | Chain development manager                               | male                      | 25                                     | 61                                 | phone                 | Chain H        | House furnishings                 |
| #FOR9                | Sales chain director                                    | male                      | 40                                     | 20                                 | phone                 | Chain I        | Kitchen industry                  |
| #FOR10               | Head of chain development                               | male                      | 28                                     | 85                                 | face to face          | Chain J        | Homecare services                 |
| #FOR11               | On-field consultant                                     | female                    | 23                                     | 58                                 | phone                 | Chain K        | Homecare services                 |

|        |   |        |       |     |              |         |                        |
|--------|---|--------|-------|-----|--------------|---------|------------------------|
| #FOR12 | Head of franchise chain                       | male   | 40-50 | 77  | phone        | Chain L | Restaurants            |
| #FOR13 | Head of chain development                     | male   | 35-40 | 98  | phone        | Chain M | Restaurants            |
| #FOR14 | On-field consultant                           | male   | 40    | 100 | phone        | Chain N | Optic industry         |
| #FOR15 | Chain development manager                     | female | 24    | 73  | face to face | Chain O | Clothing retail        |
| #FOR16 | On-field consultant                           | male   | 40-45 | 74  | face to face | Chain O | Clothing retail        |
| #FOR17 | Sales chain director                          | female | 35    | 40  | face to face | Chain P | Cosmetics              |
| #FOR18 | On-field consultant                           | male   | 25-30 | 80  | phone        | Chain Q | Services for companies |
| #FOR19 | On-field consultant                           | female | 26    | 57  | face to face | Chain R | Fast food              |
| #FOR20 | Head of on-field consultants                  | male   | 30    | 40  | phone        | Chain S | Fast food              |
| #FOR21 | President                                     | male   | 45    | 40  | face to face | Chain T | Fast food              |
| #FOR22 | Marketing, communication, development manager | female | 35    | 40  | face to face | Chain U | Fast food              |
| #FOR23 | Master franchisee                             | male   | 50    | 35  | face to face | Chain V | fast food              |
| #FOR24 | On-field consultant                           | male   | 24    | 48  | face to face | Chain W | specialized food       |
| #FOR25 | Director of franchise chain                   | male   | 40    | 42  | phone        | Chain X | specialized food       |
| #FOR26 | On-field consultant                           | male   | 26    | 82  | face to face | Chain Y | specialized food       |
| #FOR27 | Franchisor                                    | male   | 45    | 48  | phone        | Chain Z | fitness centers        |

**Table 1: Franchisor interviewees**

| Interviewee # | Interviewee type (single-unit, multi-unit, multi-brand) | Interviewee gender | Interviewee age or age category | Interview duration (in mns) | Interview type | Chain #  | Industry                          |
|---------------|---|--------------------|---------------------------------|-----------------------------|----------------|----------|-----------------------------------|
| #FEE1         | Franchisee  | male               | 50-55                           | 35                          | phone          | Chain AA | Services for cars and motorcycles |
| #FEE2         | Franchisee  | male               | 29                              | 38                          | phone          | Chain AB | Services for cars and motorcycles |
| #FEE3         | Franchisee  | male               | 35                              | 59                          | face to face   | Chain AC | House furnishings                 |
| #FEE4         | Franchisee  | male               | 55                              | 52                          | face to face   | Chain AD | Stationery                        |
| #FEE5         | Franchisee  | male               | 48                              | 39                          | phone          | Chain AE | Travel agencies                   |
| #FEE6         | Multi-unit franchisee                                   | couple             | 40-45                           | 37                          | phone          | Chain AF | Sport centers                     |
| #FEE7         | Franchisee  | male               | 50                              | 84                          | face to face   | Chain AG | Homecare services                 |
| #FEE8         | Franchisee  | female             | 40                              | 31                          | face to face   | Chain AH | Homecare services                 |
| #FEE9         | Franchisee  | male               | 45                              | 50                          | phone          | Chain AI | Homecare services                 |
| #FEE10        | Franchisee  | male               | 50                              | 23                          | face to face   | Chain AJ | Restaurants                       |
| #FEE11        | Franchisee  | male               | 45                              | 40                          | face to face   | Chain AK | Optic industry                    |
| #FEE12        | Multi-brand franchisee                                  | male               | 35                              | 77                          | phone          | Chain AL | Fitness centers                   |
| #FEE13        | Franchisee  | male               | 35                              | 30                          | phone          | Chain AM | Services for companies            |
| #FEE14        | Franchisee  | female             | 55                              | 22                          | phone          | Chain V  | Fast food                         |
| #FEE15        | Franchisee  | female             | 45-50                           | 80                          | face to face   | Chain AN | Specialized food                  |
| #FEE16        | Franchisee  | male               | 35-40                           | 64                          | face to face   | Chain AO | Bakeries                          |
| #FEE17        | Franchisee  | male               | 46                              | 63                          | face to face   | Chain AP | Supermarkets                      |

**Table 2: Franchisee interviewees**