The Effect of Information and Communications Technology (ICT) on Franchisee to Franchisor Relationships

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Abstract

Throughout the franchise industry, franchisors are increasingly introducing information and communications (ICT) technology into their franchise networks in attempts to save costs and increase efficiency, and are subsequently replacing their franchise support managers and pre-existing, socially-rooted franchisor-to-franchisee relationships with computers.

Because large and complex ICT franchise support and reporting systems are costly, it is vital for franchisors to be able call upon sound empirical research, of which there is currently a paucity, to assist them in judging whether such expensive technology-driven ICT strategies are likely to be worth the cost and effort, and indeed if they are, how to subsequently prepare for and handle any resulting changes in their relationships with their networks of franchisees. Even though there is rapidly escalating use of ICT systems in franchising worldwide, very little has been written about the way that such technological deployment within the industry has modified or affected the franchisee to franchisor relationship and network profitability. Therefore, this work seeks to make a contribution in this area.

Multiple sources of data were collected (interview, observation and Intranet materials). Semi-structured interviews were held with the CEO's of two United Kingdom franchise systems, and with twenty-eight franchisees from one of these systems. The interviews were tape-recorded. Intranet materials made available by the case companies included franchise agreements, operations manuals, various Intranet resource files and other online management information. Visits to the Head Offices of both franchise systems provided the opportunity for direct observations and an understanding of the operating norms of the businesses. The initial interviews were transcribed and coded using Grounded Theory procedures, and then multiple follow-up interviews with fifteen of the franchisees were completed over a twelve-month period enabling the developing process of focused coding, conceptual categories and theoretical sampling to be carried out, which resulted in a Theory of Franchise Remote Control being revealed. The content of the resultant theory was then viewed through the context of extant franchising, relationship marketing and B2B literature.

The results of this empirical grounded theory study, unusually carried out from the franchisee perspective, shows that franchisors must crucially recognise that virtual support delivered through an ICT system via online methods such as electronic updates, knowledge bases and email, plus a change in strategy to one of offering reactive rather than pro-active assistance, does not

automatically result in successful technological implementation, however expensive or competent the ICT system is.

Through the development of a complex Theory of Franchise Remote Control, this thesis reveals that for every time and cost-saving technological advance deployed through the ICT for their own benefit and ease, franchisors must advance a balancing social benefit for their franchisees. Equally importantly, franchisors embarking upon ICT introduction must understand that franchisees will accept newness and change only if they continue to feel valued. Valuing cannot be demonstrated through electronic means alone. It must be operationalised though the mechanisms of social bonding and the recognition of success.

Acknowledgements

I would like to thank my supervisor, Professor Philip Hardwick for his professionalism, understanding and invaluable guidance throughout this research, and to Professor Chris Brady, who provided the opportunity and encouragement for me to engage in the work.

I am deeply indebted to all the people who participated in this study and gave their valuable time and contribution.

I would also like to express my sincere gratitude to my wife Amanda for putting up with me talking about nothing much else for about three years!

Declaration

I confirm that this thesis is my own work, and that all published or other sources of material consulted have been acknowledged in notes to the text or the bibliography. I confirm that the thesis has not been submitted for a comparable academic award.

Clive Brooks

Chapter One – Introduction

In the last ten years, and through the gradual introduction of franchisors' Information and Communications Technology (ICT)[1] systems for communicating across their Internet and Intranet [2] networks, franchisee to franchisor relationships have altered. The traditional and time-worn paper, pen, mail and phone methods of reporting information upstream and downstream to stakeholders are now becoming increasingly redundant. In addition, telephone communications and support visits by franchise managers to franchisees are being supplemented and, in some cases completely replaced by, emails, online knowledge bases and lateral (franchisee to franchisee) electronic forums, with mixed results. Franchisors, in return for what is often significant financial investment in technology, expect channel convenience and communication, both upwards and downwards, to be enhanced, and with it, profitability.

Because large and complex ICT franchise support and reporting systems are costly, it is vital for franchisors to be able to call upon sound empirical research, of which there is currently a paucity, to assist them in judging whether an expensive technology-driven ICT strategy is likely to be worth the cost and effort, and indeed if it is, how to subsequently prepare for and handle any resulting changes in their relationships with their networks of franchisees. Even though there is rapidly escalating use of ICT systems in franchising worldwide, very little has been written about the way that such technological deployment within the industry has modified or affected the franchisee to franchisor relationship and network profitability. Therefore, this work seeks to make a contribution in this area.

The empirical part of this work consists of two UK franchise systems with data from over thirty franchisees. Both systems have recently deployed ICT technology, and both trade in the performing arts sector. Despite their growth in popularity within the franchise sector, there is very little research into performing arts franchise networks. The case studies discuss what responses franchisees

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1 **Information and communication technologies** (**ICT**) is an umbrella term that covers all technical means for processing and communicating information. While this technically encompasses pre-digital technologies, including paper-based writing, it is most often used to describe digital technologies including methods for communication (communication protocols transmission techniques, communications equipment, media (communication)) as well as techniques for storing and processing information (computing, data storage, etc.) The term has gained popularity partially due to the convergence of information technology (IT) and telecom technology. (SOURCE: http://en.wikipedia.org/wiki/Information_and_communication_technologies).

2 An **Intranet** is a private, corporate server-based software system with a web browser interface that is password-protected. Franchisees are provided with individual log-in information to access and update their own personal segments of the network from any Internet-connected computer. The complete network, together with additional global management analysis systems, is available to the franchisor through their master administrative access log-in.

adopted in reaction to the forced introduction of ICT into their networks.

Franchise research is overwhelmingly quantitative-based, and qualitative research, whilst seen as valuable, has been almost non-existent (Elango and Fried 1997). I believe that the quantitative approach, whilst valuable, can sometimes encounter difficulties in getting “under the skin” of the way that interactions between the principal social actors in the industry operate, especially in fundamental and underpinning franchisee to franchisor relationships. There are a myriad of complex cultural reasons for the way that franchisees interact with new ICT, many of which may not be permitted to clearly and naturally emerge using logico-deductive quantitative techniques.

Because of these concerns, the research methodology selected for this work is a qualitative-based contemporary version of Grounded Theory (GT) first initiated by Barney Glaser and Anselm Strauss (Glaser and Strauss 1967). Whilst the classic method uses multiple case studies, with meanings emerging from the data being studied rather than conceptualised a priori, a more recent constructivist iteration is used in the present work (2006). This constructivist version recognises that the researcher cannot help but play an active role in the process. It has been selected because it allows for my personal experience of the franchise industry to become integrated into the research process as opposed to being completely suppressed, and thus provides potential for additional insight and depth.

1.1 Aim and Objectives of the Research

Franchisors believe that ICT systems can make the complex reporting, support and communication systems across their networks of franchisees less costly, faster and more efficient. The aim of this thesis is to explore and analyse franchisee response to the introduction of Head Office franchisor information technology in two franchise systems from the creative industries (a theatre arts franchise network and music schools franchise network) and seek to identify factors that franchisors should consider when planning and deploying such a system across their own franchise networks.

The objectives are

a) To collect data from two sets of franchisees and franchisors by means of interviews.

b) To analyze the data using grounded theory techniques.

c) To develop a substantive theory of franchise remote control

d) To compare the results to the extant literature and draw conclusions for franchisors and future researchers.

The theatre arts franchise is a leading provider of part-time stage training for young people. Each school has three hours of classes per week, which are split up into three, one-hour classes of jazz/modern dance, drama and singing. The network started in 1988 with three schools in Surrey. It has been growing in strength with more and more schools opening through franchises, not only in the UK where there are now over 650 schools with more than 37,000 students, but also in Germany, Ireland, Malta, Spain and further afield in the United States, Canada and Australia. In this thesis, it is hereinafter designated as Franchisor A.

The smaller music schools network commenced in 1981 and first started franchising in 2002. Each outlet provides music tuition and performance opportunities in guitar, bass, drums, keyboards and vocals. The business is widely held as the leading provider of part-time pop music education for young people. Schools continue to open throughout the UK and Southern Ireland, where there are currently approximately 80 outlets and over 1000 students each week. In this thesis, it is hereinafter designated as Franchisor B.

The names of the social actors involved in this thesis have all been changed to protect participant confidentiality.

Even though there is rapidly escalating use of ICT systems in franchising worldwide, very little has been written about the way that such technological deployment within the industry has modified or affected the franchisee to franchisor relationship. Therefore, this work seeks to make a contribution in this area.

The methodology is that of grounded theory (Glaser and Strauss 1967) using multiple case studies, with meanings emerging from the data being studied rather than conceptualised *a priori* by the author.

Rajiv Dant in his brief but thought-provoking “Futuristic Research Agenda for the Field of Franchising” (2008, pp91-98) recommends that franchise scholars should seek to think phenomenologically and critically about how adaptable existing theories are when applied to franchising, before they are simply internalised and used. In the spirit of this, the present work takes, as its data collection basis, a fine-grained approach through the application of the Grounded Theory methodology (Glaser 1978; Glaser and Strauss 1967).

The aim throughout this study has been to suspend judgment and create conditions for analysing how the franchisee to franchisor relationship is experienced by the franchisees themselves. Suspension of what we ordinarily may take for granted or be tempted to fit an existing theory to, is thus the standard applied through in-depth qualitative data collection.

The qualitative Grounded Theory method provides an efficient instrument for this form of approach because throughout the process, the subject is encouraged to speak freely and widely, and the researcher is explicitly required to actively suspend his or her temptation to enforce pre-existing theories, attitudes or beliefs on the social actor. This enables the interviewee's primordial experience of the franchise relationship, driven by their feelings, ideas and perceptions, to rise to the surface. In short, to really let the data speak for itself and function as genuine perspectives for coding and analysis.

1.2 Usefulness and Significance of the Research

The work aims to provide researchers and franchisors with a better understanding of the complexities surrounding the personal and emotional responses of franchisees to fundamental changes in the characteristics of their franchise system, and identify and account for any classifiable characteristics or recurring patterns of behaviour that modify the way that franchisees perceive their subsequent ongoing compatibility with their franchisor.

1.3 Information and Communication Technology in Franchise Networks

In the last ten years and through the gradual introduction of franchisors' ICT systems for communicating across their Internet and Intranet networks, franchisee to franchisor relationships have altered.[3]

Franchisors, in return for what is often significant financial investment in technology, expect channel convenience and communication, both upwards and downwards, to be enhanced, and with it, profitability. Suitably technologically-equipped franchisors can now enjoy the luxury of viewing

[3] For evidence from the practitioner literature, see the franchise technology timeline section.

the financial and operational performance of their networks from their office screens at the touch of a few buttons, while governing franchise agreements have additional clauses inserted to ensure that franchisees update their online data regularly and accurately to facilitate this new state of affairs. The two franchise networks in this study have embraced emerging technology, especially as it seems to provide obvious and very clear cost reduction advantages (Dickey and Ives 2000, pp 99-114) moreover offers the potential for rapid expansion of networks with lower support staff overheads.

This is all seems well and good, but what needs to be further understood is how the deployment of ICT has the potential to affect the long-term relationship which exists between franchisors and their franchisees. There is indeed significant potential in the use of technology, but there are also equally significant potential pitfalls, many of which are not obvious or apparent at the outset, and revolve, not around the production, programming and deployment of the support systems, all of which are becoming increasingly straightforward and well-supported by many specialist companies, but rather centre on the psychological effects on franchisees. It is clearly tempting for franchisors to replace existing social bonds (Perry et al. 2002, pp 75-88) with purely technical ones, but what happens when this occurs and, more importantly, why?

Despite their growth in popularity within the franchise sector, there is very little research into performing arts franchise networks. The case studies discuss what responses franchisees in these systems adopted in reaction to the introduction of ICT.

Some early foundational studies on the effects of technology in the North American hospitality franchise industry have been carried out (Dickey 2003, pp 111-132; Dickey 2001; Dickey and Ives 2000, pp 99-114) and these useful starting points address some formative issues such as franchisee compliance and the distribution of power between the principal actors, but more now needs to be done, and this study seeks to make a contribution to the emerging new academic debate.

The contention here is that the new phenomenon of technologically-driven franchisee-franchisor relationships and network management can only really be explained satisfactorily by adopting a wide and multifaceted empirical research approach that proceeds from a longitudinal qualitative basis, and which draws from a variety of data-induced theoretical perspectives. The grounded theory methodology employed for this study, which is discussed in depth presently, has been chosen to facilitate this.

The rapidly changing technological franchise landscape is a complex one to understand, and this is further compounded by the difference in commercial outlook between franchisors and their franchisees, which creates the potential for tension (Parsa 1996, pp 42-49). Indeed it is contended that franchisors and franchisees may even have fundamentally different agendas (Dickey and Ives 2000, p 101) due to the financial arrangements underpinning the relationship. Franchisors, Dickey and Ives point out, because they simply generate their income from a percentage of sales turnover, are primarily interested in growing that turnover above all else, while franchisees, on the other hand, tend to measure their profitability and success based on the difference between their costs and their sales.

Large and complex ICT franchise support and reporting systems are costly, and it is therefore becoming increasingly important for franchisors to be able call upon sound empirical research to assist them in judging whether an expensive technology-driven communications and management strategy is likely to be worth the cost and effort, and indeed if it is, how to subsequently prepare for and handle any resulting changes in their relationships with their networks of franchisees.

1.4 Structure of the Thesis

The thesis is presented in eight parts, together with supporting appendices and a bibliography.

Chapter two discusses the nature of the business format franchise business model, then goes on to explain the reasons why businesspeople decide to use it. The two key supporting academic theories from the literature are also introduced. A timeline charting the way that technology has been introduced into the industry, together with a summary of franchising in the UK follows to offer suitable context for the current research. Finally the concept of the franchise lifecycle and the basis of the franchisee to franchisor relationship is presented.

Chapter three provides information and context regarding the methodology chosen for this work. It commences with my reasons for selecting grounded theory, and then introduces it in outline. Next, a grounded theory timeline is presented so that the reader can understand the development and divergence in this methodology since its introduction in 1967. The section concludes with a discussion of the research strategy and design, the units of analysis employed and the data collection methods. Finally some thoughts on the limitations of the research are provided.

Chapter four is concerned with explaining how the field data has been managed. The first section discusses the problems that can occur when the researcher is an insider, and goes on to outline how, through the technique of bracketing, my own beliefs and expected outcomes have not been allowed to influence the data. A section specifying my bracketed beliefs regarding the positive and negative outcomes following the introduction of ICT into franchise networks is also provided, and this is followed by the results of a detailed qualitative interview with Franchisor A CEO from this study, where the benefits that he expected from ICT introduction into his franchise network are provided to offer a control benchmark which the results of the field data collection from his franchisees (presented within chapter six) can be set against. Finally, there is a discussion of six possible methods of ICT adoption from the academic literature to provide an understanding of the options that franchisors in this study could have chosen as they introduced technology into their networks.

Chapter five is concerned with explaining how the field data collection proceeded, how the systematic grounded theory methodology enabled the resultant theory to be generated, and the degree of authenticity which underpins the research work. I document various stages of the generative process, and show the considerable volume of data generated together with snapshots of the transcribing, coding, comparing and memo writing that comprise the methodology.

In chapter six I move on to reveal a theoretical explanation of how franchisors action their main concern of remotely controlling their franchisees. This chapter explains the process of *Franchise Remote Control,* and outlines the various grounded theory processes that I worked through which gradually enabled the theory to emerge from the raw data.

Chapter seven is concerned with comparing the data to extant literature. It begins by outlining my strategy for the review of the literature and then the comparison subsequently proceeds with reference to the substantive area of franchise remote control, and how the material for comparison was chosen using perceived relevance. A comparison with the relationship marketing literature and agency theory is then undertaken, and I conclude with a discussion of the comparisons made.

Chapter eight presents the main lessons which have been learned from the research, and uses them as the basis for the development of guidelines for franchisors and future researchers into franchising. Some opportunities for further research work which have emerged as a result of this study are described, together with tentative proposals for the form that such further work could take.

The thesis is concluded by providing the reader with a comprehensive bibliography, listing of all published work cited within this research.

Conclusions

This chapter has shown that significant technological change has occurred over the last decade in the franchise industry, and highlighted the fact that very little qualitative research has taken place to focus on the resulting effects on the foundational relationship between franchisors and their franchisees. Using a grounded theory model as its basis within the hitherto academically overlooked performing arts franchise sector, this chapter has outlined the importance of reliable and sound research into the franchise industry which, in addition to being of interest to subsequent researchers, may be found especially useful for franchisors considering technology, because the cost of developing and deploying and ICT properly and professionally across a major franchise network can currently run into hundreds of thousands of pounds.

I feel that, to get the best from this work, readers will benefit from an overview of the way that franchising is structured, and also how it has been researched in the past, and so therefore, this forms the basis of the next chapter.

Chapter Two – Background to Franchising & Literature Review

Introduction

Chapter two discusses the nature of the business format franchise model, then proceeds to explain the reasons why businesspeople decide to use the franchise model. The two key supporting academic theories from the literature are also introduced. As I explain in chapter three when discussing methodology, an all-encompassing early literature review was deliberately avoided, as this is discouraged in the grounded theory methodology because it can taint the data collection phase:

"The intended purpose of delaying the literature review is to avoid importing preconceived ideas and imposing them on your work. Delaying the review encourages you to articulate ***your*** *ideas." (Charmaz 2006, p165).*

Further appropriate academic literature is integrated with the emerging theory in chapter seven, where the objective is to compare the emergent substantive theory with extant bodies of literature and suggest answers for how and why what is happening fits into the wider picture. The positioning of this integration was actioned so that the developing emergent theory remained as uninfluenced by prior findings as possible.

A timeline charting the way that technology has been introduced into the industry, together with a summary of franchising in the UK follows, to provide suitable context for the current research. Finally the concept of the franchise lifecycle and the basis of the franchisee to franchisor relationship is presented.

2.1 The Business Format Franchise Model

The word 'franchising' can describe a variety of different business relationships, however, the most widespread use of the term is in relation to the business format franchise model. Business format franchising occurs when a business owner (known as the franchisor) grants licenses to multiple entrepreneurs (known as franchisees). Each of these individual licenses entitle a franchisee to trade under the trade mark/trade name of the franchisor, normally within a defined and exclusive geographic location known as a "territory," and to make use of a tried and tested, easily replicable business system, or “format”. This business format will include all the elements necessary to support, develop and establish each new franchisee (who potentially may have no previous experience in the industry) and, with the benefit of ongoing assistance from the franchisor, enable them to operate successfully. The franchise relationship is governed by a legally binding franchise agreement, together with an operations manual.

From a franchisor perspective, there are advantages to the business format franchise arrangement. Although each business outlet is owned and operated by the franchisee, the franchisor still retains overall control over the way in which products and services are promoted and sold. The franchise agreement which governs the relationship includes clauses to this effect, and the document also ensures that the franchisor is able to control the quality and standards of the business, and thus act as the guardian of the developing brand.

The franchisor will normally charge an initial fee to the new franchisee, payable at the outset and, in addition, will levy an ongoing royalty or management service fee (MSF) as it is often known. This fee, which is most commonly paid monthly or quarterly in arrears, will normally be calculated based on a percentage of the sales turnover. In return for the MSF, the franchisor has a continuing obligation to support the franchise network with ongoing training, product development, promotional support and with a specialist range of business management services, many of which are increasingly being deployed electronically though private Intranet ICT systems. It is the strategies and consequences of this technology into franchise networks that this research seeks to explore.

2.2 Reasons for Franchising

It is a widely held view that research into the rationale for franchising research began proper in 1968. From the early studies, there have emerged two theories that have informed much subsequent research. These are the the agency theory; (Brickley et al. 1991, pp27-35; Carney and Gedajlovic 1991, pp607-629; Lafontaine 1992, pp263-283; Rubin 1978, p223; Seshadri 2002, pp355-369) and the resource scarcity theory (Oxenfeldt and Kelly 1968, pp69-83) which has often been revisited since; (Combs and Ketchen 1999, pp 196-207; Lillis et al. 1976, pp77-80; Norton 1988, pp197-218).

2.3 The Agency Theory

A considerable flow of research with important implications for business economics has been encouraged by the work of R.H. Coase's Theory of the Firm (1937) and subsequently broadened and extended by Alchian and Demsetz (1972) (1983) and Fama and Jensen (1983) amongst others. A survey of important early literature is provided by Furubotn and Pejovich (1972)

An agency relationship is present whenever one party (the principal) depends on another party (the agent) to undertake some action on the principal's behalf (Bergen et al. 1992, p1). Bergen et al. (1992, p2) highlight the fact that most agency models define efficiency from the principal's point of view. By focusing the data collection and empirical analysis on the franchisee in this work, this is something that the present research seeks to redress.

In the agency theory, it is held that managers (agents) within a traditional multisite firm will not perform as well as they could or should do, due to their salaries being fixed, and also because direct monitoring of their performance is often difficult and expensive for the owners of the firm. Furthermore, managers in company-owned units do not bear the full costs or receive the full benefits of their actions because there is only a weak link between their compensation and the performance of their outlets (Kehoe 1996, p1485) and it is therefore contended that they may consequently shirk their responsibilities (Alchian and Demsetz 1972).

Within a franchise model, the manager becomes a franchisee and the contract between the owner (the franchisor) and the franchisee (or agent) is constructed with the intention that both parties should be able to benefit without capped financial limits. Because the franchisee agent bears most of the costs of the business, and because they are compensated financially from the generated income from their outlets, the interests of both parties is considered to be better aligned with one another to provide a platform to encourage growth. However, all is not as simplistic as it first appears. Problems still do arise in agency relationships, and these are often due to differences in risk preferences between the principal and agent in the dyad. Such risk preference is often expressed as the degree of an individual's preference for risk or adventure;

"A risk-averse individual prefers security and therefore seeks some guarantee of the attainment of desirable outcomes or insurance against the occurrence of undesirable outcomes. A risk-neutral individual is indifferent to adventure or security." (Bergen et al. 1992, p4).

Bergen et al. identify two types of overarching problems facing principals when they intend to enter into an agency relationship. The first they classify as *pre-contractual*, and revolves around identifying whether the agent has the specific characteristics which the principal is looking for, and what methods should be employed to try to find out. The second they classify as *post-contractual*, which revolves around the ways in which the principal can evaluate and reward the agent's performance so that they will be well-motivated, and thus be most likely to behave in ways that are consistent with the principal's business goals. It is this post-contractual element that is of most interest in the present work, for reasons which I outline next.

Within franchising, although various application forms are issued, interviews take place and on occasions, opportunities for a potential franchisee to work within a company-owned outlets is carried out so that the franchisor may be permitted to know as much as possible about the franchisee before committing to a long-term contract with them, their knowledge of how that franchisee will subsequently act within their own outlet is still imperfect and incomplete. In contrast, the franchisee will come to possess lots of information that the franchisor would like to obtain. For example, although a franchisor may know, through supplied reports, how many customers a franchisee has signed up during a given trading period, that franchisee has additional information about how much effort he put into getting those customers, how many potential customers he spoke to that did not sign up, and what additional things he could have done to achieve more. This situation is known as "information asymmetry," and occurs where one person has information that the other desires but does not have. This characterises most agency relationships (Bergen et al. 1992, p3) where the problem of self-interest often makes the franchisee reluctant to share information with the franchisee, or perhaps is motivated to send false or misleading information. Sometimes these problems are termed "moral hazard," or "hidden action." These potential issues are further confounded by franchisees identifying the potential to "free-ride" on the franchisor's reputation and trademark and let the actual delivered product or service quality slip, which is, of course, extremely damaging to the wider brand image and to other franchisees within the network.

Collecting information about the franchisee's behaviour has, until recently, been very difficult and costly, and the present work is concerned with the ways in which franchisors are taking steps, through the use of more invasive monitoring technology, to reduce the moral hazards and information asymmetries inherent within the agency theory. Research concludes that unless a company is able to monitor the behaviour of local managers effectively, the increase in margin gained by direct ownership is not sufficient to offset the greater efficiency of franchisees (Brickley 1987).

2.4 The Resource Scarcity Theory

The resource scarcity model revolves around a form of the life-cycle idea, and contends that when a new company does not possess enough capital to expand into a multisite operation, it uses the franchise model, relying on the franchisees to supply the source of capital needed for developing, promoting and growing new outlets. The theory suggests that a cycle is completed with the franchisor then buying back successful outlets (Oxenfeldt and Kelly 1968, pp69-83). However, the theory has been criticized (Rubin 1978). Rubin, an economist, put forward the suggestion that, as most networks have a combination of company-owned and franchised outlets, the franchisor could actually obtain cheaper capital by offering shares of all the company outlets to existing store managers (Kehoe 1996, p1485).

The usefulness of the resource scarcity model has been questioned, and Combs and Ketchen (1999) outline the debate on the question of its ongoing validity by stating that

"When a firm needs funds, it is more efficient to obtain capital from passive investors such as lenders and stockholders who, by investing in an entire chain, diversify their risk among the outlets." (p196).

Franchisees, of course, are unable to diversify their risk in this way, and will consequently be expecting a greater return on their capital investment than passive investors. Combs and Ketchen also contend that there is also a second reason that the capital scarcity model is now largely avoided as a hypothesis, and it is simply that the agency theory, which I previously discussed, is considered

"So robust, that capital scarcity with all its perceived weaknesses, need not be evoked." (p196).

Notwithstanding this rather cut and dried debate, Combs and Ketchen's research also offers up some credible reasoning why franchisee capital could still be potentially be less expensive than capital from debt and equity markets. They contend that this is because, with the latter, there is the "adverse selection" problem that confronts lenders in capital markets, which they explain as being the situation that occurs when an investor doesn't have enough "cues" to evaluate the possible range of investment alternatives on offer, largely because they are forced to act on publicly available information only, which means that they cannot accurately match the price of their capital to firm's *actual* risk levels, and therefore have to resort to using more general averages based on the type of firm being invested in, all of which tend to make the cost of capital higher. Against this scenario, Combs and Ketchen suggest that franchising could become the lower cost investment choice after all. They give two reasons for this assumption. First, they maintain that franchisees are in direct control of their own investment and in effect can directly govern it, albeit within the confines of the franchise agreement. Second they point out that, unlike passive investors, franchisees possess their own private information about their abilities to manage the business from the inside and, armed with this knowledge and the hands-on nature of the investment, may be willing to offer firms capital access at lower cost.

I contend that there are also difficulties with the general assumption within the theory that holds that, as franchisors grow and have more capital of their own, they will always desire to buy back outlets they have previously sold. Within the UK franchising industry over the last ten years, I have not encountered a franchisor who wishes to strategically buy back outlets that have been previously sold specifically as a way to develop and build their business. In my experience, buybacks typically only occur if a) A franchisor recognises that they have demised too large a territory for a specific franchisee, and wishes to address the problem by reclaiming some back for a fee, simply to sell it again, or b) If a franchisor has sold individual franchise territories internationally that he or she subsequently realises can only be properly managed by employing a master franchise concept,[4] and c) If, through bad management, an outlet is performing badly and the franchisor recognises that it still has operating potential and desires to buy it back at a very low cost to sell it on to a better franchisee.[5]

My observations appear to be supported in the literature. Lafontaine (1992) also believes that the resource scarcity's theory's "buy back-to-grow" idea is not the prevailing norm that it was originally believed in the franchise industry, and writes that:

"First, the notion that franchisors use franchising only when they do not have access to capital on their own implies that they should reduce their reliance on franchising as they mature and gain access to capital. Hence, we should observe a trend toward more company operation, yet such a trend has not been established empirically. Second, it is not unusual for franchisors to provide financing to their franchisees... these franchisors surely do not use franchising as a source of capital," (Lafontaine 1992, p267).

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[4] A master franchise situation occurs when a franchisor recruits a master franchisee to oversee a large distant territory (usually but not exclusively a complete foreign country) and provides this individual with necessary rights to recruit and sub-licence to other franchisees, who they are then responsible for managing and supporting directly.

[5] Provision is often specifically made for this in franchise agreements if target sales are not achieved or brand standards are not maintained.

Whilst these two general theories have been useful in establishing a general basis for emerging franchising research, and attempts at developing various forms of synthesis between the two have recently been attempted (Burkle and Posselt 2008, pp39-47) gaps still exist in other important and more specific areas. For example, Combs and Ketchen (1999, p205) encourage researchers into franchising to be open to theoretical development beyond existing research models, and contend that there may be links with other elements such as a firm's preexisting business capabilities to account for decisions to franchise, which they maintain may well be because they have already developed skills in related areas such as contract design or in training and management areas which could be replicated and would be difficult for others to imitate.

A further research gap, highlighted by Elango and Fried (1997) in their review of franchising literature, is the general lack of research focus on how franchise operating and control systems are implemented and how these work to create value for franchisees and franchisors alike. With the arrival of ICT and the Internet as new methods of communications, understanding the consequences of the implementation of these control systems is becoming increasingly important, as they have the potential to enhance and simplify franchise communications and relationships, but equally have the potential to destroy them.

2.5 A Franchise Technology Timeline

Since 1995, Franchising World, the USA's principal trade journal for the industry, has been reporting on the opportunities afforded by the Internet. This body of practitioner literature is useful as it provides evidence of the manner in which ICT has entered the franchise industry, and identifies the problems that have been identified along the way.

As early as 1995, there had been recognition in the practitioner literature that ICT could reduce overheads, streamline operations and eliminate the concept of geographic boundaries, with early private electronic franchisee forums initially being developed ad-hoc through available networks such as Compuserve (Endoso 1995, pp6-13). Industry discussion revolving around dedicated Intranets, and Extranets began shortly afterwards with claims of huge profitability increases available to early adopters. However these were set against equally huge costs of up to $250,000 for the development and deployment of one particular Extranet solution being promoted by Microsoft at the time, who had even created a specific "Business Development Manager for the Franchise Industry" role (Gerdes 1997, pp25-28) which was followed by franchisors being aimed at a

Microsoft network of local VAP's (Value Added Providers) who were promoted as being able to implement electronic communities for franchisors and other small businesses (Gerdes 1998, pp17-18).

Franchisors must develop good franchisee performance in the business format franchise model, as their ongoing franchisor income is normally based solely on a percentage of franchisee turnover. Training a geographically dispersed network of franchisees to perform well is one of the major costs in a franchise. Indeed, by 1999, it was being reported that 66% of training budgets were being lost to travel costs alone (Banhazl 1999, pp20-22). It was clear that emerging technology could offer a solution to a range of these franchise industry problems and, in the same year, the International Franchise Association (IFA) teamed up with Internet training provider Intralearn to begin to deliver distance learning (Banhazl 1999, pp20-22; 2002, pp41-42) in a bid to drive franchisee training costs down.

Technology was rapidly changing the franchise industry by this time. An article published at the Millennium (Martin 1999, pp22-26) stated that whilst the "overwhelming majority" of franchise companies had commercial websites by 1999, just 15% of US-based franchisors had them in 1996. Initially the technology was reported as being a useful mechanism for recruiting new franchisees (Martin 1999, pp22-26). However, the attraction of Intranet sites for franchisors was where the most interesting developments were taking place. It was becoming clear, however, for the first time, that in the rush of excitement to implement the new technology, mistakes were being made, and articles began to appear (Seideman 1999, pp6-11) which pointed out that inappropriate implementation of new systems could damage franchisee-franchisor relationships and "erode" an operation's effectiveness.

By 2002, it had become clear that a more sophisticated approach to the new technology was emerging. Instead of generalized discussions in the practitioner literature about "the Internet," there developed a growing perception of how individual strands could be productively used. In an article discussing these, one commentator (Martin 2002, pp14-15) listed the new technologies that franchisees seemed to most appreciate. These numbered franchisee-specific websites that could be easily tailored to individual outlets yet retain brand standards, online password-protected polls to make implementation decisions easier, together with similar franchisee forums and a so-called "dynamic Online Ad Creator" to enable franchisees to customise approved artwork materials –

something that franchisors originally had to do in-house or, more often, in association with an expensive external advertising agency.

What also starts to emerge during this period is the opportunity for provision of data submission/ analysis technology, which, for the first time, enabled franchisors to begin collecting customer data and sales data electronically from the network, analyse trends and also ensure correct payment from franchisees. Whilst it was exciting, the literature immediately recognised that it was not “all perfect”, and it was already being suggested that franchisees “don’t appreciate this, as it reinforces the “Big Brother” perception” (Martin 2002, pp14-15). It was quickly becoming clear that there were barriers to successful ICT implementation that must be overcome.

As the technology has matured, so have the opportunities for using it in franchising. There are many international franchise networks, and the strategy for expansion is normally the granting of a master licence for an agreed overseas territory. The maintenance of brand standards, developmental support and facilities for the master franchisee to grow the territory turnover overseas, due to the geographic distances involved are increased. For example, Pamecha (2003, pp22-23) points out that, due to a lack of systems, franchisors have been forced to leave the master franchisee to get on with things on their own. However, through the introduction of ICT necessary feedback, support and education is becoming available to combat this scenario and being provided by so-called “Global Franchise Technology Solutions” provided by companies, such as Webrizon.com.

By 2009, social-media sites were being widely embraced by the franchise industry. Facinelli (2009, pp40-42) writes that, by developing a social-media online presence through free sites such as Facebook, Twitter, YouTube and weblogs (or “blogs”), franchisees can develop communities which allow for interaction and the development of trust (Weinsheimer 2009, p36) brand affinity and loyalty. As the content of blogs is continuously indexed by the major search engines, developing regular targeted content enables better visibility in rankings (Facinelli 2009, pp40-42). The opportunity for franchisors to build low-cost vertical communication channels with franchisees using the same tools, and also for horizontal franchisee-to-franchisee forums, has developed. A poll of International Franchise Association (IFA) members in Spring 2009 (Shay 2009, p6) has revealed that 70% use Linkedin, 65% use Facebook and 30% use Twitter to communicate. This has led the IFA itself to begin using social-network platforms for member communications and ongoing industry research.

Gartman (2009, pp40-41) contends that such social networking enables franchisors and franchisees to “feel more connected, less alone and more a part of a community,” and believes that the significant difference between marketing and social networking is that the latter possesses a “human connection” which, she further maintains, given that one’s humanity can be demonstrated, allows for more authenticity.

A further development of this so-called human connection within franchising has been the adoption of Voice-Over-Internet-Protocol (VOIP)[6] opportunities within franchise websites. VOIP enables web links to be built into web pages, which enable users to “click to call” and immediately speak, through their computer system, to a “real live” person (King 2009, pp18-19).

Bringing the technology timeline more up to date, by late 2009, web conferencing as a key communications tool had started to become adopted within the franchise industry. Services such as WebEx, GoToMeeting and Microsoft Office Live Meeting, now enable franchisors to connect with their franchisees and vice-versa, while they sit at their computers. Typically, sessions are presented using slideshows or streaming video content and are followed by question and answer sessions. This technology enables lines of communication to remain open, and participants to voice opinions and have queries immediately addressed in a similar way to a face-to-face field franchise meeting. Costs are reduced as traveling is not required, and the solution can thus pay for itself very quickly (O'Kane 2009, p46). An example of the successful implementation of this technology is Canada-based lawn-care franchisor “Weed Man,” which operates over 230 outlets. The company developed weekly Webinars for all franchisees. Topics included strategic marketing discussions and training, plus administrative support and help. On completion of the Webinar, the content could be downloaded. Weed Man note that the one-third of franchisees that participate in the weekly Webinar have become the franchise system’s most financially successful performers (Squire 2009, pp82-84).

Whilst there are stories of success, post-technology implementation issues and the resulting change in relationships is now something that is also being actively discussed in the franchise industry. On the one hand, franchisors view the Internet as a real boon for franchisee relations, whilst on the other, the intrusive nature of connected Head Office IT networks, together with the company’s requirement to maintain standards and see everything that is going on, can “transform the organisation from the “friendly beat cop” into a much more menacing “Big Brother” in the blink of

[6] VOIP is a term that describes the convergence of voice communications like phone services with the web (King 2009 p18).

an eye" (Siebert 2007, pp97-99).

There seems to be a clear concern emerging that an "us versus them" environment has the potential to develop, where, rather than being enhanced, the franchise relationship can actually suffer from technological advances. Where do those conflicts arise? Why do they arise? What can be done to guard against them? These are all important questions to be considering at this time.

2.6 Franchising in the UK

The 2010 Natwest/bfa Franchise Survey (Natwest Bank 2010) is the UK's leading study of the current state and dynamics of franchising. The data provided in this section is sourced from the 26th annual survey, which, as usual, was conducted on behalf of the British Franchise Association (Bfa) and is sponsored by National Westminster Bank (Natwest). It was carried out by Business Development Research Consultants (BDRC) through telephone interviews and online surveys with franchisors and franchisees between November 2009 and February 2010.

For the two sample groups, franchisees and franchisors, data was collected using Computer Assisted Telephone Interviewing (CATI). Franchisors were also offered the opportunity to complete an online survey via email following an invitation from the Bfa. The fieldwork and analysis was carried out by Perspective, BDRC's telephone research facility. 150 interviews were completed with franchisors, 31 online and 119 by CATI. 330 interviews via CATI were completed with franchisees.

Sector Size

The survey estimates that there are currently a total of 34,800 non-dairy franchised units in the UK (up half a percent on 2008) employing 465,000 people (full and part-time), and that overall the franchise industry generated £11.8 billion in revenue in 2009. The non-dairy suffix is traditional in the industry and needs some explaining. A quarter of a century ago when the survey was first conducted, the dairy industry was a very significant element within UK franchising because many dairies had decided to franchise all of their milk rounds, and these accounted for 80% of all milk sold. This has now this has declined to 10%, and the dairy industry now consequently inhabits a much smaller slice of the franchise industry. However, including dairy franchises always unacceptably skewed the results, and so they have traditionally always been omitted from the survey. Therefore the totals continue to be presented as "Non Dairy Units." Notwithstanding the decline in the dairy sector, even now there are still an estimated 5000 rounds/units active in the UK, of which a third remain franchised.

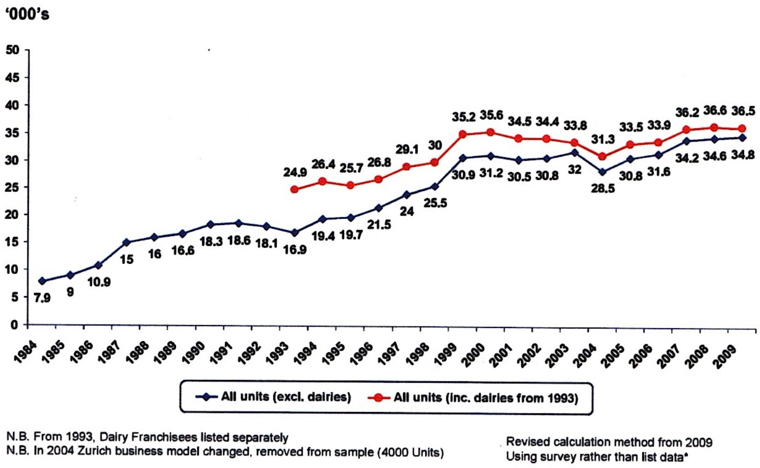

Figure 1. Growth of UK Franchised Units Since 1984.
Source: (Natwest Bank 2010)

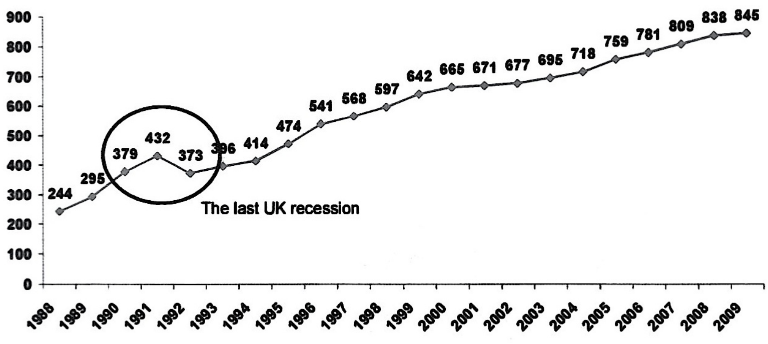

Figure 2. Growth of UK Business Format Systems in Thousands.
Source: (Natwest Bank 2010)

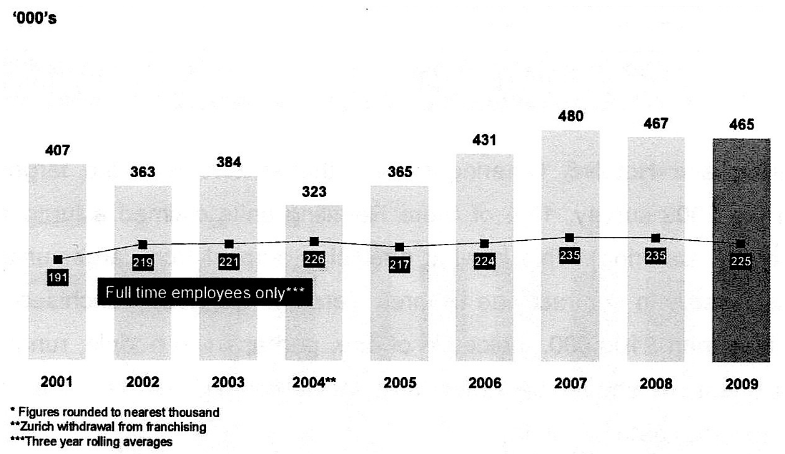

Figure 3. Total Number Employed in UK Franchising.
Source: (Natwest Bank 2010)

Sector Structure

The study adopts the European Franchise Federation system for classification which is based on six categories, namely; Hotel and Catering, Store Retailing, Personal Services, Property Services, Transport and Vehicle Services and Business and Commercial Services.

The franchisors within this study come under the Personal Services classification, which covers a broad spectrum of areas from education to holidays and travel, through to fitness and beauty and computer care, and are areas where franchising naturally lends itself to the idea of a national or branded offering delivered locally.

The total of 34,800 franchise units operating in the UK in 2009 are dispersed across the six sectors as follows:

Hotel and Catering	8,200
Store Retailing	4,400
Personal Services	6,500
Property Services	7,200
Transport & Vehicle	2,200
Business & Commercial	6,300

The Impact of the Recession on Franchising

In the 2009 survey, the outlook from both franchisees and franchisors was “grim” and the main indicator was that things were likely to get much worse before they got any better. At the end of 2008, 18% of franchisors feared worsening conditions for their own business. However in the 2010 survey, less than 6% fell into this category, and the key focus for these was in reducing business overheads.

In 2009, one in eight franchisees said that their business had been loss-making. Although this is the weakest figure since 2004, it is nothing like as severe as in the last recession at the beginning of the 1990’s, where it took three years for the UK franchise sector to recover. One in three franchisees (32%) claim to have had a better 2009 than 2008. 2008 turnover figures had fallen around 9% from 2007, however in 2009 there was a small increase of 3%.

The current 2010 survey states that there are 842 non-dairy franchised systems (franchisors) operating in the UK compared with 835 in the previous year. This equates to a small 0.3% increase which is much lower than the 3%+ increase in new franchisors that had been witnessed in all but one of the preceding six years. Whilst the overall change appears small, there has been a lot going on beneath the surface, and 80 franchisor systems (comprising 2,400 franchised units) were removed from the BDRC sample list in 2009. This churn is much higher than in recent years, and of these, 21 (26%) were removed due to business failure, with the remainder lost either because they have decided to withdraw from running their businesses as franchises, or because they have not managed to get beyond the initial pre-launch pilot phase. Balancing this, 87 new franchisor systems were added to the list in the same period (a net change of +7) and the survey contends that this is an indication that companies have continued to adopt the franchising model in spite of, or even because of, recessionary pressures.

The Economic Contribution of Franchising

The method used by the survey to provide the economic contribution of franchising to the UK economy is to multiply the number of non-dairy business format franchise units (34,800) by the mean turnover figure for franchisees (£335,000), and then add to this an estimate for the part of each franchisor turnover which relates solely to franchising. In the 2010 survey, the figure arrived at was £11.8 billion, which was a rise of 3.4% from the previous year.

The survey has recognised that franchise systems operate across a broad range of industry sectors which vary considerably in scale, and the average franchisee turnover metric for the survey was gained from 330 randomly selected franchised units, to which weights were applied in order for it to represent what the survey terms the "universe of franchisees" to produce their mean figure.

Franchising Across the UK

London and the South East of England accounts for one in three of all franchised units. The Midlands, South West and the East combined account for further third. 70% of all franchisors are also based in these areas.

The failure rate for franchises, according to bank franchise departments, is one in ten, and this compares favourably to small business generally, where the failure rate is a much higher one in three. The survey considers that this has led Regional Development Agencies to investigate franchising as a model for stimulating urban regeneration and developing an enterprise culture in areas where this has previously been lacking.

Costs Levied by Franchisors

Franchisors make an ongoing charge to their franchisees, often interchangeably called a Management Services Fee (MSF) or Royalty, which is normally based on a percentage of sales. In 2009, the average was 13.3%, which was up from 11.6% in the previous year. Some franchisors are also beginning to charge an IT Support Fee, averaging 1.5% of sales in 2008, falling to 0.7% in 2009. Some also charge a Contribution to Advertising fee (such as franchisor A in the present study) where the franchisee is required to pay a percentage of their turnover into a fund, which the franchisor then uses for national brand awareness advertising of their own choosing. In 2008 the average percentage for this was 3.9%, falling to 2.6% in 2009.

Characteristics of Franchisees

Over the last ten years, the franchise survey has been tracking the age profile of franchisees. It reports a steady increase in franchisee age over this period, which now seems to have stabilised at age 47, with age 42 being the consistent average for new entrants. Only 6% of franchisees are aged 30 or below. The survey concludes from this data, that franchising is rarely a first career path, and that most franchisees only enter the sector after developing significant experience in the workplace.

72% of all franchisees are male, and the industry has traditionally always been male dominated. However females are on the increase, and women now currently comprise 39%, compared to only 21% in 2003. However, within the franchise sector called "Personal Services,"[7] which includes the performing arts and music franchise systems studied in this work, women are dominant, where they account for two-thirds of all franchisees. Recent initiatives have been developed to increase women in the sector. The leading one being the Encouraging Women Into Franchising (EWIF) initiative of exhibitions, regional meetings and in 2011 for the first time, awards specifically to celebrate the achievements of female franchisees and franchisors.

The 1998 survey reported that nearly half (46%) of franchisees had previous experience of being self-employed. However, this proportion has been in steady decline and now stands at only 19%.

Training and Support

Franchisors typically employ franchise support managers. These field support staff liaise between the franchisor and the franchisees on stocks and supplies, marketing and brand standards. The intention is to help franchisees to run the system and ensure that they don't feel isolated or on their own.

The frequency of contact between support staff has increased slightly with 97% (93% in 2008) of franchisees having contact at least once during the year, and 81% (77% in 2008) being in touch once a month. The survey does not supply information on the method of communication or what proportion of it was carried out through ICT or other electronic methods.

The survey states that franchisees who have been in the industry for 3-4 years are less likely to contact support staff monthly, and interestingly, it is also these which rate the level of the support service as less than excellent. The survey has identified a continuing link between frequency of contact and the profitability of the franchise, with 30% of those claiming to be high/quite profitable having contact with their franchise support manager at least once a week, compared to only 13% of those making a loss. The survey poses a conundrum very relevant to the present study when they state;

"The question remains as to whether frequent contact stimulates profitability, or profitable

[7] The European Franchise Federation (EFF) categorise franchising into six broad sectors. The so-called Personal Services sector contains: Hair and beauty, fitness and weight, care and education services, mobile and home distribution, computer and telephone services and "other" personal services.

franchisees seek (or need) frequent contact."

Although the frequency of support appears to have increased, the quality has reduced slightly with only 70% of franchisees currently rating the support provided as excellent, which is nevertheless higher than the 66% of 2007. At the other end of the scale, 12% are dissatisfied, which is the same percentage as in 2007. The reasons given are summarised in figure 4:

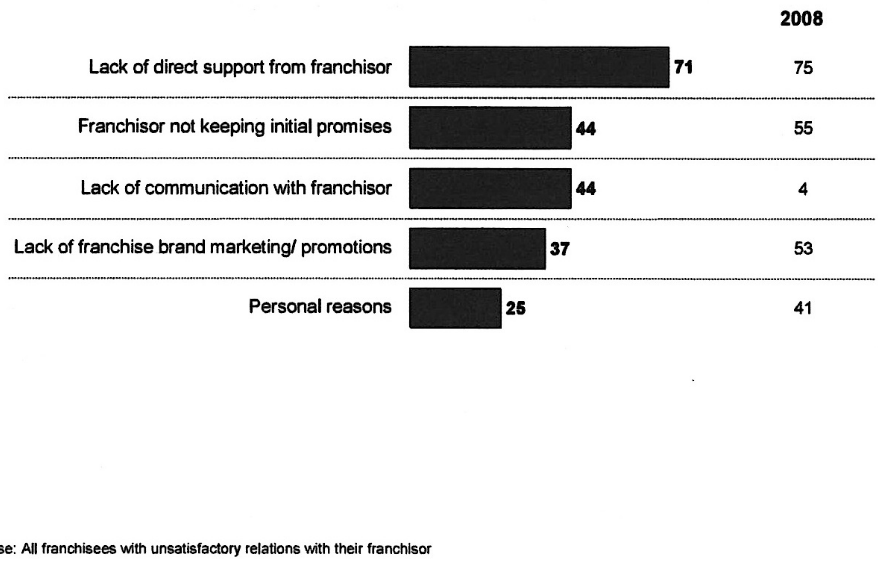

Figure 4. Reasons for Unsatisfactory Relations with Franchisors.
Source: *(Natwest Bank 2010)*

Email newsletters and circulars continue to be the most common communications methods, with printed newsletters and circulars falling significantly from 73% in 2008 to 43% in 2009. The survey suggests that this is due to the lower costs involved and the greater convenience of electronic communications. The ramifications of such a rapid and significant shift, of course, forms the very basis of the present study.

Contact between franchisees (horizontal communication) is regarded as important, and the survey reports that there is a *"clear appetite from more communication in the future."* Three out of four franchisees in the survey (73%) said that they would find increased horizontal contact beneficial (up from 63% in 2008) and almost a quarter (24%) said they would regard it as *extremely* beneficial (up from 15% in 2008).

Overall 84% of franchisees consider their relationships with their franchisors to be "satisfactory" and half (51%) say that it is "definitely satisfactory," although this appears to be a somewhat vague differentiation in my view. 16% think their relationship with their franchisor is "not satisfactory." Three-quarters of these blame a lack of direct support, and two in five state that the franchisor has not kept initial promises, or, more specifically, that there is a lack of communication with the franchisor. The survey contends that this latter malady has *"come through much stronger than last year."* My contention is that it may well have been caused by the reported decrease in traditional communications methods (73% to 43%) and the rise in ICT strategies adopted by franchisors over the period.

2.7 The Franchise Lifecycle

Managing differing commercial outlooks in franchise relationships, especially when the continually shifting support dependency from franchisees across the timeline of franchise term is added to the mix, is a difficult task for all stake-holders, especially as it rarely remains static throughout the years of the franchise term, and thus exhibits the characteristics of a lifecycle (Schreuder et al. 2000). Life-cycles are important to understand within franchising, as the franchisor is continually required to modify his or her support strategy and approach as the franchisee gradually seeks more autonomy and less interference. In my experience of the industry over a decade or so, it has become clear that franchisees will enter a franchise system from a wide variety of different social backgrounds, have differing personal expectations of the business relationship, and possess their own measurement mechanisms for what they individually consider is good or bad, successful or unsuccessful. It is therefore contended here that the franchise relationship is a somewhat delicate one that requires extremely careful handling throughout its developing lifecycle, especially if the franchisor is seeking to minimize support costs through ICT deployment strategies and a reduction in face-to-face or telephone contact.

Whilst a form of franchise lifecycle is discussed persistently in the academic literature, this largely tends to be discussed as a mechanism for facilitating network growth (Brickley 1987, pp27-35; Carney and Gedajlovic 1991, pp607-629; Lafontaine 1992, pp263-283; Rubin 1978, p223; Seshadri 2002, pp355-369). This academic approach focuses on the notion that outlets are ultimately destined to return to company ownership once they have become established (Lillis et al. 1976, pp77-80; Norton 1988, pp197-218; Oxenfeldt and Kelly 1968, pp69-83). However, in my experience[8], both as a franchisor, and also through ongoing participation in British Franchise Association (BFA) UK regional franchise forums, this outlook is felt to be rather too simplistic in

[8] See section 4.6 for more information.

practice. Small franchisors in particular will often not possess the head office resources or the desire to operate large numbers of their own outlets, and their decision to use franchising as a growth strategy is often a clear one-way trip out of that business model, even though additional profits may result from a U-turn.

In the UK in particular, outgoing franchisees are normally supported to resell the goodwill and equipment to a suitably approved incoming franchisee, with the franchisor simultaneously providing a new licence for the territory.[9]

Upfront fees can be generated for the franchisor in this way which, whilst they may not be as significant as the revenue available through taking over the outlet themselves, often provide a far more practical alternative which fits well with the resource scarcity theory (Combs and Ketchen 1999, pp197-207; Lillis et al. 1976, pp77-80; Norton 1988, pp105-114; Oxenfeldt and Kelly 1968, pp69-83) that, as aforementioned, suggests that entrepreneurs use franchising as a mechanism for growth because they do not have the capital or resources available to develop company-owned outlets.

It is therefore the contention here that the general principles of the agency theory in franchising are complicated by a range of other factors, many of which are directly affected by the development and maintenance of the relationship between the franchisor and their franchisees, a relationship that increasingly is mediated and modified through a franchisor's cost-saving ICT aspirations.

2.8 On the Uniqueness of the Franchise Relationship

Several commentators have written on what they consider to be "unique" elements of the franchise relationship. Dant and Gundlach (1999, p35) point out that there are complex relationships between the concepts of autonomy and dependence, which can pose unique management challenges. They contend that an enduring challenge for franchise management involves, on the one hand, trying to reconcile the franchisor's desire for standardisation, consistency and control in the preservation of its goodwill and brand equity, and on the other, the need to manage the franchisee's quest for autonomy;

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[9] A Business known as *Franchise Resales* exists in the UK to provide this important function to the franchise industry. I have used this company for my own resales and met with the Director on several occasions and discussed the process and the typical approach used by franchisors to ensure that outlets are successfully marketed and sold as opposed to reverting to company ownership or being forced to close down.

"especially because franchises are frequently sold on the platform of be your own boss, and have historically attracted would-be franchisees with self-employment histories and strong streaks of independence." (Dant and Gundlach 1999, p37).

Dant and Gundlach believe that excessive autonomy undermines the franchisor's authority and control, and can result in systemic crises which stem from its loss of corporate identity and/or the dilution of its brand equity. Conversely, however, they contend that excessive behaviour-monitoring controls can cause motivational and moral problems amongst franchisees. They describe the dilemma as something of a balancing act between these forces of dependence and autonomy, which they consider a critical activity for maintaining the long-term viability of franchise systems (1999, p37). Further complicating this difficult balancing act is the range of subtle techniques that franchisees employ when communicating with their franchisors to mask or massage their levels of promotional effort and performance levels. One good example of this comes from Dant and Gundlach who write that;

"if low levels of competition are perceived to be the underlying cause of a franchisee's success, such a franchisee would likely hide such information from its franchisor. Conversely, when confronted with high levels of competition, the franchisee will likely proactively pass on information about the marketplace strife to its franchisor in an attempt to explain its poor performance or, if the performance is good despite such competition, to signal its superior effort," (1999, p41).

Parsa (1999, pp173-185) believes that the relationship's unique context revolves around the fact that franchise systems contain legally independent and economically interdependent organisations that are capable of politically affecting each other, and points out that franchisors and franchisees exist in an interdependent environment in which the participants intentionally or unintentionally attempt to influence each other. The business environment is contended to be affected and largely controlled by different sources of power, and Parsa outlines several types of such power in franchise relationships. The first is *economic power* which has a direct bearing on a franchisee's well-being. Subcategories of this are specifically *coercive power* which depends on fear or concern for loss of right, or a possession, followed by the even stronger *legitimate power*, which can be used by franchisors and is supported by the nature and provisions within franchise agreements, to finally the rather more friendly *reward power*, which is based on the franchisor's ability to distribute something of value in return for the franchisees meeting franchisor objectives.

The second source of power in the franchise relationship revolves around information as opposed to money, and Parsa introduces it as *non-economic power*. The subcategories of this are *expert power*, which is based on the expertise residing in an individual or company, and may, for example, be held by franchisors with a record of research and development. It is not exclusively held by the franchisor, however, and on occasions I have contracted franchisees in my own network because they clearly possessed expert power which I believed could aid their outlet development, and which could also be useful at head office level to further develop and enhance the franchisor business model. Parsa's second non-economic subcategory is *referent power*, which revolves around identification, and occurs where the franchisor possesses some traits or resources that that franchisee admires, reveres or aspires to. In my experience, franchisees who value referent power are initially easy to manage and see the value of the franchise systems and procedures. However, such referent power wanes over the course of the franchise lifecycle as the franchisee gains many of the revered traits and resources for themselves. Finally, Parsa presents the subcategory of *information power*, which he associates with the quality, quantity and frequency of information exchanges within the franchise system. In the present work, this is very relevant of course, and Parsa contends that a franchisor that is successful in managing the exchange of information in its system possesses great informational power. He also points out, however, that there are occasions where, despite the best efforts of the franchisor, the franchisees can actually possess the bigger share of informational power in the dyad. I have seen this occurring with franchisees who have deep and extensive knowledge of the territory in which they are operating, and they bring this informational power to bear in promotional and performance discussions to offer powerful and hard-to-argue-with reasons for their specific operational results.

With the right approach, franchisors can acquire the benefits of informational knowledge at minimal cost. The problem with the business arrangement, Parsa contends, is that although franchisees contribute to product innovations and operational enhancements, they remain firmly under the franchisor's control. However, in the UK this is set to change, and there is a currently a new move towards redressing this power within the British Franchise Association (Bfa) where, instead of acting simply in the interest of its member franchisors, the association is now actively recruiting franchisees to positions within the organisation so that their voice can be heard in the industry, and their opinions considered.

In summarising sources of the power within the franchise relationship, Parsa found that the level of satisfaction experienced by the franchisees was enhanced when non-economic power sources were used by the franchisor, but diminished when the franchisor wielded economic power. He therefore concluded that the franchisor's choice of power is critical for the long-term maintenance of existing franchise relationships.

Spinelli and Birley (1996, p329-342) take a financial/entrepreneurial approach and submit that the "essential core and uniqueness" in franchising is the very relationship between the franchisee and franchisor itself, and that there is a potential for conflict between the two because of the possibility of differing pricing and profit-maximizing motivations in the dyad. The authors position the business format franchise model as an inter-organisational form comprising of two independently liable organisations, and take an entrepreneurial approach to franchising that focuses on wealth creation and profit motivation through the value of the franchise trademark, recognising that each party is prepared to preserve the relationship as long as the other seems willing to take actions to cause it to endure. From a franchisor's perspective this may, for example, be the way in which a franchisee continues to be willing to spend money on promoting and developing the turnover of an outlet to ensure that it reaches its full potential. Spinelli and Burley concluded that understanding the goals of the franchisee in the relationship allowed for a greater understanding of the potential for conflict within it (1996, p337). They noted that franchisees do not perceive or use franchisor-provided services in equal proportions and point out that;

"no study measures the franchisee's perspective of both the importance and adequacy of the franchisor-provided services, yet in our view, the perception of contract fulfilment is contingent not only on the ranked importance of a service from the franchisor, but also the adequacy with which that service is delivered." (1996, p337).

This study will perhaps go some way to addressing this research gap. A key element that can be taken from Spinelli and Burley's work is their discovery of what they describe as a "behavioural zone of tolerance," which the relationship will successfully exist in as long as the franchisee perceives that the service from the franchisor is adequate (and I would add, vice-versa), but beyond which there is the potential for conflict. However, they contend that this is often mitigated or headed off by the a combination of the perceived value of the trademark and the perceived switching costs, the latter which, in many franchise agreements is made explicit and onerous.

From the above, it can hopefully be seen that the franchise relationship is complex, shifting and does have the underlying potential for conflict. Whether or not it is unique within the world of business is something that must surely remain open to debate.[10] However, notwithstanding this, it is clearly evident that there are various elements concerning the dynamics of the dyad that make it at the very least, rather unusual and thus, important to better understand and research.

2.9 Identified Research Gaps

As outlined in section 1.1, the principal aim of this thesis is to explore and analyse franchisee response to the introduction of Head Office franchisor information technology in the context of two franchise systems drawn from the creative industries. Even though there is rapidly escalating use of ICT systems in franchising worldwide, very little literature exists regarding the way that such technological deployment within the industry has modified or affected the franchisee to franchisor relationship. Although some early foundational studies on the effects of technology have been carried out these, like the vast majority of franchising studies, have focused on the North American hospitality industry (Dickey 2003, pp 111-132; Dickey 2001; Dickey and Ives 2000, pp 99-114). Whilst they usefully begin to address formative issues such as franchisee compliance and the distribution of power between the principal actors through technology, this work needs to be applied to different franchising contexts. For example, it is clearly tempting for franchisors to replace existing social bonds (Perry et al. 2002, pp 75-88) with purely technical ones, but what happens when this occurs and, more importantly, why?

To the best of my knowledge, creative franchise industries have not been researched to date, and thus a research gap exists which this exploratory study attempts to begin to address. The primary objective (objective a) is to collect data from two such sets of creative franchisees by means of interviews.

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[10] For example, one area that may share some similarities with the franchisee-franchisor business model is that of the tied insurance agent. There are significant burdens imposed on the independent insurance adviser who wishes to undertake long term insurance or investment work are substantial, both in terms of financial commitment (membership fees and annual subscriptions) and the compliance cost entailed in maintaining records that can demonstrate the 'best advice' principle, as well as the standards of record keeping and accountancy that are demanded. In many respects the 'tied' agent's life is far simpler, with fewer overheads to sustain, and compliance costs greatly reduced.

In much the same way as franchising, a tied insurance agent benefits from the provision of training, offices, computers, telephones and stationery, and compliance assistance from his/her respective life company. As a result of the Financial Services Act there has been a tendency for many insurance agents/consultants to become 'tied' to one of the major life companies (HMRC 2010). Also, many life companies set a minimum premium income that tied agents have to have written and able to write if they wish to tie to the particular company. In a similar way, within franchise agreements (including my own) there may be a minimum turnover performance clause.

Creative franchise industries are of particular research interest because the franchisees within them appear to possess alternative aspirations to those found in more conventional, mainstream franchise systems. In particular, from the results of empirical research for this work, the creative franchisees' business motivation for selecting a similarly creative franchise opportunity overwhelmingly revolves around seeking a business format that has the ability to provide them with the opportunity to extend on their existing creatively inclined hobby, and/or to act as a vehicle to gain enjoyment from passing on creative skills (in this case music and dramatic-based ones) to others through teaching and demonstrating. This is in stark contrast to the more usual selection of a franchise network for purely commercial, financial reasons. Whilst such creative individuals do, of course, still want to make profits from their business opportunity, this manifests itself as a secondary concern behind the benefit of working in their chosen creative sphere. In addition, such creative individuals tend to have entrepreneurial tendencies and often possess particularly strong and deep-rooted beliefs about how things should be done in their specialist, expert sphere. Because of these challenging creative traits, they require different handling by franchisors, which make them interesting and unusual social actors, especially through the period of enforced technological change that this work examines.

The second aim of this work is to provide researchers and franchisors with a better understanding of the complexities surrounding the personal and emotional responses of these franchisees to fundamental changes in the characteristics of their franchise system, and identify and account for any classifiable characteristics or recurring patterns of behaviour that modify the way that they perceive their subsequent ongoing compatibility with their franchisor.

The third and final aim throughout this study is to seek to suspend judgment and create conditions for analysing how the franchisee to franchisor relationship is experienced by the franchisees themselves. Such suspension of what we ordinarily may take for granted or be tempted to fit an existing theory to, is thus the standard applied through in-depth qualitative data collection. To facilitate this, the second specific objective for the present work (objective b) is to make use of the grounded theory methodology (Glaser and Strauss 1967) using multiple case studies, with meanings emerging from the data being studied rather than conceptualised *a priori* by the author.

This qualitative method provides an efficient instrument for this form of approach because throughout the process, the subject is encouraged to speak freely and widely, and the researcher is explicitly required to actively suspend his or her temptation to enforce preexisting theories, attitudes or beliefs on the social actor. This enables the interviewee's primordial experience of the franchise relationship, driven by their feelings, ideas and perceptions, to rise to the surface. In short, to really let the data speak for itself and function as genuine perspectives for coding and analysis and result in the development of a substantive theory of franchise remote control (objective c).

Extant franchise research has been overwhelmingly quantitative-based, and qualitative research, whilst acknowledged as particularly valuable, remains almost nonexistent (Elango and Fried 1997). I contend that the quantitative approach can sometimes encounter difficulties in getting "under the skin" of the way that interactions between the principal social actors in the industry operate, especially in the fundamental and underpinning franchisee to franchisor relationships. There appear to be a myriad of complex reasons to account for the ways that franchisees interact with new ICT, many of which may not be permitted to clearly and naturally emerge using logico-deductive quantitative techniques. In the spirit of this, the present work takes, as its data collection basis, a fine-grained qualitative approach through the application of the Grounded Theory methodology (Glaser 1978; Glaser and Strauss 1967) and seeks to offer a potentially different route for other franchise researchers to consider in the future.

In addition to the current research bias toward the use of the quantitative methodology within the extant franchising literature, there exists a further significant bias towards research being conducted from the franchisor perspective. Davies et al. (2009, p323) highlight this, and point out that whereas many studies have examined a variety of aspects of franchising from the perspective of franchisors, little research has been conducted into franchise relationships from the franchisee perspective and as a result, there is very scant understanding as to franchisee motivations, considerations regarding compliance with organisational policies and procedures, or the relational features that might influence behaviour. Remarking on the same research lack, Markus et al. (2011, p315-325) recommend a longitudinal study of franchise relationships to assist in developing better understanding of the role that franchisee expectations play in the evolution of the relationship. Particularly pertinent to the current study, they point out that as the franchise grows with increasing numbers of franchisees and the physical distance between franchisor and franchisor similarly extends, franchisors have less capacity and inclination to monitor all of their franchisees closely to ensure conformity to the formal contract. Recognising the constant threat of conflict with their franchisees, franchisors ultimately resort to managing their relationships at a distance. The authors thus contend that there is a need for a longitudinal approach to seek to identify turning points or critical events in the evolution of franchisor to franchisee relationships, and believe that such an approach could *"reveal with greater subtlety, how factors influencing relational changes impact compliance."* (Markus et al. 2011, p336).

An additional example of the importance of gaining further insight into the under-researched franchisee perspective within franchise relationships is provided by Spinelli and Burley (1996) who conclude that understanding the goals of the franchisee in the relationship allow for a greater understanding of the potential for conflict within it. Especially relevant to the present study, they note that franchisees do not perceive or use franchisor-provided services in equal proportions and point out that;

"No study measures the franchisee's perspective of both the importance and adequacy of the franchisor-provided services, yet in our view, the perception of contract fulfilment is contingent not only on the ranked importance of a service from the franchisor, but also the adequacy with which that service is delivered." (1996, p337).

Spinelli and Burley's work also uncovers the existence of a "behavioural zone of tolerance" which they contend that a franchise relationship will successfully exist within, but only as long as the franchisee perceives that the service from the franchisor is adequate, beyond which there is the potential for conflict. The rapidly changing technological franchise landscape has altered forever the delivery of such services from franchisors, and this is further compounded by the difference in commercial outlook between franchisors and their franchisees (Parsa 1996, pp 42-49) which, even without the challenge of inserting new technology into the relationship, creates the potential for tension. Indeed, it is even posited that franchisors and franchisees may possess fundamentally entirely different business agendas (Dickey and Ives 2000, p 101) which exist due to the financial arrangements that underpin the relationship. Dickey and Ives point out that franchisors, because they generate their income from a percentage of sales turnover, are primarily interested in growing that turnover above all else, whilst franchisees, on the other hand, tend to measure their profitability and success based on the difference between their costs and their sales.

Combs et al. (2011a, p99-126), in considering future challenges in franchise research, state that efforts to understand what shapes and forms franchisee satisfaction are important new research topics. They believe that if future research can begin to gauge the strength of the franchise relationship and satisfaction within it, then franchisors might, for example, be able to better identify which franchisees are most likely to leave, and then take corrective action. The problem is that they could find very few studies that examined these micro-level processes, and state that there is currently a dearth of individual level research. They contend that this represents an opportunity for the future of franchise research. Through its franchisee-led qualitative approach his work seeks to go some way to addressing this gap and gaining a better understanding of how modern technology affects franchisee satisfaction.

Concerning the communication systems themselves, Gorovaia and Windsperger (2010, p13-19) point to a current research gap surrounding electronic franchise systems, and call for future empirical research into electronic knowledge transfer mechanisms that support all forms of knowledge transfer between franchisors and franchisees. They point out that, although franchising has been treated extensively in organisational economics, management and marketing in the last decade, the problem of electronic knowledge transfer between the franchisor and franchisees remains largely unexplored.

Researching franchising through this technological lens is new. Over the last forty years, franchising literature has tended to focus on the motivations for franchising and the governance structures for the business system (Lindblom and Tikkanen 2010, p180-187). Lindblom and Tikkanen point out that very little attention has been devoted to issues surrounding learning, knowledge creation and knowledge management in general, and believe that it would be especially interesting to investigate the sources from which franchisees gather new knowledge and how they use it among the franchisee network. Such knowledge is becoming increasingly electronic in nature and the current foundational study seeks to examine this in depth.

The final objective for the work (objective d) is to compare the results of the data collection and the Grounded Theory process to the extant literature and draw conclusions for franchisors and future researchers. This section has summarised pertinent research gaps that have been identified in recent franchising literature, and how, through the stated aims and four specific objectives for the present work, it intends to make a contribution to the developing scholarly debates, some of which are now ranging into interesting new areas such as entrepreneurial research and knowledge transfer.

Finally, the question whether a franchisee is an entrepreneur or not remains a controversial one in the latest literature (Ketchen et al. 2011). A franchisee is required to follow specific procedures and adhere to a rigid business model, which, on the face of it would appear to offer no room for creativity or entrepreneurship. However, recent franchising research has began questioning this position. For example Grewal et al. (2011a, p533-557), when discussing international franchise expansion, point to the importance of combining a franchisor's overall marketing capabilities with the franchisees' unique and specific entrepreneurial local market knowledge, and maintain that each partner must have a strong "entrepreneurial orientation" (EO) which they believe facilitates a better sense of interdependence, and thus a more usefully balanced relationship. Such an approach, they believe, provides a new platform for identifying necessary adaptations to the franchise model and helps to overcome structural and cultural challenges that may occur. The present study adds to research into this new area by drawing some conclusions about the effect on compliance when franchisees are presented with entrepreneurial opportunities.

In summary, rapid technological change has occurred over the last decade in the franchise industry, yet very little qualitative, franchisee-focused research has taken place to provide any understanding of the resultant effects on the relationship between franchisees and their franchisors, and none within the context of the hitherto overlooked, yet burgeoning, creative industries franchise sector. A variety of research unknowns have been uncovered which, by studying the industry through the lens of technology introduction in association with a franchisee-led, longitudinal relationship focus, is hoped will offer up a different and unusual angle with which to approach and contribute to the closure of at least some of the identified gaps currently existing in the extant body of franchise research.

Conclusions

This chapter has highlighted the fact that a franchise business relationship is a complex entity where, although each trading outlet it owned and operated by the franchisee, the franchisor still retains overall control and the relationship between the two parties within the dyad is something of a balancing act at the best of times. Into this situation, online communications technology matured through the decade 2000-2010, and with it arrived the potential for developing and deploying it for the management of franchise networks by franchisors. On the one hand, franchisors are viewing the new opportunities as a real boon for franchise relations. On the other, there is a growing realisation that the increasingly intrusive nature of head office ICT networks can transform previously friendly franchise networks into "big brother" styled organisations almost overnight. Research provided in this chapter, indicated that the quality of support to franchisees has reduced, with only 70% of franchisees ranking their support as excellent, and also showed that traditional phone and face-to-face discussions amongst franchisors and their franchisees are being replaced by email newsletters and circulars which have now become the most common communication methods. The academic literature presented has been warning us that the rather delicate franchise relationship needs careful handling, especially throughout the trajectory of its typically waning lifecycle characteristic. These are intricate relationships revolving around autonomy and dependence, which at the best of times pose difficult management challenges, without the added complication of attempting to introduce ICT as a surrogate for human interaction. The next chapter examines the methods used to ensure that this research project was able to capture the tangled strands which were interwoven into these interesting business alliances, and begin to successfully account for them.

Chapter Three – Research Methodology

Introduction

The aim of this section is to provide information and context regarding the methodology chosen for this work. The chapter starts with my reasons for selecting grounded theory, and then introduces it in outline. Next, a grounded theory timeline is presented so that the reader can understand the development and divergence in this methodology since its introduction in 1967. The section concludes with a discussion of the research strategy and design, the units of analysis employed and the data collection methods. Finally some thoughts on the limitations of the research are provided.

3.1 The Choice and Justification of the Methodology

There are a significant number of qualitative methods in existence, any of which could potentially have been chosen for the present work.[11] However, although each approach may share common principles, each also has unique elements (Pitney and Parker 2002, pS168). The intention here is to outline some of the reasons for selecting Grounded Theory.

An ethnographer may perhaps state: "The purpose of this ethnographic investigation is to gain insight and understanding about the culture of learning as it relates to deploying ICT technology in a franchise setting."

The ethnographer must focus on understanding the culture of the franchisees and attempt, through extensive observation, to uncover their beliefs, norms, values, perceptions and perspectives about the way which they learn ICT. If all goes well, then what results is description that, on the one hand, accounts for how culture influences the acceptance and use of ICT, and on the other, perhaps how technology influences culture. This could help franchisors recognise the problems and potential barriers to implementing ICT.

However, ethnographic data-collection strategies require long-term observation, prolonged fieldwork and extensive data-collection, where researchers must literally immerse themselves in the day-to-day activities and lives of the participants (Pitney and Parker 2002, pS169). The franchise

[11] *"These include ethnography, phenomenology, grounded theory, hermeneutics, case studies, biography, ethology, ethnomethodology, historical, phenomenography, just to name a few"* (Pitney and Parker 2002, pS168).

community in the current work are geographically dispersed across the whole of the UK, and therefore it was not possible to ethnographically observe the "complete tribe" in a single location for any prolonged time. If, as opposed to exploring franchisees in depth, the present work focused instead on a Head Office franchisor perspective, with the business hub operating from a single Head Office location, then this methodology would have had interesting potential for selection. However, given the franchisee focus, it was rejected.

Grounded Theory

I wanted to focus on the research problem, and was looking for a methodology that was a) qualitative so that all the carefully recorded and transcribed field data could be fully utilised in all its richness and b) had a recognised step-by-step structure that I could follow though to reach a conclusion. When I encountered grounded theory I recognised a methodology that, if followed correctly, seemed to promise a conclusive and developed working hypothesis and a specific resultant theory grounded in collected field data, that could readily be tested and used by other researchers or franchisors in the future. I was immediately intrigued about its possibilities. For these reasons, plus some more that are made explicit below, a grounded theory methodology was chosen for this work, and is outlined in some depth in the following section.

Franchise research is overwhelmingly quantitative-based, and qualitative research, whilst seen as valuable, has been almost nonexistent (Elango and Fried 1997). I immediately felt that there may well be a myriad of complex cultural reasons for the way that franchisees interact with new ICT, many of which may not be permitted to clearly and naturally emerge using logico-deductive quantitative techniques. On this point, Elango and Fried (1997, p77) discussing the quantitative approach contend that:

"While a coarse-grained approach often results in generalizable findings with statistical significance, it often fails to capture the complexity and subtlety of actual business practice."

The same writers also suggest that the literature often ignores the franchisee perspective, and they consider that important knowledge could and should be gained and shared from that perspective, and so with all this in mind, this work studies two UK franchise networks qualitatively and from the franchisee perspective.

The specific research methodology chosen for this work is a contemporary version of Grounded Theory (GT) first initiated by Barney Glaser and Anselm Strauss (Glaser and Strauss 1967). Whilst their classic method uses multiple case studies with meanings emerging from the data being studied rather than conceptualised a priori, a more recent constructivist iteration is selected for the present work (Charmaz 2006). This constructivist version recognises that the researcher cannot help but play an active role in the process. It is useful because it allows for my personal experience of the franchise industry to become integrated into the research process as opposed to being completely suppressed, and thus provides potential for additional insight and depth.

3.1.1 Identifying the Research Setting

In addition to various secondary stakeholders, there exists a trichotomy of primary franchise domain actors, namely the franchisor, the franchisee and the franchise customer. The majority of franchise research has been drawn from the franchisor perspective. Very little material has been written that comes from the franchisee perspective, and even less from any creative genres within the franchise industry. Indeed most studies focus on the archetypal North American food and hospitality industries (Dant 2008, pp91-98).

Both franchise systems that were selected for this study operate in the UK in creative franchise industries where there has been little previous research, one in training young people in the stage skills of acting, singing and dance and the other in popular music teaching of guitar, bass, drums, keyboards and playing in rock bands. These franchise business genres have a tendency to attract franchisees who like to be creative and entrepreneurial, and thus the shifting franchisee to franchisor relationship balance between dependence, autonomy and control is further complicated and interesting to research.

3.1.2 Gaining Organisational Access

Being a franchisor member of the British Franchise Association (BFA) for seven years prior to the commencement of this work, I was fortunate to have had many occasions to meet other franchisors at association meetings and promotional trade shows and so on. By the time I embarked on this work, I was therefore known in the industry and had got to know a number of franchisors who trusted me enough to be prepared to discuss sensitive business issues in confidence during the process of networking and general business. I used that familiarity as a starting point when I was searching for a franchise network that would perhaps be prepared to expand on that trust to allow access to their franchisee base. I ideally wanted a creative network (for the reasons explained in the previous section) which had recently introduced ICT into their business model, and ideally was of a significant size to enable plenty of data to be potentially available. The Managing Director of my first choice network of theatre arts schools (franchisor A in this study) accepted my request for assistance immediately.

Whilst I was fairly convinced at the time that good quality data would be forthcoming, I wanted to ensure that I had a back-up in case I was proved wrong. In 1981, I originally formed a music school franchise network which I have now retired from. The present managing director is my daughter, and the head office is still situated in an office at the family home. Here was a significant data source that I recognised would be unique and valuable and provide the back-up that I needed. In just a few steps, I was a party to the myriad day-to-day business activities, meetings and communications with key staff members and visiting franchisees, to all of which I could simply be an interested, yet trusted observer.

This subsidiary data source provided many opportunities for the wider constant comparison activities that are necessary for a successful grounded theory study. Throughout the study I wrote observational memos revolving around day-to-day business activities that I was easily able to observe going on around me. Although a much smaller operation of some 80 outlets, this franchise network (known as franchisor B in this study) had also recently introduced similar ICT into the business.

So, whilst the principal franchisee field data has been drawn from the theatre arts franchise network (Franchisor A), the music teaching franchise network (Franchisor B) has been extremely valuable and been used often to provide useful theoretical comparison and verification of many emerging categories and concepts within this study. Seldom would such a rich opportunity normally be available to any academic researcher, and I therefore wanted to make the most of it.

3.1.3 Method of Data Collection

As a first phase of data collection, twenty-eight UK franchisees from franchisor A's network were initially extensively interviewed over the telephone between January and April 2009, audio recordings were made, and full line-by-line text transcriptions subsequently completed. The initial interviews ranged from 30 to 60+ minutes in duration, and the resulting completed transcriptions initially ran to well over 200,000 words of completed transcript. Careful line-by-line open coding was then undertaken with the help of NVivo qualitative research software, to tease out potential themes (or codes) to further uncover. This work resulted in a significant 134 individual codes. This early data collection and analysis provided some potential areas of relevant focus for the initial literature review which was required for the PhD transfer phase to be successfully completed. However, an all-encompassing literature review was deliberately avoided, as this is discouraged in the grounded theory methodology because it can taint the data collection phase:

*"The intended purpose of delaying the literature review is to avoid importing preconceived ideas and imposing them on your work. Delaying the review encourages you to articulate **your** ideas." (Charmaz 2006, p165).*

Following initial open coding and first stage memoing, the process of which is described in detail in the next section, multiple follow-up communications with some 15 of the franchisees were carried out between September 2009 and September 2010, some via telephone and some using email, to seek out new data and to help gain confirmations and tentative connections throughout the gradually developing, focused coding and subsequent theoretical sampling phases, during which the work continually moved through higher levels of abstraction and ideation.

Throughout the field data collection process I was simply known to the social actors from franchisor A as an interested and friendly PhD. student engaged in some vague, general research on franchising. I adopted no particular position and just let the participants speak freely and openly about their relationship with their franchisor, making them feel secure by promising that everything that they said to me would be in confidence, would not be attributed to them personally in any study, or passed back to the franchisor in any ways which could be personally attributed to them. There was particularly a fear of the latter, which I had to initially overcome to gain their trust and gather the unique and meaningful data which now forms the basis of this work. However, I felt fortunate that, once I had gained that trust, most participants opened up and began pouring out their concerns and stories to me. More detailed and specific information regarding the ways in which I carried out the various methodological processes en-route to the eventual emergence of my grounded theory is provided throughout chapter five.

The participating franchisees were selected with the full assistance of Franchisor A, who provided a completely random selection of participants from their ICT system. This randomisation was achieved by an employee using the system's head office system start-up procedure, which completely randomises which franchisee record comes up from the database onto the start-up screen each time a user logs in, apparently to avoid the employee always seeing the same franchisee record on his or her screen every time. The employee continued to consecutively log-in and note the result until the process had successfully provided fifty different franchisees from a possible total of around 300 from the complete network at the time. From this sample, following an introductory letter, 30 franchisees were subsequently prepared to participate in the study, thus providing a sample size of approximately 10% of the network. This sample encompassed the following geographical areas:

Harpenden, Colchester, Keighley, Aberdeen, Edgbaston, Barnet, Loughborough, Romford, Beckenham, Neath, Bristol, Maidstone, Stoke Newington, Northallerton, Weymouth, Eastleigh, Bridgend, Dorchester, Gloucester, East Kilbride, Swindon, Honiton, Southend, Sunderland, Cheddar, Edinburgh, Letchworth, Lincoln, Kettering, Chorleywood.

3.1.4 Research Ethics

This section summarises my approach to the necessary research ethics as I carried out the study.

Informed and voluntary consent

As explained above, the franchisor sent an internal email and letter to all proposed participants of the study before allowing me access to them, which I part-authored and which invited them to participate in the study, explained the purpose and stated that the participation was voluntary and that they would have the right to withdraw from the study at any time. This communication introduced me as a PhD. researcher and explained the topic of the research study. In this way, the participants were not coerced into participation and had access to relevant information before giving their consent.

Confidentiality of Information Shared and Anonymity of Research Participants

I provided the assurance of confidentiality of information shared and anonymity by not revealing the identity of the individuals and institutions involved, and provided anonymity through the use of pseudonyms throughout the work.

No Harm to Participants, Beneficence and Reciprocity

When first interviewing each of the participants, I personally introduced myself as a PhD. researcher from Bournemouth University and outlined the research topic. I then explained clearly that, whatever the participants told me, this would be in complete confidence, and that anything quoted in the work would be entirely anonymous, and finally that, should anything ultimately be fed back upstream to the franchisor to benefit the business model and ultimately their own franchise situation, then this would also be treated anonymously too.

3.2 Introduction to the Grounded Theory Methodology

By the early 1960's, and despite its early successes particularly with the ethnographic work carried out at the University of Chicago in the early decades of the last century, qualitative research in sociology was on the wane in the academic world. Most social science research had turned to survey-research based quantitative methods. One underlying reason given for the qualitative demise was that sophisticated quantitative research attracted more funding and the development of research institutes, and also that its proponents controlled the major journals and the academic departments (Charmaz and Byant 2008).

It was American sociologists Barney Glaser and Anselm Strauss's pioneering work (1967) that attempted to provide a structured method for developing theory grounded in data through an inductive approach and using constant comparative analysis. The authors called their method Grounded Theory (GT). They insisted that their new approach provided a contrast to the risk of testing a logico-deductive theory, which they felt was;

"dubiously related to the area of behaviour it purports to explain, since it was merely thought up on the basis of a priori assumption and a touch of common sense, peppered with a few old theoretical speculations made by the erudite," and they further controversially pointed out that *"the verifier may find that the speculative theory has nothing to do with his evidence, unless he forces a connection"* (1967, p29).

This debate around the forcing of data would become a long-running theme along the timeline of Grounded Theory, and one that would ultimately become the source of a split between founders and send the GT methodology off down two different competing paths.

3.3 The Grounded Theory Method in Outline

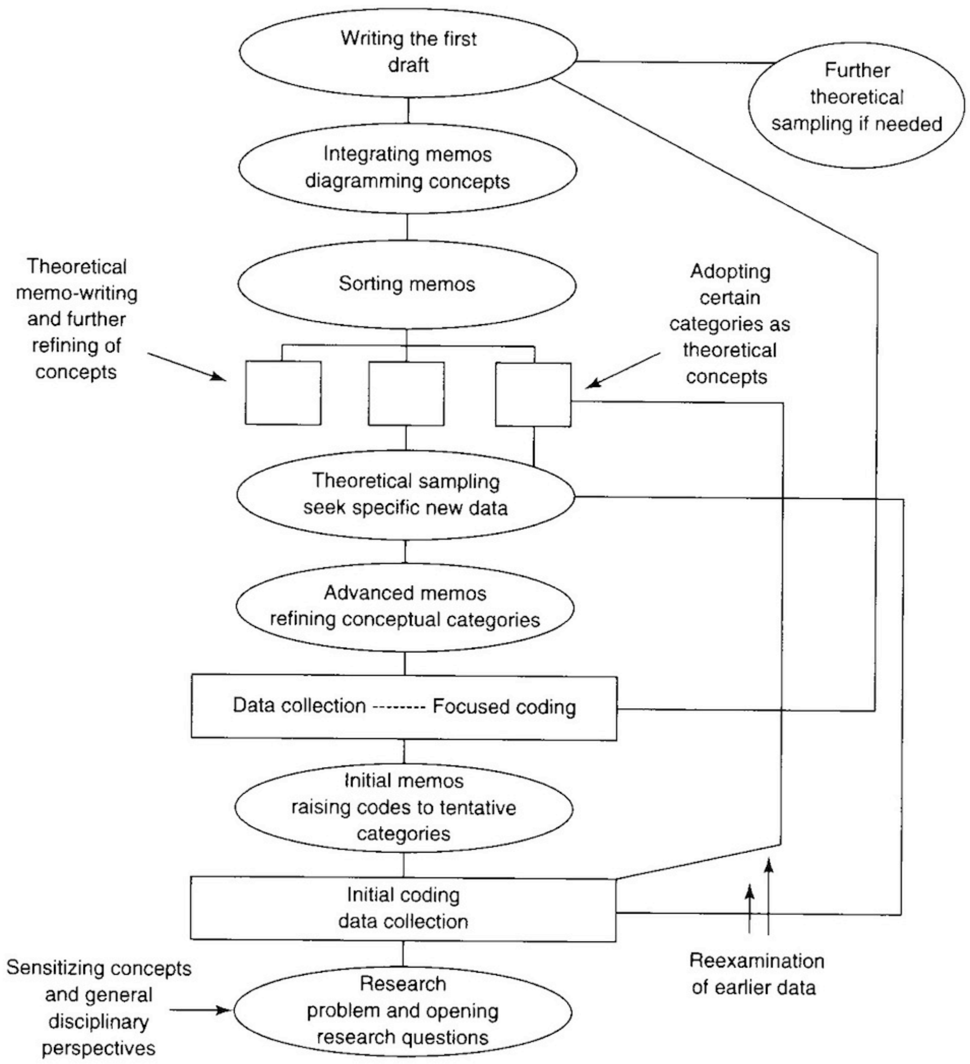

Figure 5: The Grounded Theory Process
Source: (Charmaz 2006, p11).

A grounded theory process diagram (Charmaz 2006) is given in Figure Five. Although work generally proceeds from bottom to top, the process is rarely entirely linear and, as indicated by the three loops on the right hand side of the diagram, the researcher is often required to reexamine earlier data in the light of unfolding leads, whilst equally some early tentative concepts derived from initial coding may, somewhat unexpectedly, turn out to be supported and thus retained and adopted as a higher level theoretical concept.

Because grounded theories address delimited problems in quite specific substantive areas, such as those within this study, they subsequently result in substantive theories. However, the grounded theory technique also has the ability to move into the higher realm of formal theory, which Charmaz describes as "*generating abstract concepts and and specifying relationships between them to understand problems in multiple substantive areas.*" (2006, p8). For example, using grounded theory techniques, if I was to develop a theory of loss of autonomy among franchisees being subject to ICT, I could subsequently examine my theoretical categories to see how they relate to other different areas of life where people have experienced a loss of autonomy, such as, for example, within the workplace due to a change in working practices following management restructuring. Each of these subsequent explorations within a different substantive area can help to develop and refine a higher level formal theory that can satisfactorily account for multiple, seemingly diverse situations.

Formal theory is not attempted in this work, and the goal throughout the current study has been to generate a robust substantive theory which has the potential to be used by others as a basis for a developing formal theory at a later date. The following discussion uses the Figure Five as a guide to the grounded theory process and provides an outline of the way a substantive grounded theory study progresses.

3.3.1 Coding

Although Glaser (2008) has recently written on GT being applicable to quantitative inquiry, a grounded theory study usually begins with the collection of qualitative field data about a phenomenon under study which is then "coded," and indeed this is the approach used for the present work. To take a simplistic example of coding for the purposes of explanation, if a social actor says that she dislikes a new business process that she is required to undertake, then the code attached to the statement may read "resistance to change." This coding normally proceeds meticulously through an interview transcript line-by-line. These qualitative codes are emergent from the data, and the researcher will, rather like a detective, pursue leads and see where they may take him or her.

The initial "open" coding phase will normally result in the researcher speculating on some general reasons regarding why a given phenomenon is presented. This is welcomed in the process and unconstrained and wide-ranging haphazard notes about such early thoughts are captured in initial written memos. This has the effect of forcing the researcher to analyse their data right from the very start of the research process, and serves as a vital ongoing process towards making sense of the research situation as the study progresses.

I commenced my field data collection by traveling to the head office of franchisor A where I spent a full afternoon with the CEO. I interviewed him for over three hours and gradually came to understand his attitude toward the management of his franchise network and his personal and specific approach to the introduction of ICT into it. The results of this provided an important benchmark and enabled me to compare what he thought had been successfully achieved by his ICT introduction with what the franchisees actually thought. I then interviewed 28 of his franchisees over the next few months, once in considerable depth (with interviews of up to an hour or so) and then 15 of these on a number of further occasions, when I was looking for confirmations or more in-depth information on developing topics as my coding became more focused and gradually morphed into theoretical sampling.

Coding even the early franchisee data, showed me that there were definitely modifications to the franchisee to franchisor relationship following the introduction of ICT. Whilst there was recognition of the benefits of being a franchisee in a well-known brand, it was very clear that things had changed:

"Now they've got all this information in front of them, it all becomes less personal in a sense."

The franchisee data also revealed a reaction against elements of the online system and a desire on the part of franchisees to be offered more opportunity to customise the system. To take just one of many examples, following a comment made by one particular franchisee on what they quietly did behind the franchisor's back, I re-interviewed others and was able to uncover a web of underground maverick tendencies where franchisees spent considerable time and effort developing complex strategies to circumvent elements of the new ICT system that they simply didn't like.

3.3.2 Constant Comparison

As the first stage of the data collection continues, general similarities across these individual memos are sought and, where possible, the memos are then grouped together to form tentative categories. Simultaneously, as all this coding and categorisation progresses, further data is collected which is constantly compared with the earlier material; data with data, then category with category and finally category with concept. This constant comparative method is at the very heart of the inductive and ongoing, grounded theory process.

Gradually the written memos will tend to become more advanced, and the emerging categories increasingly conceptual in nature. These more elaborate memos will also begin to signpost possible connections with a range of appropriate theories, which potentially may lie across a range of academic disciplines considered to be relevant to, and therefore "grounded," in the data itself.

Initially I found the step change from coding to memoing difficult, especially as this was the first time within the research (coming after the processes of reading widely about the methodology and writing about it) that I had the opportunity to be really creative. However, once I embarked on analyzing the sheer amount of collected and newly coded data, the memoing quickly gathered momentum, became addictive and turned out to be one of the most enjoyable areas of the work.

Over several months as I developed trust and belief in my expanding empirical data, I continued to conceptualise and then follow-up up again (in a broadly similar way as to the successful method used to uncover the maverick tendencies) and very gradually, the structure of what would become my resulting theory began to emerge. However, the ideation was dense and, from quite early on, I found that the only possible way for me to retain control over the burgeoning conceptual expansion was to draw it visually using mind-mapping. These maps are reproduced in chapter 6 to aid the reader in following the final theory.

3.3.3 Conceptual Categorising

Following the gradual introduction of possible theories which the researcher considers helpful in providing some explanation for what is being seen in the data, the original tentative categories tend to crystallise into somewhat more refined, higher-level conceptual categories, all of which will have emerged (or been inducted) from the data as opposed to being generated from previously deduced hypotheses. The goal of the researcher is to continually raise the conceptual level from that of description into more of an abstracted theoretical realm, and seek to define the properties of the developing categories. Questions such as: *What makes this operate the way it does? Under what conditions is it experienced? What seems to cause the situation to change? How does it relate to my other categories?* All need to be asked of the phenomenon under study.

3.3.4 Theoretical Sampling

From this point, the ongoing data collection becomes increasingly focused on advancing the emerging theory. This phase is known as theoretical sampling, during which the researcher is selectively seeking evidence to confirm or disconfirm the boundaries of his or her categories. Instead of the earlier more generalised approach to the field data collection, the researcher now focuses on gathering further data on specific information, people or events that add relevance to the categories, or which further illuminates them.

From the initial interviews, initial follow-ups and the subsequent coding, mapping and memoing work, a number of topics relevant to the research problem began to emerge and presented themselves to me as worthy of further examination and data collection.

Each time I identified an area I wanted clarification on, I used members of a pool of 15 of the franchisees who had been particularly forthcoming with their views on the ICT. Infiltrating the franchise network in this longitudinal way for as long as I realistically could between September 2009 and September 2010 and probing for specific things that needed more and more clarification proved very conducive to discovering many attitudes and concerns that were originally well hidden behind the gloss of the business, and thus helped me to seek out new data and to gain important confirmations and tentative connections throughout the gradually developing, focused coding and this subsequent theoretical sampling phase, during which the work continually moved through higher levels of abstraction and ideation. As detailed in chapter five, my first seven very tentative and basic categories from the initial interview stage (*Changes in the franchise relationship, Reaction to technology introduction, Methods of communication, Reaction the franchise model, Marketing, Operational, Changes in franchise support*) were entirely transformed through this ongoing theoretical sampling process as the study continued and more focused data was generated. The starting seven finally became five substantive master concepts around which the remotely controlled ICT-led franchise relationship revolved. These were *absent interrogating, awing, intimidating, supporting* and *boundary setting*.

3.3.5 Concepts

The goal is to elevate conceptual categories up to major central theoretical concepts though the sorting of the memos and categories, as they arise. Kathy Charmaz (2006, p139) provides a mechanism for this development:

"We choose to raise certain categories to concepts because of their theoretical reach, incisiveness, generic power and relationship to other categories... Theoretical concepts subsume lesser categories and by comparison, hold more significance, account for more data and are often more evident."

Sorting of memos can be made easier by visualising connections graphically. Strauss and Corbin (Strauss 1998; Strauss and Corbin 1990) developed a conditional/consequential matrix of concentric yet connected circles to help researchers to identify where things occur repeatedly in the data and the conditions that may influence their appearance. Originally, when they introduced it in 1990, they placed action at the centre of their diagram. However, this was modified in 1998, so that the individual became the central core. They present it as an *"analytic device to help the analyst keep track of the interplay of conditions/consequences and subsequent actions/interactions and to trace their paths of connectivity."* (1998, p199) The conditional/consequential matrix is, however, just one of many potential graphical approaches to connecting and integrating memos, and some researchers may prefer to use logic diagrams such as simple flowcharts or mind-maps, or indeed the increasingly sophisticated systems built into today's qualitative research computer software programs. As I have previously explained, I enjoyed making sense of my ongoing work and its myriad connections and feedback loops by developing complex mind-maps, some of which made it through to the emergent theory chapter (chapter 6) of this thesis.

3.3.6 The Core Category

Whatever the method or methods chosen to integrate his or her memos, ultimately, through diligence and patience, the grounded theory researcher will hopefully become aware that one substantive concept is naturally arising as the core phenomenon around which all the others then begin to revolve and relate. In this study, the core category of franchise remote control arose.

3.3.7 Saturation

The work ideally continues until each of the substantive categories provide no new theoretical insight or properties, at which point, they are said to have reached saturation, and a theoretical conclusion about the phenomenon under study can be reliably reached.

However, it should be noted that in practice the grounded theory process is rarely as linear as described here. Because of the central nature of constant comparison running throughout the methodology, right up to the point of theoretical saturation, and often beyond into the writing of the draft, it is often necessary to reexamine earlier data considering new twists and turns, which may perhaps result from more focused theoretical sampling, from the connections made through emerging theories or during the integration of memos.

3.4 Grounded Theory Timeline: Development and Divergence

Barney Glaser published *Theoretical Sensitivity* (1978) which was the first extension of Glaser and Strauss's original *Discovery* title (1967). The next milestone came when Strauss published *Qualitative Data Analysis for Social Scientists* (1987) which significantly changed the original version of Grounded Theory. This was followed up by Strauss and Corbin's *Basics of Qualitative Research* (1990) which aimed to provide an easier to understand text outlining Strauss's modified methodology. Glaser responded extremely critically to this in his book *Emergence vs. Forcing: Basics of Grounded Theory Analysis* (1992).

Both authors have continued to advance their own approaches to GT over the years. Glaser continues to publish considerable work on the subject (1998a, 2008; 1993, 1994, 1995, 1998b, 2003; Glaser and Kaplan 1996). Strauss and Corbin were to publish further books (1998; 1994, 2008) two of which were published after Strauss's death in 1996.

Glaser's stance in the early 1990's on the approach continuing in its original emergent style of interpretative and contextual development contrasted sharply with Strauss and Corbin's later more complex systematic "axial coding" technique, which I will discuss in more detail presently.

However, development did not end there, and more recently the method has been further conceptualised and updated by other researchers, most notably Kathy Charmaz (2006) who has shifted the original approach towards a constructivist agenda.

There is thus a historical, ontological and philosophical progression that I will seek to briefly summarise here, and then move on to clarify for the reader, my own methodological stance within the discipline and the reasons for this choice.

3.4.1 Glaser versus Strauss - The Battle Lines

Glaser, together with Strauss and Corbin both used the word "code" in their data analysis systems, but each apply the word differently. Glaser (1992; 1978) and Strauss and Corbin (1990) all recognised that coding of qualitative data was indeed the route towards gaining understanding and ultimately being able to induce a theoretical *grounding* from the data. However, following Strauss and Corbin's book of 1990, a dispute arose between the two founders as to how such coding should operate.

Glaser holds that there are just two types of such coding process. The first, called open coding, is then followed by theoretical coding. In the latter, the open codes are grouped together into conceptual ideas that suggest themselves from the data. The generation of these "ideational codes" as Glaser terms them (1978, p55) should be developed on two levels: substantive and theoretical. The thinking here is that the substantive codes first conceptualise the empirical substance of the area of research, and then the theoretical codes further conceptualise how the substantive codes may relate to each other and could be integrated into the developing theory.

Strauss and Corbin on the other hand developed *three* different types. Open coding is, on the surface, similar in both competing approaches. However Glaser emphasises the importance of letting codes emerge naturally from the data and guards against fitting data to any form of predetermined system, whereas Strauss and Corbin (1990) advocate breaking down the field data and categorising using a rigid predetermined system.

With both approaches, the intention is to move from open coding into what Strauss and Corbin (1990) term 'selective coding,' and what Glaser (1978) terms 'theoretical coding' which is outlined above. This is the final process where a core category emerges which accounts for most of the variation of the central phenomenon of concern, and around which all the other categories are integrated (Kendall 1999, pp743-757).

However, unlike Glaser, Strauss and Corbin added an intermediate step in their route towards the final selective/theoretical coding. They called this extra procedure 'axial coding' (1990, p123-142). Specifically, the Strauss model funnels the data through a fixed system which they term a "paradigm model" (1990, p127-130) and which consists of six predetermined subcategories which are namely: conditions, phenomena, context, intervening conditions, actions/strategies and consequences. The word "axial" is used as a descriptor for this process because each category is treated as an axis from which relationships in the data develop and emanate, like spokes radiating out in a bicycle wheel. It is a deep analysis carried out around one category at a time in terms of the given paradigm items (Strauss 1987, p32). It is deemed useful because the early line-by-line coding process that is undertaken with the transcriptions has the potential to fracture the data into a confusing myriad of tiny particles. Axial coding's major purpose is to bring the data back together again into a coherent whole (Charmaz and Byant 2008, p602).

It is this (in Glaser's opinion) straightjacketing of data that caused the divergence in the approaches of GT's two founders. Glaser (1978, p4) requires that the codes used should be driven by the data and not forced into any predetermined conceptual model like this at all.

The key disagreement is thus over "dimensionalising" of the data, by placing specific boundaries or measurements on its properties. Strauss and Corbin consider this an essential core task that should commence during the initial open coding stage (1990, p116-119), whereas Glaser insists that such early intervention is completely inappropriate and holds that Strauss and Corbin jump too far ahead by intervening in this manner (Glaser 1992, p46).

Whilst Glaser disagrees with the paradigm model's systemising approach, he has nevertheless offered his own form of systemising model (which incidentally predates Strauss's) and which provides 18 coding families that a researcher can use as an aid to *begin* to connect data categories (1978, p109-113). However, he points out that these should only be viewed as general possibilities, and that conceptualisation should always lead the analysis. Significantly, he also advocates that they should only ever be applied at the final theoretical coding stage. Indeed Glaser prefers to simplify the whole GT process and writes:

"Using the constant comparison method gets the analyst to the desired conceptual power quickly with ease and joy. Categories emerge upon comparison, properties emerge upon more comparison. And that's all there is to it." (1992, p42).

Walker and Myrick (2006, p552) summarise Glaser's criticisms, and indeed the whole methodological issue very well when they simply ask:

"At what point in the employment of procedures does the researcher actually step away from what does exist and begin imposing preconceived frameworks on the data?"

and also

"At what point does the researcher's intervention or techniques force, instead of allow for, emergence?"

This flags up the question of how a researcher should deal with his or her prior experience.[12] From a pure Glaserian perspective, prior understanding should be based on a wide-angle general problem area, and prior reading and review should thus be similarly very wide to alert or sensitise to a general range of possibilities (Heath and Cowley 2004, p143). Strauss in contrast (1987) considers that the use of self and literature are both early influences, and that these can be valuable starting points to stimulate theoretical sensitivity. Indeed, Strauss and Corbin further claim (1994, p273-285) that in the original development of grounded theory, inductive aspects were overplayed.

In summary then, Strauss's method (1990) was to place more emphasis on deduction and encourage the asking of "what might be" rather than "what exists" in the data. The danger with this approach is that it does have the potential to take the researcher further away from the data. Heath and Cowley (2004, p145) contend that with this methodology, novice researchers could become so captivated by their own ideas that their subsequent sampling and selection is used only to fit their creation, and thus that those who adopt this version are in danger of simply confirming existing knowledge rather than discovering new, and lastly that imagination rather than interpretation is wont to take over.

Glaser (1978, p8) does hold that everything is data, and so accepts that prior knowledge is valid, but sees personal knowledge and experience, past and present, as *additional* rather than central material. Such is his strength of feeling over the matter, that he has insisted that Strauss and Corbin's revised GT methods should really not be called grounded theory at all (Glaser 1992).

This present work recognises that debates around this GT polemic have to be worked through carefully by new researchers before they can confidently engage with a chosen route. However, it is a complex journey, especially given that, as Walker and Myrick (2006, p550) quite rightly state, at surface level there are no recognisable differences. Both versions adhere to the same basic research process which is first to gather data, then code, compare, theoretically sample, develop a core category and generate a theory.

Early researchers may opt for the Strauss and Corbin approach to GT because, with its guiding provision of a dimensioning paradigm through which to analyse the data, it initially appears a more

[12] See section 4.6 and subsections for further discussion of the author as an insider problem.

structured and clear way of proceeding at the outset. Kendall (1999, p750) for example, states how she looked forward to using Strauss and Corbin's approach as it *"seemed accessible and useful in helping to organise, describe and conceptualise the depth and extent of processes involved."* However, during her researches with families living with an ADHD child, she says she found herself working the axial coding paradigm model rather than focusing on the data:

"I became so distracted by working the model to its natural conclusion, that I stopped thinking about what the data were telling me in regard to the research question… I had spent two years of a 3-year grant obsessed with axial coding rather than working and reworking the analysis in ways that expanded my thinking" (Kendall 1999, p751).

Clearly these differences and debates between the two methods have the potential to overcomplicate the work and create much unnecessary anxiety on the part of the researcher. Heath and Cowley (2004, p149) at the end of a complex discussion of the competing approaches, provide sound advice when they state that one should:

"Set aside 'doing it right' anxiety, adhere to the principle of constant comparison, theoretical sampling and emergence, and discover which approach helps them best to achieve the balance between interpretation and data that produces a grounded theory."

They also remind us that the aim is not to discover *the* theory, but *a* theory that aids understanding and action in the area under investigation.

3.4.2 Towards Constructivist Grounded Theory

From the above summary, clearly what has become latterly known as "classic" or "Glaserian" Grounded Theory has emerged from an objectivist approach in which the researcher is expected to inhabit the position of a completely neutral observer, remaining separate from the data subject. Indeed it is this vantage point that is closest to the *original* ideals of both GT's founding fathers. However, in my view, it is a difficult position to inhabit.

In recognition of these difficulties, Charmaz (2006) and Charmaz and Bryant (2008) have advanced a new constructivist agenda for twenty-first century GT. Her new method recognises that everyone, researchers and social actors alike, do *construct* their own realities within situations that they are involved in. Charmaz' constructivist advancement of the GT methodology encompasses this and requires that the researcher strives to find out, not just *why* the social actors react on the surface to a phenomena under study, but also *how* they have developed and built their realities. Charmaz (2006, p187) thus asks the researcher to seek wider reasons for answers and to be prepared to situate and *"locate it in it its web of connections and constraints,"* always recognising and acknowledging, throughout the study, that the researcher's own interpretations are, of course, also constructions.

Charmaz also suggests that GT methods need not be tied to a single epistemology, just as they need not be tied to one solitary method of collecting data in the first place (2006, p178). In summarising her constructivist approach, she states, in particular, that researchers are part of what they study, not separate from it, and that analytic directions arise from how such researchers interact with and interpret their comparisons and emerging analyses.

She is at considerable pains to emphasise her point that a Grounded Theory should rely on interaction with social actors and that, like it or not, this interaction will always proceed from the researcher's own worldview, standpoints and situations, and, of course, that all such interaction is in itself usefully interpretive.

Notwithstanding this, if the researcher's background and experiences are made entirely clear and explicit within the text, the reader is afforded the additional opportunity to understand and reflexively interpret the researcher's constructed viewpoint, and thus gain an additional level of insight and perspective into the work, which would normally be hidden from view or be, at best, fleeting and elusive. The Author as Insider section in Chapter Four discusses how this requirement for explication was handled in the present study.

3.5 Research Strategy and Design

The research strategy for this thesis is therefore that of Constructivist Grounded Theory inspired by Charmaz (2006). Constructivist Grounded Theory (GT) has been selected over the logico-deductive method for two principal reasons.

1. Because it soon became clear that there was a myriad of complex cultural reasons for the way that franchisees interact with new ICT, many of which I felt would not be permitted to clearly and naturally emerge using logico-deductive quantitative techniques. In particular, there was a need to guard against any tendency to force links to theory and the belief is that longitudinal, developing conversations with multiple case studies over many months enabled results to be richer, deeper and

more meaningful, and allowed for the best chance of objectivity when concepts and subsequent hypotheses began to emerge.

2. Because I have prior experience of the franchise industry, which it would be difficult to objectively and honestly suppress.

The constructivist version of grounded theory was favoured as it recognises that the researcher plays an active role in the research process. As Charmaz and Bryant explain:

"Constructivists locate their analyses in specific historical, social and interactional conditions of their production, rather than constructing concepts abstracted and separated from their origins" (Charmaz and Byant 2008)

Although Glaser continues to strongly call for neutrality and dispassion (1992; 1978, 1998b) more recent commentators have recognised that this should be regarded only a statement of an ideal. Fendt and Sachs (2008, p450) for example thus propose:

"... an acknowledgement and disclosure of the researcher's previous practical and theoretical experiences and knowledge. Such experiences should be viewed as an asset and not a liability."

The Franchisor A stage schools field data acted as the primary source material, with Franchisor B music school data acted as subsidiary. The inductive logic that I applied to the subsidiary data source material was that, if something was observed within the primary field data through constant comparison, generated theoretical significance and was subsequently corroborated by my Franchisor B observations, notes and diaries, then there was surely good reason to develop the concept further into a higher order category with a view towards combining the same into the emerging grounded theoretical framework.

A corroborative twin-research loop approach such as this, and one in which verbatim field transcriptions are included within the manuscript, was employed to neutralise my mild concern that the line-by-line GT coding process could potentially fracture and fragment the original data to such a degree that much of the valuable nuance of the original interview transcripts could be lost to the reader.

3.6 Units of Analysis and Data Collection

Despite their growth in popularity, there is little research into performing arts franchise networks, especially concerning how the franchisors handle the inherent creative and entrepreneurial aspirations of their "artistically inclined" franchisees as they seek to update their systems and introduce information and communication technology (ICT) across their networks. For these reasons, two similar UK franchise networks, both of which have recently deployed ICT technology, and both of which trade in the performing arts sector have been chosen to provide an interesting and previously un-researched data source.

Interviews with Franchisor A theatre arts franchisees, together with relevant additional stakeholders such as the CEO and members of the Franchisor B music schools network were digitally recorded and transcribed for coding. Further business observations, interviews and accounts from the Company B network were written on an ongoing basis through interactions with key informants, as relevant day-to-day business situations occurred in the franchise network. These were combined with extant diaristic observations and further interviews to seek corroboration with the incoming franchisee-centric interviews from the Franchisor A field data.

The field data collection continued from a holistic perspective, during which I attempted to pull back from the specific problem event or situation under study and put it in a larger context (Jordan 2003, p108). Jordan (2003, p112) for example, when discussing a study which revolved around whether a company should invest in video conferencing equipment or not, usefully points out that it is necessary for the researcher to learn not only whether a business really needs something, but equally importantly whether they would use it or not, and why - and crucially look for the *whole* in which the research question is embedded.

The questioning itself was designed from a constructivist, as opposed to objectivist standpoint. Charmaz (2006, p32) provides a distinction that is useful here. She states that a constructivist seeks to elicit a participant's definitions of terms, situations and events, and attempts to discover their assumptions, implicit meanings and tacit rules. An objectivist, on the other hand, she contends, would be concerned with gaining information about chronology, events, situations and behaviours.

As recommended by Charmaz (2006, p29) in her constructivist GT methodology, the research approach attempted to reflect a symbolic interactionist emphasis on learning about the participants' views, experienced events and actions to better understand the underlying reasons for actions identified in the data. Questioning aimed to gain a depth of understanding of both vertical (franchisor to franchisee) and horizontal (franchisee to franchisee) relationships and how these linkages modify the attitudes to ICT deployment and use within the networks.

The interviews were semi-structured and the questioning methods employed followed the general principles expounded by Rubin (2005, p6) in his discussion of elaborated case studies, with the goal being to find out what happened, why, and what it means more broadly. As Rubin states:

"To be able to generalize to broader processes, to discover causes, and to explain or understand a phenomenon."

The intention was always to deploy main questions to move the interviews towards a general area, then use probes to provide ways of asking for more depth and detail and encourage the interviewee to continue, and finally ask follow-ups to encourage the social actor to expand on what appeared to be important to the research (Rubin 2005, p13). Thus a focus was maintained, but there was also scope to enable new issues or revelations to emerge.

The field data collection was carried out principally through individual interviews with franchisees. A focus group approach was considered, and whilst more convenient as a quick method for considerable data collection, was rejected for the following reasons:

1. The franchisees had been selected at random by head office staff at Franchisor A and were therefore dispersed across the whole of the UK. Initial interviews showed that there was some resistance to spending too much time supporting this study, and thus it is unlikely that they would have been prepared to travel to a location for a focus group discussion. The idea of operating a virtual conference-style approach using a VOIP technology such as Skype was considered. However, the franchisees in the sample had largely not heard of the technology, didn't have suitable microphones or had never actually used it. This was also therefore rejected.

2. In the initial interviews, it quickly became clear that the franchisees were often involved in various non-approved actions to circumvent what they considered were insurmountable bottlenecks in the ICT. These "workarounds" were reported in confidence through the one-to-one interviews, and I was specifically requested not to pass this information to other franchisees (or the franchisor). It is therefore unlikely that such useful data would have been collected in a focus group setting, and

also that there would have been a tendency to adopt a group mentality, and for members to be tempted to latch-on to things that others were saying. I particularly wanted the unmediated detail of each individual to come through to me accurately, and wanted to avoid blurred collective "me too" views at all costs.

3. The franchisees were protective of their business, and confidentially opened up to me about how they believed that other franchisees in the network were adversely affecting their business success and the brand standards, through their actions and attitudes. Again, this material would have been unlikely to surface in a focus group setting of franchisees.

3.7 Addressing Research Validity

It is recognised that grounded theory has the potential for error in similar ways to other qualitative approaches. A key approach within the qualitative research tradition for verifying the validity of a research work is by using a process known as member checking.

Member Checking

Member checking involves the researcher going back to the participants in an effort to check the accuracy of individual transcripts with participants, and trying to ascertain whether the researcher's interpretation of the data under discussion really represents what they said.

Within grounded theory, such member checking is usefully inherent within the very process itself, as the researcher returns to many of the respondents to seek more information and confirmations throughout the focused coding and theoretical sampling processes:

"While member validation may be considered the 'gold standard' in qualitative research, it introduces an additional and separate method into the research process, one which the research may opt to not use, whereas in grounded theory the checking is built into the research process and is seen as an integral part of constant comparative analysis and theoretical sampling. It is used as an ongoing process throughout the research, which is clearly different from it being used as a distinct exercise of checking the research findings after the analysis has been completed." (Elliott and Lazenbatt 2005, p51).

Interestingly, although Lincoln and Guba (1985) posit that member checking is the most crucial technique for establishing credibility in qualitative work, the technique has become controversial and a trio of authors (Angen 2000; Morse 1994; Sandelowski 1993) have been critical of it, fundamentally because member checking relies on the assumption that there is a fixed truth or reality that can be accounted for by a researcher and confirmed by a respondent, and also, to offer a range of other examples, that members may deny things they have told the researcher or want them removed from the data, tell things in interviews that may later regret or see differently, forget what they say and the way that the story was told, or that members and the researcher may have different views of what is a fair account.

Throughout this study, when returning to participants in the theoretical sampling phase in particular, my approach was not to say *"Is this right?"* but rather, *"What you said about such and such was really interesting, tell me more."* This enabled me to confirm and extend on topics at the same time in a positive and non-confrontational way, and was my personal method of using member checking throughout the work.

Peer Debriefing

A second validity check is that of peer debriefing, where a professional or academic peer reviews the research process and comments upon it. An element of peer debriefing was attempted during this research work, when the Director General of the the British Franchise Organisation, a leading professional from the UK franchise industry, was presented with the problems and working hypothesis to examine dispassionately. His comments on the work were useful and the discussion that followed led to me being asked to present the emerging research work at a new franchisor seminar with him personally in March 2010. A letter from the BFA regarding this outcome of this research presentation can be found in the appendix.

Audit Trail Tracking

Lincoln and Guba (1985, p320-321) discuss providing "confirmability" of the research and write about how the researcher can demonstrate neutrality of research interpretations through the provision of audit trail items such as raw data, analysis, process and personal notes, together with preliminary development information. To meet this requirement, significant raw data has been provided with analysis notes throughout chapter six. Process and personal notes form the basis of an extensive discussion across chapter five and preliminary development information including the management of the data is made explicit in chapter four.

The Validity Debate

This research has presented the continuous cycle of collecting and analysing data, and how categories and preliminary findings were reviewed and modified to ensure that data was not forced into categories, but rather that the categories represented the data through a developing dynamic relationship. When discussing external validity criteria, which they consider is a debate that is ongoing and may never reach a consensus, Elliott and Lazenbatt (2005, p50) argue that instead of searching for additional quality-evaluating criteria outside the methodology, the focus should rather be on the quality of the research method itself. In effect, that the research should be evaluated by the very constructs that were used to generate it:

"Whilst criteria are part of the discussion on quality research, it is argued that it is more important to consider the research methods themselves from the perspective of quality in research."

In the spirit of the above, this work places reliance on the founders of the grounded theory methodology, Glaser and Strauss's own set of four criteria for assessing the quality of the work, these being fit, work, relevance and modifiability. Glaser, expanding on the initial two criteria of fit and relevance from the original grounded theory discovery book (Glaser and Strauss 1967), added work and modifiability (Glaser 1978, p 4-5). The work is thus discussed in relation to these criteria in some depth Chapter Eight.

3.8 Conclusions

This chapter explained the reasons for choosing grounded theory for the work. Especially relevant was how the methodology allowed for many complex, cultural elements within the extensive field data to emerge in ways which may not have been possible using logico-deductive methods. Given that research from a franchisee perspective was rare in the literature, my intention was to try to make the most of it. I therefore selected a more recent (2006) constructivist iteration of grounded theory, which had been designed to better elicit participants' definitions of terms, situations and events, and enable me to discover their assumptions, implicit meanings and tacit rules.

Along with addressing research validity, this chapter also detailed how this modern, constructivist GT approach was particularly useful in the present circumstances, in that it provided scope to allow for my own personal experience in the franchise industry to be integrated into the research without it influencing the data. The latter was successfully achieved through the data management techniques which I now move on to explain in the next chapter.

Chapter Four – The Management of the Data

Introduction

This chapter explains how the field data were managed. The first section discusses the problems that can occur when the researcher is an insider, and then goes on to outline how, through the technique of bracketing, my own beliefs and expected outcomes have not been allowed to influence the data. A section specifying my bracketed beliefs regarding the positive and negative outcomes following the introduction of ICT into franchise networks is provided. This is followed by the results of a detailed qualitative interview with Franchisor A, where the benefits that he expected from ICT introduction into his franchise network are provided to offer a control benchmark against which the results of the field data collection from his franchisees (presented within chapter five) can be set. Finally, there is a discussion of possible methods of ICT adoption from the academic literature to provide an understanding of the options that franchisors in this study could have adopted as they introduced technology into their networks.

4.1 The Researcher as an Insider

Bazeley (2007) states that:

"The belief that an inductive approach to research requires that researchers come to their data without having been influenced by prior reading of the literature in their field and without bringing any theoretical concepts to the research, is generally no longer seen as realistic or broadly supported."

4.1.1 Introducing Bracketing

It is nevertheless recognized that researchers must seek to put aside assumptions to enable their respondents' life experiences to be accurately described and analyzed. However, if the *"values and relevances that shape data are not recognized by the researcher, they will be even more obscure for the reader"* (Porter 1993, p140). Ahern, contends that, whilst researchers *say* that they have attempted to put aside their own assumptions, such attempts are often not explicated, and she recommends that a technique known as "bracketing" is employed as a way of identifying areas of potential bias, and suspending them so that they do less to influence the research process (Ahern 1999, pp407-411). Bracketing can be summarized as follows:

"In bracketing, the researcher lays down for readers, his or her self-assumptions about the experience, or the phenomenon: what he or she believes about the projected study or the basis for the study. The researcher answers these questions for readers: Why this study? Who are you in this study?" (Munhall 1994, p60).

Munhall further explains that the aim of bracketing is to enable the researcher to set aside their own beliefs so that they may "hear" and "see," as undisturbed as possible by their own existing knowing. She contends that this enables an openness when conversing with the participants without constantly trying to validate one's own beliefs and presuppositions:

"Many of us spend a great deal of time trying to convince others to see the world the way we do. When they don't, we say they don't understand. In the unknowing stance, however, we say we do not understand and wish to understand other perspectives" (1994, p62).

When a researcher uses bracketing then they must inhabit a position of doubt towards what they know, and explicitly place all prior knowledge, beliefs, preconceived notions in metaphorical brackets and seek to suspend these during the study. Bracketing then, involves thoroughly examining and suspending one's beliefs so that all description about the phenomenon under study is not contaminated by researcher bias (Pitney and Parker 2002, pS169).

4.1.2 Introducing Reflexivity

In relation to research, reflexivity *"involves the realization that researchers are part of the social words that they study*" (Porter 1993), and through this, attempt to view their own beliefs in a similar at-arms-length way to the those beliefs that are held by the data subjects. This requires an honest examination of the researcher's values and interests that may affect the research work (Porter 1993). Ahern (1999) suggests the development of a reflexive journal to enable the researcher to note issues that will enhance reflexivity and the ability to successfully bracket. She contends that the researcher should identify taken-for-granted assumptions, clarify personal value systems and acknowledge any areas in which the researcher knows that they are likely to be subjective, describe possible areas of potential role conflict and recognise any feelings that could indicate a lack of neutrality, and, when identified, revisit notes in the reflexive journal to determine the origins of such feelings and seek to separate reactions caused from past events, and avoid these contaminating the present research work (Ahern 1999, p408-409).

The data analysis for the present study began with the aid of a Computer Assisted Qualitative Data Analysis Software (CAQDAS) system called NVIVO. One of the central elements of the system is the use of a research journal within the software. As recommended by Bringer (2004, pp247-265) this offered the opportunity to record personal thoughts, theoretical ideas and concerns relating to the project. It also enabled links to memos, categories and also diagram-based modeling within other parts of the program. In addition, the research journal *itself* could be coded in NVIVO in much the same way as interview transcripts and other field materials. Bracketing was thus not only entered within the journal itself, but also in separate developing memos and, on occasions, within interview transcripts, where reflections on how I expected questions to be answered were recorded next to the actual data.

This explicit bracketing across the whole of the NVIVO system is coded on the fly, so that bracketing texts can be entered anywhere and at any time, and then brought together later through various searches to create reports. This approach usefully enables researcher thought flows to be maintained, given that it is unnecessary to exit from a specific area of the program system, enter a different one just to write a bracket, and then go back again to the original location.

4.1.3 My Bracketed Beliefs

The intention with the following section has been to thoroughly examine my held beliefs and explicitly place all prior knowledge and preconceived notions in a series of metaphorical “brackets” and seek to suspend these during the study in an effort to avoid contamination through researcher bias (Pitney and Parker 2002, pS169) and to attempt, as far as possible, to inhabit a position of doubt towards those beliefs.

The aim of bracketing[13] is to enable the researcher to set aside their own beliefs so that they may “hear” and “see,” as undisturbed as possible by their own existing knowing (Munhall 1994). The following sections therefore detail what I currently *expected* to find, based on my existing franchise industry experience.

[13] Bracketing and the author as an insider is discussed in more depth in section 4.6.2

The bracketing provided in section 4.2 is divided into two principle sections; expected positive outcomes from the introduction of ICT, and expected negative outcomes.

4.2 Bracketing: Expected Positive Outcomes from the Introduction of ICT

Better Network Control

With ICT technology, the essential end of month (EOM) accounting input from across a franchise network becomes automated and immediate with no reliance on the sending of signed turnover declarations. Because figures from the whole franchise network are available on the Head Office home screens, there is less need to ask franchisees questions regarding their trading performance. In addition, faster downstream (franchisor to franchisee) communications may be actioned without the need for printing and posting information. Thus, franchise operations manuals can be fully up-to-date at all times, replacing the need for six-monthly printing and physical distribution. The franchisor can illuminate new developments through the use of weblogs and targeted online news channels.

Instant Figures

Through the ICT system, the franchisor has at his or her disposal the benefit of instant and comprehensive live figures from the franchise network at all times. Data mining techniques can be employed to identify trends which can be used to further refine the franchise offering and be fed back to the franchisee network appropriately to enable better targeting of advertising and improvements to the services offered to customers. Examples of these trends may include; the split between male and female customers; total customer numbers across a zone or the complete network; the identification of the average customer lifetime value (LTV); customer age analysis; most popular product item purchased and so on. Having the benefit of instant and up-to-the-minute figures also enables timely and accurate investor reports to be produced.

Systems to track financial progress against franchisee business plans enable remote sales target monitoring and the management by both franchisees and by Head Office of financial health Key Performance Indicators (KPI's) such as staff costs, advertising spend, new business achieved , etc.

I personally expected that additional benefits could be also realised. These included the need for less Head Office support staff, and thus lower costs; less paperwork through digital signatures being employed for month end routines; the ability to control a very geographically dispersed franchise network with a small amount of staff and the opportunity to initiate international operations through the development of country-specific sub-websites with multiple currency options.

The role of the franchisor's administration manager was expected to be simpler, as email may be used to deal with precise queries instead of telephone calls, and this avoids the associated problems of not being able to contact franchisees during working hours, especially those who operate on a part-time basis and are not readily available except in the evening. All calculations of monies owed are made automatically and franchisees can see exactly what is owed at the month end, and pay the franchisor promptly without needing to be invoiced manually. This means that Management Service Fees (MSF's) come into the franchisor's bank account faster, resulting in improved cash-flow and thus potentially, a reduced need for borrowing.

The recruitment and training of shop-floor staff is automated, and technologies such as online streamed training videos, audio-book learning and e-books can be deployed using ICT across the whole of the franchise network and updated centrally. My expected result was that much of the initial staff training could be accomplished online and, given that all staff, wherever they are, receive the same training experience, brand standards are able to be maintained across the network, and I expected that through the ICT deployment, franchisees would increasingly recognise the franchisor's high level of competence.

A visual representation of these bracketed expected positive points is provided in Figure 6:

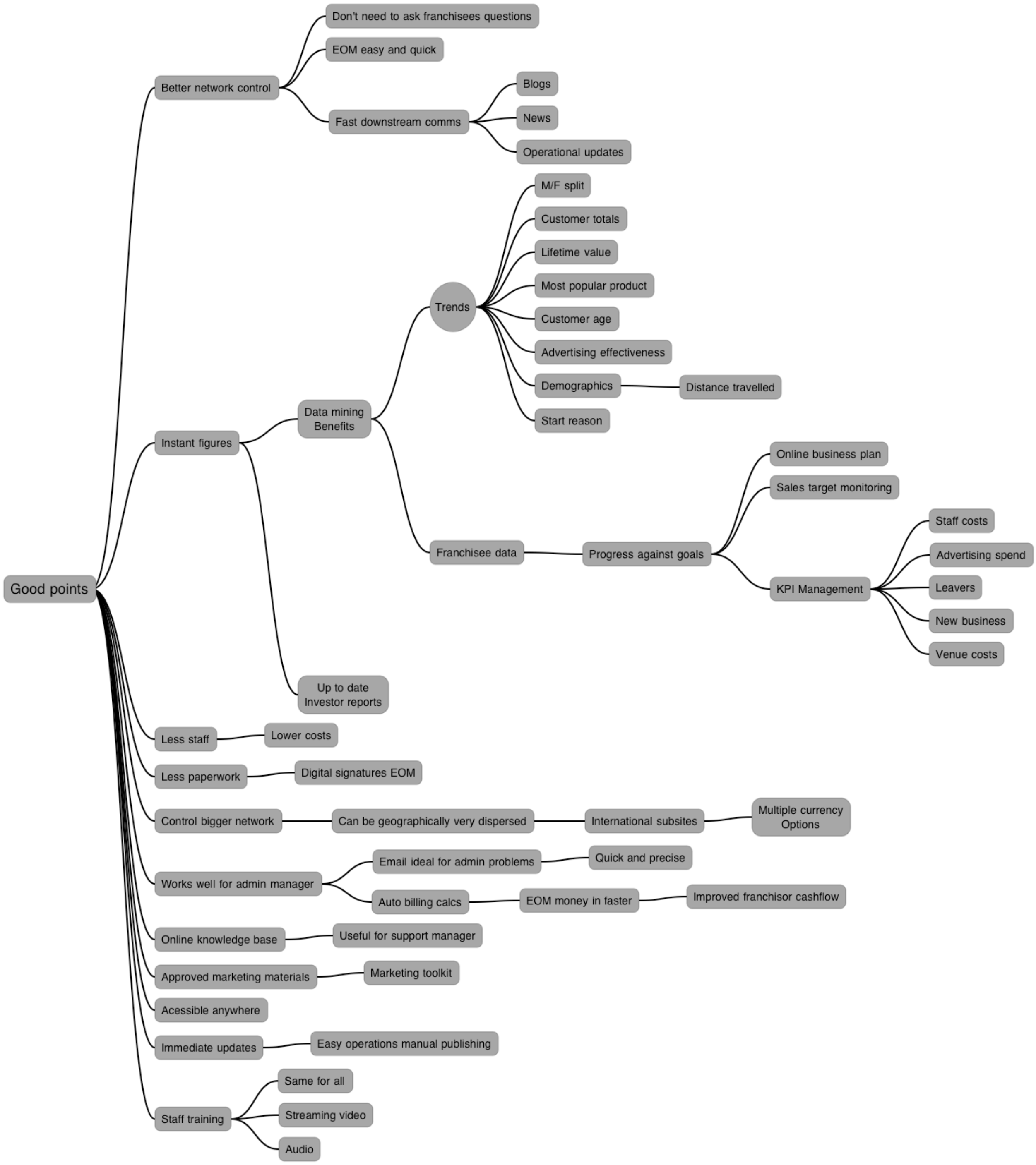

Figure 6: BRACKETING: Expected Positive Outcomes from the use of ICT in a Franchise Network.

4.3 Bracketing: Expected Negative Outcomes from the Introduction of ICT

Once ICT has been introduced there may be fewer site visits and less face-to-face contact with franchise support managers with the franchisees under their care, and a tendency for the ratio of franchisees to support managers to increase. Upstream communications (franchisee to franchisor) may thus become more the norm, with franchisors waiting for support questions to come in rather than initiating contact. However when this scenario prevails, it is expected that franchisees are able to more easily comply with the necessary contractual requirements, but can hide behind the ICT and distance themselves. This is especially useful for underperforming franchisees, or those who have got into comfort zones and have chosen not to continue increasing their turnover. In the past, I have seen an increase in contractual bravery on the part of franchisees who will challenge the franchise system via email, but the same individuals would not do so through face-to-face means. Less downstream communication in this way is expected to result in franchisees feeling increasingly undervalued and alienated, and considering that their contribution to the network goes unnoticed. When the traditional social bonds that franchisees have previously enjoyed are replaced with purely technical ones, changes in the relationship may also be expected. A visual representation of these expected negative points is provided in Figure 7:

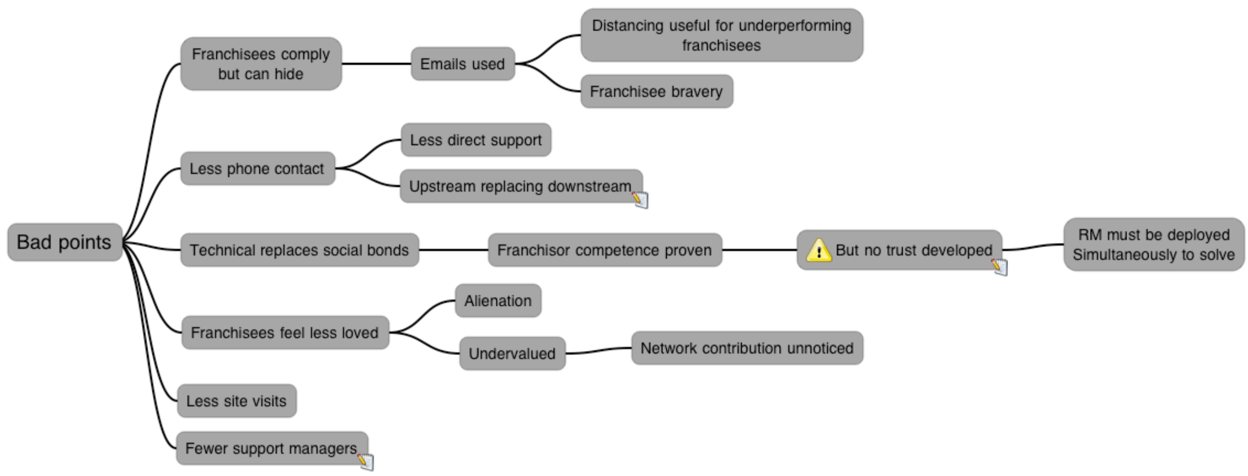

Figure 7: BRACKETING: Expected Negative Outcomes from the use of ICT in a Franchise Network.

4.4 Franchisor A: Expected Benefits of ICT Introduction

This section introduces the aims, objectives and views surrounding the design, development, implementation and evaluation of ICT from the perspective of Don, the CEO of Franchisor A. Direct quotations are given extensively in this section, firstly to clearly indicate Don's personal attitude to his franchise network throughout his ICT implementation, ensuring that the interviewee's voice is not concealed, secondly to show how various themes have emerged from the data, and finally to indicate how these themes helped to raise further questions and guide the subsequent data collection amongst the network of franchisees.

So, this section provides an opportunity for readers to perceive how and why the franchisor introduced ICT and what, from his own personal perspective is the resultant achievement. This rather narrow perspective, as shown extensively in the emergent theory chapter that follows later, is often found at odds with the wider realities uncovered in this work. Including these data indicators (sections of raw collected data) also assists the reader in better understanding the developments between the data and the theories to which it is ultimately grounded. The name of all participants have been changed to protect anonymity.

This section begins with a brief overview of possible methods of ICT introduction in companies, and is provided to enable the reader to situate Don's decisions and actions within a range of possible alternatives, and for these to be discussed within a useful framework. Following this, the field data is presented divided into three sections; the design phase, the live implementation phase and the evaluation phase.

4.5 Possible Methods of ICT Adoption

Wood-Harper and Fitzgerald's (1982) taxonomy of systems analysis approaches and methodologies provides a useful summary of the paradigms, conceptual models and objectives of each possible general approach, and it is employed in this section to provide an survey of the methods that Don *could* have chosen as he introduced technology into his franchise network.

It is, of course, recognised that the systems analysis field has significantly broadened and deepened since the publication of Wood Harper and Fitzgerald's work. However, the present research is not concerned with charting that development, but rather seeking to provide a relatively simple framework of general options. Wood-Harper and Fitzgerald's taxonomy identified six approaches, which are:

1. General Systems Theory Approach
2. Human Activity Systems Approach
3. Participatory (Socio Technical) Approach
4. Traditional Approach
5. Data Analysis Approach
6. Structured Systems (Functional) Approach

Wroe (1979) discusses a further methodology called the Lifecycle Model. These seven approaches are introduced in outline in the next section, and then referred to as appropriate during the following section on the field data.

General Systems Theory Approach

GST is based on the work of Von Bertalanffy (1968) and revolves around understanding the very nature of complex and diverse systems and how they work, and the building of theoretical models to aid this understanding. It has influenced many of the other approaches given here, but is not commonly used as a methodical solution for solving practical systems design in its own right, as it can go so far as to involve complete and revolutionary re-workings of the very fabric of a society (Popper 1945). Wood-Harper offer a lucid business example, when they say candidly that

"A systems analyst who recommends giving the product away free as a revolutionary solution to the problem of invoicing the customers would probably not last long in his chosen profession. Although he may argue that his is the correct solution from society's point of view." (1982, p12).

Human Activity Systems Approach

This approach revolves around developing a methodology for identifying and solving problems that need to be dealt with in organisations, and their management, and are what Checkland (1972, pp87-116; 1981) who is credited with developing the methodology (which also became known as the Checkland Model) terms "fuzzy" or "soft" problems. These are ones which are rarely clear, precise or very well-defined, and indeed can sometimes be contentious in an organisation. In the Human Activity Systems approach, one solution to the problem is then sought, which could be one of many possible alternatives. The guiding philosophy of this approach is that:

"Analysis and understanding of the situation and environment within which the problem lies leads to a possible solution." (Wood-Harper and Fitzgerald 1982, p13)

Where the emphasis is very much on exploring, identifying and structuring the problem before solving it.

The Participative Approach

This method takes the Human Activity Approach a step further, and argues that the people who use the system are the ones that should be involved in the design of it, or even design it entirely themselves. The approach is associated with Mumford, Land and Hawgood (1978, pp235-253). Rather than being a systems-based methodology it is considered:

"An attempt to achieve smooth implementation of a system, and successful operation of the computer in the workplace," (Wood-Harper and Fitzgerald 1982, p13).

It may often incorporate ways, not only of improving the business system in isolation but, at the same time, enriching people's jobs. The areas where weaknesses and variances to what is intended often occur are at the boundaries where the subsystems and the social meet (1982, p15). In other words, how people feel about interacting with the technology, with the goal being to find a 'best fit' between people, their needs and the needs of the work environment.

The Traditional Approach

This method revolves around phases of investigation, analysis, design and implementation, and is held to be based on the premise that a problem exists within a given business task, which perhaps had originally been handled manually but which can be now be completely solved by a computer. The approach is thus one where the goal is to break needs down into functions and sub-functions, and get each working together to the optimum. Although it is a tried and tested formula for developing and implementing systems, Wood-Harper and Fitzgerald (1982) are somewhat critical of it and state that, at best, through it's use, the business is only able to buy time by making a manual, person-based job more efficient and, whilst it has been beneficial in areas such as payroll, invoicing and billing, they consider that it has often been inadequate in more complex areas such as information systems (1982, p13).

The Data Analysis Approach

This method holds that success revolves around the handling of data and that, as long as the necessary data elements required can be identified and classified for a particular situation, then the basis of the system needed has also been identified, and thus the uses that a system developed in this way can be put to can be significantly changed and expanded at will, because the underlying data that forms the bedrock of it is fairly static and predictable. The key point here is that:

"One can define the system without defining the individual applications that need to use it." (Wood-Harper and Fitzgerald 1982, p13).

This method of design has, at its heart, a database which can be later queried in a multitude of ways to solve problems or find solutions which may perhaps not have been identified or even thought relevant during the design stages. Whilst this all sounds extremely flexible and beneficial, Wood Harper caution that such an approach may well not solve any underlying problems that an organisation may have (1982, p15) as it is concerned exclusively with the manipulation of data.

Structured Systems Analysis Approach

In overall outline, this method is concerned with analysing often complex operational systems using a range of tools one of which, for example, may be flow diagrams. The tools brought to bear on the systems are designed to enable businesses to clearly document their existing systems and any proposed new ones. The focus, as its name suggests, is firmly on analysis as opposed to any design. However, it is often through the analysis process that invention and design ideas are sparked. Foundational is the the work of De Marco (1978) and Gane and Sarsons (1979).

The Lifecycle Approach

The lifecycle approach to systems development and implementation is summarised by Land as:

"The new system operates until it no longer effectively meets the needs of the organisation, either because new technological opportunities have made the existing technology obsolete, or changing user requirements cannot be satisfied by the existing design. At that point a new system is required, a new system is conceived, and a new system life cycle gets underway," (1982, p60).

A drawback of the life cycle is the lost opportunity for improving the organisation and its outdated systems or techniques. Wroe (1986, p53) for example, points out that designers using this approach often build the existing state of technology into the systems by making early decisions on the physical characteristics of the implementation, and contends that this can make the new systems inflexible when user needs change, as the often do, or when superior technology becomes available. Where the user community is unable to express the desired objectives of the information system, traditional methods can only provide improvements in the form of quantity not quality of management information. Past managerial philosophies and attitudes often drive future plans, with an overall hope of things becoming integrated into a useful system.

The Selection Phase

Franchisor A's business was founded by Don, and ex-bank employee and Stella, a mother with a keen interest in the performing arts. It is Don who has been solely responsible for the business development and technology implementation in the business. He initially began using computers in the fledgling business in 1992 basically because he... *"was interested in it, but there was precious little time saving involved. Stella would probably type half a dozen letters in the time it took the program to load from floppy."*

Within a year, it became apparent that computerisation could make running the new franchise network easier; *"By the time we hit 1993, we had got a computer system that was based on the Lotus Approach database and the Lotus Ami Pro word processor, and the two of them tied reasonably well together, and we wanted to ensure consistency and we also wanted to make things easy for our franchisees. It gave us a degree of control over what actually happened, and because we required them to use the student database that was on Approach, that meant they could send us a back-up once a term, and we could then know who all the students were, which was a good thing in case they were ill or we needed to run the required school ourselves for any reason...uh, it also enabled us to invoice them for the royalties!"*

Don's career in banking had introduced him to centralised computer systems that ran on a central server with dumb terminals feeding into that. It is the influence of being subject to this system that has been responsible for his desire for something similar in his own business. He explained the reasoning behind this drive; *"The big problem was that our first system was a devolved one. The information lived on the franchisee's hard disks, in their spare bedroom at home, and the only way share that information with us was for them to run a back-up and post it to us. Then, every term we would export from each separate floppy disc onto a central database, but there was precious little analysis that went on at that stage. Once their registers had closed and they knew how much money* *they'd got for the term, they would send us a back-up disc and from that we would generate the invoice to them for the royalties, and we'd also look at some of the records and just see if they were making any mistakes. It was a start in the right direction, but it didn't give us much day-to-day-control of the network."*

Along with wanting to use technology to accurately understand his franchisee network's trading figures, he also wanted to control their communications with customers; *"I'd done a lot of marketing for Barclays Bank, so that had involved churning out tens of thousands of form letters, and that's what I wanted to be able to do in the business."*

In addition to gathering timely information from franchisees, there was a desire to make things easier for them, and one of the first things developed on the computer system was a method enabling franchisees to print out a simple one-page document with all key information on it that they could use if there was an emergency with a child in one of the drama schools; *"The first thing we did for franchisees was create a card, a sort of paper card index to be printed off the database from information that they had previously input, so we didn't have to take a wad of application forms everywhere we went, and everything was in one place."*

Notwithstanding this initial system, as the franchise network grew it became increasingly difficult for head office to identify how each franchisee's business was progressing, and it is at this point that the significant decision was made to develop technology to solve the problem as opposed to expanding the head office workforce; *"The only way of finding out how the franchisee was really doing was to ring them up and ask them or walk into a school. And we have a problem because our schools run at weekends, and each franchise manager has 100 franchisees and 200 schools to look after, so it's impossible. You simply cannot get round. The problem was that you only knew what was going on when the franchisee chose to tell you, which is what they were supposed to do once a term... send stuff in. Nowadays that total is always live, and as soon as somebody adds a new student, they're on and I can see it. The franchise managers tend to go out only when there's a new school, a new business, a new franchisee, or a problem."*

Instead of reducing the ratio of franchise managers to franchisees and seeking to develop more social interaction and bonding, Don decided to hire independent inspectors to visit each school unannounced a minimum of once a year. These inspectors check what the quality of the shop-floor operation is like and whether it suitably adheres to standards laid down in the franchise operations manual, and then report back to head office together with student numbers, which are evidenced by physically counting how many were actually present, and running a cross-check against who is on the register in a bid to ensure that there is no mis-declaration of turnover figures that would affect royalty payments. Don recognises that there are errors made but believes that overall he is overpaid in royalties rather than underpaid, and cites the value of a franchisee's business, and the fact that he would terminate a franchise relationship for mis-declaration as a barrier to potential dishonesty; *"Fiddling us for one student per term is worth about £37 for them. It's not worth jeopardising their franchise worth 40 or 50 thousand pounds to save that."*

Don stated that his business would be *"severely constrained"* without the computer system, and pointed out how the ICT was replacing the need for staff; *"Without it, you would have to have a lot of administrators which, I'm not saying, would destroy the profitability, but would certainly have a hell of an affect on it. We used to have an admin. department about 6 strong who used to deal with all the grunt work of communicating with all the franchisees, giving all the discs out and what have you. That is now one and a half people."*

Although Don has a background in using server-based ICT in his bank career and had a keen interest in the way it worked, he decided to use an outside specialist to design the ICT system around his ideas; *"We originally brought in The Cubic Group to design our website in 1996. We felt we should have a website and they put together a very simple one, and then that started the relationship with them. When we decided on the big server-based ICT system, we looked at having a team of programmers in to do it here, and we could probably have done it for half that, but we specifically wanted to use an external company who'd implemented things like this for other people because I was very conscious that our team knew what they knew, whereas the Cubic Group are constantly exposed to new things outside the business and were quite often able to draw more on that experience to improve things. It was about 300 thousand pounds, and money very well spent."*

Don intended to brief the Cubic Group on the design, but just a few months into the project, was very seriously ill and off work for three months, and then working part-time for another six. Because of this the system was initially tested on just the small amount of USA franchisees that the brand had developed. The reasoning given was that a particular staff member existed in America who could help to move it forward, which was preferable to the project stalling until Don got back to work. Apparently the testing did not go altogether smoothly; *"Had I not been ill, the whole process would have been more straightforward and we would have tested it in the UK."*

The Live Implementation Phase

The implementation and training phase of the ICT introduction in the UK was handled by a roadshow-style training day which was run by franchise support managers and deployed in 30 different locations across the country which all franchisees were required to attend. Don's hopes for success of the new system relied on his belief that his franchisees were not computer literate; *"Most of them had no basis for comparison, because as far as they knew, all computers everywhere ran Lotus Approach and Lotus Ami Pro!"*

Don utilised previous franchisee technology problems that he had encountered as a mechanism for encouraging adoption of the new online ICT system; *"When people's computers went wrong or they updated them they then rang us up and said 'How do we re-install?' We said, 'Well you can't re-install the old stuff, it's not going to work now.' 'Aghhh, what am I going to do?' We'd just say, 'Log into this!' I don't think it was ever a way of making things happen, it just happened, you know... Conveniently. It wasn't an excuse - but convenient, yes!"*

The new system, which was named *Sphere,* as it allowed the franchisor to view all of his network data globally, changed the power-base of the franchise as Don explained; *"The basics are, instead of them being in control of the data, we are in control of the data. The systems shows us when a franchisee last logged in and made a change. This is useful as we suspect that one or two of them are logging in just to stop us from ringing them up to ask why they haven't logged in. It sounds terribly jaundiced but there we go!"*

The introduction of the *Sphere* ICT system suddenly placed the franchisor in the powerful position of supreme control over all key business management data across the network, and for some franchisees they felt that the change was unacceptable; *"Before Sphere, if they chose not to share the data with us there was very little we could do about it. I mean, you know, we could offer to take them to court or go round their house and try and make them run a floppy disk back up and give it to us, um... but we couldn't actually.... it was rather difficult to enforce. Whereas this way the boot is on the other foot. We have complete and utter control of their data, and, for some of them... it says in the franchise agreement that the data belongs to us and not to them, um... for some of them, they feel that it's their business, and this isn't entirely correct."*[14]

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[14] The ownership of customer data in particular is a contentious and complex issue, which this study addresses within Chapter Five.

Whilst the franchisor has provided some useful elements for franchisees such as the ability to run a suite of standardised individual reports on their data to see where customers came from, these are significantly outweighed by the myriad benefits to the head office franchisor operation. Don summarised these for me; *"The vision was simplicity and control, and I suppose to be able to offer improvements easily. On the old system, when everybody's software lived on their own PC, if I fixed a bug or implemented an improvement, I had to write a little program, put it on a disc, post out the discs to the franchisees, then ring them up individually and talk them through the process of installing it. I used to save up improvements, and once I'd got sufficient to feel that it was going to make a difference we then used to do that exercise which, typically, was once every six months. Um... but it was horrendous."*

The franchisees in Franchisor A's network have enjoyed their position as market leader in their sector and because of this, have encountered no difficulty in filling their schools with customers. The result is that they have derived very little benefit from any of the marketing reports that the *Sphere* system has provided them with; *"In most cases their classes are full so they're not really bothered about where their students live, because it's nice to know, but it's not information that they actually need."* Don seeks to re-address this and evidence value by insisting that certain modules must be used when necessary, as opposed to allowing the franchisees to resort to more traditional forms of phone communication to gain answers; *"The system has information there in their face. It's there constantly so you don't have to do anything at all. Usually the franchise manager will insist that they use it. For example, if somebody says 'I'm looking to open a third school,' the franchise manager will say 'Where?' And they'll say, 'Oh, I haven't really thought about that,' and then they'll be told to go through a process of analysing where it should be. It only takes about five minutes."*

Where Don has provided new facilities for franchisees, he has exercised considerable control over their use. An example of this is the use of the franchisee area of the front-facing website that customers see. Each franchisee has been provided with their own web-page, known as a *microsite*. This includes the customer brochure (or prospectus as it is termed), details of the fees, where the venue is, when the classes are held and who the teachers are. However, none of this data can be input directly onto the page by franchisees without it first going through head office for approval. Don complains that many franchisees do not update their micro-sites enough (although having to gain approval for each edit may be a consequence of that). His opinion is that; *"even if a franchisee* *doesn't do anything, doesn't do any of the things that they're supposed to, they've still got a website, which is a bonus, and it's still got the details of the fees and where the venue is because the systems's got that information."*

In any mature franchise network there is always an element of resales occurring, where a franchisee desires to sell his or her business to a third party before the end of a franchise term. Most franchise agreements provide a facility for this which requires the incoming franchisee to first gain head office approval. Once this has been gained and a resale successfully concluded, then the customer data needs to be transferred to the new owner. The new *Sphere* system makes this a lot simpler for Don; *"If there's a new franchisee taking over in a territory, it's a very simple process to transfer it over, thank God, because you just cancel their password and give a new password to the new person. In the old days you had to take all the data off their PC system at home and help someone who was brand new to import data, which they had probably never done before in their lives, and all of it over the telephone. People were using differing operating systems too, versions of MSDOS and Windows and things."*

In addition to resales, with the benefit of the *Sphere* system, the franchisor is now able to quickly identify franchisees who are not maximising the sales potential of their allotted territories, and take decisive and swift action to recover those areas which are underperforming; *"We buy back bits of territory from people where we have identified that there are enquiries but no students, and we say 'You could open a school there,' and they say 'No too busy, got enough schools thank you very much,' so we say, 'Well, if you're not going to open one, then it's likely that a competitor will start up there.' We offer them ten grand for the chunk of territory that we can sell to somebody else. Some franchisees say, 'Well the last thing I want is another competing school there,' but we say, 'hang on a minute, you're not getting students from there anyway. The alternative is that we could sell it somebody else, and, at the moment anyway, it's doing nothing for you.' "*

A report screen on the head office *Sphere* system shows what the neighbouring territories are, so the franchisor is able to become aware of what other franchisees he could upset if he was to open a school near the boundaries of their territory, and also who they ought to be liaising with to share marketing initiatives. The *Sphere* system also provides head office with information on outlet growth over time, and alerts franchise managers if the growth isn't in line with what head office expect that it should be. There are benchmarks designed in the system so all schools with less than a 25 student break-even point are flagged on a report... *"Any school that is less than 25 had either better be a new school, or it's a franchisee with a problem that we need to sort out for them. And there we go, um... we've got 29 across the country."*

Getting fast and accurate answers to questions that were being asked within head office was a key requirement for the *Sphere* system. The ICT is driven by a master Microsoft SQL[15] database, and the Cubic Group who programmed the software have provided a library of reports that query the database; *"Constantly people would say; 'Who's the franchisee with the most schools?' 'Have we got any franchisee with five schools?' All that sort of thing and now.... well, we've got 66 with one school, so those 66 are on a target list, 'cause a franchisee with one school doesn't earn us a profit. It's only when they have two schools we start making money out of them. So that's gradually being whittled down, and I can sort it all out at the touch of a button here."*

The system also provides reports of schools with low numbers, schools that are over-recruited (too many customers being taught per hour) and the average age of customers; *"If somebody says to me, 'Don, what's the most popular age for students in the business?" I say, 'Well just go and have a look on the system and stop bothering me!' It's clearly 9 to 10 year olds."*

Sphere allows head office staff to write private, on-screen notes in the system about conversations with specific franchisees in the manner of a diary entry that, once entered by a franchise manager or a company director, cannot be changed. This permanence, Don explained, was designed to discourage staff from putting on notes that they then regret, and also to prevent people from changing notes in the light of subsequent events. He gave an example of its use; *"When I speak to a franchisee and learn that their singing teacher has left and set-up in competition I make a note on Sphere, and that's then available to all of my staff. Here's a note on the system look, the inspectors reported poor singing and bell not rung. Valerie dealing with it, so we go down a bit... next thing happens is I send a letter to her saying you're over-recruited and it's a bad thing. She comes back 'distressed and disappointed'. So, if somebody rings up and says 'Woah, I want to talk to you about this,' hopefully there's a note on there of which member of staff has upset them, and we know what it's all about."*

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[15] Structured Query Language

Besides franchisees being required to enter their current customers onto the system, they must also diligently enter all people who enquire about the service offering. The resultant statistic is considered useful to the franchisor, as a significant waiting list indicates that there is additional untapped sales potential in the area, and the franchise manager will contact the franchisee and seek to encourage them to open a further outlet.

Franchisor A's business is structured as a Public Limited Company (PLC) and prior to Sphere, Don's management reporting was always up to twelve weeks out of date because the he was relying on the franchisees to send their floppy discs at the end of each operational term before he could calculate his trading position. He explained the seriousness of the previous situation; *"You see, prior to this, it was borderline acceptable whether a public company should not know this information. You could say to me in October, 'What are the student numbers like, Don?' Which is a key question that a shareholder is likely to ask, because student numbers are the key to our profitability and almost all our income is royalties and not up-front fees... and I'd have say to you before we had this system, 'I can only tell you what it was like at the end of May, Clive,' and for a public company to have management information five months out of date is no good."*

Whilst Don intended to operationalise an online system for many years, he recognised that he was unable to do so until Broadband connections were available in the UK. Although an early prototype was tested, the system refused to run fast enough on a dial-up connection to be reliable or useable, and the franchisor felt unable to insist on the franchisee's adoption of it until USB-based wireless "dongles" that could be connected to laptop computers became available to provide Internet connections over mobile phone networks in areas where Broadband had not yet reached. Don now believes that the resultant system eclipses the old methods in reliability for franchisees as it does not run on their own PC, and therefore has less chance of "crashing" and thus also minimises excuses for late submissions by franchisees; *"First rule of computing is all hard disks crash. So, when your hard disk crashes, now you can log-on to the Internet and there is your system. Or your computer is stolen, you go next door to your neighbour's computer. Or if a franchisee has got a wireless dongle, it means that they've got their business system literally wherever they are."*

The face-to-face meetings with individual franchisees that were originally a feature of the network have ceased since the Sphere system was introduced, and Don explained that he was certain his head office now also communicated less by phone than they used to, and that email had almost completely replaced letters.

Regarding email, Don has moved to exert system of control over all email communications to the network, and prevents anyone other than a Director of the company from sending out any email unless it goes through his senior franchise manager first. He also uses the available technology to check whether emails have been read by franchisees. He maintains that by monitoring this, head office are alerted to potential franchisee problems, and can head them off; *"It says in the franchise agreement 'thou shalt collect thy email three times a week', or something like that, and most people collect it once or twice a day, but some don't, and it's one of the earliest pointers to something going wrong. If somebody hasn't checked their email for a week then they're very likely to be ill, getting divorced, or whatever, and it flags a problem for us, and a problem we might not have been aware of for many months."*

Besides monitoring the opening of emails by his franchisees, Don's system also provides the opportunity to interrogate their email accounts in depth, and he is robust in his defence of this right; *"We can read everything that's on their email, and if anybody has a problem with it, then they have a problem with it. Our agreement says that the email system is ours and they are to use it only for business and, in my view, any franchisee who's using it for business shouldn't have any problem with us seeing what's on there."*

Notwithstanding his reliance on his ICT system as a communications conduit, he contends that face-to-face communication is still valuable. However, instead of this being offered on a one-to-one basis to his franchise network in the traditional manner through franchise support managers out on the road, he has elected to limit social contact to regional meetings which franchisees are offered the chance to attend. He said; *"We've learned that there is nothing to beat face-to-face communication. I spent Tuesday for instance up in Chelmsford meeting the franchisees from that area. There's about 15 opportunities a year for face to face communication, which is quite enough in my view."*

The Evaluation Phase

Don holds a number of beliefs, perceptions and attitudes about the result of his ICT implementation process, which are provided here verbatim as raw data indicators. I reveal whether many of these assumptions accurately reflect wider reality in the emergent theory chapter that follows.

Perceived Franchisor to Franchisee Relationship Changes

"It has had some effect on our franchisee relationships. Um, we are now much more in control than we used to be 'cause in the old days, if you take the most basic example, they would run their school, registers would close and hopefully, they would send us a floppy disk. If they didn't send us a floppy disk we couldn't invoice them because we didn't know how much to invoice them for. Now, with everything central, we say to them, right sixth Wednesday of each term we will generate an invoice based on your student numbers as they are on the sixth Wednesday, and a week later that amount will be taken by direct debit from your bank account."

"I think it's brought us closer together because it's easier, it's cheaper and it's much more immediate. Um, in the old days there was a significant barrier to communicating with your franchisees, because, say you had 50 franchisees, that would mean printing out 50 letters, signing and posting them. Cost wasn't so much the issue, it was time."

"Some things have changed for the better and some things have changed for the worse. Changes are very much easier to communicate and therefore if something needs to happen, it's very likely we'll action it much more swiftly than we used to. Equally, there's a tendency to send an email where perhaps a phone call would be better."

"In some ways the ease of communication through the new system has brought us closer together, in other ways it hasn't. Email is not as good as telephone. It's too easy to misunderstand, and a telephone is a two-way conversation whereas email only goes one way. So, if I say to you, 'Clive, you've got to do this,' on an email, it sounds like I'm ordering you around, whereas if I ring you up and say 'Clive you got to do that,' you can say 'Why have I got to do that?' and I can respond with, 'Well this is why, Clive,' and you'll then say 'Oh, I see.'"

"It's changed my life, because for most of the time before I was scrabbling for information. And now the information I need is at my fingertips and at my Finance Director's fingertips."

"We had to learn to use email better than we did at the start. Um, quite a lot of our franchisees rang me up one day and said, 'Don I've had 27 emails from Head Office this week,' and so now we send out an email once a week to the network. They know they're going to get it. It contains all the stuff that we think that they need to know and it's only if something is urgent that we send out another email. You do not want to be bombarding people with emails because it's difficult for them to know what is urgent and what isn't. There's a great deal of overuse of the urgent button as well. Um, so... So I think that the ability to communicate en-masse is a very mixed blessing until you learn to manage it responsibly."
"We do have a problem in that our staff think that once they have emailed something to the network, the network have all understood and will retain it. It just isn't true."

"The system works in a particular way, so that when a module is bolted on it has to work in the same way, and what we strive to do is make the module usable by somebody who is familiar with the existing system with no training at all. However, um, a page goes up on the Intranet saying these are the instructions to use in the new module. The reason it goes up on the Intranet is so that franchisees can come back and say 'bloody instructions are no good.' You know, 'I think that this is what you mean,' and so once we've had all the comments on that front, uh, we then send it out as a paper manual page to people. But generally speaking we've been successful at getting it sufficiently intuitive in that we never had to go on the road again."

Perceived Criticisms

"The criticisms from franchisees are the lack of flexibility, because with the old system which was a word processor and a database, you could create your own disk and reuse them. I quite deliberately decided not to give anybody the opportunity to save their own letters to see what would happen. We're two years in and there's probably half a dozen really quite vocal about it saying we'd really like to have that, to which my answer is, well if you have letters that you reuse, let me have them, and sometimes when they come through I have to say, well that's not the sort of letter I want going out thank you very much."

"There are a small number of franchisees who say the whole thing is very 'big brother' and who are very aware that if I change their password, they're locked out of the system. Um, and, yes, and

they're.. they feel that it's 'big brother' and they are not keen on it. Our staff on the other hand, say 'My God, how did we ever run the business without this?'"

Perceived Franchisee Reaction

"I'd say 95% of the franchisees would not expect anything different whether they're new or old and whether they've experienced just this system, or the system that went before it, because as far as they're concerned they have to use it. That's what the contract says. It's dead straightforward."

"I'd say a large number of our franchisees who have had the old system would quite like us to stick with the old system. However, I think that's largely 'cause they haven't used it for two years and, were they now forced to go back to it, they wouldn't want to go back to it."

"I'd say 90% of them feel it's a really useful tool, and not just in running the business, but increasingly in analysis. Where do your students live? Where do your enquiries come from? All that sort of thing."

"It is now a very slick and efficient system, so one positive change is that it saves them time first of all. Second it is secure, and by that I mean that we run it on two separate server farms, so the days of them ringing up and saying 'My computer has crashed', and where I'd say 'When did you do your last backup...'Ah, when I sent you the floppy disc last term, and I'd say 'Ok, fine, well, you know, set aside the next week for retyping your data then!' are over and um, so that's another huge advantage."

Planned Improvements and Evaluation

"It is the very, very useful tool that I wanted ever since we started in 1988. However, there are various things that need improving on it. One is better integration between Sphere, the website, the email and the Intranet. I want a franchisee to log on and everything is there for them. I want to have an area that flags when a franchisee logs in, things that they should be doing. Reminders that say... a flashing thing that says you've got 700 emails, you click it, and there are your emails. Um, a reminder that says, it's time to put on next term's dates. All these sort of things which franchisees tend to overlook. We have an online calendar but they don't look at it. Whereas, if it's in their face, then that's it."

"I have certain concerns, like what happens if a plane falls on the Cubic Group? for instance. Um, so we've got the source code and everything, but that is a concern. And we mustn't fall out with each other... but we know them very well, and falling out is not an option now!"

"I've got a huge regret, which is that Sphere doesn't have a better front end. It was designed when there was a particular look around, and it was designed by a programmer and looks like it. So it is slightly unfriendly when you turn it on for the first time, which is a really bad thing. We could have had buttons rather than links on it, for instance, and um, at some point, when we run out of other things to do, we may well go back for a redesign. But when I do, half the network's going to be up in arms about it 'cause it looks different!"

"Now we've got Sphere, the nature of it is that I don't think we'll ever replace it, because all that needs to happen with it is that it needs to be modified, whereas had we chosen go Microsoft Access and Microsoft Word, we'd still be in a situation where, when the Microsoft Vista operating system came out, the old version of Access wouldn't work, so you'd have to buy new licences and tell franchisees how to install it. Now that it's centralised, it's easy. We own the software."

To summarise, I asked Don if he was satisfied with the way that the *Sphere* system had been implemented and introduced. I had previously learned that, just at it was about to go live, he had been taken seriously ill and was off work for three months. The answer I received was typically to the point; *"It got f****d up frankly, because everybody said, 'Oh goodness, poor Don is ill, we must help with this,' and so from me being the one person who had designed the previous system and who knew exactly what was required, not only from the programming point of view, but also from the business point of view, we suddenly had half a dozen people - two in the States, four in the UK - all trying to be desperately helpful, and one at least, who had just joined us, throwing in all manner of good ideas that should have only been implemented a year down the line because they were enhancements."*

"This is a really important one that I think you ought to communicate to anybody you talk to who is thinking of adding ICT into their franchise... Um, break it down into blocks and implement simple blocks as quickly as possible. Don't wait until you have a whole dirty great system before sending it live. We made a decision, and it was a wrong decision, to give an enhanced product to the franchisees so that they would like it, rather than replacing like with like. Given it do again, I would

have replaced like with like. It would do exactly the same as the old system, and then we would give them a module for an upgrade and another module for another upgrade."

"So, start with the module or modules that will do the job, and add on the other bits. Um, and boast about to constantly. Because, our franchisees are never grateful unless they're reminded to be grateful!"

Conclusions

This chapter has detailed the mechanisms that were used to ensure that my expected beliefs and outlines avoided influencing the data and introducing any potential for bias. I explained how I was able to inhabit a position of doubt toward what I believed that I knew from my experience in the franchise industry, and place prior knowledge, beliefs and preconceived notions in *metaphorical brackets* and suspend these during the research work. To provide readers with the opportunity to unambiguously understand my position, I bracketed and presented my expected positive and negative outcomes from ICT introduction in exhaustive detail.

The chapter then moved on to discuss six potential approaches to ICT introduction from the literature, and then provided extensive field data from franchisor A, the CEO of the stage schools network with the intention of making explicit, his personal expectations over each of the three phases of the ICT introduction within his network; the selection phase, the live implementation phase and the evaluation phase. From the evidencing data, it is concluded that franchisor A decided to completely reject the possibility of a participative approach with his franchisees, preferring instead to focus on a combination of the data analysis and the lifecycle approaches, where, because the user community was unable to express their desires, wishes and objectives, meant that past managerial attitudes entirely drove the ICT programme forwards.

As will presently become clear, the adoption of this hybrid approach was not without its problems, and meant that the franchisor's personal expectations of how the ICT was received were not always met, and changes in the franchisor to franchisee relationship that had not been anticipated, subsequently occurred. It is these resulting relationship changes that form the basis of chapter six, where a substantive theory of remotely controlling a franchise network through ICT, together with its resultant ramifications, is advanced in depth. However, prior to that, and to pre-empt potential criticism from readers who may doubt the grounded theory process, I move on to explain the processes that I went through to develop my authentic emergent theory.

Chapter Five - The Route to Emergence: How the Theory Developed from the Raw Data

Introduction

This chapter is concerned with explaining how the field data collection proceeded in parallel and interactively, and how the systematic and necessarily laborious grounded theory methodology enabled the resultant theory to be generated, and hopefully to show the degree of authenticity which underpins the research work. Because I appreciate that there may perhaps be some readers who are skeptical of the process, in the following sections I have attempted to document various stages of the generative process and show the volume of data generated together with snapshots of the transcribing, coding, comparing and memo writing that comprise the methodology. It is impossible to articulate everything carried out, and this should be un-called for, as the emergent theory itself will, I hope provide justification for the endeavour. This chapter then, is my best attempt at showing how I proceeded.

Although this chapter itself is necessarily linear, in actuality the process was far from that, and there was a complex and intricate interplay of developing ideas, during which a variety of data paths were followed, some of which, more often than not, morphed into completely different things and also twisted and turned back on themselves. Some came to dead ends, while others developed into deep seams of insight that were not apparent at the start of the process.

It is impossible to fully explain the way in which ideation is constructed. As a musician, I have often found that ideas and inspiration strike in the most unusual circumstances and collections of chords and simple notes can suddenly and unexpectedly combine to become complex and engaging pieces of music that one does not set out to create, yet which develop all the same out of almost nothing, rather as if they have a life of their own. With the benefit of the opportunities of grounded theory process, I continuously found myself experiencing similar creative situations throughout this research journey. It is this potential for creativity that made the grounded theory process appealing. What I write about in the following explanatory sections seems bland, factual and rather cold by comparison to the engaging realities of the research, and is necessarily approached here rather in the way a musician is forced to communicate his or her colourful and rich ideas by painfully reducing them to a monochrome manuscript on a musical stave, all the while hoping that the essence of the piece is not lost. Written musical manuscript is only given back movement, life and vibrational energy by the sensitivity of the musicians who subsequently interpret it. I hope that readers will approach my emergent theory in much the same way, and be willing to decode and enjoy much of the implied insight that hides in the spaces between the words on the page. That said, I begin by explaining how my data collection and coding was operationalised...

5.1 Data Collection

I commenced my field data collection by traveling to the head office of franchisor A where I spent a full afternoon with Don the CEO. I interviewed him for over three hours, and gradually came to understand his attitude toward the management of his franchise network and his personal and specific approach to the introduction of ICT into it the results of which appear in the previous chapter. I recorded the whole interview and, in addition, made a video recording of the computer monitor screen as Don proudly explained in depth, each of the different parts of his ICT system and how they were intended to work. I was also shown around the head office complex and met various other staff members such as support and administration personnel, and I was provided with historical documents charting the development of ICT within the business, all of which became useful additional and supporting data. This interview provided an extremely valuable benchmark for what the franchisor believed his ICT system could and should do. My study, however, would subsequently continue to focus on how his franchisees felt about it.

It was on returning home after this trip that the enormity of the research task became evident. It took me almost two weeks to transcribe the recording that I had made word-for-word, and with thirty further franchise interviews in just the first stage of the process planned, I recognised that, to develop my research properly using the grounded theory methodology would be laborious in the extreme, yet absolutely necessary. Therefore, I researched the possibility of using an outsourced transcription service for the forthcoming franchisee recordings. This company were in the event, unable to provide the necessary quality of results and I therefore took on the task of transcribing all of what eventually amounted to twenty-eight first stage franchisee interviews myself, of which there were well over 250,000 words in total.

This was a period of the research process that, with hindsight, I would perhaps have approached somewhat differently. After carrying out just the first half-dozen interviews, I knew I had already amassed many interesting and revealing qualitative data and I was very keen to start work on the initial open coding and transcribing. However I resisted because I felt perhaps erroneously, that I ought to guard against being influenced by any early coding and run the risk of dimensionalising of all my subsequent first stage data, and should instead run all the interviews first in much the same way, in an effort to ensure the flow of open and unrestricted material from the franchisees at this initial open stage. I also particularly desired to avoid the possibility of short-circuiting the grounded theory process by inadvertently moving into theoretical (focused) sampling, where I would begin looking for patterns and going after hunches before I had had the opportunity to analyse all my incoming completely and truly open data properly. In short, I felt that I wanted as much real and unmediated data as possible to get a true and accurate reflection of the research landscape first as an initial step.

So, for these reasons, I conducted the twenty-eight initial interviews in a completely open manner first before embarking on any coding whatsoever. My aim was to let my data subjects speak freely and openly about their experiences with the ICT within their franchise network without imposing any boundaries on what they said or modifying too much what I asked in subsequent interviews (throughout the process I did, almost subconsciously, make a few modifications to what I asked as I remembered previous interviews, which on occasions did have the effect of gently directing the conversation more towards interesting themes). This meant that some of the interviews were lengthy at over an hour, and even the shortest ones with less talkative franchisees always lasted thirty minutes or so. However, working in this way, I successfully captured a very complex set of initial data. From these early interviews, and through the subsequent line-by-line coding, I began generating ideas around very tentative themes and categories which I share later in this chapter, and which gave me some initial structure for my follow-up interviews with the participants as I searched for clarifications and more insight.

I explained earlier that with the benefit of hindsight I may have done things differently, and if I was to run a similar research study, I would now consider capturing the data in mutliple stages, coding and analysing each time and refining my subsequent questioning to clarify and extend points arising from the earlier stages instead of relying so much on a year of follow-up questioning and analysis (which I detail presently). This would have significantly sped up the study. However - and I feel this is an important point - I still maintain that approaching the work in the way described above, whilst being time-consuming and lengthy, provided a much bigger initial pool of revealing virgin data from which to begin the analysis, and the longitudinal approach enabled me to think creatively and follow up ideas gradually, resulting in the research moving almost imperceptibly and smoothly into the theoretical sampling phase.

5.2 Open Coding

During the period of initial fieldwork with the franchisee interviews, I did set about coding the franchisor CEO interview that I commenced with. There were two reasons for this. Firstly, I wanted to at least develop some experience in the coding process while I continued to collect franchisee data, and secondly, with the sheer amount of data coming at me from all directions, it was clearly evident that I was going to need some technology if I was to quickly make sense of it all, and I wanted to become comfortable with the software. Being a mature student working many miles away from the university campus on an Apple Macintosh computer meant that my choices were somewhat limited. After some initial research, I selected a Mac package called HyperResearch and began coding the CEO interview with that. I was not intending to expand the open coding on this task further into conceptual categories, and simply wanted to generate first level codes from the data to seek out the attitudes that Don possessed surrounding his ICT introduction, together with the processes he used for its introduction. I found this initial coding process engaging and the results of the work enabled me to write the account provided in chapter four. The work generated 134 codes, and I knew that I had properly begun my journey into grounded theory.

It was following the eventual completion of the transcribing many of the first-stage franchisee data, and the subsequent painstaking line-by line coding of a dozen long interview transcripts in the software, that I realised that I had made significant error of judgement. The HyperResearch software tool that I had selected was straightforward to use and excellent for initial open coding, but it became evident that it did not possess the ability to assist in taking the research further into the realms of conceptual categories or memoing on these. There was no facility, for example, to group similar codes into categories. Depressingly, there was no choice but to start the the coding all over again with something better.

When I did, this was with the assistance of an industry-standard research package called Nvivo, which was able to run on my Mac in a PC emulation mode. Nvivo seemed to provide everything I needed, and much more besides. However the learning curve was extremely steep and because I had lost so much time over software issues already I decided that, instead of spending more time learning the program in detail, I would simply use it to automate essential tasks such as the initial coding and grouping of these into a few tentative categories, and then use my existing and straightforward software tools for mind-mapping and memoing. This combination was to prove successful, and the initial coding of the set of franchisee interviews produced 84 codes (known as Free Nodes in Nvivo).

The following figure shows an actual screen from one of my NVivo open coding sessions. The open coding stripes are shown vertically on the right hand side of the transcript and these indicate which lines of text have been selected by a specific code. The screen has been setup to display not only the codes relating to the particular transcript segment, but also existing codes from the growing set which have been utilised the most in this particular case. Finally, the extreme left monochrome coding stripe indicates the density of the coding, with the stripe becoming progressively darker the more that overlapping codes that reference the same transcript segment.

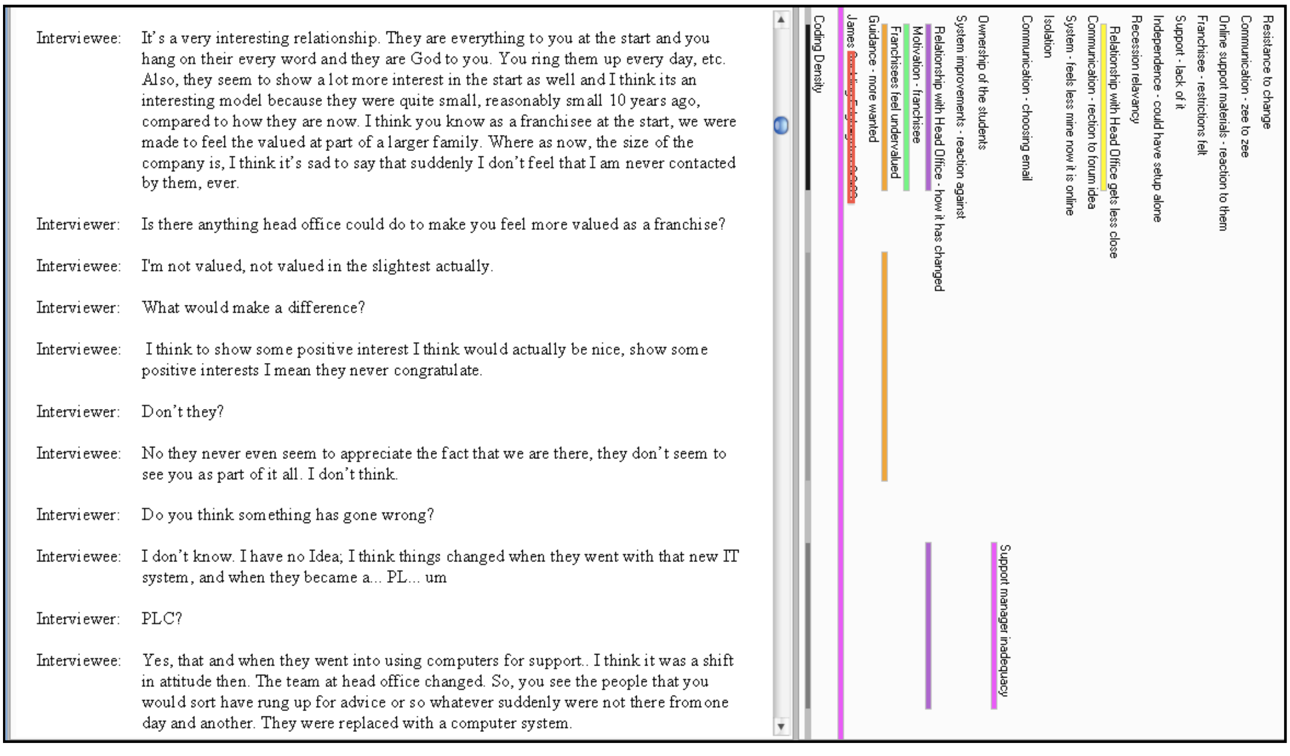


Figure 8. Example Open Coding Session in NVivo

It should be made clear that the coding stripes generated from this initial fieldwork stage were very tentative, and the results were haphazard and unwieldy at first. Some of the coding stripes ultimately went forward with me, were followed up several times with relevant franchisees for clarifications and further insight and thus generated more codes. Some of these developing codes latterly became categories in their own right and ultimately earned their place in the resultant theory. Others turned into dead ends, or were so tangential as to be irrelevant to the present study, and were thus not further followed up.

On occasions, considerable time was spent following up areas that seemed initially to be relevant from the initial interviews, but then later turned out not to be. However, this is the nature of doing grounded theory. One particular example of this malady was franchisees' desire to talk in depth about the foibles of various different computer operating systems such as Windows XP, or Vista or Mac OSX, how they liked or disliked different elements of these systems and how they worked, or didn't work, on the computer that they happened to be using. Initially I thought that this had some relevance to ICT, and sought more context, but the more I followed up, the further away from the topic of ICT and franchise relationships the conversation led until I was being asked what computer I used, and where the best place to buy a cheap machine was.

Back to the initial stage, and in an attempt to generate some early order, after completing the coding across all the franchisee interviews I continued to see if there was a way to structure the results. By comparing early codes with codes, I found that the data seemed to structure itself naturally into what became seven very tentative (and I *emphasise* tentative) categories (known as Tree Nodes in Nvivo). This was very much the first stage of my analysis, with the combinations based on quite obvious groupings that, as I show later in this chapter, were to undergo considerable refinement as the work progressed. I was well aware that these categories must necessarily remain fluid, and be subject to change as new data emerged.

The names given to my initial open codes were unsophisticated, and were simply stages which led to more complex ideation as the research continued. To provide the reader with some examples of relevant early codes and some of the groupings attempted, within the tentative communications category, *choosing to phone, wish for a franchisee forum, would like more communications, communications between franchisees, communications between franchisee and franchisor* were all of particular interest to my research topic. In the tentative operational category, codes such as *lack of compliance and maverick tendencies* presented unexpected nuances, while from the tentative relationships category, the codes of *challenging head office, closeness through the ICT system, franchisee feels undervalued, the importance of trust, isolation felt, franchisee motivations, relationship quality if there was no computer system, relationship through the ICT is less personal,* *relationship with head office and how it has changed, relationship with head office has become less close,* and *resistance to change*. And finally from the tentative support category, *more guidance wanted, lack of support, value of support and support manager inadequacy.* The tentative emerging initial categories that I have mentioned are discussed further in section 5.3:

5.3 Tentative Stage One Categories

1. Changes in Franchise Relationship (30 nodes)

Coding the data showed that there were modifications to the franchisee to franchisor relationship following the introduction of ICT. Whilst there was recognition of the benefits of being a franchisee in a well-known brand, the coding showed that franchisees believed the relationship had become less personal and less close:

"Now they've got all this information in front of them, it all becomes less personal in a sense."

Whilst some franchisees said that they increasingly felt isolated because of the reliance on technology as opposed to human interaction, others felt that it actually made for an increased feeling of being a part of something:

"It's a visual thing, it's in front of you, you can see it, and you know that you can contact your HQ if you wanted to, and it's just that you feel that everybody else has this in front of them as well. I feel part of an organization."

Franchisees were increasingly required to take the initiative if they needed support now that ICT had been introduced. A growing separation from head office was identified. Here is an example:

"As a franchisee, at the start we were made to feel valued as part of a larger family… I think it's sad to say that suddenly I don't feel that I am. I'm never contacted by them, ever."

The feeling of being undervalued seemed to be affecting motivation and the perceived value-for-money from the ongoing royalty payments.

The data provided evidence that there was widespread resistance to change. Franchisees appeared to consider the ICT system as two distinct parts. One being the online administration part, which was was widely considered to be a positive improvement with time and labour-saving benefits, the other was the operational support, compliance, email communications system and brand standards maintenance part, which seemed to be less successful. It was clear that there was much to begin following up with subsequent franchisee interviews.

The codes which combined to form my emerging tentative relationships category within Nvivo software are provided in Figure 9:

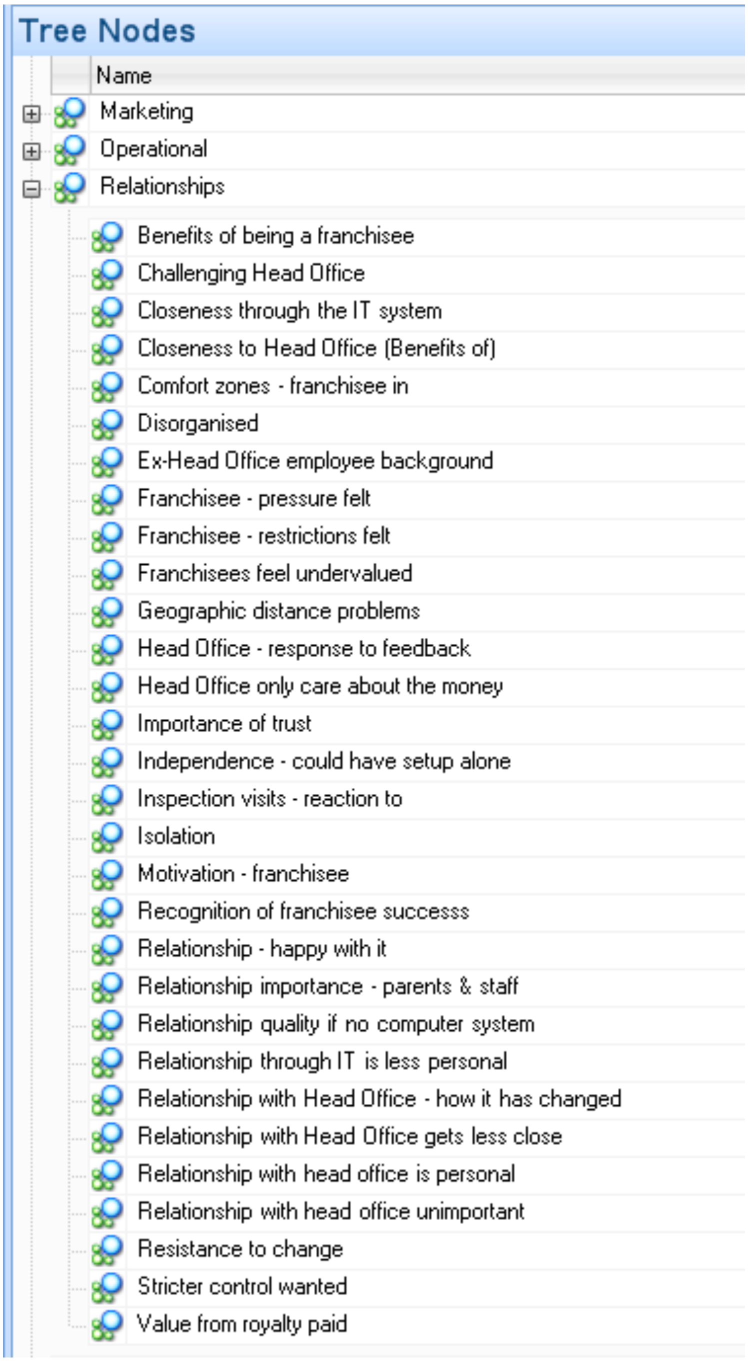


Figure 9: Initial Codes Within the Relationships Tentative Category.

2. Reactions to Technology Introduction (15 nodes)

The coding of the franchisee data revealed a reaction against elements of the online system, and a desire on the part of franchisees to be offered more opportunity to customise the system. The learning curve required with the new system was a problem for many, and some franchisees were secretly continuing to use elements of older systems. Maverick tendencies were also uncovered (this would later become a substantive category) where franchisees spent considerable time and effort in developing strategies to circumvent elements of the ICT system that they didn't like. One recurring example of this in action was the desire to modify the supplied online customer communications letters which, in the new ICT system, were fixed and un-editable to maintain corporate identity and replication across the network, yet were considered by many to be inappropriate and inflexible. The data further revealed how in the new system, personal business ownership by franchisees was perceived to been significantly modified, as highlighted in the following example:

"It was a standalone PC system. It was mine, it was all on there, and three times a year I downloaded it to a disk and I sent it to them. I felt it was more like my business and I was giving them their entitlement three times a year."

The codes for my tentative technology category from Nvivo software are provided in Figure 10:

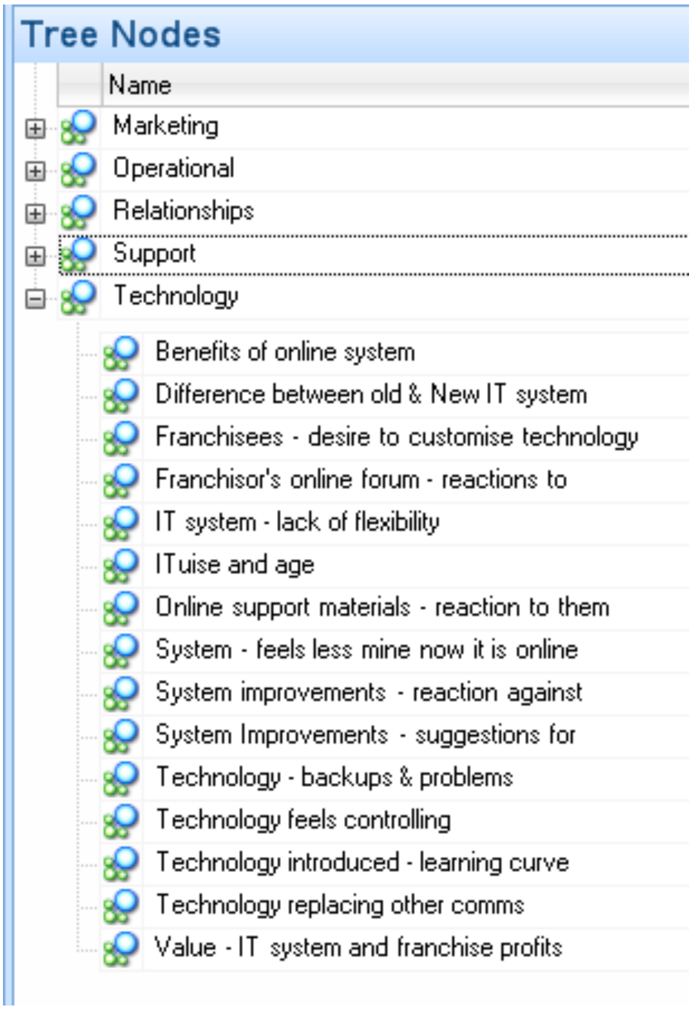


Figure 10: Initial Codes within the Technology Tentative Category.

3. Methods of Communication (10 nodes)

Even though the ICT system provided specific electronic communication methods, most franchisees expressed a preference for using the phone for support problems. However, since the introduction of the latest ICT system, there were fewer franchise support managers available, and the ratio became one manager to one hundred franchisees (and two hundred outlets) so phone support was more difficult, and franchisees said that they often had to leave answer-phone messages and wait for callbacks.

Email communication was used, but franchisees overwhelmingly said that they valued the familiarity of the telephone for anything that they considered to be sensitive. Almost all franchisees said that most support communication had increasingly become upstream only (franchisee contacts franchisor) and the franchisor rarely, if ever, now contacted that franchisee to check on progress or development, preferring to simply respond to incoming support requests, the regular sending out of standardised information and posting news on the website. There was a desire for the establishment of horizontal (franchisee to franchisee) communication methods such as online forums, which did not currently exist as part of the ICT system. The belief was that these could act as secondary forms of support and assistance across the network.

4. Reactions to the Franchising Model (7 nodes)

The initial coding indicated that franchisees recognised the benefits of being part of a known brand and felt that it enabled them to sell more successfully against competition, which almost all said had significantly increased due to copycat businesses on the local level. However, issues arose over the ownership of the customers themselves. The franchisor maintained that the customers were his, and although franchisees seemed vaguely aware of this in the data, some didn't seem to believe it to actually be true. Indeed, since the introduction of the ICT system, where franchisees were required to place their customer data onto the networked computer system for Head Office to access, they suddenly felt that their ownership of the customers had shifted, as this transcript indicates:

"I think when it was the old system, it gave me the impression that yes, I recruited these students. They came to my school and I paid my royalties three times a year for operating the system and using the name, whereas now you feel that these students, the database, it's held up in the clouds or where the main server is or whatever, and you feel that it not actually yours personally anymore."

This was further exacerbated where the franchisor had, on occasions, contacted customers direct from the database to provide special offers and add-on products without letting the franchisees know his intentions in advance. More information was needed from the franchisees to understand how this ICT approach was affecting the relationship.

5. Marketing (7 nodes)

In the data, franchisees readily discussed what worked best, and pointed to the Internet as being the most valuable new tool in their arsenal which they overwhelmingly said now brings in more custom than printed advertisements. A key concern, however, was the increase in ex-tutor employees starting up their own businesses locally in competition with the franchised outlet:

"I've had two or three, because I think they look at it from my point view and see the restrictions of the franchise, and they think they could charge less and wouldn't have to pay the royalties and stuff like that."

Competition generally was cited as causing friction with franchisees: *"My problem is that I feel our fees are too high and we ask for a great deal of money, and now I'm tied to being a franchise."* It was clear that the franchisor must provide and deliver clear and specific benefits to the network of franchisees through the ICT system.

6. Operational (10 nodes)

Franchisees reported that they had identified differences in the brand standards across nearby outlets run by fellow franchisees, yet, with some contradiction, they said that they wanted flexibility in the operation of their outlets and particularly disliked any forced structure being placed around the way that the lessons are delivered on the shop-floor.

7. Changes in Franchise Support (5 nodes)

The data showed that franchisees do value support from the franchisor, but had identified a lack of it, which is now almost exclusively upstream (franchisees requesting it from the franchisor). Franchisees also reported some inadequacy in the support managers. It was suggested that support managers; *"don't know what it's like to be a franchisee,"* and they give; *"textbook answers… sort of we've read the manual and this is what it is."* Support was challenged as being uncreative; *"They just tell you to throw a load of money at advertising trying to make it work without actually wanting to get down and help you."*

The worsened economic climate had affected some franchisees, and some had input lower than normal trading turnover figures onto the ICT system. Some were seeking support for the first time in a long while, but claimed that now the new technology is in place, it was not as forthcoming as it was:

"Not even a 'how's it going, these figures don't look as good as normal, can we help?' Not a word. You would think that if they were the benevolent parents, they would actually want to show some help."

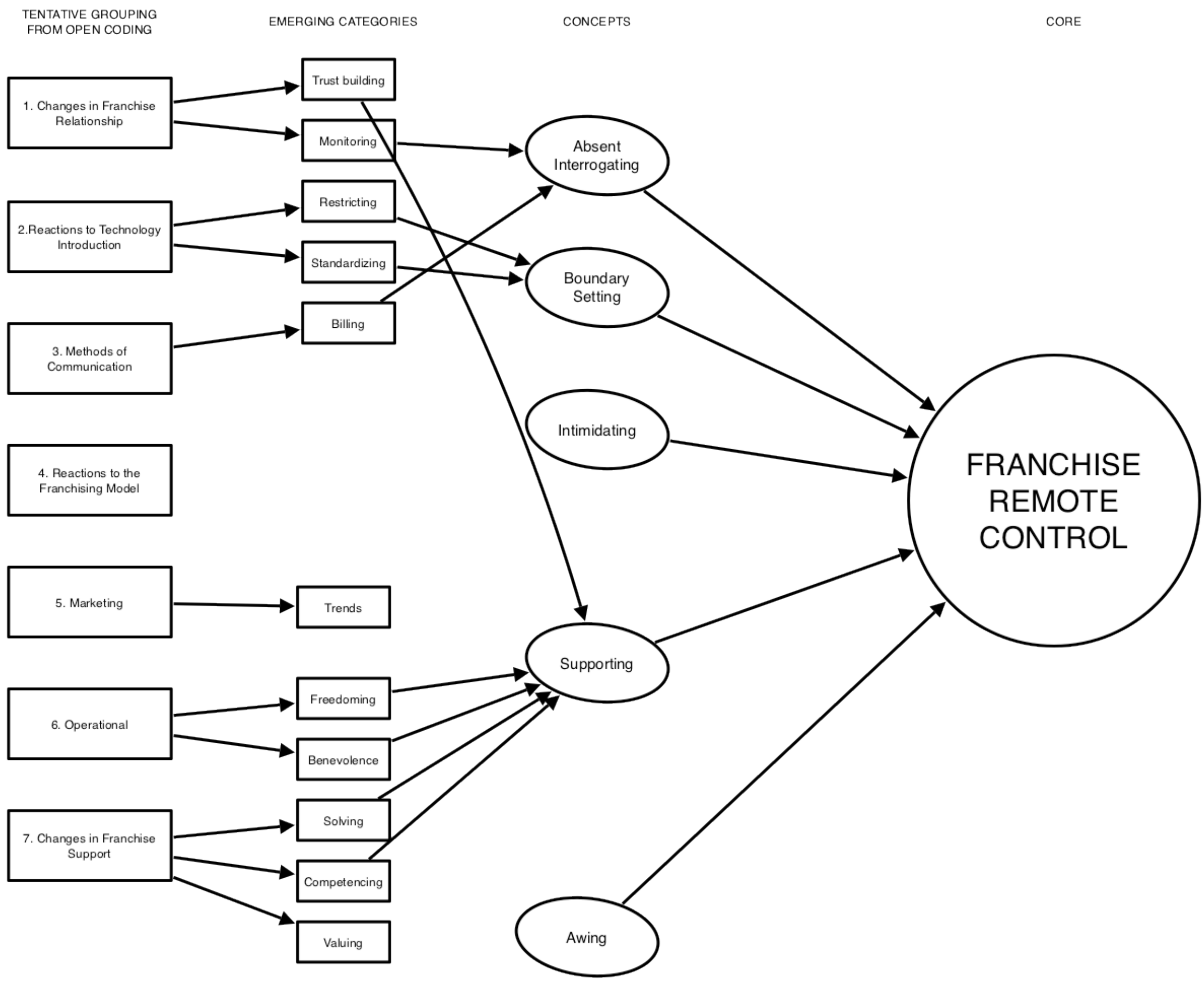


Figure 11: How the tentative grouping from the open coding began to developed into more substantive emerging categories.

Figure 11 shows how the initial seven tentative groupings resulting from the first stage open coding that I have described in the previous section, gradually developed into the next stage of more meaningful categories and substantive concepts through the structured application of the various grounded theory techniques and processes outlined in the following pages. As can be evidenced from the diagram, it was clear early on that the mechanism of supporting franchisees through displays of solving, competence, benevolence and operational flexibility (freedoming) was necessary to maintain and develop their trust (and ultimately, as it turned out, their compliance with the technology), and that these constructs would be fundamentally important throughout the ICT introduction. As the research work developed and more field interviews, coding and memoing took place with the social actors, many more sub-categories, connections and theoretical constructs were gradually developed and advanced, the results of which are mapped, presented and discussed fully and in considerable depth throughout Chapter Six.

5.4 Memoing

Although many researchers may be loathe to admit it, within the grounded theory process, the initial coding is quite straightforward and fairly mundane. It needs to be operationalized professionally and in-depth because it is the foundation that the rest of the process relies on, but it is the memoing and the ongoing comparison of results and ideas, initially code to code to begin to develop them into categories, and then category to category and finally concept to extant literature where the process becomes truly creative and comes alive, and where success is directly related to the development of an increasing theoretical sensitivity to the data and the subject.

Initially I found the step change from coding to memoing difficult, especially as this was the first time within the research (coming after the processes of reading widely about the methodology and writing about it) that I had the opportunity to be creative. However, once I embarked on analysing the sheer amount of collected and newly coded data, the memoing quickly gathered momentum. This was a turning point in the research journey. It was helpful too, reading a variety of other grounded theory theses, because I came to realise that I was not alone in my concerns over commencing memoing. The following simply stated passage in particular, was very helpful in encouraging me to just get started without worrying about trying to make my early memos flow perfectly formed onto the printed page:

"As my theoretical sensitivity increased over the piece, so too did the sophistication and utility of my memos. The primitive nature of the memos from the early days has been subsumed by more mature versions. The ongoing challenge is to integrate the categories themselves and subsequently develop linkages among them." (Guthrie 2000, p216).

In summary, memoing involves writing insight about each code with the aim of raising the work from the observational level to a conceptual one. This is operationalised by developing the codes up through two stages, from open codes to substantive codes. A key goal was to establish, through the data, what the franchisor was doing and how it was affecting the franchisees. So, for example, my initial first level category of "changes in franchise support," contained the following five open codes of *guidance - more wanted, support - lack of it, support - value of it, support manager inadequacy* and *support with resale.* When comparing all the segments of transcribed data that I had coded with each of these open codes, the data was usefully fractured into a whole new way, and I was able to look closely at everything related to, for example the open code, *support manager inadequacy*.

This gave me the basis to be able to formulate my follow-up questions to the participating franchisees. Instead of being vague, I could follow up specific leads and my developing ideas as they became formed in the memos.

From the *support manager inadequacy* code alone, I quickly learned that some franchisees benefited more from the support manager because they were closer to where she lived geographically, or where head office was situated, and that the relationship since the introduction of ICT had become less personal and was changing. This led me, for example, to go back to some of the franchisees who lived very close to the head office location and talk more to them about the relationship with head office and whether, because of where they lived, they felt that the ICT was less important or not.

As I added new observations to my memos and reread the set of texts under these five support open codes, and compared code to code, I wrote more observational memos. These initial five codes led me further out into constantly comparing codes from my other tentative categories, because they began to seem relevant, and I observed that there were many overlaps, and that the distinctions were much more complex and varied than I had first thought. Almost without realising it, as I engaged in this process of comparison, I found myself creating new second order codes that were more substantive and meaningful than the simplistic initial open codes. Simultaneously, I began searching for an equally meaningful naming scheme, and eventually settled on using gerunds where possible, which are a traditional term for a verb that ends in *-ing* and functions as a noun. It seemed to be a good way of describing what I was observing in an obvious way, using the fewest possible words.

It was when developing these substantive codes and categorising them, that I was able to begin using the constructivist iteration of grounded theory approach. Whilst the surface reactions from the initial coding served to initiate the interpretive process, it was in the far more abstracted next stage where I began trying to find out not simply *why* the franchisees reacted on the surface to the introduction of ICT, but how they had actually *constructed* and developed their realities around the changed relationship that they found themselves in, and how they were subsequently acting these out, when the work became advanced. There were wider reasons for the responses I had gained within my initial transcripts, and I began trying to tease these out by going back to franchisees again for more insight, gather more results and to integrate these into what quickly became a wider web of connections and constraints. The constructivist development of the grounded theory methodology allowing me the freedom to interpret the situation from my own worldview (Charmaz 2006, p187) which I have made explicit for this purpose in chapter four.

The category of *support* can be usefully used here as an example of my category development. Due to ongoing data collection, the first-stage category of support expanded into the substantive gerund-entitled category *supporting*, and the substantive codes that resulted from my ongoing memoing became those of *trust building*, which revealed the twin subcategories of *believing* and *freedoming*, with the latter further dividing into the substantive codes of *entrepreneuring, independencing and flexible operating.* As the ideation became ever more complex and I got new data, newly formed more substantive codes often expanded into categories with their own set of branches. It was all substantially more complex and different to my initial simplistic set of seven tentative categories that emerged from my first stage interviews. To take one example, the code of *believing* which emerged as a consequence of the previously mentioned *supporting* and *trust building,* extended into the substantive categories of *competencing, benevolencing* and *actively identifying*. The *competencing* category then branched into the subcategories of *solving, updating* and *training*. *Solving* then linked to the category *support manager interfacing*, which subsequently exhibited the codes of *valuing, lacking* and *social bonding*, with the latter presenting *individualising, pro-activing, phoning, visiting* and *mailing.*

The ongoing memoing process and the constant comparisons being employed throughout it enabled me to discover and develop considerable insight and order, and take the analysis forward from the open code stage into increasingly conceptual realms through the gradual development of the more meaningful substantive gerund-based codes and resulting interconnected web of categories. Equally importantly, the process also began sensitizing me to areas where potential theoretical comparisons could illuminate the research within the extant literature, and this guided my search towards relevant academic material for my developing project research library, and the literature comparison chapter which I knew would eventually need to follow. I felt that it was crucially important to approach it this way, so that the data properly informed any theoretical grounding and, having now gone right through the process, can see the obvious logic and benefit to this. It is all-important with the grounded theory methodology to avoid forcing the data to preexisting pet theories.

Below I present an example of my *actual memoing*, which is reproduced here in an attempt to provide a modicum of insight into the way a small segment of my thoughts and ideas developed and evolved. The text is simple and basic, and reader should appreciate that it was originally written for my own private use. The various updates within it show the gradually developing iterations that resulted over several months as I learned more about the particular category under study.

Freedoming

Memo Summary

*Company A allow their franchisees **freedom** to operate their businesses creatively in almost any way they wish, as long as they adhere to the guidelines of a certain amount of customers only and don't over-recruit. There are no courses to follow, and each franchisee can use their own stage skills to develop what they consider to be suitable teaching materials for the children. Franchisees say they value this, and some would not want to be in the network if it was any more rigid. Good gerund term for this is perhaps "freedoming." It seems to encompass it.*

Update

This freedoming makes franchisees feel that the business is more theirs, and under their control, even though actually the numbers, the data and the customers are controlled through the ICT rigidly. To put it another way, the business is creatively theirs, but structurally and financially, the franchisor's. Must dig more deeply into this and see if I can get more data to support the view (theoretical sampling).

Update

From going back and asking four of the franchisees specifically "Who do you feel actually owns the business?" and getting answers like "it feels mine", and "it feels mine until I have to pay the royalties one a term," I am now suspecting that this freedoming (which is unusual in franchising because most franchisors don't allow any of it, and the franchisees usually have to follow rigid standards and can't make stuff up - constructivist point) is being provided by the franchisor (and this is franchisor A) to soften the effect of bringing in the ICT. By encouraging the franchisees to feel like there is such a lot of relaxation about what can be taught on the shop floor in the theatre arts lessons themselves, they seem to feel the business is more theirs, which also seems to be resulting in better compliance in other key control areas through the ICT (which actually is exerting *lots and lots of control... but only really financially underneath it all). Through this creative freedoming approach, franchisees are left to get on with running their outlets, and because of this, less operational and educational support is therefore needed as well, which fits with the cost-saving remit of the ICT introduction too. It's clever stuff.*

Freedoming seems like a sort of oil that lubricates the franchise relationship and has kept it working through the introduction of the ICT.

Update

Got field data in from three more franchisees who all said basically that if the franchisor made them teach a syllabus in the lessons, then they would want to get rid of the franchise, just wouldn't want to do it. There is evidently a VERY strong feeling over this.

Update

I have been looking at company B for some contrast and confirmation. The smaller Company B, allows very little freedoming at the operating level, with prescriptive courses that must all be taught in a precise way across the whole of the network (normal for most franchises). The reason given is that it is easier to train tutors this way, and also that, because tutors are not responsible for creating course materials, customers do not bond so much with the tutor, and indeed, tutors are rotated regularly around the customers. If a tutor leaves, the customer invariably doesn't, as the feeling has been created that they are buying the service from the brand as opposed to a specific individual. Discretion is given to the franchisee as to what songs will constitute the playing together session at the very end of each lesson though, so there is a bit of freedom, but not much.

With this level of control, especially when added to the requirements to comply with the ICT reporting required, which is similar to that of Company A, there are more brand standards to police, and shop-floor support needed. Franchisees here that I spoke to "off the cuff" when they were in an out of the office (Questions like "Would you like to have more say in what you teach?") appear to be keen to do more of their own thing, but know they can't. However, the only thing that they say that (in a round-about way) prevents them, is the close and very regular telephone support, video feedback on school operations, school visits by the franchise manager and the developing of a close relationship founded largely on supporting the franchisee with growth and promotion. Real person as opposed to IT stuff.

KEY POINT: Because Company A operate much more of this freedoming, they have less need to deploy as much personal support to the franchisees, and can successfully rely more on the ICT to run the business, and it's therefore cheaper for them, so it's judged a desirable approach... and it seems to work.

Links to other memos

Freedoming links <u>*down*</u> *to Entrepreneuring, Independencing (could have gone it alone)* and *Flexible Operating and* <u>*up*</u> *to Trust Building*

Potential theory comparison material to consider from my reference library

An Entrepreneurial Slant to Franchise research (Hoy)
Applying Cognitive Process to Franchisees - The Use of Entrepreneurial Measures to Study Franchisee response to Constraints - (Moore 2003)
Are Franchisees Real Entrepreneurs? (Anderson etc al. 1992)
Business Format Franchising: Innovation and Creativity or replication and Conformity? (Stanworth et al. 1996)
Co-Operative Arrangements Among Entrepreneurs: An Analysis of Opportunism and Communication in Franchise Structures (Gassenheimer et al., 1996)
Crossing Mother: Entrepreneurial Franchisee's Attempts to reduce Franchisor Influence (Phan et al. 1996)
Franchising: The Entrepreneurial Paradox (Ajayi-Obe 2007)
Franchising and the Domain of Entrepreneurial Research (Kauffman and Dant 1999)
Franchising: A Gateway to Co-operative Entrepreneurship (Hoy, 1996)
Innovation and Authority in Franchise Systems (Lewin 1997)
The Franchise relationship: Entrepreneurship or dependence? (Stanworth)

Over several months as I developed trust in the data and gathered more of it, I started to transcend it, continue to conceptualise and the structure of the resulting theory then began to emerge. However, the ideation was dense and from quite early on, I found that the only possible way for me to retain control over the rapid conceptual expansion was to draw it visually using mind-mapping. Because at this point it was in a state of constant flux, I used a straightforward software mind-mapping tool, which quickly enabled me to chart its progress and also to move, reorder and rebuild branches fluidly on-screen as the ideation continued to expand from the comparison of multiple incidents and developing categories in the data. Much of this work could apparently be accomplished within the Nvivo program, but at this point in the development of the research, I wanted no distractions in learning the complexities of a computer program, and preferred to keep going, keep discovering, keep doing. The mind-mapping tool that I selected (iThoughts) could be learned in half an hour and, equally importantly, ran on my Apple iPad device, which meant that I could have it with me wherever I went and continually develop and refine it as I learned more. The emergent theory is described in exhaustive detail in chapter six. However, to indicate the complexity of just one substantive category, the one of *supporting* that I have discussed in outline above, I have provided my mind-map diagram of it in Figure 11:

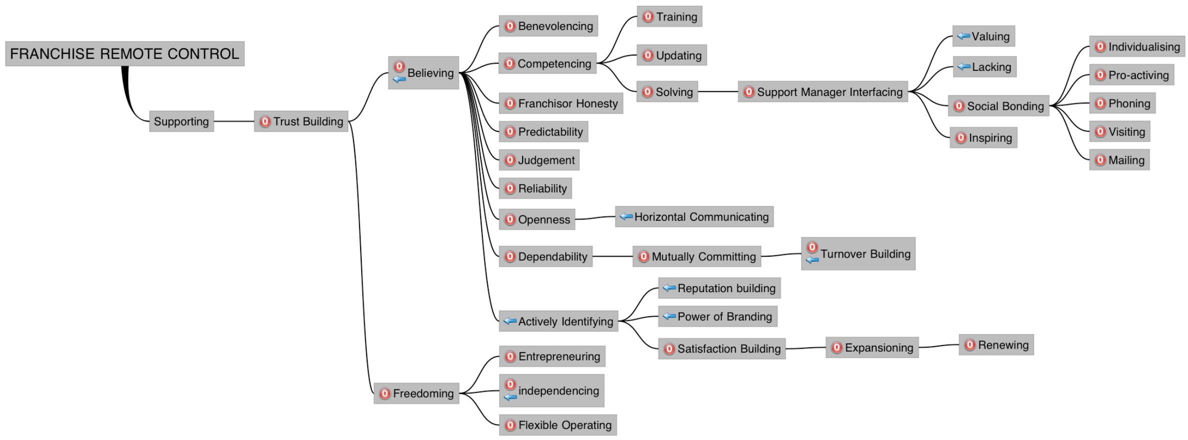


Figure 12. Mind-mapping the "supporting" category and subcategories

The discovery work described above provided order and insight, but equally it also generated research questions and gaps which could not be successfully answered or filled by recourse to the existing field data. I was very aware that in many areas I had not reached anything like saturation. It was therefore necessary to attempt to fill these knowledge gaps, and this led me to embark upon the next stage of the grounded theory process, which was theoretical sampling, which I move on to describe in the following section.

5.5 Theoretical Sampling

From the initial interviews and the subsequent coding, mapping and memoing work, a number of topics relevant to the research problem began to emerge and presented themselves to me as worthy of further examination and data collection. These ranged across several of my gerund categories, and I therefore knew that it was imperative that I continued to search out further data in order to understand these findings better and ultimately to work towards saturation in each of them (the point at which collecting ever more data does not add to what is already known).

At the end of each of my initial interviews with the franchisees, I had asked them whether they would be prepared to speak to me again as my study progressed in case I needed to clarify anything further. I was fortunate that all the 28 franchisees that I originally interviewed were prepared to assist in this, although understandably some preferred the simplicity of email questions as opposed to telephone calls or lengthy meetings. Each time I identified an area I wanted clarification on, I used members of a pool of 15 of the franchisees who had been particularly forthcoming with their views on the ICT. Some of these were contacted a further three times or so ad hoc, during the field data collection, but frankly, by that time, the relationships that I had developed with the social actors were mostly beginning to break down, and my various communications by phone and sometimes email were clearly starting to become an irritation and nuisance to them. In fact two in particular told me that they had *"had enough."* I knew then that I had squeezed as much information from the subjects as I could and exercised as much tenacity as possible.

Nevertheless, despite my ultimately tiresome intrusion with regard to questioning the social actors, infiltrating the franchise network in this longitudinal way for as long as I realistically could between September 2009 and September 2010, and probing for specific things that needed more and more clarification (theoretical sampling in grounded theory) as they developed through the methodological process, proved very conducive to discovering many attitudes and concerns that were originally well hidden behind the gloss of the business, and thus helped me to seek out new data and to gain important confirmations and tentative connections throughout the gradually developing, focused coding and this subsequent theoretical sampling phase, during which the work continually moved through higher levels of abstraction and ideation. As the following chapter shows, the first seven tentative categories from the initial interview stage were entirely transformed through this ongoing process as the study continued and more focused data was generated, and the seven finally became five new and substantive categories. I present these in outline later in this current chapter, and then in exhaustive depth in the chapter that follows.

In the ongoing interviewing and questioning the focus of the study increasingly seemed to fall on the franchisee to franchisor interaction through technology, and the way that the franchisor was seeking to **control** his network of franchisees. Indeed, this increasingly became the hub (or core) which the rest of the data began to clearly revolve around.

Once I felt that I was not seeing anything new or different coming out of my data with the franchisor A network, I began comparing what I had learned with the much smaller franchisor B (the music schools network). I started by interviewing the CEO and found that many of the franchisee reactions to the use of ICT were similarly being experienced in this network. It appeared that my gradually developing theory of *franchise remote control* was achieving a good measure of synergy. What is more important, at various junctures over six months, I met and talked with franchisees from this network (probably around ten separate individuals) who were visiting the office for various reasons. As the original founder of the business from 30 years ago, but someone now retired and completely uninvolved and unthreatening, I could ply them for friendly information about how they were *"getting on with all this new-fangled internet stuff?"* and try to surreptitiously gather more data on the specific topics that were presenting themselves in the franchisor A data and compare their reactions. I found many similarities in their outlook.

I also interviewed Franchisor B's franchise support manager and, over a six month period had unrestricted login to the online support ticket system specifically developed to handle all incoming franchise support requests, and also summaries of those which had taken the place on the phone, plus ad-hoc emails. I could view and study all the incoming franchisee requests and the replies provided by the franchise support manager. In addition, I had full access to the private, horizontal franchisee to franchisee forum and could "lurk" on the system and watch the flow of posts back and forth. All these lines of enquiry proved valuable sources of subsidiary data.

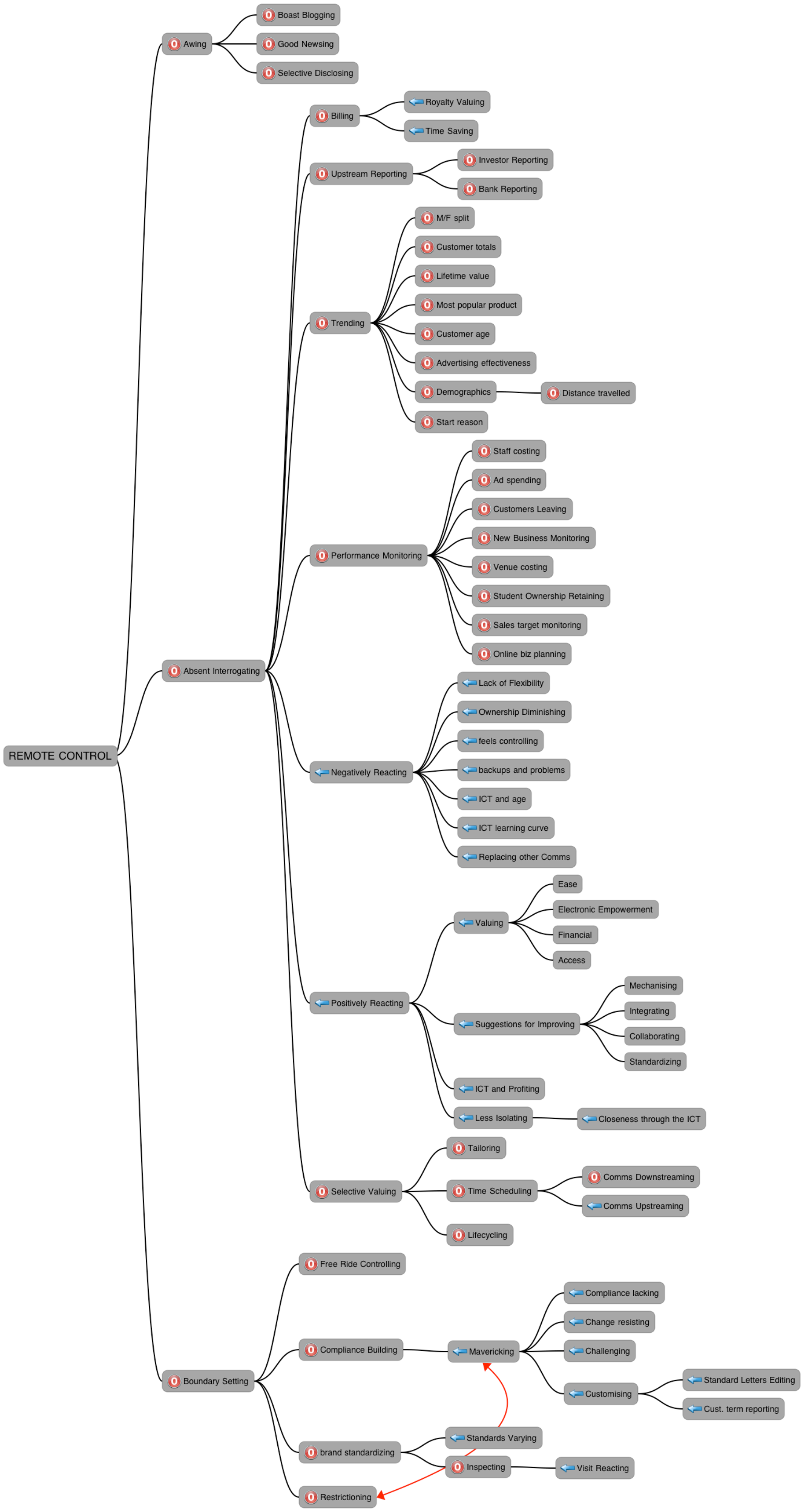
However, after several months of this, the activity reached a point where my lines of enquiry were offering me no fresh insight. Franchisees were not providing anything new or different to what others had already told me and due to repetition of these indicators, my memo writing had diminished to almost nothing. In addition, the once-burgeoning growth and reordering within my mind-map had ground to a complete halt. Five substantive master categories around which the franchise relationships revolved had now completely crystallised (*absent interrogating, awing, intimidating, supporting* and *boundary setting*) and the research situation itself began feeling rather like a sponge which had absorbed all it could and, however many times was plunged back into water, could now capture no more. It was at this point that I realised, quite literally and with a sudden and unexpected sense of achievement and relief, that the work had reached the eventual nirvana of saturation, and it was time to begin writing up the memos into the complex theory that had emerged over so long.

Chapter Six – Franchise Remote Control: The Emergent Theory

Introduction

In this chapter I move on to reveal a theoretical explanation of how franchisors action their main concern of remotely controlling their franchisees. This chapter explains the process of *Franchise Remote Control*. The ideation is somewhat intense and consequently, at times, challenging to follow, and so diagrams from my mind-mapping have been interspersed with the text to provide the reader with a clear map of the concepts and categories discussed along with related sub-processes and their properties.

The complete structure of the franchise remote control theory is shown in Figures 12 and 13. For clarity of viewing it has been necessary to divide this into two separate halves. However, it should be considered as one complete structure for the purposes of the work.


REMOTE CONTROL
Awing
Boast Blogging
Good Newsing
Selective Disclosing
Absent Interrogating
Billing
Royalty Valuing
Time Saving
Upstream Reporting
Investor Reporting
Bank Reporting
Trending
M/F split
Customer totals
Lifetime value
Most popular product
Customer age
Advertising effectiveness
Demographics
Distance travelled
Start reason
Performance Monitoring
Staff costing
Ad spending
Customers Leaving
New Business Monitoring
Venue costing
Student Ownership Retaining
Sales target monitoring
Online biz planning
Negatively Reacting
Lack of Flexibility
Ownership Diminishing
feels controlling
backups and problems
ICT and age
ICT learning curve
Replacing other Comms
Positively Reacting
Valuing
Ease
Electronic Empowerment
Financial
Access
Suggestions for Improving
Mechanising
Integrating
Collaborating
Standardizing
ICT and Profiting
Less Isolating
Closeness through the ICT
Selective Valuing
Tailoring
Time Scheduling
Comms Downstreaming
Comms Upstreaming
Lifecycling
Boundary Setting
Free Ride Controlling
Compliance Building
Mavericking
Compliance lacking
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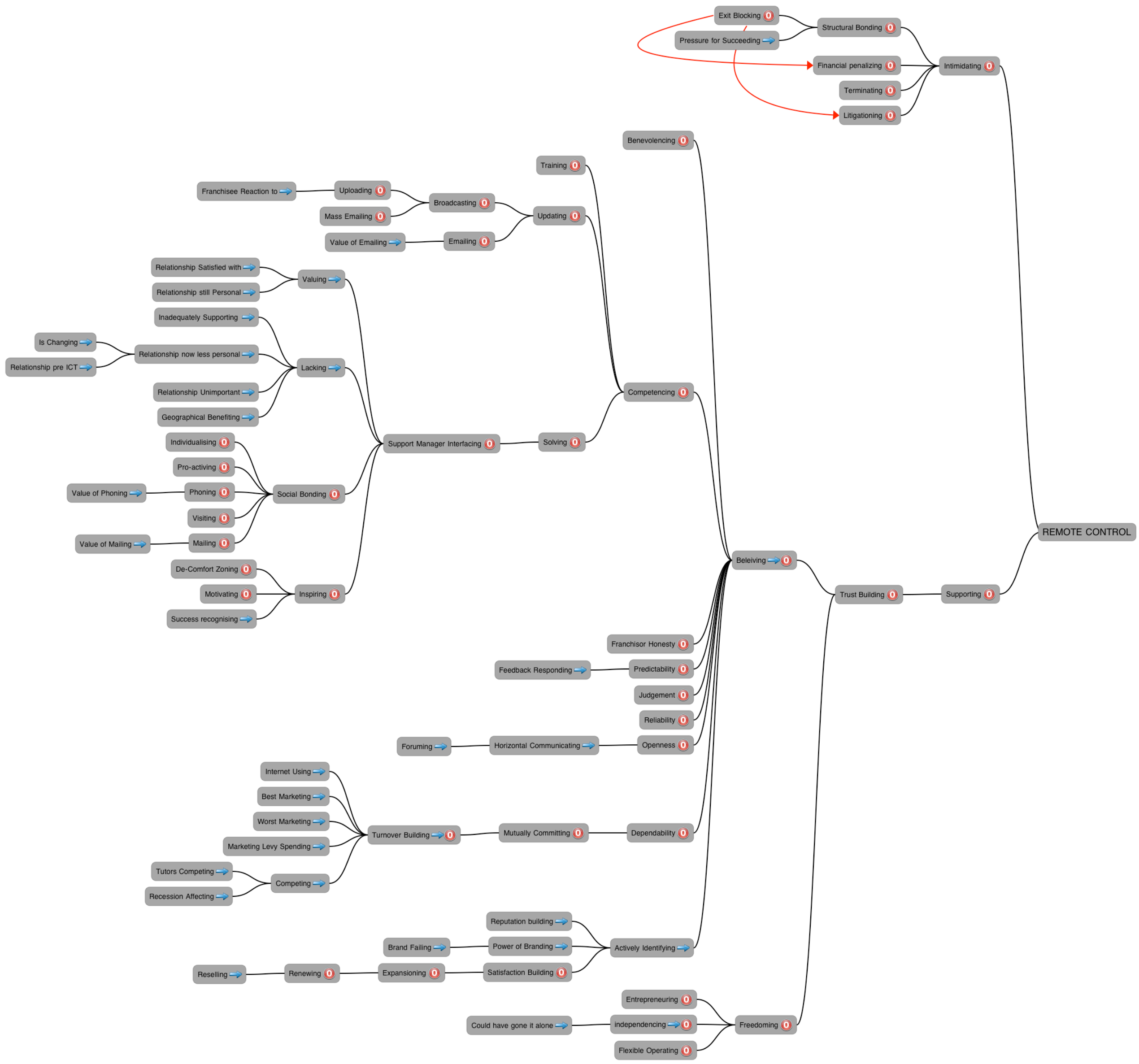

Figures 13 and 14. A Map of the Complete Emergent Theory of Franchise Remote Control

6.1 Introducing Franchise Remote Control

Franchise Remote Control has emerged as the core variable of this study of franchising. It explains how franchisors seek to maintain their sphere of influence and control over their geographically dispersed franchisees and manipulate them through *absent interrogating*, *awing*, *supporting*, *intimidating* and *boundary setting*.

Franchisors employ these processes through a variety of media, but most substantially using ICT in a bid to keep support staff costs to a minimum whilst still maintaining control. Through this approach Franchisor A in this study has been able to reduce the ratio of physical support personnel to one per two hundred franchisee outlets. Computers have replaced site visits and the previous social interaction that used to accompany them. Franchisors are able to analyse financial and operating procedures using highly developed Intranet systems. In doing so, they are able to process daily interactions with franchisees and control the relationship using their own agendas.

Franchisees are expected to comply with this arrangement as if nothing has happened, and recognise the benefits. Some do but, as this study shows, the transition to this way of operating, results in a complex set of problems.

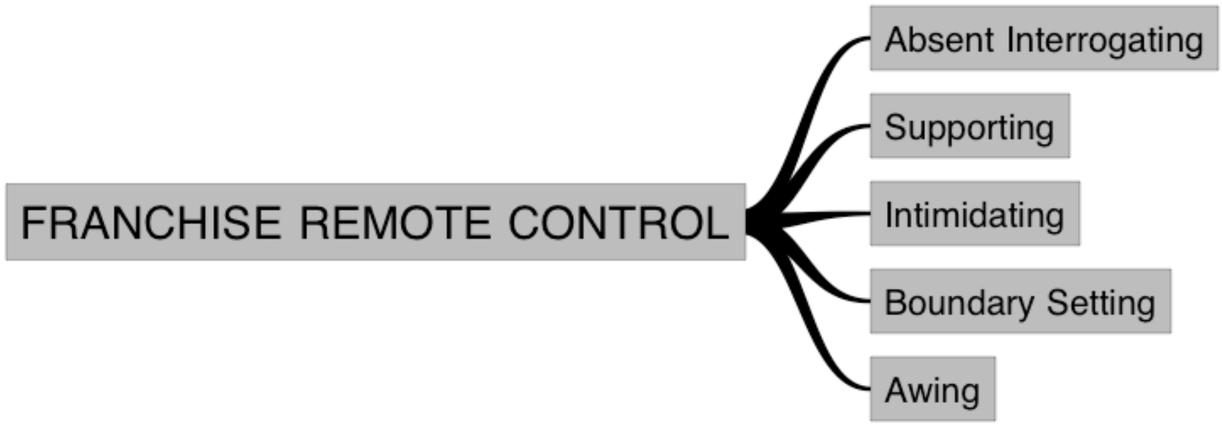

Figure 15: Franchise Remote Control Showing Core and Sub-Core Variables

6.2 Absent Interrogating

Creating and maintaining control over franchisees is operationalised by franchisors through the tactic of absent interrogating. This is the finding out of what is happening at remote franchisee sites without directly asking them personally for information and reports of their trading activities.

Five outgoing sub-processes emerge to provide explanation for what happens. These processes are: *billing, upstream reporting, performance monitoring, trending* and *selective valuing*.

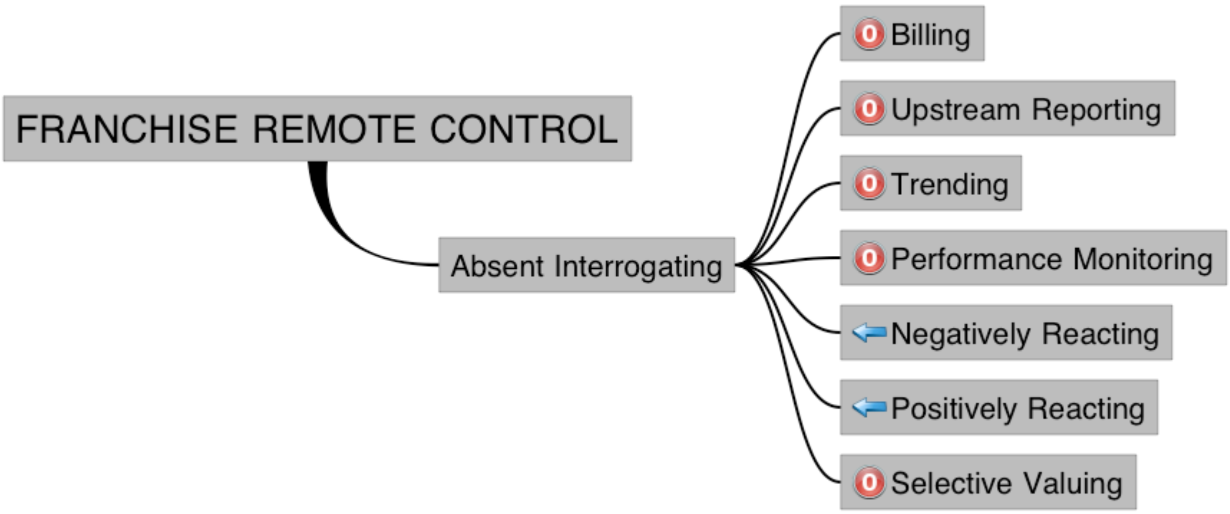

Figure 16: The Absent Interrogating Process

6.2.1 Billing

Billing involves identifying what each franchisee owes as a royalty (or Management Service Fee (MSF) as it is also known) to the franchisor at the end of a given trading period. Both franchisors in this study allow franchisees to collect money themselves direct from their customers instead of centrally though a franchisor-controlled website payment system, where all monies would be taken by the franchisor and then distributed to franchisees less the royalty element. Franchisees in the system recognise that because of this method of operation there is a reliance on trusting the franchisees. There is a clear realisation that the introduction of ICT has lessened that reliance as this franchisee explains: *"Technology is crucial to them. I mean, I think with the system at the moment, franchise head office can see how student numbers are, and exactly how much fees are still due and coming in, and they can see there is nothing hidden. Everything is there really, so they can just see what's going just like we can. I think without that it would be a very different story, and it probably was in the past!"*

Franchisor A bills their franchisees three times per year, and the business operates across three, twelve-week terms which track the school year, and uses the information input into the Intranet system by franchisees to calculate what is owed and to raise term-end invoices accordingly. In contrast, the franchisees of Franchisor B in this study use their Intranet system directly to pay the franchisor at the end of each month, twelve times a year. The system calculates exactly what is owed, based on the data input by the franchisees, who then make an automated bank transfer into the franchisor's bank account. Franchisees recognise that this is valuable to the franchisor. One volunteered, *"I think it gives them reassurance, so they feel like they probably don't have to interfere as much."* Another voiced the underlying reason that the introduction of ICT (known as Sphere in Franchisor A's network) into the relationship, is tolerated by franchisees; *"All the stuff that Sphere does, and all the recording that it does which head office can access, means that we don't have to have that much communication with head office on a day-to-day basis. If we didn't have Sphere, we would have to have a lot more communication. Head office would have to have to have a lot more staff which would probably mean we'd have to pay more franchise fees and it would probably become tiresome."*

Franchisees value the distancing that the ICT provides and once established, much prefer to get on with their businesses with the minimum interference. The franchisors in this study did not anticipate that this would be a mechanism for acceptance of the new systems or a consequence of their implementation. It transpires that it is, in fact, the tacit underlying agreement that has smoothed the path for new ICT adoption by existing franchisees who have experience of the original non-mediated relationship.

The advantage of *absent interrogating billing* techniques for the franchisor is that they can instantly interrogate any franchise outlet remotely at any time, and predict expected income accurately. Franchisors are able to distance themselves socially from their franchisees, yet maintain control instead of waiting on paper-based reports to be sent at the end of given trading periods. Cash-flow is improved as invoicing can be actioned faster at the end of each period without waiting for late reports to arrive through the post from franchisees. Franchisees value the computerised billing system overwhelmingly because it saves time and simplifies their administration; *"Your database is set up for a start, which is always important, because setting up your own database takes a lot of time, and there's letters on there, your end of term process, your beginning of term process and things."*

What is not liked is the rigidity that the ICT has brought to the billing process. A recurring problem for franchisees is that the billing system requires that all customers to be entered onto the system when they join, and franchisees are expected to collect the fees due. However, if for whatever reason, these fees are not forthcoming from the customer, there is no allowance made on the system, and franchisees get upset about paying automated royalties to the franchisor for these non-payers. *"I had two or three children as customers, and they did the whole term, and they didn't pay* *and they bl**dy left without paying. So I'm like 900 quid down, you know, and you have that one or two terms, you have ended up paying royalties on children through the system who are on your register but they haven't bl**dy paid the fee!"*

Notwithstanding this, to crucially maintain the relationship successfully over the long-term, franchisors must ensure that franchisees perceive that they are getting value for money from their royalty payments. This is made more difficult when a network is growing to a large size and ICT is being deployed as a substitute for face-to-face and telephone interaction and social bonding as is the case in particular with Franchisor A. One franchisee of the network summarised the problem well by pointing out that; *"Obviously the more information we can get from them, the more one is gonna feel that you get good value for money. We do pay lot of money to head office each term and, you know, I don't ever really think about it. But I know there are a lot of franchisees who find it really hard because they think, you know, well I am making the business work myself."*

For franchisees who value independence from the franchisor, the ICT systems are seen positively; *"The business that I have built up has largely succeeded partly because of the system they have. They have helped. I think it's only fair that they get their cut."*

For others, there is a recognition that things have changed, but currently are still deemed acceptable; *"I think the setup is very good. I think with any franchise you are required to pay a franchise fee, and though it's a lot of money, when I've needed help it's always been there, and although we don't have as much of a personal relationship as we used to have, if I was in any form of trouble, I know that, that would be where I could go for help."*

But for franchisees with several year's experience, the change from telephone to technology has created a diminished perception of value for money. A franchisee of long-standing explained; *"When we only had one or two schools, head office earned their royalties, you know, because we needed them to hold our hands a lot and all rest of it. Now I don't hear from them from one end of the term to the another usually, and if I do it is only if I have a problem with the website."* And; *"We get lots and lots of ideas thrown at us but I think, for what we pay, I would like to see a greater involvement from them so I could then see value for money from that."* Another franchisee felt that; *"They get a lot of money I feel, for not doing particularly much."*

It is a fact that long-standing franchisees do require considerably less support and assistance than those just starting out, and these individuals feel that they have provided long-lasting revenue streams to the franchisor and should be rewarded, both for their financial input and for their lower maintenance requirements; *“I would like to change the royalty. I think I've been doing it for the last 12 years, and once you give that much service or something, you should have a royalty holiday. The royalty isn’t all either, because by the time you’ve added in all the other bits, you will be looking at not far off 20% by the time you have added in marketing levies and all the rest of it. It’s a big chunk, and I don’t need their support any more now.”*

Franchisors must consider what specific things create the perception of value for a franchisee. As mentioned in the above raw data, Franchisor A takes a marketing levy (2%) from every franchisee at the end of each billing period and is expected to pool it and use it for use national marketing initiatives. The actual use of this fund is vague as far as franchisees are concerned, which results in statements such the following from franchisees;

“I'm really not sure what value I get from my royalty, because the way I see it... well, yeah they are not exactly cheap. You don’t seem to see much national marketing. They don’t do national marketing, but we seem to pay for it,” and *“I know they’ve got to make money as well, and still do the marketing right there in the website and everything. I understand all that, but I just think it could be probably a little bit less, or we get more marketing for that money.”*

6.2.2 Upstream Reporting

The *billing* technique employed by franchisors provides franchisors with a timely and accurate forecasting mechanism which can be used for *upstream reporting*. Franchisor A in this study is a Public Limited Company (PLC). The franchisor stated that before *absent interrogating* techniques were employed, it was impossible to provide accurate and timely reports to shareholders about the progress of the business at any given time because reports could be up to twelve weeks out of date which, he recognised, for a PLC was, in his own words, *“wholly unacceptable.” Upstream reporting* has two subcategories; *investor reporting* and *bank reporting*. The latter being useful for the smaller Franchisor B in this study.

6.2.3 Performance Monitoring

Successful *absent interrogation* by franchisors requires that they are able to engage in remote *performance monitoring* of their franchisees. The following subcategories of performance monitoring directly affect the turnover-based royalty paid to the franchisor. These comprise *new business monitoring*, *customers leaving* and *student ownership retaining*. These are the crucial three elements in performance monitoring by franchisors. By interrogating these elements remotely, the franchisor is able to see at a glance how a given franchisee's business is developing, and whether head office perhaps needs to deploy any physical franchise support to supplant its remote control.

However with only the three key performance indicators (KPI's) above available, the franchisor is not able to gather the full picture of the franchisee's operation because these indicators do not include any of the franchisee's costs in running the business. Franchisor B in this study has gone further with its *performance monitoring* by including data input mechanisms for *staff costing, ad spending* and *venue costing.* This franchisor contends that by tracking this information remotely, it has the ability to better understand the full picture of the financial inputs and outputs of a given franchisee, and work out remotely whether it is in good financial health and operating profitably. Franchisees of this network are provided with suggested KPI parameters for each of the above expressed as percentages of total turnover, and are trained to manage these carefully. These figures are automatically fed through to previously agreed, live online business plans (*online biz planning*) and *sales target monitoring* screens. In this way, Franchisor B is actively seen by franchisees to be providing more remote support than is strictly necessary for it to be able to simply collect its royalty payment. Shirley, the managing director said; *"By enabling franchisees to see at a glance the financial health of their business, they are coming to recognise the value of our IT system, not just as something to make life easier for us here at head office, but also as something positive and useful for them as well. I think it helps the relationship."*

6.2.4 Trending

Through using the ICT system, franchisors are able to engage in remote *trending* activities. Subcategories of *trending* activities comprise *male/female split, customer totals, lifetime value, most popular product, customer age, advertising effectiveness, start reason* and *demographics* such as *distance travelled* to venue.

The data which are required to generate reports on the above are all entered by the individual franchisees as they input each newly recruited customer onto the system, and therefore available to the franchisor with no additional effort on their part.

Franchisor A's franchisees have for many years enjoyed a primacy in the marketplace and as a consequence, most outlets are almost full of customers. Don, the Managing Director said; *"We give them all kinds of reports on their own screens, but unless they are struggling for customers, which very few of them are, unfortunately they never get looked at."* However, he pointed out that this individual feedback mechanism was only a very small part of his overall *trending* strategy and cited the activity as being primarily designed for gaining an understanding of the sort of customer that buys from the brand across the whole network.

The way that the franchisor uses the *trending* potential in the system, and the typical way in which franchisees respond to feedback, is contained in the following franchisee's reaction to head office *trending* activities;*"Actually last autumn, and I didn't know whether it was planned or not, the franchise manager called me and said 'I've noticed your numbers have gone down, and I'll send you a list and you can have a look at it and see if you've done all the things that are on there.' It was a complete list of things that you've got to, like, check with theirs or something. I didn't get round to it though."*

Because they have learned from experience the typical lacklustre reaction of their franchisees, the franchise managers of Franchisor A now rarely engage in pro-active work of this nature, and the *trending* potential inherent in the system is increasingly centred on generating data for head office rather than delivering benefits to franchisees. It is left entirely up to franchisees to either use the *trending* reports or ignore them. Don explained that he charges a national marketing levy on top of his franchise fee, and says that the remote *trending* mechanism assists in selecting the most appropriate national initiatives for the spending of this money on behalf of his franchisee network, through evaluation and scrutiny of the *trending* categories for the combined database from the whole network, which are now at his on-screen disposal.

6.2.5 Selective Valuing

As a franchise network grows, franchisors find it increasingly difficult to be able to support all their franchisees in the way that they originally used to. Whilst the deployment of an ICT system goes some way to assisting with the problem, the expanding franchisor is nevertheless forced to resort to *selective valuing*, where some franchisees are given primacy over others. This study has uncovered three subcategories of this practice, which are *lifecycling, tailoring* and *time scheduling*. The data generated through remote *performance monitoring* activities described previously has provided franchisors with valuable starting points for their *selective valuing* of their franchisees.

Lifecycling

The franchisor-franchisee relationship exhibits a lifecycle, and moves through several key phases, which are explained in depth presently within the theory integration chapter of this study. In summary, the relationship is held to move through four phases (Schreuder et al., 2000); the "courting phase", where where both franchisee and franchisor are excited by the relationship and want to make success of it. The "we phase", during which the relationship starts to break down but the franchisee still values it. The "me phase", where the franchisee starts to question reasons for paying the ongoing royalty, and finally the "rebel phase", where the franchisee challenges restrictions placed on them, and begins demanding more independence.

The franchisors in this study both provide considerable support at the start of the relationship and there is positivity from both parties. It is important during this 'courting phase" that the franchisor is seen to be providing value for money, as much of what the franchisee is paying for in the initial franchise fee is intangible and comprises know-how, procedures and an area of the country to exclusively operate in. Unless the franchisor can make concrete some of this, then the franchisee will move too quickly into the "we phase" of the relationship. Franchisor A seeks to maintain the courting phase by providing a week's face-to-face training at the start of the franchise relationship, and access to a designated franchise support manager thereafter. However, a combination of the ratio of support managers (1:200 franchisee outlets) in the network, and the strategy of requiring that franchisees always initiate contact with head office as opposed to the other way around, means that franchisees rapidly move into the "we phase", and by the second year of operation of an outlet, enter into the "me phase" and begin feeling that the success in the business has been gained entirely through their own hard work, and the input from the franchisor is at best irrelevant.

This study shows that the less that a franchisor physically contacts a franchisee, then the faster a franchise relationship moves through the various relationship phases. Such transit is detrimental to the franchisor, as it makes the franchisee increasingly less compliant to procedures and thus difficult to handle. The data shows that the availability of ICT as a communication medium to drive and maintain the relationship does not act as a surrogate for the social bonding developed through the face-to-face and telephone contact that franchisors originally used, and any anticipated cost-savings in support personnel should be considered carefully against this landscape. Even though in a franchise network, franchisees own their own businesses and therefore have a vested interest in their success, they appear to still require social bonding and encouragement to succeed, and desire a pro-active rather than reactive approach from their franchisor.

In contrast to Franchisor A, Franchisor B in this study is at pains to maintain telephone contact and personally meet with franchisees throughout the five year franchise term, which results in closer relationships. CEO Shirley said; *"Having ongoing phone contact means that the relationship stays more current. What we do is look at the figures and information input on the Intranet screens by the franchisees, and use that as the basis for our calls and meetings. We sort of try to be pro-active about things, and spot problems before they do. It helps develop trust and credibility, and the more people trust us, the more they are willing to buy more outlets and expand, so it's good for both parties really."*

This strategy combines the benefits of an ICT system with more traditional franchise industry support structures. However Franchisor B's network numbers around 80 outlets compared to the 600+ of Franchisor A, and so this combined pro-active approach is much easier for them to operationalise. However, it does have long term-benefits, as I move on to explain.

In chapter two, I introduced the four-stage franchise process of a) *recruitment*, b) *growth*, c) *maturity* and d) *end or new beginning* developed by Vincent (2009, pp58-62). The final phase of this process is a crucially important one for a franchisor because, to maintain the royalty stream, the franchisor must encourage the franchisee to renew their franchise agreement for a further term, which is normally five years or more. In addition, if a franchisee decides not to renew, then there is also the danger, despite anticompetitive clauses within franchise agreements that the ex-franchisee will become dangerous competition for the franchisor. Vincent contends that a franchisee may decide not to renew due to a perceived lack of support. In this study, the perception of support lack given by franchisees turns out to be caused, not by a dearth of training or online information, which is generally well regarded, but due to the franchisor's ICT seeking to reduce or completely replace good, old fashioned social contact, support and encouragement.

Franchisors use *lifecycling* as a *selective valuing* indicator and deploy considerable support at the beginning of the franchise lifecycle to justify their fees, and at the end of the lifecycle to encourage renewals and initiate a new beginning to maintain royalty revenues. There is a tendency to reduce contact throughout the middle of the lifecycle and rely on ICT to deliver communications and support.

Tailoring

Franchisor A has generally only accepted franchisees into their network who have some form of theatrical background. Instead of calling them franchisees, the public has come to know them as “principals”, offering a useful comparison with the Principal in a traditional school to assist credibility. The franchisor contends that this selection process ensures that the practical shop-floor operation of the outlet is understood, and that the entrant is able to converse with and suitably direct tutors in practical matters. This strategy has a downside however, which is that such artistically inclined individuals tend to not possess the wider business acumen necessary to develop their franchises. Skills such as marketing, business development and management are scarce. Some franchisees have adapted themselves to these needs and, through good times, due to outlets filling up with customers almost automatically through the power of the brand name, have not been required to rely on the wider skills necessary. However, during the years of this study (2008-2011) Britain experienced a recession and business became harder to come by. This, coupled with a significant increase in copycat competition for customers, has meant that now wider business skills have become much more necessary for the franchisees.

The above has meant that a skills gap has arisen. Franchisees recognise the value of ICT for the purposes of general management of their businesses and, because the input of trading figures is a mandatory part of their business, have become used to doing that However, very few of them use the various generated reports that are available on the system as they have never needed to, and also are not inclined towards using the system in this way. The biggest issue is one of marketing. Whilst franchisees have been required to deploy a minimum level of marketing, they have never had to create campaigns to sell in a recession and against such a high level of competition at the same time. Franchisor A has recognised that the ICT system has not been able to provide tailored solutions for individual franchisees, or, more importantly, the technology has alone been unable to motivate franchisees to use the tools on offer. The franchise support managers are stretched and, as previously explained, thus only provide advice when asked for it.

Franchisees have complained about the perceived lack of marketing support, and so Franchisor A has employed a freelance lifestyle marketing coach. His role is to engage in one-to-one *tailoring* of action programmes for these franchisees. The individual is an ex-franchisee and his fee is underwritten by the franchisor who promises that as long as a franchisee embarks fully on the programme as directed by the consultant then, should the level of new business not rise by a mutually agreed amount, the franchisor will pay the bill of the consultant.

Whilst this study has uncovered evidence that the *tailoring* programme has met with some success, franchisees feel that this level of support and help should be available at the start of the franchise relationship, rather than only being offered later at additional cost when they have run into problems and difficulties. I interviewed the consultant on several occasions and put this to him. He contends that his system would not succeed at the beginning of the relationship because the *tailoring* is actually largely psychological, and therefore only works when there is the opportunity to compare before and after implementation. He therefore insists that a franchisee must encounter problems first to recognise the value of implementation and for the necessary *tailoring* to cause a positive change in mental attitude toward marketing and the benefits of a successful franchise.

Time Scheduling

Franchisor A, in deploying ICT, expects to recoup the costs of the system which were given to me as being *"in the region of £300,000,"* partly through a reduction in the wages of support personnel in the years following implementation. To achieve this, the franchisor must engage in *time scheduling* as a subcategory of *selective valuing*. The difficulty is in choosing which franchisees to schedule the most time with. One the one hand, the franchisor must seek to cultivate successful and long-lasting relationships with his most successful franchisees as these are providing the most royalty revenue due to their success. One the other hand, franchisees who are not maximising their territories, and thus their royalties are lower than they could be, need to be corrected and supported. There is the argument that it is more important to support these franchisees, as this will have more of a positive effect on turnover than simply cultivating better relationships with top performers. The problem with this approach is that low-performing franchisees always require the most time and support, and often this is disproportional to the resulting increase in royalty value, and such motivational one-to-one support cannot be deployed through ICT alone. Franchisees seem to reach "comfort zones" where they are earning enough money from the franchisee for their own needs. What they forget is that the franchisor has demised a territory which is exclusive to them, and for which he only gains a small percentage (in this study between 12 and 15%) of turnover, and so needs franchisees to fully exploit their territories to make their membership of the network worthwhile for the franchisor.

Franchisors who have a less fully developed network countrywide have a third *time scheduling* option, which is to concentrate resources on sales of new territories, which brings in significant initial franchise fees and the potential of additional long-term royalties. Franchisor A, however, has already developed its home UK market to the full and there are very few opportunities for new sales. Out of necessity, it is now beginning to develop overseas presence as a separate exercise.

This study surprisingly reveals that there is a strong tendency to nurture franchise relationships, not specifically through the above, but in ways which would occur outside a business relationship. These have been identified as being *length of time known* and *geographical distance* from base. Empirical data collected shows that franchisees who have been with the brand for more than ten years feel that they are "friends" with the franchisor and there is a mythical sense of shared ownership of the business, which they have seen develop from a small mom and pop style operation run by two people, into a significant PLC and brand leader. They recognise that the mechanisms surrounding the business have changed but, because of their *length of time known* to the franchisor, are able to circumvent current communication channels and still get to the top for a chat whenever they feel like it. They feel favoured as a result and seem to enjoy engaging in bragging about how they know the founders.

Franchisees who live a short *geographical distance* from the franchisor's offices also enjoy more of the franchisor's time scheduling. Historically, such franchisees have been able to physically *"pop into head office"* and are also able to avail themselves of the London-based performance opportunities for their customers more than other more distant franchisees in the North and Scotland.

Both of these rather organic time scheduling situations cause concern for other franchisees and amount to a feeling of favouritism being prevalent across the network. This is compounded and aggravated by the introduction of ICT and the increasing ratio of support manager to franchisees as a result.

6.2.6 Ramifications of Absent Interrogating

Franchisors must recognise that introducing *absent interrogating* into an existing franchise relationship will result in some ramifications. This section concerns itself with understanding the reasons for franchisees *negatively reacting,* and then moves on to analyze the reasons for them *positively reacting.*

6.2.7 Negatively Reacting

The subcategory of negatively reacting exhibits seven sub-sub-categories, namely *lack of flexibility, ownership diminishing, feels controlling, backups and problems, ICT and age, ICT learning curve,* and *replacement of other communications.*

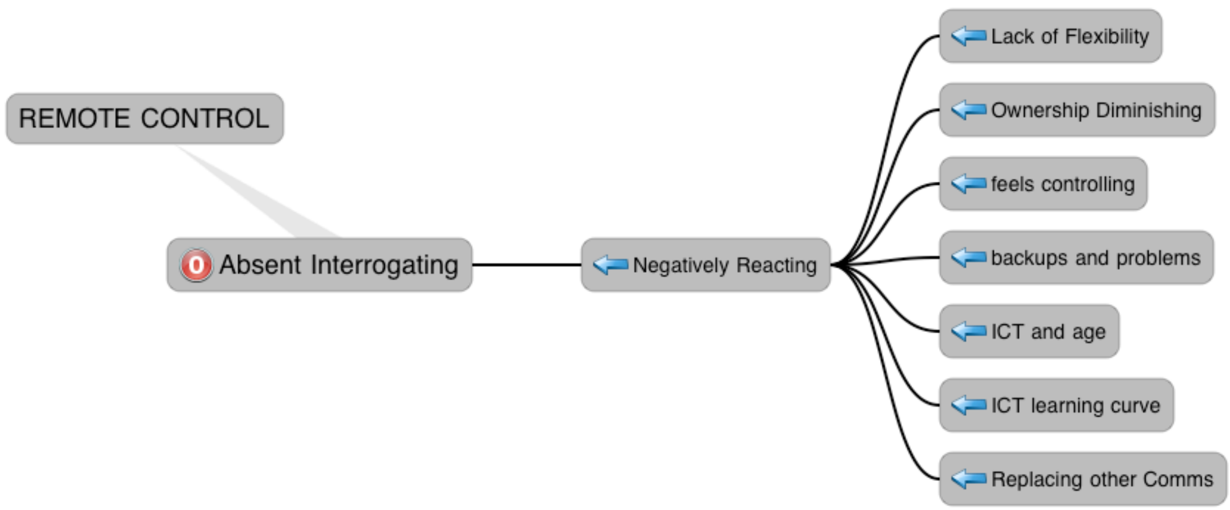

Figure 17: The Structure of the Negatively Reacting Subcategory

Prior to the introduction of technology into the franchise relationships in this study, franchisees believe that they enjoyed a higher level of autonomy. There is a resistance to change, and much of the change has been blamed on the ICT system. However, during the period of introduction of the technology, the network of Franchisor A in particular has grown considerably and the business has become a PLC, requiring a change to a more professional and corporate management style which the technology has attempted to support. Therefore, there would inevitably have been some changes anyhow.

Franchisees still hanker after the notion of the relationship somehow being *"friendly,"* and they maintain that the technology gets in the way of that. Franchisees state that they miss the pieces of paper of the past, which they believe were quicker to complete, and they don't consider the technology to be as much of a help to themselves to the franchisor. Added to that there is a perception that the system's ("Sphere") interface is *"unfriendly"... "It sounds silly, but it's not basically nice. You're supposed to look at things that feel good."* Reactions to the new technology have a psychological as well as operational basis.

Franchisors principally only have to contend with downstream relationships to their franchisee base, and have deployed technology predominantly to simplify this mechanism. Franchisees on the other hand have to contend with a multitude of additional relationships, such as those with their teaching staff and literally hundreds of young customers and their parents, none of which the technology is designed to electronically support or simplify. It is an imbalance which one experienced franchisee voiced succinctly; *"The business is actually bigger than the computer. The business is built up on the goodwill and the relationship between the people. Me, my staff, and my customers. I mean that's what holds the business together. And I could do that without a computer."*

The technology of Franchisor A does provide a module that enables franchisees to produce rigid, standardized letters which can be issued to customers for common eventualities. This is a hugely contested module by franchisees, and will be discussed presently in a separate section. However, what is important to note here is that, whilst the franchisor has developed ICT as a substitute for franchisor to franchisee communications, he has not taken the opportunity to modernise or change the pre-existing franchisee to customer relationships, which still rely on traditional postage communications and even eschew email. The customer payment mechanism of cheques and cash given to the individual franchisees has also not been updated, despite there being a variety of possible online payment opportunities which could have easily been integrated. It is a case of the franchisor being willing to modify franchisor to franchisee relationships because these are mediated by robust contracts which, even if they franchisee is unhappy with the situation, is required to comply, but being unwilling to risk "rocking the boat" with the tens of thousands of customer relationships over which they have little or no control.

Lack of Flexibility

Franchisor A's system has evolved over ten years. The principal difference between the originally deployed system and their new, all-encompassing "Sphere" one, is that the latter resides on an Intranet server which franchisees globally input into online, whereas the system it replaced resided as software independently on each franchisee's home computer. At the end of each twelve-week period, franchisees were required to save the data that they had input during this time onto a floppy disc and then physically send this to the franchisor's head office. The data therein which would subsequently be analysed, and a royalty invoice sent back for payment.

Whilst the new mechanism is certainly quicker, simpler and less prone to technical problems than the older system, it is specifically criticised by franchisees in precise areas for being less flexible, and also conceptualised in much more abstract terms as being *"unfriendly."* The following raw data indicates this;

"I just find the email account really frustrating and old fashioned, and that irritates me why it is so hideous. It's just I am used to using Microsoft Outlook, and things like that, and this doesn't compare. It's silly things, like I find it difficult to send bulk emails on it and you can't change the font to make things a bit prettier or any of that business. It's all very basic and I find that annoying, and it's just not very user-friendly I don't think. I have worked with the modern systems for so long, and this is not in the same league at all."

"I think Sphere is not a terribly nice environment to work in."

"Sphere gives us so much work. There are so many ways that it's not user friendly to us."

"I would like the system to be more franchisee-friendly, but it's not."

"Sometimes the steps and the stages, and the way it organises aren't the way that my mind would organise things."

The franchisor has provided an integrated email system for his franchisees and limited the size of the email inbox to 2.5mb. The thinking behind this was that it would encourage franchisees to check their email regularly, knowing that, if they didn't do so, then their inbox would completely fill up and they would not be able to receive further messages. It would also alert the franchisor to the diligence of each franchisee, as email activity is monitored by head office. None of this reasoning or monitoring is known to the franchisees, who react accordingly;

"All we get is two and a half meg for messages coming into our our inbox. After that it cuts out and doesn't work. It stops things getting through and it doesn't even alert us."

"The inbox on the email on the intranet is too small. It fills up. On the old system, you used to be able to just move things into folders then you were okay, but what's in folders now is also counting towards the overall total size of the inbox which is very little unless you store it somewhere else. So that's a pain. And it doesn't tell you when your inbox is full, so you don't know if you've missed messages. You don't know if your inbox is just totally messed up. A lot of things are actually sent with attachments… A couple of pictures, a couple of photographs is enough to fill up our tiny inbox allocation and messing up our business communications."

There is a perception across the network that that the integrated online email system in particular, is behind the times in comparison to other solutions such as Hotmail or GoogleMail that the franchisees have been exposed to. Users want to use the system to speed up their communications with their customer base, and along with the cap on inbox size, cite the lack of facilities for sending out group-based email, where one single letter can be sent to multiple recipients in one go.

The benefits of placing a franchise system online have been clearly articulated from Franchisor A's head office perspective. However, the beneficial timesaving elements that he expected to be presented to franchisees are sometimes diminished due to franchisees unexpected and undocumented preferred ways of working. Field data from this study revealed that the management-based *Drama School Principal* role of the Franchisor A, whose job is largely one of supervising his or her tutor team over the three hours of weekly operation has been changed significantly. Prior to the franchise system going online with *Sphere*, franchisees were able to integrate the majority of their key administration duties into these hours of opening, and would take a laptop to the venue where they held their classes, enter administration data and save it to disc. The new online system does not allow them to do this. Logging into a wireless system is apparently not practical, as venues used either do not have public wireless at all, or run a secured password-protected private system.

One franchisee, discussing this issue of access denial in a venue believed that; "*They don't necessarily want to open up their networks, because you know how good kids are with hacking.*"

A busy franchisee with multiple outlets summarised the problem; *"You used to be able to do loads of work on computer while you were there and get the classes sorted. Everybody would pay fees, you could spend half an hour and put all the fees in but we can't do any of that now. That is a massive bugbear for me. I think that's probably the worst part because it takes me extra hours of work in a week. I could do a lot more at the school because, being a principal, you go round and check your classes, then when it is not so busy you could get a lot more done while you're there having a cup of coffee. I don't know how other people get around it because I used to take somebody in at the beginning of term to do my fees, and she would just sit and do them while I was running about, instead I now have to hire her for one or two days separately. It costs me loads more."*

The contemporary alternative of using a wireless phone network "dongle" has not yet occurred to many franchisees, but the ones that had considered it perceived the solution as likely to be too expensive, especially as it would be necessary to stay online all the time that updates were being made, which could be several hours. Franchisees were also worried that they would be "locked out" of the system after a period of inactivity, and could lose data that they had put in, which many considered likely as the may be called away from the computer to supervise something within their school outlet, or speak to a parent who has come to collect a child and so on.

Almost all franchisees in both systems operate multiple-outlets under their Franchise Agreements and seem to find that on many occasions customers often wish to swap from one nearby outlet to another, sometimes for geographic reasons and sometimes due to being able to attend on a more convenient day. Franchisor B's system provides the opportunity for the franchisee to very simply transfer the administration and records data from one outlet to another. However, the much larger Franchisor A prevents this, both for customer transfers, and also for the transfer of staff and their associated contracts of employment. Regarding customers and the network, franchisees are required to set the person in question as a leaver in one outlet and then re-enter all the data again as if the individual was a completely new customer. These issues appear to damage the exploratory relationship that is developing with the technology and cause comments from the uncomfortable; *"I don't think that its elegant or attractive system, I think its a rather awkward working environment if* *you like, compared to the one we had,"* to the much more overt and negative; *"It is so difficult, because of the problems that we have with it and have had with it. I try to use it as little as possible. We battle on, and perhaps they realise that there is no flexibility in it."*

A *lack of flexibility* is identified in the system of Franchisor A in particular. The major concern for practitioners should be the way in this work shows how small, insignificant ICT issues all too easily engulf the minds of users, who, in this case, because they feel powerless to resist change, due both to the nature of their controlling franchise agreement and the attitude of their franchisor, instead of being limited and contained to the specific and relatively minor problem areas which have caused the actual concern, provoke a wholesale, negative psychological reaction to the complete system which is extremely out of proportion to reality and difficult for the franchisor to effect a recovery from.

The deployment of feedback mechanisms and user forums are two devices that could avoid the build-up of negativity. I discuss the call for such user forums from participants in this study presently.

Ownership Diminishing

The sub-variable *Ownership Diminishing* occurs as a ramification of deploying *Absent Interrogating* through ICT technology. Franchisees perceive that the personal ownership and control of the business is diminished and separation and autonomy from the franchisor is reduced.

With both franchisors researched in this study, there have been no revisions of the structuring franchise agreements post-ICT adoption and therefore, technically the franchisors are simply taking their data entitlement from their networks of franchisees as they have always done. Franchisees recognise this, but the invasive and continuous live data nature of the *Absent Interrogating* has affected the artificially perceived separation that this work has uncovered as pre-existing. The following franchisee example offers a summary of the position;

"I think when it was the old system, it gave me the impression that yes, I recruited these students, they came to my school and I paid my royalties three times a year for operating the system and using the name. Whereas now you feel that these students... the database, it's held by whoever up in the clouds or whatever on that main server. And yes and you do you feel it's less yours personally."

Much of this hazy perception of ownership by franchisees is actually entirely fictional when it comes down to hard legalities. Within the franchise agreements of both participating franchisors there is a clause which is quite standard, that unambiguously states that the customers recruited by the franchisees during their franchise term are owned by the franchisor. The industry position on this is that the customers have selected and purchased the service solely due to the influence and power of the franchise brand, and would not have made the same buying choice had the brand not been visible.

The only time that the customers are owned by the franchisee is during a franchise resale when, for a very limited time, the franchisor, at their discretion, *loans* the goodwill inherent in the customer base to the outgoing franchisee to assist in the sale of the business to a third party so that it can continue with an approved new owner. At this time, the outgoing franchisee is given the opportunity to sell two elements to generate resale value; the loaned back goodwill and secondhand equipment and branding. However, the sale cannot be completed until the franchisor has directly negotiated new franchise agreements with the proposed incoming entrant. At the time of sale, franchisees find this acceptable as they stand to benefit from the arrangement. For the rest of the franchise term, most pretend that it does not exist and franchisors tend to withdraw from overtly stating the position. However, when ICT is introduced, and through the resulting *Absent Interrogating*, a franchisor is suddenly able to actively get amongst *their* customer data, which they are entitled to do, then the underlying debate of "who owns what," is a principal issue at work across the networks:

"You used to feel more like you were working on behalf of your franchise or with your students. You felt like you were the person in the middle managing those, whereas with this new system, you're bypassed. You just think, well that's the thanks for everything I've done."

The issue has a psychological basis which can either be eased or aggravated by the methods and approaches that a franchisor uses to police their legal entitlements. It takes a similarly enlightened franchisee, and typically one who has an eye on an exit strategy, to recognise the value of the underlying usefulness of status quo, even through the turmoil of the introduction of a superstructure of changing management systems and procedures. Across the whole of this study, only one franchise, a male, that I spoke specifically articulated this value mindset:

"I have to feel it is my business, and I would encourage any franchisee to think of it as their own business, because that is what makes it tick, and when I choose to stop growing it and I choose to sell it one day, I will be the main beneficiary of the sale of that business, so I would encourage the franchisees that I work with to think of it as their business, because that mindset makes the big difference."

It is difficult for franchisors to keep this underlying ownership debate in check, and it is an issue that needs constant, careful attention and handling if it is so stay in harmonious balance. Problems can occur when, through the use of the ICT, activities that were not previously possible, such as the very low-cost, quick and easy direct communication with the live customer base, are actioned where the management thinking is, for example, focused on the success and short-term marketing messages, as opposed to the wider long-term implications affecting the franchise relationship. An example of the likely reaction to such a strategy is given by this disgruntled franchisee:

"It annoys me, for instance, when they send an email out to students from the system that the students would then bring me saying we got this letter from 'The Brand,' and I'm going 'alright then,' and I look at it, and I don't know what it is or anything like that, and yet these are students that come to my school, and theoretically pay me their fees, and yet they're contacted directly by head office through the Sphere system. In the olden days, I would have got a box full of stuff that would have come through to me, which then I would have given out, and I didn't mind doing that. I was in control."

Franchisees need to *feel* that they are in control and ownership of their franchise business and all the mechanisms surrounding it. This position provides necessary self-esteem and credibility with the customer base that they must regularly interface with and is acceptable to them, even though they recognise deep down, behind-the-scenes, and at appropriate useful junctures within their franchise relationships, that technically all control is actually held by their franchisor. Without the careful and ongoing nurturing of a continuous feeling of business control remaining in franchisee hands, and particularly a recognition of the value of their contribution to the network, franchisees seem to simply refuse to accept new technology and escalate trivial negative affects. This franchisee, purporting to talk for a group of similarly disenfranchised users summarises the position:

"I prefer the old ways. Basically yeah, I had all control. I understand why perhaps they want to move control to themselves, which is a bit of a shame because we feel that they have lost their trust in the franchisees."

It is necessary for franchise support managers to continuously maintain the vital ownership and control balance by way of thoughtful written and verbal communications to their franchisees. Without this stabilising social bonding, franchisors will find moving their franchise systems online, an uphill struggle.

Feels Controlling

The sub-variable *Feels Controlling* occurs as a ramification of deploying *Absent Interrogating* through ICT technology. Franchisees widely use the phrase *"Big Brother"*[16] to articulate their feelings about how their franchisor is now able to watch over them remotely and seek to control their businesses through the ICT:

"There was some resistance to the new system in the early stages. I think it revolved around this big brother aspect."

"I think everybody is probably a little inhibited in using it because it seems that everything is on-line, everything you do on-line is accessible to head office, and very often it's sometimes, I think...its a little bit big brother."

"It's like big brother watching, but nobody should be hiding something, and as long as they're not, its fine."

The controls placed upon the franchisees actually emanate from their franchise agreements, which exhaustively set out the structure of the subsequent relationship. However, in my extensive field data work, I rarely came across a franchisee who even mentioned the agreement at all. I therefore surmise that the document, which is lengthy and runs to over forty pages of complex legal text, has been largely signed and forgotten in most cases, and instead of being referred to by users for proper

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[16] **Big Brother** is a fictional character in George Orwell's novel *Nineteen Eighty-Four*. He is the enigmatic dictator of Oceania, a totalitarian state taken to its utmost logical consequence - where the ruling elite ('the Party') wield total power for its own sake over the inhabitants. In the society that Orwell describes, everyone is under complete surveillance by the authorities, mainly by telescreens. The people are constantly reminded of this by the phrase "Big Brother is watching you", which is the core "truth" of the propaganda system in this state. Since the publication of *Nineteen Eighty-Four*, the term "Big Brother" has entered the lexicon as a synonym for abuse of government power, particularly in respect to civil liberties. (Text Source: Wikipedia.com)

clarification of the boundaries that must be remained within when changes in the structure of the business relationship occur, franchisees tend to apply their own myriad personal opinions.

I have collected evidence that control wielded in administration would be more palatable to many if, in direct return, there was more advice available in other, more directly operational areas such as, for example, curriculum development. Overall, franchisees seek a trade-off in return for accepting the pressure of increased control. The following provides an example of this:

"It's very controlling, Sphere. It's a very sort of controlling way, and they tell you exactly what to do, and they give you all the rules and updates and everything, but you don't actually get any help of how to do this or how to improve this, or how to improve the other. It wouldn't be so bad if you did."

As previously explained, since deploying ICT, Franchisor A elects to meet his franchise network face-to-face at regional meetings as opposed to individually through the deployment of franchise support managers on the road or on the phone. This saves on costs, but can allow personal opinions and attitudes of the CEO, that would normally confined to the boardroom or filtered more thoughtfully through a franchise support manager to an individual recipient franchisee, to be immediately spread widely. A franchisee reported an incident at one of these, which serves to illustrate the point:

"We found out that one of the franchisees has developed a spin-off website of their own, and that this advertises the school more fashionably, if you like, but at a regional meeting with Don, he said 'Look that is my website, and I want it the way it is,' and I looked at him and said 'Your website? Oh surely our website?' and he said, 'No, it's mine and I am not changing it.' He got really defensive about it, and I felt that was a totally wrong response because it is his website, but we all, every one of us, benefit. If we get student numbers up, his royalties go up."

Whilst these meetings could provide an opportunity for the franchisor to engage in the necessary trade-offs with franchisees, because egos are involved and things get said in the heat of the moment, such events can be counterproductive and regrettable for both franchisors and franchisees and thus exacerbate problems.

Backups and Problems

The sub-variable *Backups and Problems* occurs as a ramification of deploying *Absent Interrogating* through ICT. It revolves around the changes in data security that have been introduced, and the problems identified by franchisee users which, together have affected the confidence in the system.

Before taking the franchise system online, as documented elsewhere, Franchisor A's network operated on franchisee's home computer systems as a software program. Whilst there was a danger of hard disk failure, users were used to saving and backing up their work in the conventional manner themselves. With the arrival of the online *Sphere* system, such backups were deemed unnecessary as all the data resided on the franchisor's computer server, which was backed up daily by the Cubic Group who ran the technology. The franchisor expected problems of data loss to be a thing of the past, and intended that the online system as provided to the network of franchisees, would be smooth and reliable and thus feel like an enhancement to the technology that it was replacing.

There have been no issues of data loss from either of the franchisor's servers since the technology was introduced, but there has been loss experienced by franchisees as they input the data online from their Broadband-connected keyboards. This centres on data not being uploaded correctly before the franchise is either automatically logged-out of the system, which they don't expect or cannot predict with any accuracy, or they forget to press the update button in the system. These issues have resulted in a lessening of confidence in the new ICT, and forced inevitable rosy comparisons to the "safety and ease" of the earlier technology. During my field data collection, I have been given suggestions such as the development of a "You have not updated the student" warning screen, for example. Franchisor A provides no clearly defined method of suggesting improvements, and this particular suggestion was accompanied by the comment that: *"We are certainly not allowed to suggest things; we are not encouraged to suggest things."*

Franchisor B in contrast, has developed a feedback mechanism for franchisees to introduce suggestions for improvements. This is known as the "Ideas Incubator." It lives within a password-protected weblog (Blog) area on the support website. Franchisees are encouraged to initiate the process by sending an email containing their suggestion to head office. This is then uploaded as a potential idea to the online Ideas Incubator, and all other franchisees across the network are alerted to its presence. Following its publication, the franchise network is provided with fourteen days to comment on the idea within the incubator, during which time all comments made by persons are visible. Following this two-week period of "idea incubation," the franchisor considers the responses to the idea and makes a decision whether or not to action it and, if so, provides a timescale for doing so.

It may perhaps be expected that such a facility would be full of ideas, and that the franchisor would be struggling to implement them all. However, the reverse is actually the case. I was shown the screen and the Ideas Incubator contained absolutely no entries for the previous complete six month period. It transpires that, the more the franchisor has provided mechanisms for feedback, the less of it there has subsequently been. When I asked her to account for this, she contended that the openness had; *"defused most of the negativity surrounding our technology, and made franchisees much more accepting of it. I think it's simply because we have given them a platform, and allowed them to be heard if the want to be. But now they've got it, most find that they don't want it really after all, but they know it's there all the same."*

Franchisor A's system is required to handle a potential load of over 300 franchisees accessing it at any one time. Franchisees increasingly have been exposed to other online systems, such as free email accounts, and the expectations for speed and reliability have risen significantly as a result. There is consequent perception from franchisees that the system is slow and unresponsive, and *"times you out of things without warning."* These issues, together with a lack of a structured feedback / support mechanism have resulted in reduced confidence in the system. One franchise confided that she tries to avoid using it as much as possible. Another said that it was very slow, claiming that this was because of the way the program was written. A further interviewee was more forthright about the problems. She simply said; *"I think its crap. I think our Internet system is embarrassingly awful. I think the email is so clumsy and not intuitive."*

Any complex system will have detractors such as these, but I contend that the widespread negativity that I experienced in the field with regard to *backups and problems* was not, as initially supposed, a wholesale condemnation of the failings of the system per se, but rather was a veiled plea to be allowed to be heard, and be able to voice concerns about problems that, in actuality, amount to fundamentally insignificant issues. Such contention is further strengthened by effecting a comparison with the results of Franchisor B's Ideas Incubator experiment which, rather then further force open a can of worms, has served to quieten franchisee unrest and reduce network negativity over the day-to-day operation of the technology to almost zero.

ICT and Age

ICT and Age is a sub-variable of *Absent Interrogating* which was originally thought to be a promising seam of straightforward data to further explore, especially given that franchisor A's network consists largely of older franchisees with a creative and practical theatre arts background, who I expected may perhaps not be particularly computer or technology literate. Indeed, once responses had been initially coded, the field data showed that the cut-off age, where franchisees became uncomfortable with using technology was actually much lower than I first expected, at approximately 45 years of age. The following excerpts from the raw data indicators provide a picture of franchisee reactions:

"I don't ever use computers the Internet and stuff, and I have never, ever used a forum or anything on a computer. I have never done that and because at my age, 43, I have never had a computer at school and these sort of things. I have never grown with this generation, so it would take me a long time to understand. I don't do Facebook and I don't know anything about that."

"Personally, yeah, I am not a fan of email or texting, because I am 45 years old."

"At the end of the day, the reason why I cannot be bothered to text or email any more that I have to, is because I would actually prefer to talk to someone. That is because I am 45 years old. I tell all my staff, whatever you do, if you need to tell me something, make my phone ring, don't text me."

"They need to realise that possibly... I don't know what the percentage of age range in the franchisees is... but probably a few of them are my age (55) And I would say that I'm not behind the door when it comes to computers, and I would imagine there will be others that will think, 'my God, what on earth are they talking about?'"

"I just think the simplicity of the old system and pen and paper was better, and that's probably me at my age (43), because it's what I grew up with."

From the initial coding results, it became abundantly clear that franchisors must seek to overcome this age-related negative reaction to the introduction of technology into their networks if they wish to successfully overhaul their franchise systems. However, it rapidly became equally clear that seeking to understand in any meaningful and professional research depth the myriad cultural, socio-economic and even geographic reasons for the data presented would comprise a separate major project on its own, and so has not been further investigated in this work, and remains a signpost, pointing to an interesting route that future researchers may wish to travel.

Learning Curve

Learning Curve is a ramification sub-variable of *Absent Interrogating*. Franchisees being exposed to the new technology are required to quickly and accurately process information to the franchisor's head office through the new system. Franchisor A elected to provide a series of one-day training slots for franchisees at the head office location, as described in detail in the earlier Selection Phase section of this work, which has offered the franchisor's perception of how his network has reacted to the necessary *Learning Curve*. This section is concerned with the reality from the field data.

Franchisors must overcome the negativity that any change causes busy people. Many reactions were collected. The following summarises the problematic:

"With the background that most of us franchisee principals come from, there'll be many that will struggle and it is irrational, but it is just our artistic flair, which is at odds with technology."

"The last thing that I would want to do is sit in front of the computer and bother learning more about Sphere!"

"The trouble with technology is you always think, because you can do it with the push of a button, you actually think you can access information on how to do it at the push of a button too, but it actually takes time to read the manual and work out where the information is that you are looking for. Do you know what I'm mean? it drives me nuts because I'm just not that way inclined."

"They trained us for day. It's useful only in the terms of the fact that it gives you a general impression, but quite frankly you can't learn a system like that in a day, it's ridiculous."

The replacement *Sphere* franchise system has sacrificed simplicity for efficiency. Within the network, the benefits of the improved efficiency has been limited to the younger or less artistic franchisees who are prepared to embrace the technology and are also willing to devote time and attention to learn how to operate it through personally directed, self-learning by trial and error methodologies. Whilst franchisees are encouraged by the franchisor to see the system as the glue that holds the business together, franchisees that do not valorise a computer in their everyday lives look beyond it and recognise that this is not the case; *"The business it is actually bigger than the computer. The business is built up on the goodwill and the relationship between the people. Me, my staff, and my customers. I mean that's what holds the business together. And I could do that without a computer."*

6.2.8 Positively Reacting

The subcategory of positively reacting exhibits four sub-sub-categories. These comprise *Valuing, Suggestions for Improving, Profiting and Less Isolating.* Twenty-four months after the introduction of the Sphere franchise system, franchisees had completed their learning curve and were able to begin to evaluate the system calmly and objectively. This section thus categorises the results of *positively reacting* into four different areas.

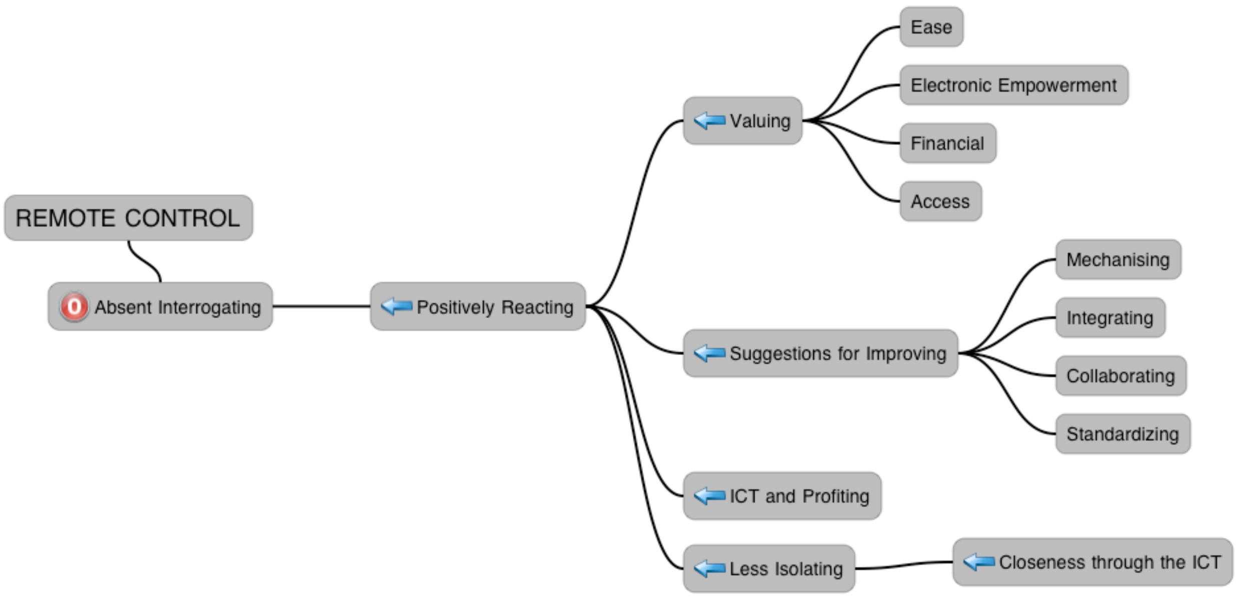

Figure 18: The Structure of the Sub-Category of Positively Reacting

Valuing

Whilst franchisees were initially quick to talk about the negative side of the new technology, by allowing them to just continue to chat freely and openly and capturing all the results on tape, a *valuing* of the technology started to gradually emerge. I felt that it was important to try to ascertain whether there were patterns to this positivity. What began as bewildering and seemingly unrelated range of random comments, many of which were made off-the-cuff during wide area interviews, were subsequently line-by-line coded, followed-up for further clarification, and eventually distilled to four key essences, which this section presents to the reader. These are *Ease, Electronic Empowerment, Financial* and *Access*. They highlight the underlying elements of a franchise ICT system that users consider are worth *valuing* in the face of change. Raw data indicators are provided in a bid to offer significance, clarity and richness to each of the four essences, which other practitioners can perhaps then more easily use as starting points for further research. The data is derived from the network of Franchisor A, the theatre arts schools franchise system.

Ease

Franchisees value ease in running their businesses. They recognise that operating a business which involves administering a service for up to 150 customers on a weekly basis has the potential to be time-consuming and tedious. Most franchisees were initially attracted to the tactical, creative work of the business model and systems that minimise the less desirous yet inevitable paperwork elements of the operation is welcomed. Franchisees are willing to spend time self-learning how to operate parts of the system that provide clearly defined and long-term ease results in return for their efforts.

Franchisees conjure up negative comparative scenarios to re-enforce their perceptions:

"The franchise relationship without a computer system would be awful. I'd have to have my own accounting system. I'd have to have my own registers. I'd then have to submit reports to head office about how many students I got and the extra administrative work would be a huge burden."

"If there was no computer system, there would be huge extra effort in running the business. For example, I would be relying on the post and faxing all time. It would be really time consuming."

"I think if I didn't have the computer system I would be doing a lot more of... I'd be spending a lot more time administering and probably it wouldn't get done in all honesty."

"Actually it would be bits of paper. In that it would be a nightmare, stuff everywhere. It is definitely saving me time. I don't know, if I would have realised there was no computer system and there was paperwork, I think it would thought twice about this."

"It would be a lot of work without it, and I'd have to type everything in Microsoft Word, then write up all this stuff. And it will be more difficult to update. It would be so much work that I think... I don't think I could do without that."

A subcategory of *ease* is *time saving*. This is an important consideration for franchisees who regularly make mental comparisons about what length of time they recall things took to accomplish before the system was available or, with new franchisees who have not experienced business life in the network prior to the ICT, what they believe, based on their backgrounds and previous life experience, similar things may reasonably take to accomplish:

"I don't seem to be doing as much work. I mean, I am doing the same amount of work but it's not taking me as long."

"The present system provides us with the templates for so many things that we need. The older system would have taken much longer to achieve certain things like checking on customers, sending out standard letters to a parent or parents. You just need to click into letters down a list, there is the letter... put in the name of the person that you want, and it does it for you. So it is actually speeding up the process."

"If I have my own business, I would set up my own business that same way I have to say, because it just makes it – it's very accessible... All the information is there and, I mean, I can open up the computer now, and I will have all my paperwork done within an hour and it is all logged and its done. It is very simple, and you have got two systems, you have got Sphere which is the actual business site it and then you have got the Intranet which is all the emails that come in, application forms on websites and stuff like that."

"Sphere is useful. I mean like say, this other franchise I was involved in did not have Internet or anything and it was just a mess really, so I think it's good because it saves me time."

Electronic Empowerment

My experience as a franchisor informs me that franchises are very often bought by people who do not initially have the complete complement of skills necessary for the business model. Franchisors recognise this lack, and will therefore often search for network entrants who possess transferrable skills which, following appropriate training, are helpful in assisting the new franchisee in being able to run the system. Often franchisees have practical, tactical skills revolving around the delivery of the service (in this case the teaching of theatre arts skills or the playing and teaching of musical instruments) but they lack necessary business administration skills. Both franchisors in this study have attempted to design software that give franchisees *electronic empowerment* in business administration. This has been achieved by streamlining and structuring repetitive administration tasks so that people without these skills are given confidence to take them on, as one franchisee remarked; *"The new system gives people an ability to do the franchise... the ability to run a business perhaps they wouldn't normally get to do."*

The ICT system could thus used by franchisors as a powerful marketing and promotional tool to encourage potential new franchisees to consider buying into a business that they would not normally have entered. This study uncovers *electronic empowerment* as a significant decision trigger for franchisees who are considering entering a network. A selection of indicative raw data indicators are provided below:

"Personally I feel that I want to work with the brand because of the computer system that they have provided for us. That's a major thing for me absolutely."

"If there wasn't this computer system, and this was all having to be done manually, I probably wouldn't have taken it on."

"I mean, I could cope without the system, but it wouldn't be the job that I want it to be."

"Anyone could run this system, it is very simple. I mean if I could run it, then I mean anyone could run it. I think it is a good system, I really do."

Electronic empowerment is considered positively by franchisees. This is further clarified when a rare direct comparison can be made. Unusually, the following franchisee bought a second non-competing franchise business, but *expressly due* to the lack of an available ICT system, decided to discontinue it, even though all other aspects of the business were successful and to his liking:

"I was involved with a franchise recently that had no electronic support systems at all. It's really strange, yeah, 'cause they send you emails constantly about this and this and the other. They were fine, there were on the phone, so you could ring them more or less straightaway, and they'd give you a call back and everything. But the fact that there was not something where you could actually... like the Intranet or Sphere to make things easier for yourself, so they had to keep asking you questions about, 'How many students you got here?' 'How many students you got there?' and things. It meant that the communication wasn't good, so everything took longer. I asked when I when joined, 'Have you got like a system where I can actually update you with all my stuff without having to worry about this?' But they didn't, and everything's more out of control. 'We're not having the computers!' they said. It's more out of control in general, and so for that one reason, I left."

Financial

Franchisees found the ICT system beneficial for managing the *financial* affairs of their businesses. Everyone that I spoke with seemed focused and willing to enter *financial* data diligently and regularly. This was in contrast to their attitude to other areas of the system. For example, franchisees are expected to manually enter everyone onto the system who has enquired about lessons. However, because they can see no direct personal value in doing so, many simply refuse. Franchisees seem to have compared the necessary original configuration and administration work that they would need to do to keep track of the financial affairs of their business manually, against the pre-configured method provided by the *Sphere* online system, and opted for embracing the latter due to *ease*; *"It's very useful in maintaining records and maintaining budgets and being able to see very easily and sort of forwardly, what money you are getting in and what money is going out."*

With hundreds of individual customers paying by way of a bewildering combination of upfront payments once per term, a range of post-dated cheques and with discounts applied when a second child in a family, or even a third, joins as an additional customer plus scholarship discounts, franchisees recognise the difficulties in keeping on top of the situation, and welcome the assistance provided by the system:

"It certainly lets you keep a very close eye on who hasn't paid, and prompts you to chase them for money. I think it would not be possible to have such a clear picture of that without this... without Sphere."

To the more specific; *"It would be very, very hard work to run my franchise without the online system, and from their point of view it would be dangerous, because you're talking about a lot of money... they would need a lot of trust in me to know that what I was declaring, if you like, was right. Whereas they can check up on it through the computer system."*

The above highlights the trade-off that franchisees are prepared to make in return for the benefit of the *ease* of use.

Access

Portability of *access* to necessary business systems has resulted in franchisees *valuing* the ICT system. Franchisees enjoy being able to access their complete business administration wherever they are:

"Well the thing I liked least about how we used to do things was that if I was to go on holiday or move away from my computer, I couldn't take the business with me. I couldn't go back to it. I think it's fantastic to be able to access it via the internet."

"If I'm at home over Christmas back in Yorkshire and I suddenly have a panic attack, I can actually access the system from there. I mean that's just brilliant."

"I think that Sphere system is fantastic I really do, because you can access anywhere. So, if you are on holiday and wherever, you can still check up. Stuff like that is what's great."

The benefit in working practices is in practice, quite minimal, yet franchisees perceive a closer connectivity with their business and head office. In actuality, before the online system, users could just as easily access their complete data which was stored on their hard discs, using a software package running on their laptop computers which could travel with them always. Email was also readily available on these devices. The only specific benefit is that the problem of equipment failure has been eradicated:

"I've just have a major computer problem here, where we had an electricity power cut that damaged my hard disc. The fact that everything was accessible, via a laptop on-line meant we could keep going."

Franchisees recognise that head office is protecting them from *access* problems and are positive about that:

"Well, my hard drive crashed twice and, you know, each time it took information with it, you know. That was a huge distressing pain. I mean that was real pain. To actually having it web based appears to be safer, appears to protect me from that."

These powerful four essences can be used by franchisors as devices to promote benefits to franchisees when new franchise systems are developed and franchisees are consequently being subjected to change and upheaval. Franchisors can become so wrapped up in seeing the benefits of their new systems solely from their own point of view, that the franchisee perspective is forgotten. By promoting the franchisee benefits of *ease, electronic empowerment, financial* and *access*, acceptance of a new franchise system is simpler and smoother. When franchisees gain tangible personal benefits from one area of the system, they are prepared to be more receptive to other less palatable areas.

Improvements

Over the course of the field work carried out for this study, company A franchisees suggested a wide range of improvements to their ICT system to me. Specific suggestions are inappropriate for inclusion here, as the intention for this work is one of academic research rather than consultancy. However, the coded data has proved useful in gaining insight into the key areas of ICT that franchisees consider important. After moving through the process of initial coding, it was possible to group suggestions for improvements into tentative categories and then embark on theoretical sampling to further understand the reasons why franchisees react to elements of technology in the way that they do.

The categories that finally established themselves through the grounded theory process were; *mechanising, integrating, collaborating* and *standardising.*

Mechanising

Franchisees want simplicity, ease and speed in their business relationships upstream with their franchisor and downstream with their customers. Downstream in particular, they are prepared to sacrifice traditional, handwritten personal communications for *mechanising* through the use of quicker "pseudo-personal" electronic communications, where letters are standardised but use some name personalisation within them to appear individual. However, there is a mismatch of ideals between the franchisor and the franchisees, because whilst the franchisor desires and recognises the benefit of *mechanising* and simplicity in his or her communication downstream with their franchisee network, contractual clauses are embedded in the franchise agreement which specifically restrict franchisees from employing similar methods downstream to their customers for fear that important personal contact and relationships will be subsequently diminished, resulting in lost business.

In summary, the franchisor is able to insist on *mechanisation* downstream to franchisees because the franchisees are locked-in through their franchise agreements and forced to comply, but is not sufficiently confident that the same *mechanising* could be brought to bear on franchisee to customer relationships, which have no structuring lock-in. This imbalance reveals why franchisees feel frustrated. The improvement they want is parity of *mechanisation* across the business.

Integrating

Franchisees want their ICT system to be fully *integrated* and accessible from one single home screen across laptops, home computers, phones and mobile devices. It must also benefit from the *integration* of business plans, promotional budgets and an accounting system and enable information to be entered once only and be available across all modules. Currently franchisor A's system is split into two entirely discrete sections. One provides email and communications and the other holds the operational data. Franchisees find this unacceptable and awkward.

This study uncovers the fact that franchisees will use an ICT system superficially if they have no choice, but will only invest their time and energy in embarking on learning it in any depth and be prepared to input data (especially that which is deemed more useful to the franchisor than themselves), if they are convinced that the system will not substantially change in the future, and that they will not have wasted time on what they consider a pointless learning curve.

To avoid such problems, franchisors would be advised to release ICT in a modular fashion through a series of specific, development milestones attached with dates, to which the franchisor always adheres. The modular franchise ICT should also be deployed, section by section, with each subsequent module benefitting from *integrating* with previously released ones, and appropriate training to ensure that all franchisees are using it to the full.

Collaborating

Franchisees are prepared to take advice from their franchisor but seek more opportunities for *collaborating* to exchange, both with their franchisor and with other franchisees, views about operational and promotional matters.

Franchisees express trust that their franchisor is capable of handling overarching business finance issues, such as arranging suitable accountants and developing strategies to avoid VAT. They also recognise value in their franchisor's work to maintain brand visibility in the marketplace. This is because these elements are things that they feel unequipped to carry out. However, when it comes to shop-floor, operational matters, they strongly believe that they know best. This premise is based on the widely held notion that, because franchisees operate their own outlets on a weekly basis, they can justly contend that they have developed their own extensive body of knowledge which surpasses that of head office, especially as the employed head office support managers generally do not possess operating experience, and therefore must revert to the written operations manual as opposed to real-life experience as the basis for most query solving.

To address this, franchisees want opportunities to put forward suggestions to head office and use their operational knowledge to make a contribution to the network. Such mechanisms have been variously described to me by franchisees as "think tanks," "brainstorm sessions" and "forums."

Indeed, one franchisee confided that the main reason for agreeing to talk to me was to experience the simple gratification of being able to discuss things with someone who was prepared to listen, because no-one at head office had ever asked his opinion before. Franchisees want to engage in *collaborating* but without fear of retribution. One voiced this as *"having a simple system where we could feedback without fear of blotting our copybooks."*

Whilst *collaborating* with head office has been uncovered as being considered valuable, what franchisees overwhelmingly long for as an improvement to their franchise system, is a mechanism where they can easily collaborate with other franchisees within the network to share promotional and operational tips. This unexpected discovery proved far-reaching and complex, and therefore I have given it its own specific section later in this chapter, where the results and ramifications are discussed in suitable depth.

Standardising

Whilst the franchisees of Franchisor A are creative performing arts individuals, they still value and seek elements of *standardisation* across the network. On the one hand, they enjoy the freedom that having no specific scheme of work or series of lesson plans brings. On the other hand, they have gradually come to recognise that this places considerable unwanted power and control in the hands of their part-time tutors who are expected and required to devise suitable curriculums and who, on a number of occasions, have felt sufficiently empowered to leave the franchise and use the teaching materials that have developed to set up locally in competition with the brand.

Suggestions for improvements in *standardising* revolve around the provision of a searchable knowledge base, a curriculum materials database that could be dipped into, video resources to show good teaching practice and a tutor training resource platform for staff. Franchisees recognise that some outlets are providing better tuition than others and have identified that this damages the reputation of the brand in general, which is the gold standard that they place most of the value of their franchise in.

As I embarked on theoretical sampling to uncover more from within this area, it became clear that I had discovered a complex problematic. Although Franchisor A's franchisees wanted standardisation because of the aforementioned, they were only prepared to accept it on their own very limited terms and were not, at any cost, prepared to give up their creative control of the shop-floor teaching. On any suggestion that a set curriculum should be provided by head office and adhered to rigidly, franchisees became heated and defensive. One remarked; *"I would give up the whole thing if I couldn't choose what to teach,"* and this was typical of many similar reactions that I encountered.

This problem over *standardising* is an unusual one on the franchise world. In almost all cases, franchisors exert full control over how a product or service is created and delivered and very rarely allow any discretion whatsoever at the operating level. Indeed, the very nature of franchising is that the offering is fully standardised. This provides franchisees with a clear, unambiguous and simple system into which staff can easily be trained. It also provides potential customers with confidence in selecting the brand, knowing what they are going to receive in return.

In complete contrast to Franchisor A, Franchisor B has fully standardised her music teaching curriculum and provides specific plans for every single lesson delivered. Tutors throughout the whole network are trained nationally via a video training website, and these individuals are subsequently interchangeable because everyone operates the service in exactly the same way. Furthermore, tutors across this network do not have the opportunity to bond with customers, as they are rotated around the pool of customers within their outlet each week. The underlying rigid teaching structure seeks to ensure that this is seamless to the customers. Franchisees benefit from being able to quickly and easily train new staff to their own method of music teaching, and the power in the franchise business remains with the franchisee and is not transferred downstream to the tutors. There is no question of a franchisee "doing their own thing," and the franchisor uses this *standardisation* as a successful sales incentive for recruiting new franchisees to the brand, citing simplicity and ease as benefits of the *standardising* mechanism.

Because of the problematic that I uncovered with franchisees from Franchisor A's network concerning their complex negative attitude to full *standardisation*, and the resulting structuring effect that it has on the franchise relationship, I have analysed the phenomenon in depth in its own section later in this chapter.

ICT and Profiting

Franchisor A's franchisees have exclusively been recruited from creative theatrical backgrounds and selected for their skills in this direction. They run their franchises because they enjoy the performance and creative aspects of the business model. Their attitude to the administration and financial reporting is one of indifference. They consider it a chore that simply has to be done, and is therefore handled as swiftly as possible so that work on the "more interesting" aspects of the business can be resumed. Indeed, some franchisees with multiple schools have taken this to the extreme by hiring administration assistants to completely deal with these important elements of the running of the business. A typical data indicator from my field research is provided below:

"Oh, I'm never sure how much money I make, but that's where I fall down. I'm an actress, you know... I'm not very good at that money side of it. I just hope I'm… I pay for the franchisee fees, yeah… Anyway… I'd know if I was really making any money if I ever have any money to spend."

Whilst quite general management reports are readily available to provide information on the progress of the business outlet, and do have the potential to enhance profits such as, for example, a report to enable franchisees to track where their customers have come from and subsequently focus more marketing in a specific geographic area, these are extremely under-utilised. No franchisees that I spoke to admitted using the various reports provided, and this was further confirmed to me in my interview with Don, the CEO. The reason Don supplied, and which was also verified by my own field research was that, largely due to the strength of the brand presence across the country, schools have historically been very easy to fill with customers. In fact, the main problem for franchisees is one of over-recruiting[17] rather than under-recruiting. Because of this, evaluating whether the ICT has encouraged and/or increased profits has been difficult to identify with Franchisor A.

In contrast, Franchisor B's franchisees have been recruited from all backgrounds, and a key USP from the franchise sales model is that franchisees need possess no specific musical skills, as the teaching will be handled by local musicians who the company will train as tutors. Because of this, the franchise has attracted more business-minded people, and the ICT system was developed to

[17] Franchisor A will only allow a certain amount of customers to be recruited for each outlet. If a franchisee is seen to be over-recruiting to make more money then they are reprimanded. The reason for this strategy is to retain service quality standards by ensuring that the ratio of customers to tutor (15 to 1) is never exceeded.

ensure that their needs for useful data were met. Significantly, unlike the system of Franchisor A, Franchisor B has developed a complete section of the ICT called the "Business Development Module." Central to this BDM is a live business plan, where planned turnover figures and promotional spending budget which have been formally agreed with franchisees, have been entered for the complete 60 months of the five-year franchise agreements. As franchisees enter new customers and promotional spend, the system generates actual figures, compares them to the plan and produces a live positive or negative result. Instead of a business plan being put in a drawer and forgotten about, it stays live in front of the franchisees at all times and support managers monitor how well the franchisee is doing against the plan at all times. Thus a benchmark for success is developed through the ICT which, due to the lengthy discussion with each franchisee that goes into the development of the plan, results in something that is tailor-made for the aspirations of each individual franchisee. Franchisor B has softened what could be construed as the harsh reality of this live business plan by allowing franchisees to input into the figures as opposed to setting them at head office level, and also by providing additional key performance indicators (KPI's) within the system to specifically help franchisees to improve profits by controlling costs. These are seen as benevolent because the royalty is unaffected by these cost-control mechanisms. Franchisees thus recognise that the system itself is provided not only to help the franchisor, but also to help them. As with the business plan element, the KPI's are calculated live from data input and expressed as percentages. For example, the tutor wage KPI has a target figure of 20% of overall business turnover, the venue hire has a target figure of 5% of turnover, and the loss of business (churn rate) month-on-month has a target of 6% of turnover.

The mismatch in franchising between the desires of the franchisor for ever higher turnover, and the desire of franchisee for better cost control are thus expected to be better harmonised within this system. From my discussions with Franchisor B franchisees, it was clear that they recognised the value of the BDM and used it extensively. However, whilst things appeared very positive on the surface, the CEO explained that there was a hidden problem where, because the franchisor had provided such explicit and useful cost-control facilities through the ICT, franchisees were focusing too much on this aspect to achieve their profit margins and not enough on growing the outlets, which were evidently much harder to fill than those of Franchisor A. This had resulted in franchisees getting into financial comfort zones too quickly, and the franchisor has had to resort to including minimum target sales clauses into her franchise agreements to ensure that turnover development still continues, post ICT implementation.

Closeness through the ICT

Despite the lethargy from Franchisor A's franchisees regarding the administration of their businesses, I discovered that franchisees take benefit from their franchise technology in an abstract way. The subcategory of ICT in profiting is *Closeness Through the ICT*. Franchisees are using the technology as a surrogate for social contact:

"Having a computer system seems to foster a sort of group mentality, that we are all part of the same group and part of the same family, because everybody is doing the same thing in the same way at the same time, and when everybody does that, it's almost a kind of an atmosphere."

Although this was not expected or planned in the design by Don the CEO, the computer system has inadvertently begun functioning as social empowerment on a psychological level:

"With the computer, you know that all the other people throughout the country or indeed throughout the brand worldwide have this system in front of them too, and you feel part of that unit. If we didn't have it, all we've got is a telephone. You see, geographically, we are a long away from the everything here. Without the technology, I think it would be very difficult quite honestly, and I would feel very left out of the realm."

There is a desire by franchisees to feel that they are part of something bigger than their individual business and to feel connected to a collective shared consciousness, and the computer system, in the absence of anything better, is being used as a device to facilitate that, despite the fact that there are no social networking tools built into it whatsoever. For most franchisees it is a myth, a notion, yet a powerful one:

"It's a visual thing, its in front of you; you can see it and you know that you can contact your headquarters via it if you wanted to. But it's just that you just feel that everybody else in the franchise has this as well in front of them. Through it, I feel part of an organization."

The word "isolation" came up regularly in franchisee interviews. Working alone on the business at a home location was identified as isolating by franchisees, and my early memoed expectations were that the introduction of online support and administration systems and the withdrawal of the social contact with head office support managers would likely add to that feeling of isolation, though their very nature. However, I uncovered just the opposite:

"I'm on my own in the office in my own home. It's a very isolating experience. You do feel like you're on your own, out there in the provinces, but the more I use this technology, the more I feel less isolated."

"The general opinion is that working on a computer at home isolates you. I think that's the sort of generally accepted opinion from a lot of people. Certainly it was my opinion in the last sort of ten or twelve years of my life when I ran call centres, and we used to talk about home workers and the focus was always, 'Well they'll be on their own and isolated and we've got no control and blah blah blah blah.' And I suppose that's true of an employee, but when you're a franchisee, you're your own business, you're your own employer and therefore it's important for me... to feel part of the crowd, part of the group and the new technology they have given us is giving me that feeling."

"Does the technology make me feel a part of the organization? Yes, to a certain degree it does. It makes me feel connected and less isolated."

Using technology as a cure for isolation and as a mechanism for social connectivity has far reaching implications for franchising. It offers a powerful reason for franchisees to migrate to new ICT, especially if it is positioned to them as a valuable benefit by franchisors. As I have already discussed, franchisees will use technology if it provides clear usage benefits for themselves, and are willing to comply with franchisor-centric requirements in return in a form of give-and-take manner. As so-called social networking through computer technology continues to escalate, I contend that franchisees will become more comfortable with franchise ICT and begin to see it not as the enemy, but rather as a technological friend; An empowering rather than isolating device. If franchisors design social networking opportunities such as franchisee forums into their systems and manage them effectively, then franchisees will be encouraged to use the technology and enjoy doing so, and thus the process of ICT introduction will be simpler for franchisors.

6.3 Supporting

Assisting franchisees with their businesses is operationalised by franchisors through the complex process of *Supporting*. This process revolves around the substantial subcategory of *Trust Building*. Originally *supporting* was carried out through personalised face-to-face and telephone support. In this study, this has largely been replaced by ICT. Two sub-processes of *trust building* emerge to provide explanation for what happens. These are the outgoing (franchisor-led) category of *freedoming* and the incoming (franchisee-led) category of *believing.* Both of these exhibit important multiple subcategories, which I present and discuss in the following section. Their complex connections are shown in the following diagram:

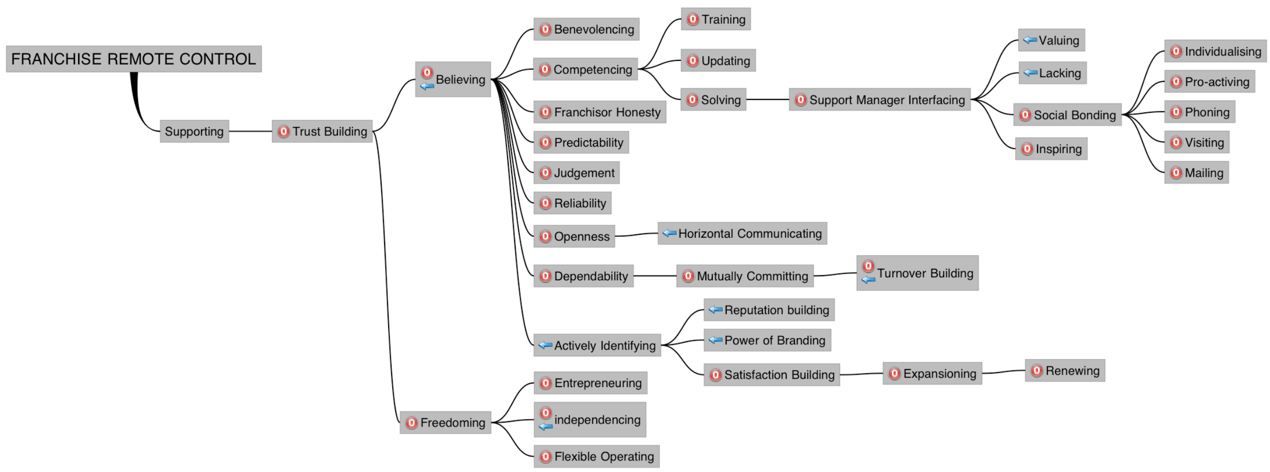

Figure 19: Model of the Complete Process of Supporting

Overall, franchisees need to develop strong trust in their franchisor, and the franchisor needs to develop trust in its franchisees for a successful and healthy long-term relationship to develop, However, franchise trust is a two-way street. On the one hand franchisees specifically want to know that they can rely on the franchisor to support them, help them develop their business opportunity and build awareness of the brand. On the other hand, franchisors need to trust their franchisees to uphold the good name of the brand and its specific standards, not only for themselves, but for the benefit of all the other franchisees. They must also trust them to diligently and truthfully report customer numbers and turnover so that royalties can be accurately calculated. Even with the benefit of ICT, everything depends on trusting franchisee data input. Franchisees are well aware of this:

"It would be very, very hard work without our computer system to help us. It would be dangerous too, because you're talking about a lot of money. They would need a lot of trust in me to know that what I was declaring, if you like, was right. Whereas they can check up on it through the computer system."

"I think it'd be much more difficult for them and they'd have to be more trusting if the computer system wasn't there."

Franchisees widely believe that the ICT system has reduced the reliance on the trust that the franchisor originally had in them, and contend that it is more difficult to mis-declare their turnover than it was before:

"Without it, they would need a lot of trust in me to know that what I was declaring, if you like, was right, whereas they can check up on it through the computer system. They're only basing that trust on what you put into the computer system, but at the end of the day, if I don't declare a customer, when they do inspection visits they'd see her anyway. If I didn't have to input some much information, and it was bits of paper and cash transactions, I think you could lose a few people here and there, so I think it'd be much more difficult for them and they'd have to trust us much more if the computer system wasn't there"

6.3.1 Believing

Franchisors seek to develop trust in their franchisees by actively demonstrating a range of competencies. These become the trusting beliefs that franchisees are encouraged to use as the seeds to grow the relationship. They thus comprise the subcategories of *Believing*. They are *benevolencing, honesty, predictability, judgement, reliability, openness, dependability, competencing* and *actively identifying.*

6.3.2 Benevolencing

The franchise relationship is legally governed by the franchise agreement, a complex document which sets out in exhaustive detail what a franchisee may and may not do, and the potential consequences of any transgressions. *Benevolencing* occurs when a franchisor decides not to exercise a contractual clause when a franchisee transgresses and is usually financial:

"I'm still paying for my second school. You initially buy your school and if you purchase a second school within two years, you get 60 percent discount. I got into difficulties and couldn't pay the full amount when I was supposed to, and they graciously let me pay it over two years, because I just didn't have the money in the bank."

6.3.3 Trusting Beliefs

Honesty

Honesty is one of the very first trusting beliefs available that franchisors can demonstrate at the start of a relationship. It is operationalised by transparently assisting with potential franchisees' due diligence requirements. In UK franchising, the British Franchise Association publish a list of key questions that franchisees should consider asking their new franchisor. Paramount amongst these are requests for access to existing franchisees, so that the new entrant can evaluate the network the exists beneath the glossy sales brochure. Recruiting new franchisees is a costly and lengthy process, and consequently some franchisors are loathe to offer new entrants such unrestricted access as they have no control over what the existing franchisees will say to them, and, of course, all franchisors recognise that, however well-run the network, the shop-floor day-to-day reality may be somewhat at odds with the pre-sales construction. Notwithstanding this, enlightened franchisors realise that demonstrating early *honesty* by actively encouraging and facilitating such access and due-diligence, can powerfully assist in neutralising any mild concerns that the new entrant may subsequently encounter when talking with any existing franchisees. Franchisor A develops *honesty* in this manner, as evidenced by the following data indicator:

"They are very good and will tell you stuff at the beginning when you first sign up to say you're interested. They give you a list of all the franchisees across all the country, and they do actually ask you, please call some of them and talk to them. They will give you the pitfalls. They will tell you all the things that happen and can happen, and that might happen, and they do actually give you the opportunity to say 'No' to them."

Predictability

Franchisors demonstrate *predictability* by being consistently clear and unambiguous in their responses to franchisees:

"I mean with Don, he is very cut and dried. He it doesn't make idle chit-chat conversation. He's not like that, and he's pretty shrewd. He can see if you are giving him a load of bull, and it's kind of nice having somebody like that around, because you can get an honest answer out of him."

This *predictability* has the effect of giving franchisees necessary confidence and developing respect:

"I don't really look as though they are in charge of me. I just look at it as though they are there to guide me and to give me advice, and obviously if something cropped up and they didn't agree with what I was doing, then they would be telling me, but that has never happened."

These elements combine to increase the belief that the relationship continues to be worthwhile:

"I am just happy they are at the back of me and I am under their umbrella if you like, so I feel if anything drastically goes wrong at any time, I know that they are behind me and I have their support."

Feedback Responding

The benefits of *predictability* can be damaged or enhanced by the manner in which a franchisor handles suggestions from its network of franchisees. Thus *feedback responding* forms an important subcategory of *predictability.*

Franchisor A does not have a structured online system for providing feedback and currently focuses on ad-hoc personal responses given at meetings and gatherings with franchisees and over-the-phone discussions. Whilst this provides immediate feedback, the franchisor's ego can affect all too easily cloud the response and fracture a fledgling franchisee relationship:

"When we were forced to do a play that head office had written, I was still busy with my full-time job outside the franchise and I didn't know then just how much work would have been involved in taking that on board. So I actually phoned through to one of the founders at head office and spoke to her about it. I said, 'If you can just give me an idea how and where I would be involved, because I don't want to take it on board if there is too much work, and I can't give it my best,' and she said 'Are you questioning my creative ability?' I said 'It's got nothing to do with your creative ability, I just want to know a time element.' And that was the only ever conversation with her I have had, and a little bit iffy to say the least. I couldn't understand why she as like that and I still l don't. Awful."

Exchanges that one party may consider insignificant and which occur in the process of *feedback responding,* may not be considered at all insignificant to the other party, and may possess the potential to affect a franchise relationship for a considerable time into the future. The results of such exchanges, especially if they are negatively charged, appear very difficult to completely erase. To offer an example, in the following data indicator, a franchisee insists on connecting two incidents which occurred five years apart:

"When I went for my training I said to the female founder of the business that my background was in educational drama. I was a drama teacher. She said that the brand had got nothing to do with that. 'It is not educational drama, it's theatre,' she said. I replied that, with educational drama, we used theatre skills as a vehicle to develop confidence and communication, which is exactly what the brand claim to do and is what educational drama is too. 'No', she blazed. 'This brand is not educational drama at all, this is purely theatre.' And yet five years down the line they take on an educational drama officer."

The few franchisees that offer suggestions by email to the franchisor explained that, whilst the franchisor does not always implement the ideas, there is a recognition that the franchisor is busy, and they appreciate that they do offer reasons why, if an idea is unsuitable, it cannot be used. However, my data subjects were wary of emailing ideas as they felt unsure of how they would be construed, and were concerned that it may damage their relationships with their franchisor if *"taken the wrong way."* However, from a franchisor perspective encouraging the use of technology in this way means that the franchisor is able to consider his or her reply to the feedback carefully, and can thus avoid the ego-laden and perhaps regrettable scenarios highlighted above. Some franchisees who do risk sending emails would appreciate a regular structured questionnaire which allowed them to offer feedback on operational matters:

"If a questionnaire was available saying,'What could be improved in this? And what could be improved with that?' so that we could actually give feedback to head office and say 'It would be an awful lot easier if we did this, this and this,' then it would be really good. Maybe an online questionnaire?"

In contrast to the unstructured opportunities within Franchisor A's network for feedback, Franchisor B has developed a structured online mechanism for *feedback responding*. It exists as a section within the password-protected news weblog section of the franchise support site, and is called an "Ideas Incubator", which has been previously introduced in this study. To recall, franchisees are encouraged to post ideas for improvements into the incubator by typing text online. The idea is then given two weeks to "incubate", during which time the whole franchisee network have the opportunity to comment on the idea. Following this, Shirley the CEO, considers the idea and its various subsequent written responses and makes a decision on whether to fully or partly implement it and posts full information within the incubator to support her decision. She explained that;

"Typically, I will usually action an idea, especially the smaller ones, if the rest of the franchisees think that it is a good one, and as long as it can be rolled-out to everyone in a simple fashion, and also as long as there are not any huge cost-implications attached to it. I like to always do new things right and not cut corners, otherwise franchisees lose confidence in us, and we wouldn't want them to be cutting corners either. They know where they are with the incubator, and it helps to ensure that all ideas get the same proper hearing across the whole network. But we haven't had anything for the last six months."

Feedback responding can enhance or damage the category of *predictability*. ICT removes the need for instantaneous answers and offers the opportunity for a far more democratic - and predictable - response to ideas and concerns.

Judgement

Franchisors demonstrate the trusting belief of *judgement* by using their franchise agreements as the basis for their actions with franchisees, together with their experience and insight of the business format franchise model, to guide their development and growth of the brand. Established franchisees in particular want their franchisor to exercise *judgement* in the selection of new franchisees so that the integrity of their own outlets is not compromised by a lessening of brand standards. There is concern amongst Franchisor A's franchisee network that new entrants are not being as well-vetted, and that the franchisor is lacking in *judgement* by allowing franchisees without a performing arts (but good business) background to join the franchise. They contend that a performance background, as opposed to a business-oriented one is an essential criteria, and that this malady has occurred since the company became a PLC.

On occasions, it may be necessary for franchisors to modify their naturally inclined *judgement* to appease their franchisees and maintain their trust. However, they must balance any such modification to also satisfy the growth and turnover needs of other interested parties such as investors, whose criteria for success may be at odds with that of the franchisee.

Reliability

Franchisors demonstrate their *reliability* through the support that they provide to their franchisees, who continuously judge and subconsciously calculate the value of it against the royalty payments that they are required to make throughout their franchise term. Demonstrating good *reliability* has become a difficult task for the franchisors involved in this study, as they have changed their support from a human-centric to a technology-centric deployment.

Using ICT as the basis for franchisors' support deployment has not diminished its actual *reliability*, and indeed through all the online systems that are now provided to assist the franchisees, *reliability* has improved. However from the franchisee perspective, the perception of that *reliability* has been diminished because less of the original social contract remains. Franchisees still insist on measuring their franchisor's *reliability* post-ICT introduction, not through the robustness and expansion of the technological support systems, but simply by how long a "real person" now takes to get back to them. The following is a typical example of many from my field data:

"The thing that sometimes is bad, is that the franchise managers are spread very thin. They've got them responsible for a very large number of franchisees now. So that means they are not able to get around to see us as often as we would like them to I suppose. And it can take them a lot of time to come back to you."

This study has uncovered that franchisors cannot simply replace support staff with technology, however advanced or expensive it may be and expect their *reliability* score in the eyes of their franchisees to remain high.

Openness

The subcategory of *openness* possesses two sub-sub-categories. These are horizontal communicating and *foruming*. For a franchisor to demonstrate *openness,* it is necessary to offer channels of *horizontal communicating* (franchisee to franchisee) across the network. As explained above, ICT deployment can easily damage the trusting beliefs that franchisees see in the franchisor, and a network which does nothing to facilitate *horizontal communicating* feels restrictive and closed.

Horizontal Communicating

Franchisor A provides no formal methods of *horizontal communicating.* Because of this, it was tempting to believe that such communication was not desired by the franchisee network. However, this proved to be far from the truth. I discovered that Franchisor A's franchisees craved *horizontal communicating* to such an extent that they had developed their own underground networks of connections which ranged from simple phone calls between franchisees, through to sophisticated face-to-face clandestine meetings which were functioning as surrogates for the lost personal support manager contact that had existed before the ICT introduction, and the dearth of local business knowledge demonstrated by the franchisor. It became apparent that, although they do not admit it to head office, franchisees benefit extensively from horizontal communicating when it comes to operational issues:

"I talk to other franchisees more than head office. They all understand their local areas better than head office geographically. And in our area in Gloucestershire, it is vastly different than to a London area. There are huge differences, and I think that's another disadvantage of having a central franchised operation, it's that... that it's very easy to sit in an ivory tower in the mid-counties where there's plenty of wealth, and to make decisions from that stance based on what they know very well in the home county, but isn't relevant to us here."

"Talking to local franchisees helps with marketing because we understand our area much better than head office understands our area therefore, and from that point of view, I think we are really beneficial and helpful towards each other. We're more likely to share advertising, and head office would benefit if they set-up ways to help us chat to each other better, because we would be spending our own money on advertising in a more effective way."

Experienced franchisees in the network have recognised that the head office support comes from the individual perspective of Don the CEO, and contend that this does not take into account local conditions. In addition, all the support managers are London-based and franchisees widely believe that their answers are too *"textbook"* and filtered through the head office global mindset, as opposed to being free to range and react to real situations in the widely geographically dispersed network. Because of this, there is a growing desire on the part of franchisees for the network to be more directly involved in support through the ICT technology in providing "real world" perspectives and mentoring:

"Don does all he can, but I'm not convinced they have the mechanisms in place naturally that they could have. I think the thing that they should do is to have some kind of online programme that is created by, if you like, an approved list of franchisees who run schools, who write things for it. So following all the right guidelines, those franchisees actually play some sort of online mentoring role using all the new computer stuff, towards other newer franchisees that would like to be mentored... and there are lots who would."

"It would be nice to have our own franchisee association or organisation, not to grumble about head office very much, but rather being able to meet whether its regionally or whatever, or online and discuss what we did in our outlets without Don or somebody sitting in the corner and moderating it, and telling you that won't work and why all the time."

"I think if there were small groups of franchisees, and if we were to meet with these people in my area to discuss things rather than trying to wade through the computer then it would be far, far better."

Some franchisees have turned their strong desire for *horizontal communicating* into reality and developed their own clandestine and unofficial franchisee self-help groups in a bid to re-inject social support following the introduction on the ICT:

"You don't feel as though you're out on your own. We are all getting together tomorrow as it happens, and it will be very good for us all to meet and discuss, and if I have a problem or any of the other franchisees had a problem that we miss on the day, we just ring each other or email or discuss. To be honest, because of this little franchisee network we have set-up, I've not had any major need to ring head office. I can't think of any reason recently why I've had to."

"I talk to about three franchisees very regularly, and then about three more from time to time, definitely more than I talk to head office. The benefits are that we have local knowledge and I think we have a better understanding of life on the shop floor here in the Midlands, whereas, I feel head office is now very London-based. I just find the genuine truth of how other franchisees businesses are going, and what they are actually doing is really useful and open and honest."

The more that franchisees are forced into underground communications in this way, the less the trusting belief of *openness* is transferred vertically down to the network from the franchisor. This in turn damages overall trust and possibility of demonstrating adequate *competencing* (which will be discussed shortly) on the part of the franchisor.

Foruming

Franchisor A's franchisees are bemused why, given the significant introduction in ICT across their network to provide vertical franchisee to franchisor communications, there has not been a similar development in systems within the Intranet to facilitate horizontal communicating, such as a simple online forum, the lack of which has forced them to develop their own mechanisms as described above. Such a lack causes franchisees to conjecture about a lack of *openness* on the part of the franchisor, which is typified in the following data indicators:

"The thing that we don't have that I'm surprised that we don't have, is a kind of online forum where principals talk to each other and shared information. I'm quite surprised that there isn't that facility and I am slightly wondering... this might be very cynical, but I wonder if head office don't want that facility in case it turns into our principals ganging up together and knocking head office."

"Head office know that people would be complaining about the amount of money that we pay them, plus lots of other stuff. That's why there isn't a forum, definitely."

"Well maybe they see that some of their franchisees would start bitching about them, I don't know. I mean one always worries about one's teachers when they go out for meal together. I still always think, you know, well... I'd much rather be there just to control everything. Perhaps our franchisor feels the same."

"I think any sort of forum would only upset the head office, you know, they would get upset, because of the founder in particular, because she takes everything personally. She is lovely but you know she is not a businesswoman. I don't know how she describes herself, but she is highly sensitive. A lot of the business in the past has been based on goodwill and close relationships, so it makes it difficult to be objective and to criticise things now. You know, they would see it as a stream of endless criticism and the potential for it to be negative would just make it not worth it for them."

Whilst Franchisor A's franchisees in this study readily put forward assumptions concerning an online forum's potential focus on negativity, there was recognition that it would be a useful communications medium. Because of that, franchisees would likely self-moderate it to keep it functioning to their benefit. An example of this approach in action is given below:

"I am a member of a couple of three different forums of various different things, and on one of them, the past 84 messages have all been about one particular subject, and about 90% of them have been moaning about it and in the end, I just sent an email to them saying, could you please stop it now, could you stop moaning about something that is utter nonsense, and get on to what the forum

is actually about, and it put a stop to it straight away. It's just a case of making sure the topics are useful and that people talk about what they should be talking about."

When questioned on the benefits of an online forum, this study uncovered that, whilst experienced franchisees were the busiest in the network largely because they had developed multiple outlets, it was these very people who were the most willing to help and assist fellow franchisees. These franchisees maintained that they would offer more of their expertise if there was a simple mechanism available for them to easily do so. They typically claimed that this was because they remembered how difficult it had been for them when they first set-up. Although it has not been proved in this work, and would require more research, there were indications that it may be that they have a desire for status within the franchisee group, and believe that contributing on a forum would somehow provide that status. *Horizontal communicating* of this nature is considered by franchisees to be the missing link in the ICT system by most franchisees...

"We have a one day conference once a year, and then there is a dinner in the evening. The most valuable part of that day are the tea breaks and lunches and evenings where you wander around and you chat with the franchisees... that's when you find out that you have the same problems, or somebody's solved a particular problem in a way that you haven't thought of. And that is the one thing that is missing, and what came out of it was that an online franchisee forum would be good."

"I think it would be very useful if there was an online forum as part of our franchise system. A lot of us are very willing to help others. I mean that's the interesting thing about being a franchisee, there is a feeling of being part of a group of people that are all in the same boat as you."

"I do think an online forum would be a good thing, because I think that it would make the relationship between franchisees and head office more transparent. I think there's a lack of that. I think there is a feeling that sometimes there is a lack of transparency."

Franchisor B introduced an online franchisee forum into their ICT system at the very end of this research project. They decided to monitor the posts regularly rather than moderate them (the latter means that it would be necessary to approve all posts before they were published). Shirley, the CEO, introduced the forum to the franchisees through an email communication and a weblog ("blog") posting. She made it very clear that head office would not tolerate negativity and complaining on the forum, and used the phrase "use it properly or lose it" to set the boundaries for its use. At the time of writing, the forum had been operating for three months. Shirley summarised its introduction:

"The introduction of the online forum into the franchise network is proving to be very successful. It's providing a monitored platform for franchisees to discuss promotional and operational tips. We monitor the forum on a daily basis and ensure that all posts and topics discussed are positive and useful to the network. The posts on there typically revolve things like how to set-up Google Adwords, and tips for getting higher in page rankings and so on. When I launched this, we were very strict in stating that the forum was only to be used for this hints and tips purpose, and that we would remove access for any franchisee who didn't respect this. By providing a forum for franchisees to discuss tips, I actually also hoped that it would discourage franchisees from just contacting each other and arranging their own discussions between themselves, and I believe it has. It also allows me to get my support team involved in the topics discussed and post our comments, based on the online knowledge base that we have... and our 30 years of experience."

In summary, if a franchisor actively encourages and facilitates methods of *horizontal communicating* for the good of the franchisees, he or she will benefit from growth in the trusting belief of *openness*. Without this, franchisees will develop their own ad-hoc methods of communication, over which the franchisor will have no control or even be aware of. Franchisors contend that *horizontal communicating* provides a platform for dissent and complaining across the network when, in fact, franchisees simply want to discuss positive operational and promotional issues.

This study has discovered that if a franchisor engages in *foruming* for *horizontal communicating*, they can expect to benefit from a further reduction in the cost of franchise support overheads, as franchisees become willing and able to solve problems amongst themselves as opposed to requiring expensive franchise support managers to do so. Franchisors can also benefit from recycling franchisee-centric answers to posts to build a knowledge base that improves the network at no cost to themselves. Additionally, the use of an online forum humanises the technology and encourages franchisees to become positively sensitised to using and relying on ICT, becoming more aware of its benefits and potential, and thus softening any resistance to technological change.

Dependability

Franchisors demonstrate *dependability* to potential and existing franchisees by displaying their business longevity to franchisees through appropriate graphics, 25 years in the case of franchisor A and 30 years in the case of franchisor B. Business awards are also promoted for the same reason. Dependability is further strengthened by the franchisor engaging in acts of *mutually committing* and *turnover building*.

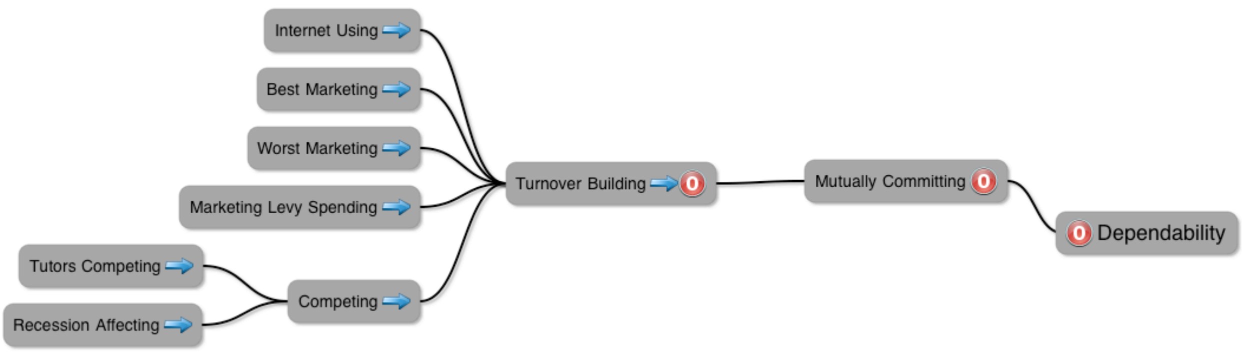

Figure 20: Dependability and its subcategories

Mutually Committing

Mutually committing occurs when a franchisor provides something for a franchisee that shows their commitment to the relationship itself and not just the profits being derived from it. For example, Franchisor B, as previously explained, provides a variety of online methods of cost control for its franchisees through its business development module and associated key performance indicators. These tools do not directly increase the franchisor's royalty and are thus seen as indicators by franchisees that the franchisor is *mutually committing* to the relationship, above that which is strictly necessary:

"You have to have an element of trust that these people have your best interests at heart. Yes, I'm making money, of course they want you to be full, of course they want you to buy more schools so that you make money, because then they make money, but that's business. There's always somebody at the top that, through the technology, is dishing out advice though, that they don't really have to provide. I like that, it makes me feel they are on your side."

As the above data indicator highlights, franchisees realise that franchisors benefit from full sales outlets because their turnover royalty increases. However, from their perspective, they feel that they are themselves the ones that benefit most, as the majority of the sales income remains with them, with the franchisor only benefiting from a small royalty percentage (between 11 and 15%). Therefore, when a franchisor actively engages in activities or technology to support *turnover building*, then *dependability* and the camaraderie of *mutually committing* are both perceived as being further strengthened within the relationship.

Turnover Building

Increasing sales turnover benefits both franchisee and franchisor. For the latter to demonstrate *dependability*, it is necessary for them to support the franchisee in *turnover building* activities so that the franchisee does not feel alone or isolated as they develop their business. This is a subcategory of *mutually committing*. In this study, this has proved to be especially important, because of the lack of business focus exhibited by the majority of the creative franchisees. The following is a typical example which encompasses the problem:

"A lot of people that go to into this as franchisees are artistic as opposed to scientific or business minded, and although I did have some degree of business experience, it's very easy to focus on the things that you are interested in, and what we are interested in is acting, singing and dancing. I mean that's what we are really interested in. So, when I started the business, I spent a lot of time thinking about the creative side of the business and I loved it, and I was interested and actually, as time has worn on, I have realised the most important aspect of the business is the bottom line side of it, the marketing... that's my job. So actually you are taken on as somebody who is very creative and then, as time goes on, you realise actually that all this job really is, is the marketing side of it."

Turnover building as an activity exhibits the following subcategories: *internet using, best marketing, worst marketing, marketing levy spending* and *competing*, with the latter also possessing the sub-sub categories of *tutors competing* and *recession affecting*.

Franchisor A in common with many others in the industry, charge all their franchisees a marketing levy. This is currently 2% of their turnover, and is payable along with their standard royalty on sales. Franchisees expect the franchisor to use the marketing levy fund, which is aggregated from all franchisees in the network and is therefore considerable, to assist them in marketing their business outlets. Traditionally, funds of this nature have been used to invest in national advertising campaigns in the press and on radio and (on rarer occasions) television, all of which are intended to strengthen the brand through increased awareness, and thus make it easier for franchisees to close sales generated through their own tactical local marketing initiatives. However, the current research has uncovered a growing unease about the way that the marketing levy fund is used. Franchisees contend that the older methods of promotion traditionally used by the franchisor, such as newspaper and magazine advertising are simply not working (*worst marketing*) and they are concerned that they have no control over how the money is spent and what geographical reach is subsequently achieved. Without a structured ICT mechanism in place for the suggestion of ideas, and because of these issues, Franchisor A’s franchisees have become increasingly frustrated:

“We are going through a very tough time at the moment, and we are feeling the recession, I think things could be looked at, moulded and improved upon. We are certainly not allowed to suggest things... we are not encouraged to suggest things.”

This scenario has been aggravated by a worsening global recession (*recession affecting*) which was prevalent in the UK during the period that this research was carried out, together with a rise in competing, copycat performing arts activities, some of which are being developed by ex-tutor staff from franchise outlets of the brand (*competing*):

"Some of my old teachers wouldn't bother working with the franchise, and they've gone off and done their own things – opened their own schools. I have had two or three, because I think they look at from my point of view, and they see the restricted sides of it as well. And I think is more to do with... we could charge less and we wouldn't have to pay the royalties and stuff like that.”

“I have had to teachers leave to set up on their own nearby. One of them even took my venue on a different day. With things like that we don’t tend to get the proper support. Initially when they start these things, you expect the franchisor to be able to fight them for you or at least with you, but they say like, ‘Oh, if you want to take the time and you want to pay the money to fight them then its up to you.’ and then you think, well for that reason alone then you’re just blowing hot air aren’t you? Why I should be in a franchise at all?”

There is wide consensus that the most effective marketing is through the use of modern technologies such as the Internet (*Internet using*), with franchisees reporting that approximately

70% of their business comes through this channel, and that this is continually rising, and franchisees therefore contend that *marketing levy spending* should be firmly centred on developing and promoting the company website to a much greater degree, especially though activities revolving around getting the brand to the top of the page when a potential customer types into a search engine such as Google, a relevant search term. This specialist activity is known as search engine optimisation (SEO). Because such an approach is central and benefits all franchisees equally, it results in a “feelgood” effect across the whole network. The franchisees consider that the franchisor is *mutually committing* to them wherever they are. This solves the problem of generating trusting belief which is largely absent when traditional geographically centred levy spend is deployed, and which results in comments such as the following:

“God knows where the advertising money goes, because it certainly doesn't go on anything in Yorkshire.”

In summary, Franchisors demonstrate *dependability* through *mutually committing* to the process of *turnover building* for franchisees, and ensuring that the *marketing levy spending* is focused on activities that franchisees believe are the most important, based on their firsthand operating experience, and which offer fair and equal benefit to the whole of the network.

This results of this study also strongly indicate that *dependability* could be further enhanced by joining with franchisees to police non-competition clauses in tutor contracts and by providing a mechanism within the ICT system to give franchisees a structured method for suggesting ideas for improvements to franchisors.

6.3.4 Competencing

Franchisors demonstrate their competence to franchisees by engaging in the subcategories of *training, updating* and *solving*. These activities are increasingly being delivered through online methods.

6.3.5 Training

There are two elements to franchisee *training*. The first is pre-launch training, which takes place immediately after a new franchisee has signed their contract and revolves around explaining the business processes required for both success and the maintenance of brand standards, such as data input, customer and staff management, marketing planning and upstream reporting. Despite having new ICT systems in place, both franchisors in this study have elected to continue to run this as a face-to-face activity with their franchisees. They believe that it develops a good basis for mutual respect.

The second element is post-launch ongoing *training*. Increasingly, this has developed into a self-help facility through the new ICT:

"There's a lot of information online that you can access. They have been building that over the last several years. There's all sorts of things that, you know, if you need find out specifics you can go online and find that information out if you can be bothered."

Franchisees are bound by their franchise agreements to attend pre-launch training. However, developing ongoing skills through the use of the ICT system is more of an optional pursuit which is measured by franchisors in the growth of turnover, and monitored through unannounced annual site visits by inspectors. A key problem that has been uncovered by this research is that not all franchisees have the enthusiasm, attitude or dedication to use the online materials provided to develop the necessary skills required:

"There was a video to learn to do your end of term process on the system. I noticed it just the other day, and I thought I wouldn't really bother with that, even though I am never sure exactly how to do the process."

"I do look at some reports online like where my customers come from, and I do find it useful to an extent, but I think there is much more I probably don't use. I probably don't maximise it at the moment because I've got better things to do. I certainly don't need any help with the teaching methods, I was a dance teacher for years. I could tell them what to do, and wish I could sometimes!"

This lethargy towards available facilities in the ICT system is exacerbated by the fact that many of the franchisees come from performance or dramatic teaching backgrounds, and some erroneously believe that because of this, they already know how to operate the all-important creative aspects their outlets, and therefore see no reason or value in adhering to operational guidelines.

Franchisor A has attempted to balance their reliance on the ICT system and the apathy towards the technology by adopting a two-stage promotional training process, where an outside consultant is available to the franchisee at an additional cost of £1500, three years after the franchisee signs up, but not before. The consultant uses psychological training to attempt to refocus the franchisee and reverse any negativity that has previously developed, and then suggests new methods of promotion and marketing. The franchisor encourages the use of this strategy by agreeing to underwrite the cost of the consultancy and guarantees that if a franchisee follows all the advice provided but does not increase their turnover by an agreed specific amount, then the franchisor will pay the bill. I received positive reports regarding the results of consultancy from participating franchisees. However, because an outside agency has been used, this has significantly damaged the franchisees' trusting belief of franchisor *competencing*, rather than strengthening it. In addition, the fact that such useful assistance is not available at the start of the relationship has angered franchisees:
"My gripe with this consultancy lark is that you go on a week's training course with head office in the first place, and so why the heck aren't they telling you the strategy that their external consultant uses at the start? What happens is that the advertising spend doesn't work, and because I was so annoyed about it, Don says to me, 'Go and see this guy.' There shouldn't be any need for the consultant at all. The franchise managers and the training that you go on should be giving you all those packages in the first place. You can't wait for three years down the line when you've been struggling. They should give you that from day one, and for free."

Whilst most franchisees enjoy being left to their own devices, less-confident ones believe that more ongoing training should be forthcoming, especially in putting online programmes together for the development of their tutors, and are concerned that the service standards and quality may well be varying across the network as a result of there being no centralised training system, which they contend could, over time, result in a negative affect on customer satisfaction and repeat business.

Franchisees are generally aware of the online *training* facilities available to them, and do believe that their franchisor displays a level of competence in their *training*. However, there is a wide gulf between franchisees recognising franchisor competence in training, and being competent themselves as a result. More importantly, franchisor *competencing* as a trusting belief is being damaged by reliance on an unusual outside consultancy strategy. Additionally, the *freedoming* discussed earlier in this chapter is responsible for developing a culture in the franchise network which allows franchisees to do very much as they please at the operating level, and this has made it difficult to persuade the same franchisees to adhere to rigid guidelines and *training* in other important areas of the franchise model.

The *training* area in which all franchisees in this study found wanting was in the *training* of tutors on a national level. Whilst franchisor A does provide *training* courses for tutors on occasions, these are expensive (chargeable to franchisees and tutors) and, for many, too far away. Franchisees say that they would prefer an online training system that tutors could log into, and which provides teaching materials and how-to videos.

Whilst this is not testable in the current research, I contend that the introduction of such a facility into the ICT system has the potential to increase waning confidence in franchisor competence and also persuade doubting franchisees of further value in the use of technology to improve the franchise. Franchisor B has been operating an online tutor training system of this nature for five years. Shirley, the CEO, explained why the system works for them:

"It has taken a tremendous amount of pressure off of franchisees. Before we had this, franchisees had to issue DVD's to their new tutors and become directly involved with the tutor training process themselves. It took ages, was costly for them in time and resources, and to be honest, not all franchisees had the same aptitude for carrying it out, so we were seeing variation in the tutor team across the network. Anyway, we built a website with specific streaming videos where tutors could log-in and be shown exactly how to teach our modules. There's downloadable written materials on there too, plus some audio files to explain how new customers should be greeted and generally looked after. In my network, every lesson is taught in a specific way right across the country, so we can interchange tutors and customers, and reduce reliance on them. Now, once the tutors have done their self-directed online learning wherever they are, all we need to do is send a franchise support manager to the outlets and do a test lesson with them to see if the've learned what they should have done and can deliver it properly. I simply don't think our franchisees could do without the online training system now, and because the business has got bigger since we introduced it, we certainly couldn't either without taking on more expensive support staff."

6.3.6 Updating

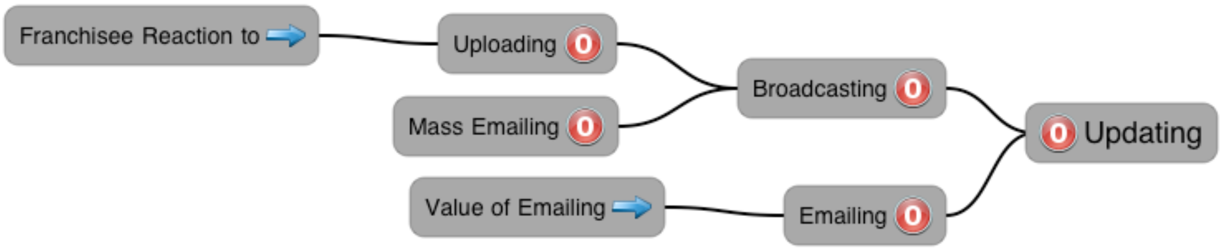

Figure 21: The Process of Updating

By engaging in conspicuous *updating*, franchisors demonstrate their commitment to the franchise relationship. The category of *updating* is operationalised through two subcategories, which are *broadcasting* and *emailing*. Don, the franchisor A CEO, contends that it is necessary to *"Continuously boast about new developments to remind franchisees of the value of the royalty that they are required to pay."*

Broadcasting

Franchisors use *broadcasting* methods as an efficient way to communicate updates to the whole of their franchise network simultaneously and quickly. They are carried out via the dual processes of *uploading* and *mass emailing*. With an ICT system in place, franchisors are able to dispense with the traditional postal methods of updating, and can post material centrally at no cost in the digital Portable Document Format (PDF), which allows for the maintenance of the appearance of source documents, whether or not the end-user has access to the program that they were originally produced in.

The first method of *broadcasting* is that of *uploading*, where pdf's are placed by the franchisor on the central ICT server, and franchisees can subsequently access and download them remotely as they wish. Whilst this method is effective for the franchisor, franchisees are required to make the effort to search them out, and there is no guarantee that they will do so. This problematic is illustrated by the following data indicators:

"I don't know, I'm not sure, things are possibly there, but I don't know where to look for it online."

"I'm not sure how much they've actually got online to be perfectly honest. I don't actually look at an awful lot of stuff that is online."

Mass Emailing

Because of the aforementioned malady, franchisors may either supplement their *uploading* by sending an email out to all the franchisees alerting them to the presence of new materials on the server, or alternatively serve the updates directly by sending them as attachments in an email broadcasted simultaneously to the whole network, a process known colloquially as *mass emailing*. The advantage of all of these methods is that they are free. The disadvantage is that franchisees continue to take such communications less seriously and give them less credence than those which arrive in the traditional manner through their letterboxes:

"I tend to look at things only if they come in the post. I know it sounds stupid. I mean if a resource package came through by post, I would photocopy it and get it out to the teachers. I tend to go in and access the things I have to access online, but I don't always sit and think 'Oh! I really must look and see what new things have been put on the Intranet.' But if it came through the post, then it's there to hand."

Emailing

Franchisees report that they find *broadcasting* methods of communication impersonal and, because of the wide geographic extent of the network, consider that they are often irrelevant or unimportant to their particular situation. Whilst this is not always the case, it has created a culture of communications negativity, something which seemed to be almost non-existent before the introduction of the ICT system. In an effort to combat this, Franchisor A has begun sending personalised emails to franchisees and has issued clear directives to franchise support managers to limit email communications unless they are strictly necessary, and to gather them where possible into a single package of information once a week. It is a difficult situation to recover from:

"I find this whole new electronic communications thing overwhelming to be perfectly honest with you. The emails are overwhelming and I find it's a real drag to have to go through them. I know there's information there on the net somewhere, but I'm never quite sure where to look for it."

It is all too easy for franchisors to press a button and send a broadcast to their complete networks on multiple occasions without giving necessary thought to the relevance of the information itself for all the respondents and the result of their actions. Once irrelevance has been identified by a franchisee a couple of times, the importance of such communications are quickly diminished, and all the updates are considered unimportant. Consequently, instead of the act of *updating* being the strengthening of a trusting belief, a demonstration of genuine commitment to improvement, and thus validation and justification for the royalty payment, it becomes an irritation for franchisees. Recovering from this position is lengthy and difficult for franchisors, and the value in the ICT system overall, which has developed successfully across other areas, is damaged in they eyes of the franchisees.

Value of Emailing: Franchisee Perspective

For the reasons discussed above, franchisees are not enamoured with incoming email communications from their franchisor. However, they do value the mechanism highly as a means of initiating communications upstream. Franchisees are regularly using email to avoid having to discuss awkward topics with the franchisor, such as not achieving sales turnover targets and asking favours which seek to temporarily modify clauses within the franchise agreement or which affect corporate brand standards. Using the technology in this way enables complex interpersonal emotions to stay out of the exchange:

"Email works quite well if things are awkward and I don't want to talk about them. Email is a cowardly way. I admit it."

"If you wanted to ask a favour or something, then it's easier to ask on email, because you don't have to... you don't have to sort of... they can think about their reply, can't they? And you don't then have to show any sort of emotions when you're told no or yes to something."

"I think it's just easier. I don't always remember or feel able to say what I really want to when I'm on the phone, but when I email, I always remember what I need to say. It's just easier to get it down in writing and send the email, and they've got it in front of them, and they haven't been able to put me off of saying what I feel I need to."

The franchisee to franchisor relationship has been modified by email within the ICT system and, whilst the franchisor has benefited from providing a useful vertical communications channel downwards for quick and cheap communications with his network of franchisees, he must contend with a change in his franchisees upward communications. The social relationship between franchisor and franchisee has become more diminished as a result of electronic interactions and, because email removes the awkward emotional interactions which used to occur within phone and face-to-face conversations, franchisees have become more outspoken and demanding, using the channel to introduce topics that they would not have dared mention before.

6.3.7 Solving

The third and final subcategory of *competencing* is that of *solving*.

6.3.8 Support Manager Interfacing

Franchisors have traditionally demonstrated *solving* to their franchisees through the process of *support manager interfacing*, and subsequently through the sub-sub-categories of *inspiring* and *social bonding*. With the arrival of ICT introduction, these mechanisms have been significantly reduced. This section therefore includes two franchisee-derived categories to take account of the changes which have resulted. These are *valuing* and *lacking*.

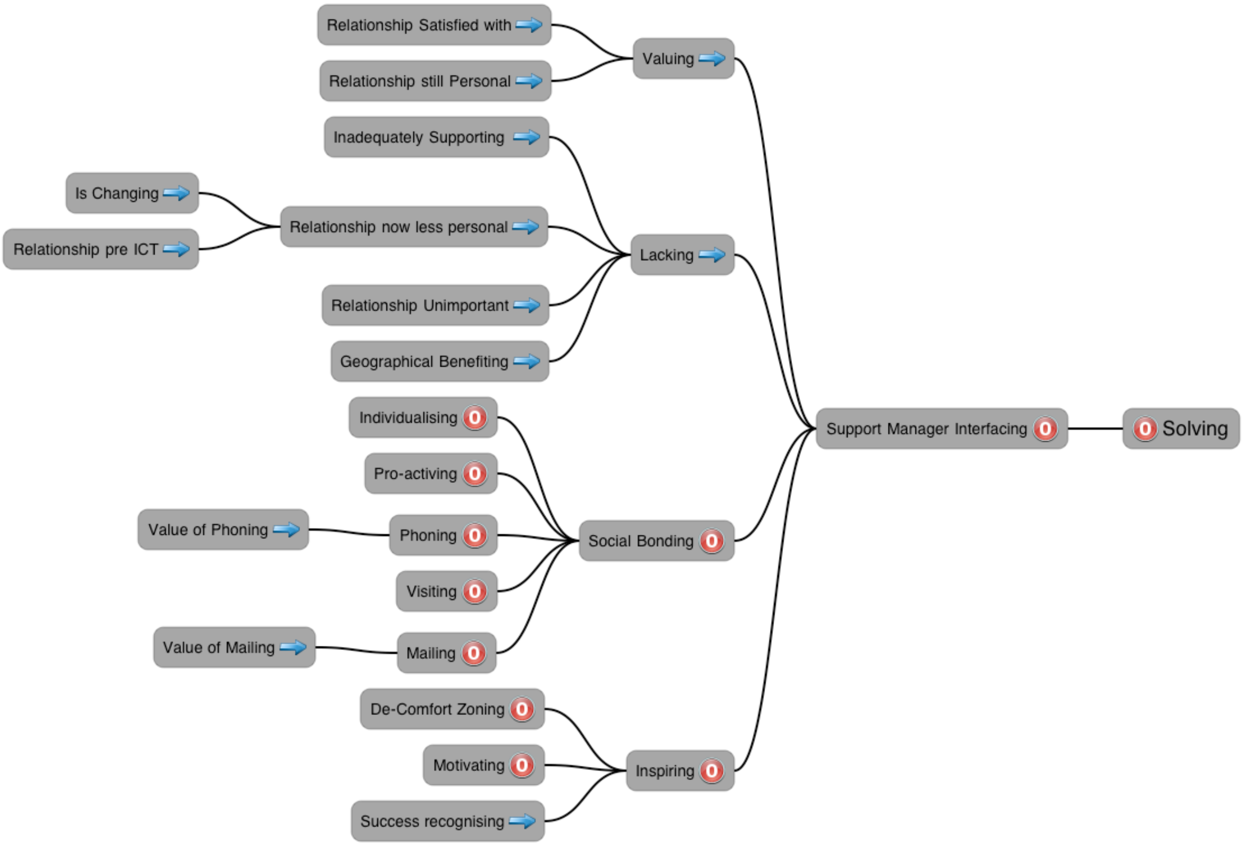

Figure 22: The Process of Solving

Inspiring

The process of *inspiring* is demonstrated by franchisors through the actions of *de-comfort zoning*, *motivating* and *success recognising.*

De-Comfort Zoning

To achieve maximum revenue from their royalty payments, franchisors require franchisees to continually increase turnover. Franchisees, on the other hand, are more interested in profits than turnover and therefore focus on the process of reducing costs against income to gain maximum profits. The net result is that franchisees tend to become complacent and enter into what is colloquially termed a "comfort zone", where they become satisfied with the current profits being achieved against their costs, even though their franchise business opportunity is not being maximized. For franchisors, this is problematic, as they have demised a specific franchise territory and are predicting maximum return from it. Shirley, the CEO of franchisor B explained that:

"When franchisees first start off with us then they are quite malleable and tend to be enthusiastic and do what we say, so they get a good amount of customers and that keeps them enthusiastic and they want to do more. The thing is, once they've launched, there's a temptation to ease off, and unless you keep going with the regular phone calls, then they just communicate via the online systems to comply with what I need them to do, and sort of fade off."

Shirley maintains that her support team must continually engage in *de-comfort zoning*, and has realised that this is only possible by engaging in ongoing social contact with franchisees by phone and visiting. She contends that relying on the new ICT system alone does not bring the necessary results. Indeed, she feels that franchisees *"hide behind it"*, and firmly believes that they cannot be sufficiently motivated though it in isolation.

To achieve successful *de-comfort zoning*, franchisors engage in *motivating* their franchisees...

Motivating

Franchisors demonstrate *inspiring* through acts of *motivating* their franchisees. This study has uncovered that *motivating* cannot be successfully operationalised through reactive strategies which rely on franchisees initiating electronic communications via their ICT systems. The following quartet of revealing raw data indicators from the franchisor A network summarise the problematic:

"I think they ought to be more active in making contact with their franchisees. I think it's dreadful, but the managers do not ring their franchisees and say, 'How are you doing,' or 'I see your customer numbers are going up, fabulous, great,' or 'Is there anything we can do, numbers have dropped?' They don't ever ring me. Since we've had the computer system in place, every single phone call or discussion is generated by me."

"I cannot remember actually, honestly, the last time the telephone went from head-office to speak to me. I think it would be nice occasionally, even if it was once a term, you know, how are things going? Emails are lovely and I have no problem with it at all, but it would be nice to hear a voice."

"No one ever rings up to ask how it's going, and unless you ring up with a problem that might eventually drift into that sort of conversation, then it would never occur."

Franchise ICT systems provide the opportunity for a distancing of the business relationship in both upward and downward directions. Essential operating figures are gathered downwards through *absent interrogating* by franchisors while upwards, franchisees are able to use email. Whilst this works efficiently and cost-effectively as a communications mechanism, it does not provide a platform for successfully *motivating* franchisees to improve performance. Franchisees continue to need face-to-face interactions supported by telephone communications to achieve success in *de-comfort zoning*, and even then, *motivating* is still difficult, as this long-serving franchisee explains:

"Well, we do have our annual conference and I always find that very motivating, but an awful lot of people don't go to it because, I think they think there's nothing that they can learn. I think there's a lot of people who run their business according to the way they want to run it, and probably have no involvement whatsoever with head office. They do it the way they want to do it. Apart from paying head office every term, they really have very little contact with the head office and don't avail themselves with anything that's new, and it's much easier to take that stance now that the computer system is in place, as head office don't make contact much any more."

Franchisors improve their chances of *motivating* franchisees by issuing praise and encouragement. Franchisees bemoan a lack of this now that the ICT system is in place. The data shows that the franchisor exhibits a strong tendency to rely on the hard figures now available streaming into their head office via the technology, and which allow the business to function perfectly well without interaction downwards. The comfortable ease of access to this information encourages franchisors to forget about the work being carried out in the network that has been continuously necessary to achieve them. With this information available through ICT, the franchisor is able to minimise support costs further by choosing to only act in a reactive manner when the figures do not look as healthy as they would like. This technology-led strategy produces negative reactions which do serious and significant damage the franchise relationship as evidenced:

"Not valued, valued in the slightest actually. I think to show some positive interest would actually be nice. I mean, they never congratulate. They never even seem to appreciate the fact that we are there, they don't seem to see you as part of the team, I don't think."

"I think somebody ought to give you pat on the back, or somebody should just at least take a little bit of interest. I just think once in a while they could actually make a call and see how you are doing."

"The've got 300 franchisees or more. How many customers I have got, 250? I know all of them by name, and all their families by name. I make a huge effort to get to know my customer family. They don't."

"I got where I've got now from doing it all myself. In the past, when I did need support.... Well, let's just say it would have been nicer to have had more of it."

"You get an independent inspection each year, and obviously it goes to the head office and they look at it. I just feel that perhaps they could just make me feel valued. The never come back and say I've done well with the inspection."

"Some praise and encouragement and some gratitude I think would be good."

Motivating cannot be simply switched on and off by the franchisor in response to figures on a screen. It must be integrated into the business relationship from the beginning and driven by the positive social interactions of a franchise support manager.

Success Recognising

In an effort to mitigate its figures-led, technology-driven support approach, franchisor A provides a "franchisee of the Year" award at its annual conference. This *success recognising* is intended to assist in *motivating* franchisees. However, the franchisor has chosen to solely base the selection process on incoming figures from the ICT system, rather than considering any wider criteria or good work that franchisees have successfully engaged in over the previous year. During my field research, I interviewed a winner of this award and found that, despite triumphing, she contended that it is flawed:

"My husband got Franchisee of the Year Award last year in the brand, but the way they judge who is the most successful is by the franchisee who's lost the least customers over the year. It's not based

on anything else. It's based on numbers that they get from their new computer system, retention of customers. They say the argument is, if you retain your customers, then you're running a super school because nobody wants to leave, you know... that's the way in which it's shown to be successful, but in reality there are many other reasons for that success."

Franchisees crave recognition from their franchisor. For many a metaphorical "pat on the back" appears all that is required. However, since the introduction the ICT and the resulting reduction in support manager social activity, this *success recognising* is becoming a rarity as opposed to the norm:

"I think it would be good if there was more incentives and rewards... but it's difficult for head office to actually award anybody for anything other than numbers, because that's all they know about it. You know, they don't come and see. They used to come to the schools. They used to send a support manager representative from head office once every couple of terms, and that person would go back to head office and report back on the way everything looked and so on. Now they use an outside inspector company, and it's very much based on numbers, and they don't report back whether the show was lovely or the children looked good or the costumes and so on."

Franchisees contend overall that there should be more personal communication, and that incentives should be based on a wide variety of outcomes, some of which are directly measurable, such as the increasing of student numbers (resulting in a lower royalty payment). Others, they consider, should be based on how well they are operating the brand, championing the system and being loyal to the network and its values. What all of this points to is the need for more social bonding within the franchisee to franchisor relationship to balance the cold, hard specifics of the ICT. It is to this element that I now turn my attention.

Social Bonding

Social bonding is a subcategory of *support manager interfacing,* and exhibits the sub-sub categories of *Individualising, pro-activing, phoning, visiting* and *mailing*.

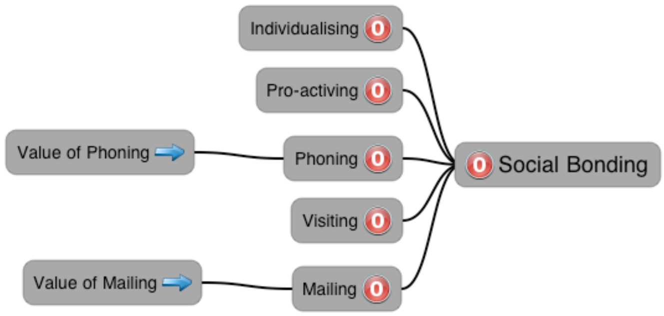

Figure 23: Social Bonding and its Subcategories

Individualising

Franchisors demonstrate *individualising* by working with franchisees one-on-one. As this study has already shown, franchisees require direct contact to inspire and motivate them, both to maintain brand standards and to feel that they are valued. With the introduction of computer technology, *individualising* and *social bonding* which had previously been operationalised through support manager interfacing has diminished. Throughout the discussion on inspiring, results point to this change as having a significant negative effect on franchisee co-operation and attitude. Diminished individualisation creates dissatisfaction in an otherwise well-functioning business relationship:

"I think they could probably work more closely with me or understand where I'm at, and then also help me get to where I want to be."

Whilst each franchisee follows a prescribed and specific business format, each will have differing goals aims and objectives based on their personal circumstances, which are wont to change during the life of the franchise agreement. These individual definitions of "what success looks like" must be taken into account by franchisors. Technology provides a snapshot of the financial health of a franchise outlet, but is blind to the myriad day-to-day events that shape a franchisee's life, in particular their shifting mental attitude to the business, and also where it is subsequently positioned in the hierarchy of that person's lifestyle. Such information can only be revealed by pro-active *individualising* by a franchise support manager, whose aims must be to develop, right from the start of the relationship, strong *social bonding* that goes beyond the necessities of the business itself and extends toward the realm of friendship.

Pro-Activing

Pro-activing is demonstrated by the level of the franchisor's desire to find out what lies behind the figures in an ICT system and what causes them to be the way they are. This investigative approach requires the actioning of *individualising* strategies, but may reveal complex problems and concerns that would not normally surface and can be likened to the colloquialism of "opening a can of worms." Perhaps because of this unwanted potential, and because of the staff hours subsequently required, there appears to be a tendency on the part of the franchisor to avoid *pro-activing* altogether, especially as the ICT system enables the smooth-running of the essential financial business mechanisms without recourse to it. However, invisible to the franchisor, this approach seems to damage the franchisees' positive perception of the trusting belief of franchisor *competence*:

"They wait for you to contact them if you've got a problem. Unfortunately, they seem to only contact people if either the customer numbers are looking low, or if they are very new and then they might need a little bit more help."

"They know that you'll ring them if you've got a problem, you don't have to do that. It's not ideal, but it's the way it is and I've got used to it now. Sad to say, I don't see a pro-active team."

Phoning

Whilst the reduction in support managers and the subsequent increase in the ratio of support managers to franchisees post-ICT introduction has meant that face-to-face *individualising* has become logistically impossible for franchisor A, *pro-activing* through phoning still has the potential to be actioned to some degree. Nevertheless, downstream communication using the phone seems to be be very rare, and is left to franchisees to initiate. However, because of the aforementioned service reductions, such attempts are often unsatisfactory:

"I just find it with ringing head office, you rarely get through, and you will get an answering machine saying that we will call you back. Oh my God, its so frustrating."

Despite the ICT system and its various online knowledge base documents, plus the channel convenience of email being available to solve queries, franchisees overwhelmingly prefer to use the telephone. They contend that email is *"impersonal,"* unsuitable for anything that is *"significant"* or *"sensitive,"* can be misconstrued as being *"inflammatory"* or even *"defamatory"*, and what should be *"taken as a quick remark can be taken wrong."* There is also a notion that email has the potential to diminish the importance of the communication's content:

"I prefer phoning. There's something about the nature of email which kind of diminishes the content. I know it is convenient, I know it is very handy, but initially - when we got started - everything from the head office came in form of a letter which you read. An email comes in these days and when you check your inbox, very often you do not read it immediately, and by the time you've filtered out the spam and sorted out all the other emails that you tend to get, what's left loses a lot of impact because it's sandwiched in between everything else, not on my doormat largely on its own, staring up at me like it used to."

Sphere, the franchise ICT system, has been adopted by franchisees but is being used on their own terms. The technology and the reactive approach of the franchisor has made it possible for the first time for franchisees who do not wish to stay in contact with the franchisor, to avoid doing so and quietly get on with running their outlets independently in the furthest outposts of the network, unsupervised and unsupported. In essence, franchisees are now being able to choose the shape of their relationship with the franchisor. For franchisees who with to communicate about operational matters, the onus to do so is very much on them to initiate that contact and they are presented with the choice of either email or telephone. Those who wish to stay on the periphery of the franchisor's vision tend to choose email, whilst franchisees who wish to avail themselves of operational support still overwhelmingly choose to phone, even though they recognise that the telephone support service has been diminished. This indicates a continuing desire for *social bonding* which transcends the technology in place as highlighted by the following:

"I always communicate by phone. I'd much rather talk to somebody. Obviously if it was something to do with numbers and things in a report, then obviously Sphere is fantastic, but for anything else, any questions about anything, I normally ring them."

"There's the precise, factual stuff...These are the facts. These are the figures. This is what happens. Email's great for that. But then the other side of it is more the personal side... I think that's the point, the phone contact I would use when it's a sensitive issue."

Visiting

The franchisor would originally demonstrate *social bonding* by *visiting* franchisees during working hours in their outlets across the network. Initially, these visits were carried out by Don the CEO and then, as the business developed, by designated franchise support managers. However, as the business continued to grow to over 600 individual outlets and expand into foreign territories, such *visiting* was deemed impractical, and instead of investment being made on a larger team of franchise support managers, the decision was made to invest in ICT technology to manage the burgeoning network. *Visiting* thus became a rarity as opposed to a norm. Franchisees are not particularly accepting of the situation, especially when taken in association with withdrawal of the pro-active telephone support previously discussed. Their concerns revolve around two areas. The first is the feeling that the good work that they do on the shop-floor is being overlooked. The second is that, due to the relaxation in downstream communications, franchisees who have elected to distance themselves from the franchisor have the potential to relax brand standards, which can damage the perception of the business in the eyes of customers and have a negative affect the trading potential of neighbouring franchisees in abutting territories:

"I am not going to mention any names, but I know of one school that has been run quite badly in the past and I have been hearing about it for the last 2 or 3 years. The computer system doesn't pick any of that up, because all the computer system is, is names and numbers. If somebody personally visited to see what things are like, then this would stop brand standard problems occurring more. I think that is one thing that doesn't happen."

"I just think that sometimes when they are dealing with the numbers of people they have got in as franchisees, then you sort of think that If they has a few more support people, they would be able to get around and see some of the good things that are happening in the network and some of the bad things that are happening in the network too and fix them. Does that make sense?"

"After the amount of money we pay them, I think they should try to look a bit more enthusiastic. If they would come and view the schools, then they would be pleased to see what a great job it is that ourselves and other franchisees are doing that they don't know about, now the computer does it all."

Mailing

To reduce costs and increase office productivity, the tradition of *mailing* materials out to franchisees has diminished and been replaced with a combination of email communications and online support materials. Electronic communications have thus superseded traditional mail in the network, but in doing so have accorded it a rarity value and consequently made it feel even more important than it originally did on rare occasions when it does arrive. In addition, for many of the older (50+) franchisees, it appears that email has never reached this level of primacy, and for electronic communications and information to be acted upon, traditional methods may need to be deployed in tandem as initiators:

"The Internet doesn't work on its own. I need prompting. If something came through the post to me and told me to go and look on the internet for something, it would work. It definitely does, because very occasionally we'll get mails that say, you know, there's a new thing now on the Intranet, go and have a look at it, and that helps get me into action."

6.3.9 Ramifications of Solving

This research has revealed that trusting belief of *competencing*, which is *operationalised* through the subcategories of *training, updating* and *solving* are foundational to a successful franchise relationship. *Solving* in particular within this research, is an area which has presented many key problematics following the introduction of ICT into the franchise relationship. As a result, there has been a significant reduction in the level of *social bonding* and *inspiring* though the actions of *franchise support manager interfacing*. Pro-active ongoing downstream support and *visiting* have been replaced with reactive responses to incoming franchisee-led requests, as opposed to the previous *pro-activing* approach (which was necessary when online figures and information had to be manually gathered from around the network). *Motivating* franchisees and *de-comfort zoning* them has subsequently become more difficult as a result because the *individualising* coercive and trusting benefits of enduring and developing one-to-one relationships is now increasingly absent in the franchise network.

Franchisors must recognise that introducing changes in the manner in which they operationalise the *solving* of franchisee problems into an existing franchise relationship will result in some ramifications. This section concerns itself with understanding the reasons for franchisees believing that the new service is *lacking,* and then moves on to analyze the continuing reasons for them *valuing* it. Finally, a summary of the ramifications is provided.

Lacking

The category of *lacking* exhibits four subcategories, namely *inadequately supporting*, *relationship now less personal, relationship unimportant* and *geographical benefiting*. The *relationship less personal* subcategory also includes the two sub-sub categories of *relationship is changing* and *relationship pre-ICT.*

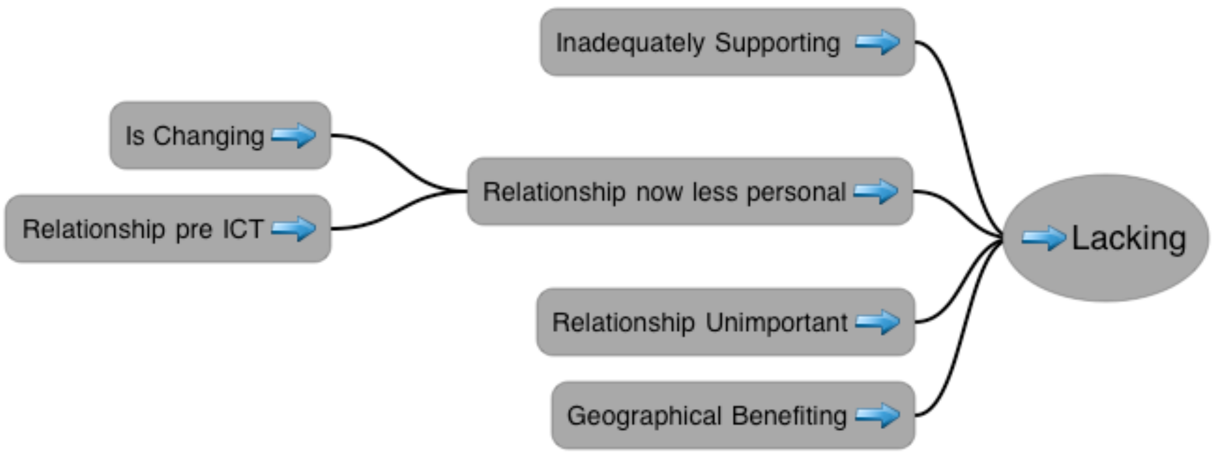

Figure 24: Lacking and its Subcategories as a Ramification of Changes in Solving

Inadequately Supporting

The subcategory *Inadequately supporting* occurs as a ramification of deploying *solving* through ICT technology. Franchisees perceive that individual help and support is diminished and separation and autonomy from the franchisor is increased.

Franchisees from the franchisor A's network widely contend that the personnel at head office do not now have the necessary expertise to assist them, and bemoan the *"glib responses"* and *"textbook answers"* that they consider that they receive when seeking help on operational matters:

"I barely contact head office at all, and when I do I find its not particularly helpful advice. It seems to be fairly restricted in that they always give fairly cautions answers rather than, I felt, deal with the matter at hand."

"I have phoned up Head office several times and put my phone down. I thought that was a waste of time. I found the chap very arrogant and very dismissive, especially for people like me who are not very good at computers."

Recruiting, developing and training a new franchise support manager is a complicated and lengthy task, especially if such an individual does not have previous operational experience from within the brand. To simplify this, the franchisor can instruct the support manager to rigidly use the franchise operations manual as the basis for answers to questions that are received, because this will always encompass the preferred company line on any matters and reduce the need for real-world experience on the part of the trainee. Whilst this strategy does achieve some partial success with new franchisees, those with longer experience in the brand see through it very quickly and are not satisfied with the results:

"In a franchise support manager I want to see understanding. I don't want to deal with a completely business face if you know what I mean. I want to deal with some someone who's got the creative skill and somebody who is not always going to say things like - 'Where does your franchise agreement say that? He should not look at things and just say – 'You can only do that and do that.'"

"I think the trouble is that on the ground within the network, the general feeling is that head office don't actually know what it's like to be a franchisee. In fact, there are two or three franchisees who used to be franchise managers at head office, and since they've become franchisees they've admitted to us that they've no idea what it was like actually running a school, and that head office think its one way, but in fact it's a different way. And they've admitted it's a lot harder being a franchisee than they thought, because you can write it all down on a computer system and try to

write a franchise manual, but when it was written, it was written at the very beginning of the franchising when there were just 6, 10, 12 franchisees."

The expansion of the franchise network combined with the adoption of ICT as the primary communication system, has resulted in the human support service level being reduced, meaning that immediate human responses are now rare:

"I found their responses very slow. If I asked a question via email on Tuesday, I might get an answer Thursday or Friday, by which time I could have dealt with it three times over. That sort of delayed support... it's frustrating. Overall, I would say there is no continuity of service. I think they are quite thinly staffed, so franchisees are sort of shared amongst many, which means things are not dealt with immediately like they once were."

"'Don can speak to you at 1 o'clock next Tuesday,' that is what they say, which means I do not bother."

Because of these changes, franchisees are becoming discouraged from communicating with their head office, and thus the business relationship is becoming more distant. This has caused a rise in autonomy, and has had the effect of encouraging more clandestine horizontal (franchisee to franchisee) communications as a means of gaining adequate support. However, answers gained from such peers may not be in line with the brand standards or operational norms of the wider network, causing the potential fragmentation and dilution of the brand identity. Franchisees whose relationships become distant from the franchisor increasingly make their own decisions and, as a result, their outlets are less likely to adhere to the brand standards and operational procedures laid down by the franchisor. This is significant because a successful franchise network relies on similarity at the operating level, resulting in consumer trust in the brand. As previously discussed, franchisor A, post ICT introduction, has discontinued regular site *visiting* by franchise support managers, relying on a single third-party inspection visit once a year. This reduction in *social bonding* offers significant scope for franchisees to become more operationally autonomous, with all its inherent dangers.

Relationship Now Less Personal

The subcategory *relationship now less personal* occurs as a ramification of deploying *solving* through ICT technology. Franchisees contend that as consequences of the growing size of the network and the ICT put in place to maintain control, that the original *"friendly, family business,"* personal style and "*ethos"* has been lost forever. The situation is encompassed in the following data indicator:

"I think it is less personal now, but more informative through the new computer technology. Before the technology arrived, I thought it was more like a small family. Now it is much more impersonal, but on the other hand, you are probably more informed, and that will suit some people better than others."

Franchisees widely believe that the expansion of the size of the franchise network has meant that a reduction in personal service was inevitable. This has been convenient for the franchisor as it has aided ICT adoption. One the one hand, franchisees recognise the positive benefits of the ever-stronger brand visibility and image as a powerful tool for recruiting new customers. This is powerful, especially against growing competition and the need to achieve customers in a recession, and therefore keeps them loyal to the brand despite the service changes. On the other, they point to the change in the business constitution to a public limited company (which they do not consider they derive any direct benefit from) and the ICT introduction to serve it, as the point at which the business ethos changed from being a *"personal, close"* one, to a *"business-orientated"* one. One rather poignant data indicator summed up the feeling in the network; *"they gained a lot, but we as franchisees, lost a lot."*

This scenario leads me into a discussion of how franchisees contend that their relationship with their franchisor has become changed as a result.

Relationship is Changing

Following the introduction of ICT by the franchisor, franchisees believe that there have been changes to the business relationship. These changes revolve around five key areas:

Less Contact

Franchisees have identified that there is considerably less personal contact with their franchisor now that essential business information can be accessed by the franchisor through the intranet system, following franchisee input of key operational data.

Slower Response

Support has shifted from being pro-active to reactive, and due to the reduction in physical support staff, has become slower and less reliable, especially when franchisees initiate phone communications, which now are much more likely to require answer-phone messages to be left, or times to talk to be be booked. Example:

"They should be better in terms of returning emails and calls, and also to just be more 'hands on' when there is a problem. Often I find that I call in about something that I never hear anything about again, and that it's frustrating because there seems to be no point and it's completely ineffective."

No Visits

The only visits that franchisees now receive at their outlets is the annual inspection visit, which is handled through a third-party organisation for the purposes of auditing the outlet. Franchisees are largely proud of the work they do in their outlets, and feel that there are now no opportunities for this to be seen or recognised by head office. As a result, levels of motivation are reduced. Example:

"Nobody has ever visited my school. I have had no support from those who are in the franchise team."

Reactive Support

Support is now entirely reactive, and head office waits for incoming requests to arrive through email or the telephone as opposed to checking with franchisees to see how they are doing and initiating ideas for improving given situations that are uncovered as a result. Example:

"Sometimes it appears like is the only contact we ever have is when they have not received something that they wanted sent or something."

This franchisor approach is possible because all necessary operating figures are available through the *absent interrogating* methods of the ICT system. Before this, the franchisor had to communicate much more with the franchisee network to understand what was going on. Franchisees believe that as a result, the franchisor now possesses less understanding of the needs of the network, and franchisee confidence in the ability of the franchisor to assist has been reduced. This has been compounded by the variable quality of the support managers, many of whom are considered young and inexperienced. Examples:

I feel that the franchise managers are incompetent. The franchise managers who are there are not that supportive. They will just tell you to throw a load of money at advertising trying to make it work, without actually wanting to get down and help you."

"Some of the current support managers have not run schools. I think this is a problem. If they would actually witness the problems, then they would understand the struggle that we all have to go through, rather than just going by a book... you know... because everyone is different, and everyone has their own problems."

"You'll often hear them say 'No they don't do that, listen, this is exactly what we do, and this is from hard-earned experience.' But most franchise managers in the brand have never run schools, so it's not <u>their</u> hard-earned experience. They need people at head office with more real understanding of how schools run."

"A lot of people they then brought in are very young and seem to have sort of textbook answers. They seem to be sort of... 'We have read the manual and this is what it is.' You've got to go beyond that."

Because of these issues, franchisees consider that the *relationship is changing,* and the franchise network as a whole has become more autonomous and divided since the introduction of the ICT. Franchisees are now making more of their own decisions, and this is leading to *mavericking* (which is discussed presently) where franchisees are surreptitiously modifying the operation of the business model to suit their own requirements. There has also been a rise in horizontal franchisee-to-franchisee channel communications in ad-hoc attempts to plug what they perceive as a *social bonding* gap, and regain the sense of connectedness and friendly co-operation which they contend has been lost in the post-ICT franchisor relationship. The essential support conduit from franchisee to franchisor has been fractured and subsequently patched up by the community of franchisees themselves:

"There is almost a divide now between head office and the franchisees. Yeah, just from having a relationship where you could pick the phone up and you know who you were gonna speak to, you know that they knew the business very well. There have been people that have come in and some of them have been okay, but others you just wonder why on earth they are there. I'm better off talking to other franchisees, which I do a lot now."

Relationship Pre-ICT

Franchisees contend that before the introduction of the ICT, their relationship with their franchisor was different. This research has revealed that this perceived *relationship pre-ICT* difference revolves around an ongoing desire for *social bonding*, and the malady has arisen through an intentional reduction in the level of personal contact by the franchisor, which the technology has made possible.

Franchisees hold that the relationship felt *"closer"* before the Sphere intranet system took over the upstream reporting functions of the business relationship. They contend that this is because, before its introduction, it was necessary for head office to initiate communications to ascertain what the trading position was and, on occasions, follow-ups were also necessary to achieve clarifications. These were opportunities for conversations about wider issues, and were deemed *"friendly"* and promoted a *"personal touch"* which franchisees believe is now absent:

"Before all this intranet stuff, the relationship was the more friendly, face-to-face one that I needed because people were be forced to talk to each other, and it's something that's changed since the computer system has been used in the network."

"The old way of doing things was very friendly... This isn't."

"I think that this business relationship needs to have a personal touch that's lacking now."

This dearth of social contact has been exacerbated by the franchisor's decision to reduce the ratio of franchise support managers to franchisees and to discontinue onsite visits by these staff members, requiring franchisees to initiate communications by phone or email whenever they considered they needed operational support:

"Before all this online communication we were a lot closer socially, because you had to have more interaction with your franchise managers. You'd have to see them more often, and it was different because of that."

"Before these computer systems, we often had someone from head office come down to see our school. You could talk to them with your questions. If I've got a problem now I've got sit down and send an email or try to call. It's completely different now. It's changed the feel of things."

The franchisor's reduction in social contact has resulted in franchisees experiencing a sense of isolation that they claim was simply not present before:

"I have got used to the new way of doing things through a computer, but it has made me feel more isolated. I mean, it is an isolated business to start off with, because you run it from home and you just go to run the outlet on a weekend. But I think that this technology makes you a lot more isolated, because we only 'see' people now through the technology, not face to face. That's how we communicate. It's not real or natural."

"I feel that I've been impersonalised by technology. It drives me insane. Because of this system we can't do this and we can't do that. It's become rigid due to the way it works, and it's as if the user stops mattering and the customer care ceases to exist. The lack of personal contact I really, really care about, and I think that it's impersonal here now. Impersonal and somehow distant."

Although officially, the technology operates consistently across the whole network, beneath the surface, this is not entirely the case and some of the long-standing franchisees do quietly continue to enjoy the benefits of a personal relationship with the upper echelons of the franchisor's team. As this has become known *"through the grapevine,"* franchisees outside this so-called *"inner circle"* have expressed feelings of detachment and concern:

"I just feel very detached and isolated much more than before all this technology, and… well, to be honest, I'm not comfortable any more, and it's because of the way that the technology has revealed an inner circle. There's a bunch of principals who have been around for twenty years and know Don really, really well, and they are part of an inner circle and still get personal and social contact, but then for the rest of us we are are only in touch now through the technology. I mean I would be amazed if nobody else had said that to you. It feels unbalanced and unfair."

Compounding this problem is the *geographical benefitting* that franchisees near to the London area head office enjoy. Although occasional training days are carried out around the country once a season, most face-to-face opportunities take place near London and require franchisees to travel considerable distances to attend which for some, can be particularly expensive.

The net result of the changed relationship with head office is that many franchisees now consider the *relationship unimportant* and have developed mutually supportive relationships with other franchisees instead from within the network who have become their first point of contact for operational and promotional advice and, in some cases, have taken on an unofficial mentoring role.

Valuing

Despite the negativity of the previous section, this study has identified that there are still pockets of positivity to be found in the post-ICT franchise network. In these pockets franchisees are still *valuing* the relationship with their franchisor. However, the research reveals that this *valuing* is almost exclusively related to the perceived quality of the franchise support manager that has been assigned to them. Importantly, franchisees who are satisfied with their franchise support manager are more inclined to accept change and comply with directives than those who are not satisfied. The best franchise managers seems to be those who are able to successfully function as a bridging intermediary between their franchisees and head office, commanding respect and trust through a softer, thoughtful and more creative approach based on long experience that, on occasions, may even benefit the franchisee over head office.

The subcategory of valuing presents two subcategories which are *relationship - satisfied with* and *relationship - still personal.*

Relationship - Satisfied With

During the field research, there were very few positive reactions to the work of the franchise support managers. However the following pair of rare data indicators show how far the support personnel can successfully influence the attitudes of franchisees and maintain relationships that are still regarded as personal, and which have the powerful effect of being able to smooth the way along the bumpy road of change:

"My franchise manager is so fantastic, she is the most important thing. She is a fantastic manager and she is my first point of contact. If I have a problem I don't think, 'Oh, I wonder if there's an answer in the computer,'... that's the last place I'd look. I think 'Oh, my manager will help me,' and I tell you what, I feel that my franchise manager is on my side, and that she will stand with me and help me work with the company. Although she's working for the company, she does her best for me as an individual. I really feel that's important. I'm not saying that she would let me get away with anything, but she'd be on my side, and that really matters to me."

"I get along well my franchise manager. She's a nice girl and she has always got sound advice. I mean she's not very old, but she does quite often think outside the box and says 'So yes, I think perhaps you should try this,' or, if I come up with something, sometimes she says 'Yes that's good, didn't think of that,' which is nice too."

Relationship - Still Personal

Now that the ICT system is in place, personal relationships between the franchisee and franchisor occur either because of a rare successful pairing with a good franchise manager or because the franchisee is a long-standing member of the network and knows the founder and is thus within the favoured *"inner circle."* For most franchisees, social bonding through *mutually* developing long-term relationships are a thing of the past, and to establish any sort of personal relationship at all with the franchisor now requires that all the effort and initiation must come from the franchisee. It is thus rather one-sided. A few franchisees are willing to invest in this. Many are not:

"I think I do still manage to have quite a personal relationship with the franchisor, considering how many they have and the way that all this technology has taken over, but I also think it's sort of... it is

down to you as an individual franchisee as to how much you bother. I know lots of franchisees don't bother with head office. They kind of, you know... they buy the franchise and have as little to do with them as possible, because it is hard."

6.3.10 Ramifications of Competencing

The area of *solving* is the one which causes the most contention in the whole process of franchisor *competencing*. It is the arena in which the battle between good and bad support is played out, and where there are clear winners and losers. Winning means having satisfied, motivated and happy franchisees who champion the brand and all that it stands for and feel valued as a key part of the organisation. Losing means having disillusioned and unhappy franchisees who feel distant from the franchisor, are dis-spirited and unmotivated and who negatively believe that the royalty that they pay does not good value for money.

The franchisor must crucially recognise that virtual support, delivered through an ICT system by way of online methods such as electronic updates, knowledge bases and email, plus a strategy of only offering reactive rather than pro-active assistance, where the franchisee is the always the one required to initiate the contact, does not provide the winning formula, however expensive or competent the ICT system is. Franchisors cannot just replace their franchise support managers with the latest and best electronic communications technology in a bid to reduce costs and simplify the operations of their networks.

To win, the franchisor must understand that for every time and cost-saving advance deployed through the ICT for their own benefit and ease, there must be a similar balancing benefit for the franchisees. For example, franchisees are prepared to engage in more online administration tasks which they consider tedious and which they recognise are offering the franchisor tremendous benefit, if they can equally see that other new systems provided for them through the ICT mechanism such as online franchisee to franchisee forums, are offering them equally valuable benefits that were previously unavailable. Such balancing benefits should ideally always have a social dimension to them as this has turned out to be extremely important to franchisees.

Equally importantly, franchisors should understand that franchisees will accept newness and change only if they continue to feel valued. *Valuing* cannot be demonstrated through electronic means alone. It must be operationalised though the mechanisms of *social bonding* and *success recognising,* and for every technological ICT advance, there must be a balancing social advance.

A perfectly successful example of this in action comes from Franchisor B who, when introducing an online franchise support ticket system and self-help portal to replace the ad-hoc phone calls and non-trackable service responses of the past, concurrently and cleverly employed an additional part-time franchise support manager, recruited from the franchisee network itself (who was thus immediately seen as knowledgeable with real shop-floor experience) and whose role was simply to offer more pro-active support though regular "how's it going" phone calls, from which she gently referred any resulting issues or problems to articles in the new online knowledge base. This resulted in the seamless, positive and immediate adoption of the new technology by the franchisee network. The part-time manager was low-cost, and built into the technology implementation business plan. The result was that the support overheads were successfully reduced by the implementation of the online self-help system and the prioritized ticket support mechanism, even when taking into account the employment costs of new manager. Franchisor B further assured an ICT win by introducing a useful and enthusiastically received horizontal franchisee-to-franchisee social forum at exactly the same time.

6.3.11 Actively Identifying

The final subcategory of *believing* is that of *actively identifying*. *Actively identifying* occurs when a franchisee (or indeed a customer) recognises and enjoys the value of being part of the brand to such an extent that he or she desires to genuinely identify with, and base their personal outlook and worldview upon it. *Actively identifying* can be likened to a pop music fan completely identifying with a favourite artiste and being prepared to follow them, purchase their recorded output, buy merchandise, alter their appearance, join fan clubs or online "tribes" and defend the artiste against negative comment from outside the tribe.

Franchisors seek to develop *actively identifying* in franchisees and their customers, because individuals who have reached this level tend to become the most loyal, compliant to change, easy to manage and, in the case of franchisees, most prepared to buy further territories. *Actively identifying* within this research study has produced the subcategories of *reputation building, power of branding* and *satisfaction building*. The latter further exhibits the subcategories of *expansioning, renewing* and *reselling*.

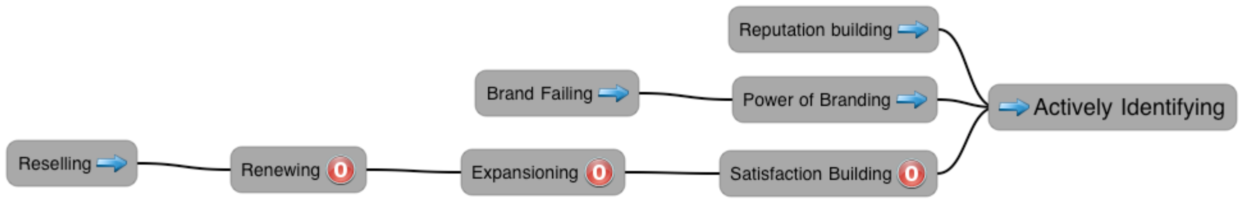

Figure 25: Actively Identifying and its subcategories

Reputation Building

By developing a good reputation with the public the franchisor benefits from easier customer recruitment, and thus more successful franchisees. Customers themselves will also engage in *reputation building* with the brand as a way of raising their own status. Outside of this research project, I have come across customers from Franchisor A's brand on many occasions and overall there is a pride attached to sending their children to the stage schools. It becomes a conversational point and, for parents, also a way of demonstrating how "gifted" their child is. On occasions, this *reputation building* goes further and aids franchisee recruitment, as the following data indicator, taken from my franchisee field research reveals:

"I wanted to send my children to the brand because I had heard such good things about it, pretty good things, and I was just talking about it to my friends saying have you ever heard of this franchise, blah, blah? and they all had, and so I said, 'Well if there was one in our town, would you send your children?' A lot of people said yes, and I said okay, well instead of me paying them, they can pay me. I would never have had the guts to do it on my own. I didn't want to. I have never really wanted to do this on my own. It was the brand name and I wanted to be part of the big thing. I could never have done it on my own. I feel a different person now."

Power of Branding

Reputation building is made easier through the *power of branding*. A brand image acts as a focus point for customers and franchisees to actively identify with. Franchisees contend that customers buy the brand name with its connotations of creative success and the stretching of their child's potential in several important developmental directions as much as, and possibly more than, the actual delivered service itself:

"The ongoing thing is the brand. A lot of people go for the name as opposed to just my schools."

"What I've got is the name that is highly regarded and highly recognised, and a significant number of new students come because the parents recognise the brand. So I bought the brand really."

"Obviously you're buying into a brand, and there are certain advantages of being this brand's schools, as in when I opened my first school, I think most people started with me just because they recognised the name, so there's certain advantages, obviously, of just being able to use the brand name."

Throughout all the changes imposed in the introduction of the ICT, franchisees have continued to recognise the *power of branding,* and still strongly engage in *actively identifying* with it:

"I think it's just the opportunity to be part of the brand, and the security as well that you've got in a franchise. Even with all this new stuff coming at us, you're not completely out there on your own as an unknown new business."

Satisfaction Building

Satisfaction building is developed in franchisees through the franchisor demonstrating a commitment to developing a genuine mutually beneficial business relationship. Franchisees who are satisfied with the franchise relationship are more likely to spend money on *expansioning* through the purchase of additional nearby geographical territories in which to site further outlets. Franchisor B CEO, Shirley contends that her franchisees' decisions to engage in *expansioning* are based, not on the concrete financial success of existing outlets, but rather on the more abstract perception of the social success of the franchisor to franchisee relationship. She maintains that whilst a trading position oscillates upwards and downwards across the franchise lifecycle, trust and the development of a close relationship will tend to smoothly increase if it is handled with the care it deserves. She believes that this trusting relationship also positively assists in franchisees deciding to renew the relationship at the end of the first franchise term (five years in the case of franchisor

B). *Renewing* is important for franchisors as it maintains the royalty income stream and avoids the need to engage in fresh franchisee recruitment and the training of new entrants into the brand. Whilst developing a good relationship is overwhelmingly in the best interests of the franchisor due to the financial rewards inherent through the ongoing royalties being received, from the franchisee perspective there is the recognition that, when the times comes to exit from the brand and realise the financial equity developed in their business though *reselling*, that a good relationship with the franchisor is essential to facilitate the process, especially as the franchise agreements provide the franchisor with the opportunity to vet and approve any potential buyers.

There are thus beneficial reasons for both franchisors and franchisees to maintain good relationships across the complete franchise term. This study has found that such relationships overwhelmingly require ongoing elements of *social bonding* to be successful, and whilst technology can certainly be readily used to improve and streamline many aspects of the business, especially those revolving around the collection of trading figures, many individual relationships break down when technology, however advanced or enticing it may appear to the franchisor, attempts to go further and completely replaces previous human interaction.

6.3.12 Freedoming

The second of the two subcategories of *supporting* / *trust building* is *freedoming*. In an attempt to mitigate the introduction of ICT and its subsequently rigidity, franchisors enable *freedoming*. *Freedoming* occurs when the franchisor relaxes certain operational requirements within the rigid business format franchise system, and enables franchisees to make individual changes from their own operational experience. *Freedoming* exhibits the subcategories of *entrepreneuring, independencing* and *flexible operating.*

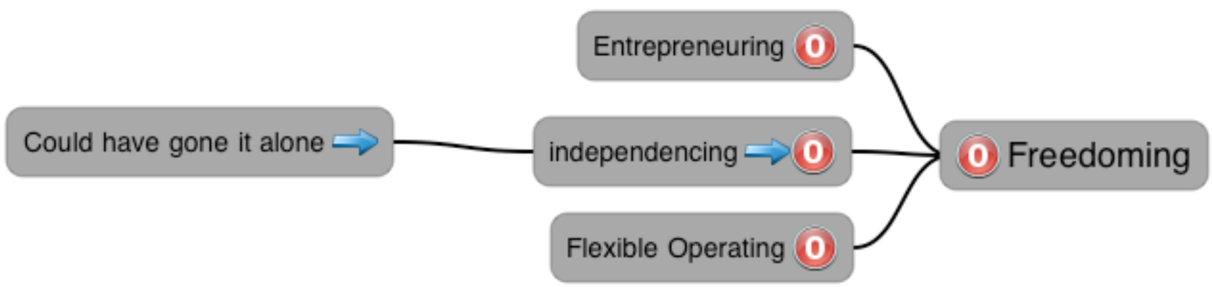

Figure 26: Freedoming and its Subcategories.

Entrepreneuring

Entrepreneuring occurs when a franchisee uses his or her own personal skills and characteristics to modify the business model. A particularly good summary of how this opportunity for action is seen from the franchisee perspective is encapsulated in the following data indicator:

"I look at what I'm buying as a formula or if you like a recipe. If you follow a recipe, you know it's going to work. If you then have a fabulous idea for actually... I can make that a wee bit better if I did this with it instead of that with it, you have the freedom to do that, but you then… you then also have to take the responsibility for it. If It's an absolute disaster and much worse than the original recipe. You did that."

An example of the typical way franchisees use the freedom of *entrepreneuring* in a positive manner to aid customer recruitment is provided below:

"I tend to do like a little one day dance workshop, and I use my teacher and I just do letters to all the local schools saying... well, I don't call it our brand, I've given it another name, I call it boomerang, come to our boomerang workshop I'm going to do a little bit of the musicals from the West End, or we are going to do some pop dancing, and then at the bottom I say taught by whatever, the name of my dance teacher is, so it's not seen as being our brand, and I only charge a few quid and kids they come for the day and have a fantastic time. I involve all the parents in the end, and then I say, if you don't know, I am the principal of a local performing arts franchise, here's all the information about it, your child had a really good day today. I sometimes think if you state our brand name immediately, they think straight away, 'Oh, its too expensive,' but if they see how good my teachers are, once the kids have been and they say 'Oh mommy, I want to go back', I have found that is quite a good way of recruiting."

Flexible Operating

Within Franchisor A's network a framework exists which requires that each outlet shall operate for three consecutive hours on a weekend, once a week across three twelve-week terms per annum, and within each hour there will be a maximum of fifteen children taking part who rotate between an hour of singing, an hour of dance and an hour of drama. However, further than this, the franchisor does not impose any specific shop-floor operating requirements. This means that each franchisee is able to engage in *freedoming* and choose the way in which the children learn each of the three disciplines, as one franchisee outlined:

"There is no set rule or set plan. It's not like fixing a car where you have to put this here and not there, because it's always about creativity. It works in a slightly different way, so you have to give your teachers a certain amount of freeway. They have to work within the guidelines that you give them, but can choose what you want them to do at the end of the day. Head office don't have anything to do with it."

Within franchising in general this is approach is rare. To take an example from the food industry, McDonalds franchisees are required to follow a specific and precise plan for producing a Big Mac which is given within the operations manual. This defined process enables new staff to be trained quickly and easily to be able to perform tasks and sub-tasks to the required brand standard, and this also enables them to be interchangeable because there is deliberately very little reliance on an individual's skills. From the customer's perspective, they are assured that their purchase will look and taste the same wherever in the world they choose to buy from the brand.

Freedoming through *flexible operating* without a lesson plan to follow or any guidance as to what should be taught or how it should be delivered in Franchisor A's network, therefore requires the franchisor to place considerable trust in the individual franchisees, who must in turn, trust their staff:

"I say to my teachers I trust you, and I know that my kids are having a great time because I hear laughter in the classrooms. I see them enjoying themselves, and they run into class, they are really happy to be there because I have given my teachers the ability to use their experience, and after all they are more experienced than I am in that respect."

"My teachers are a creative lot and they have got their own ways of doing things, and head office is very flexible in that regard and it's up to the individual franchisee to take it forward. A lot of particularly more experienced franchisees, the ones who've been running a long time, will probably tend to do it their own way, within, obviously, the terms of their franchise agreement more often than not."

Franchisees contacted in this study were unanimous in their desire for *flexible operating* to continue, and were very strongly against such *freedoming* ever being curtailed:

"I would hate to have any creative control imposed, because we work very hard to do things ourselves. Yeah, I mean, I would personally hate it. I even wonder whether I would want to do the franchise at all, because it may not be me... I just would not like it, it may not be my style."

"I don't want to be told what is good teaching practice. I know what is good teaching practice. I don't need to watch how other people do it, they can come watch me in my school."

Throughout my field interviewing, I came across many very strong creative egos and all franchisees contacted were at considerable pains to point out, quite forcibly at times, that although the *power of branding* has a positive effect on customer perception it is not the business format franchise itself that makes their businesses a success, but rather their own entrepreneurial actions, which are possible as a result of the *freedoming* and subsequent *flexible operating* handed down by the franchisor. A typical example of this belief is:

"I would not want them to control my school and these teaching activities. My school does well because of what I put into it, and that's that."

In contrast to franchisor A, Franchisor B (the music schools network) insists on specific lessons plans for each musical instrument taught, and trains its tutors in a very prescriptive way to deliver the course materials. There is absolutely no *freedoming* at the operating level apart from at the end of each session where, for fifteen minutes, the young customers are encouraged to play music together in a band environment with songs chosen by the tutors.

By comparing the approaches of the two different franchisors it could be hypothesised that the reason that franchisor A may have managed to introduce ICT into the network at all, especially whilst simultaneously reducing social bonding, could be due to allowing individual franchisees a considerable measure of creative *freedoming*. It could further be surmised that this usefully acts as the essential lubricant that has helped maintain smooth running of the relationship through the introduction of the ICT, without which it may have seized up completely. Franchisor B has *increased* social bonding and systems for deploying it concurrently with the introduction of the ICT into the network, and is perhaps only able to successfully insist on its completely rigid operating structure because of the continuing softening social elements of the relationship.

Although beyond the scope of the present work, a further research study across a wider cross-section of franchise networks who have recently deployed ICT could explore this hypothesis, and could usefully seek to understand whether rigid operating structures can survive through ICT introduction if the franchisor simultaneously withdraws social contact.

Independencing

Independencing occurs when a franchise comes to believe that the franchise relationship is no longer central to their ongoing success and that they could operate independently just as well:

"When I initially set it up I had never done any businesses before, so its kind of, yes you've got your settings done, you've been handheld and it's good. However, I think then after you learn it, you rather quickly realise that you could have done it yourself."

"Ten years on, I now think I could have done it on my own, but you don't know that at the time when you first begin. If I knew what I know now ten years ago, I wouldn't have done the franchise. I'd have done it myself, but I wouldn't have thought that I would have been able to at the time."

"If I was absolutely guaranteed that no one would leave me and I could run a school whereby I know the ins and outs of it all, I would be inclined to say thank you very much to the franchisor, I would like to sell my territory now and I'm going to open my own theatre school. You are not allowed to do that anyway, that's in your contract, you're not allowed to do it unfortunately. I would if I could, definitely."

Freedoming Summary

Freedoming is an important element of the franchise relationship because it has the power to ease channel conflict and serves to increase franchisee confidence and self-belief. This study suggests that franchisees can successfully deploy *freedoming* as a tool to aid in the adoption process of ICT, and also as at least a partial surrogate to assist the relationship when a reduction in social bonding is desired by the franchisor.

6.4 Boundary Setting

Although there are benefits in allowing a measure of *freedoming* to take place, some of which have been discussed in the previous section, the franchisor must nevertheless continue to exercise overall control over the franchise network. This control is operationalised through the implementation of various *boundary setting* strategies.

These are *free ride controlling, compliance building, brand standardising* and *restrictioning*. Unsurprisingly, these are not deployed without complications and challenges, and the processes of *compliance building* and *restrictioning* both have the effect of encouraging non-standard *mavericking* behaviour within the franchise network.

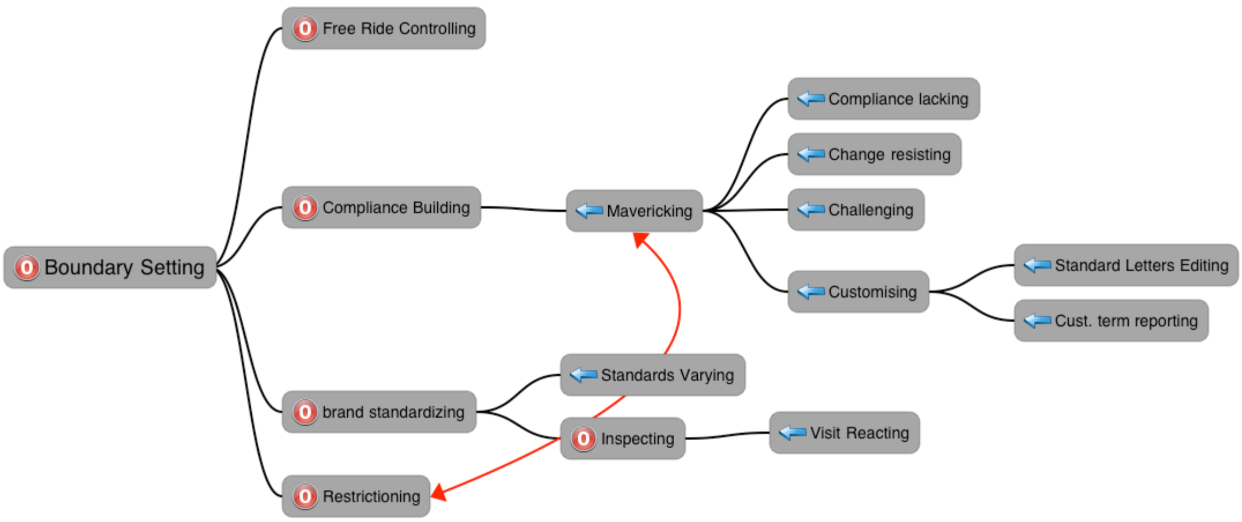

Figure 27: Boundary Setting and its Subcategories.

6.4.1 Free Ride Controlling

"Free riders" are people who consume a resource without paying for it. Within franchising this manifests itself as royalty under-declaring. Franchisor A attempts to control against free riding by initiating inspection visits using an outside company. The intention is to ensure that the franchisees has the same number of students attending as they are reporting on the ICT system. I have evidence of free riding occurring within the network. The following offer two examples:

“I think I find now that compared to last year with the much better, sort of the economical financial thing, the inquiries are getting lower and lower and lower. Alright and... I mean I’m completely not sort of 100% honest with what I do on the system. I know some other people are not, too.”

“It’s slightly difficult to get round things, but it can be done. I mean you're not supposed take on new students after the fourth week of term. Now, in the current economic climate, I’m certainly not going to be saying to anybody, ‘You have to wait until next term before you can start,’ that would be silly. So, to avoid head office knowing, you either enrol them and you mark them as joining next term or you don’t enrol them on the system at all until the following term. You just hand write them on your register and keep quiet about it.”

6.4.2 Compliance Building

Whilst elements of *freedoming* exist in areas of the franchise relationship, the franchisor must ensure franchisees across the network comply with the franchise agreement and the operations manual:

"I’ve always been aware that they have been very careful, but if they let one franchisee do one thing then logically, they have to let everybody have that. So, in other words they have been quite tight on things.”

Mavericking

Compliance lacking occurs when a franchisee decides to act against the franchise agreement and the operations manual. This *mavericking* behaviour is often self-centred, and largely seems to revolve around minor issues, such as not adding data for new enquiries to the database:

“I suppose from head office's point of view, when franchisees put data on, they can see things from on their computer. What they can see is how long a waiting list is and all those sorts of things. But I would argue that it is just a waste of time for me doing that, because I could spend ages putting all the information in. It is not worth it.”

However, there are occasions where a *mavericking* franchisee oversteps the *freedoming* that the franchisor has permitted, and begins changing the weekly operational format which forms the basis of the business format. Such *mavericking* is often first discovered, not by the franchisor but by neighbouring franchisees, who, because of the potential for such actions damaging the credibility and image of their own outlets, take steps to self-police the situation and correct the *mavericking* franchisees without recourse to head office, which they believe could result in the introduction of unwanted more stringent *compliance building* measures.

"There are a number of people who deviate from the format, and I know of people who run completely wrongly and don't have the format like… I mean there are some people who don't even do the three hours... There are a couple of people I know who do not follow that. And in fact, actually that annoys me because we always follow the format, and this sort of thing damages what customers think of the brand, so I spoke to them about it. Once they understood how it can affect all of us, they were okay about it, and they've stopped."

Change Resisting

Franchisees in this study are resistant to change. They contend that the older method of operating the brand was better, and that the new ICT is more *"awkward"* and *"complicated"* than before. The introduction of the technology by franchisor A was robust and gave no opportunity for debate or discussion. The franchisor has a large network of over 600 outlets, and because of this feels able to exert more pressure on their network to comply and is prepared to accept franchisees *change resisting*. The attitude of Don is fundamentally that; *"If they don't like it, then they can get out."* This was highlighted in my research:

"To be honest, the computer system introduction wasn't very well presented from head office, and it was almost as if, 'Well, this is what's going to happen, and this is what you will be doing.' That didn't go down very well I know with a lot of franchisees."

Because of the large upfront fees paid for territories in this network, together with the benefit of high turnovers achieved through the *power of branding*, franchisees have been prepared to comply. Even though Don accepts that it may have damaged the franchise relationship in the short term (which this study has confirmed) his belief is that it will all *"gradually repair itself"* and he is thus prepared to *"ride it out,"* because in the end he contends that with the ICT in place, the franchise will be a much better business operation with lower costs and better reporting. Smaller networks, such as Franchisor B's operation, which numbers around 70 outlets have to be more careful with the introduction of newness, because *change resisting*, resulting in possible franchise terminations in a network of fewer franchisees is much more damaging to the operation.

One of franchisor A's franchisees made a particularly good point, which in essence validates Don's stance on ICT introduction:

"The longer a franchisee has been in business with the brand, the more unwilling they are to accept change. As a contrast, the new franchisees that didn't know the previous system actually they loved Sphere, right from the training day. They thought it was spectacular and great, very handy, very useful and gave lots of information."

This research has discovered that although new franchisees make use of the system, existing franchisees comply with the new ICT system only as far as is strictly necessary, and engage in *change resisting* by surreptitiously continuing to use the familiar old system, which resides on their computers as a small and simple stand-alone software program:

"I still have the earlier stand-alone franchise management system loaded on my PC. I keep two sets of everything. The new Sphere system takes ages to use. Sometimes I'm marvelously subversive, but you would never guess to look at me. I also can't stop thinking that the new system may be easier for head office, but really I was quite happy with the older one. It's all been done for them, not us."

"I still use the old computer system, but if it was easy to do things on Sphere, then I wouldn't have to. It was much simpler and easier for us to just do it manually. Much faster and efficient for us, but much less so, of course, for them."

"I've carried on using the old system on the quiet. I've input some new stuff on the new system when I've absolutely had to, reporting-wise just to keep them happy, but I still do most things on the old one. The only thing I make sure I put on the system is the number of kids, which school they are in and how long have they been there."

Challenging

Challenging is the next step up from *change resisting* in the development of channel conflict. It occurs when a franchisee decides to directly take the franchisor to task over a franchise issue. I expected to come across cases of franchisees challenging head office, but found absolutely no hard evidence of this throughout this research journey. I hypothesise that this may be due to the very robust stance taken by Don over the ICT introduction. In addition, because franchisor A has elected to not provide any mechanisms for online forums and thus effectively prevented horizontal communication, franchisees are typically required to air grievances alone, which places them in a weaker position than if collective *challenging* was mounted. As previously discussed, franchisees believe that this is one of the principal reasons that *foruming* has not been implemented.

Customising

Franchisees engage in *customising* the ICT system in attempt to make it work better for them:

"You have to customise things, you have to. I know when I did my Sphere training, one of the other franchisees had a real moan because he thought it was very 'Big Brother' and very controlling. But I think, you know, you find ways to quietly personalise things."

"You can't have a system that benefits both of us. You can't, and this is not going to happen. However, it does mean I have to develop my own separate system to become friendlier to me."

Despite the various problematics highlighted in this study revolving around the introduction of the online ICT system into the franchise relationship, there remains a belief across the network that the franchisor will improve the software over time which will allow for individuals to embark on approved *customising*, especially within the rigid standard letters and term reports areas, which are universally considered inflexible. However, until that successfully takes place, franchisees continue to engage in non-standard underground modifications. Established franchisees in particular have adopted positions ranging from indifference to mild hostility towards the system and, because of this, are not fully engaging with the franchisee-centric benefits provided within it such as the myriad reports and online help systems. The ICT system is thus unable to currently reach its full potential either for the benefit of franchisees or, due to the general refusal on the part of disenchanted users to input what they consider to be nonessential data (such as enquiries received) for the franchisor, as a usefully complete upstream reporting mechanism:

"Until it's developed a bit further, people will ignore it and do their own version, so that's why I think it's advantageous for them to allow us to have some room for personalisation, because otherwise people will, I guess, do their own thing if they don't feel it's what they want, you know."

6.4.3 Brand Standardising

Franchisors maintain control of their networks by engaging in *brand standardising*. This is operationalised by attempting to police the way in the outlets are run. Franchisor A has deemed that, because all 600 of their outlets run on the weekend, personal interaction is no longer possible and they have therefore commissioned outside inspectors to visit the outlets, complete an annual audit and report back appropriately. The reaction to such *brand standardising* is provided in a forthcoming subsection. There is a groundswell of opinion that commercially successful outlets are provided with more flexibility:

"I think there's a little bit more leeway for you to do what you want as long as your schools are full and you are getting good results. I don't think they mind too much when things are slightly non-standard then."

Whilst franchisees widely appreciate the opportunities of *freedoming* offered by the franchisor, as discussed in an earlier section, there is recognition that the lack of operational direction and guidance, especially following the recent reduction in *social bonding*, has made it more difficult for franchisees to demonstrate acceptable brand standards, as they are simply not adequately defined at the operating level:

"I like the idea of them not saying exactly what you have to do, and not being able to move at all, but there really should be kind of a basic lesson plan, because we really don't know where we are and in my opinion, neither do the inspectors. It's all too vague. I think being able to buy lesson plans online would be fantastic because any new teachers and any teachers who are not very strong, would know they are doing it right."

Standards Varying

On the one hand, and as outlined in the *freedoming* section, franchisees desire the opportunity to design and develop their own individual teaching programmes and not follow lesson plans. On the other, there is widespread concern that such *freedoming* can result in *standards varying*, which franchisees contend is damaging for the network.

"A franchise experience is supposed to be always the same, but you see, if you went to London, you could get this experience, and if you then went to our brand's outlet in Newcastle for example, then yes, you do everything in your three hours and you would wear the same T-shirt, but the class content could be vastly different. It might be a good thing to celebrate diversity but also it might be a very bad experience. It should all be the same."

"We have an issue in our area where a nearby franchisee that I have never met is pretty awful, and we are getting students from their school because people are disgusted with the way it is being run. And that is frightening, because that affects the image and the perception of the brand, even if we are picking up their students that is not what we want to do."

Unsurprisingly, all franchisees interviewed claimed that their own outlets were operated perfectly, and it was other franchisees causing problems with *standards varying*. The blame is placed on the criteria used when the outlets are independently inspected:

"We get inspected, but that hasn't got anything to do with really what you're teaching, and in all honesty schools are run differently. People have different ideas of what's good and what's bad."

Inspecting

Inspection visits are carried out through the commissioning of an external company to annually visit the franchised outlets once a year. This *inspecting* strategy enables the franchisor to maintain only a skeleton staff of office-based franchisee support managers and rely on the ICT system to provide necessary financial data for the operation of the network. Because franchisees recognise the problem of *standards varying* they tolerate the inspecting, although they consider it far from ideal and would prefer a return to the task being carried out by the franchise support managers, as it was originally:

"The inspector visits are the only contact we have nowadays, and that's a very indirect contact. We've had some absolutely glowing reports, but we've had a couple inspectors who have come by who have got into my nerves and I have fallen out with. The is no rapport, no social side or support for any problems that they find, like there used to be when support managers did this job."

I do find that it's very inconsistent. Some of the examiners... or the inspectors as I should call them... are fine and very supportive. You want them to be, you know, a good old critical friend, but most seem to just give unfair criticism for things that are beyond my control."

6.4.4 Restrictioning

Franchisors engage in *restrictioning* to place limits on the amount of *freedoming* that franchisees are permitted to enjoy. Franchisees attempt to circumvent *restrictioning* by engage in *mavericking,* and the model thus exhibits a feedback loop between these two sub-categories. Within this study, franchisees react negatively to two areas of franchisor *restrictioning*. These comprise; a. operating model *restrictioning* and b. supervisory *restrictioning.*

a. Operating Model Restrictioning

Whilst much has been carried out by the franchisor to overhaul the operation of the business through the development of a system of franchise remote control based on the ICT, the service itself has been neglected and, being the most expensive offering in its sector, facing mounting competition from copycat start-ups and ex-tutors, plus being forced to trade in a recession, has generated unease in many franchisees, who, whilst they universally enjoy the *freedoming* of being able to generate their own curricula, dislike the *restrictioning* imposed by the prescriptive three-hour operating model and the outright refusal to be able to stage performances featuring the children, especially as all competitors feature this as a unique selling point within their businesses. The following data indicator sums up the concerns expressed:

"I just think one does feel restricted and it's a very repetitive model. It's straightjacketed into an operating model that's a source of best fit. It's a best fit business model that certainly worked 10 years ago, but I am not convinced that it's the best way forward now."

b. Supervisory Restrictioning

The franchisor insists that the franchisee "principal" shall always attend and supervise every operational school. There are no exceptions granted whatsoever, and should a franchise wish to be absent for any reason including illness, holiday, family celebration or bereavement , etc., they must apply to head office for a stand-in manager, which the franchisor will appoint and send, charging the franchisee £300 for the day. This very demanding *restrictioning* is universally abhorred by the franchisees, and has caused further damage to the relationship.

Operationally, the franchisor's *restrictioning* strategy is limiting network growth:

"Now with six outlets, we can't do more because we have to be in every school each time it runs. It would be nice to expand it, because it keeps out the competition and it's also quite exciting. I would enjoy opening new schools but because we have to be physically present and are not allowed to put in a manager as a principal, it's impossible, and it's their loss just as much as ours"

Secondly and of more relevance to the franchise relationship, is the franchisor's absolute embargo on absences. Don maintains that it is due to child protection issues. However, franchisees insist that their diligently criminal records bureau (CRB) checked and trusted staff are capable of managing the outlet in their occasional absence. The rigidity of this *restrictioning* has further diminished the relationship and aggravated franchisees:

"I heard that one couple who are franchisees were not allowed to take a Saturday off even though their daughter was getting married! That caused a tremendous amount of bad feeling, and it can go for years. It was discussed a lot. Now eventually there is an offer for them to send a manager down at a cost of £300 per school. We have done it once. We did it for my daughter's graduation, I wasn't going to miss that. Down came somebody from head office at our own expense. It is dreadful. Ridiculous."

"You can't go to people's weddings on a Saturday. You always have to be at the school and there really isn't any way around that, and that's in the franchise agreement. If you've been in it for 10 years, I think you should qualify for a break if needed."

"I've never ever taken a day off from the franchise in seven years, but there have been two occasions when I have dragged myself in and laid on the table in the classroom 'cause I was so ill."

Franchisors should consider relaxing their *restrictioning* policies in some areas for the benefit of their franchisees when they wish to modify other areas for their own benefit. Such relaxations can then usefully function as a sweetener to assist with franchisee compliance.

6.5 Intimidating

Franchisors demonstrate their control over franchisees through *intimidating*, which is a heightened form of the *restrictioning* discussed in the previous section.

This *intimidating* is *operationalised* through the processes of *structural bonding, financial penalizing, terminating* and *litigationing.*

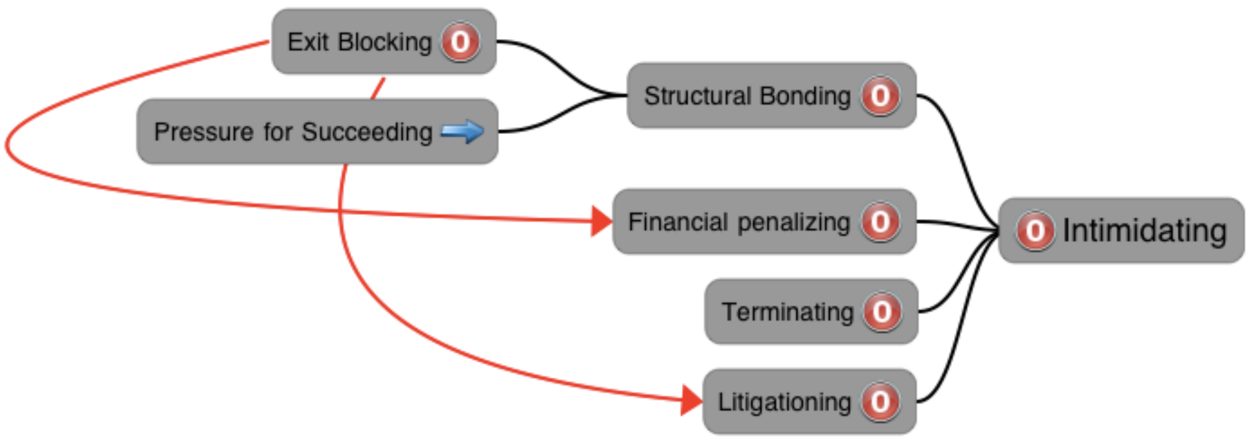

Figure 28: The Process of Intimidating and its Subcategories

6.5.1 Structural Bonding

The franchise agreement serves as the instrument which governs the relationship between the franchisor and its franchisees. This legal document provides the *structural bonding* that exists in the dyad. Because franchisees have paid an initial franchisee fee or, as is often the case with franchisor

A's network, have purchased expensive existing businesses from outgoing franchisees (known as resales), there is a real *pressure for succeeding* that occurs along with the requirement for success written into the agreement. Both franchisors have engaged in *exit blocking* to prevent franchisees from leaving the brand before a certain length of time has elapsed, thus ensuring that the income stream from royalties is protected. Franchisor A operationalises this by adding a legal clause to the agreement preventing a resale to a third party until five years minimum have elapsed:

"You can sell after five years. Once you join you sign a contract. There is a five year contract that you can't get out of, even if you are in absolute desperation."

6.5.2 Financial Penalising

Franchisor B has chosen a method of *financial penalising* to strengthen its *exit blocking*, hence the feedback loop linking *exit blocking* to *financial penalising*. Their franchise agreement contains a clause which includes a calculation for liquidated damages. In essence, if a franchisee desires to leave the brand before the five-year term agreed, then he or she is required to pay a percentage of the royalties that the franchisor would have expected to receive if the agreement had run its full term, in lump sum. The clause allows for a 30% reduction of the total royalties expected as recognition of expedited payment and the fact that ongoing support will not be required.

6.5.3 Terminating

Both franchisors reserve various rights within their agreement to *terminate* the relationship if the franchisee does not perform its obligations in an acceptable manner. The potential for *terminating* is considerable, but typically revolves around a refusal to adhere to or maintain brand standards, and for mis-declaration or late payment of monies properly due to the franchisor.

6.5.4 Litigationing

If the franchisee is unwilling to co-operate post-termination, then the franchisor will engage in *litigationing* to recover costs. Franchisor B actions *litigationing* if a franchisee refuses to tender the liquidated damages figure due. Thus a feedback loop exists between *exit blocking* and *litigationing*, which further strengthens the *structural blocking* activity.

6.6 Awing

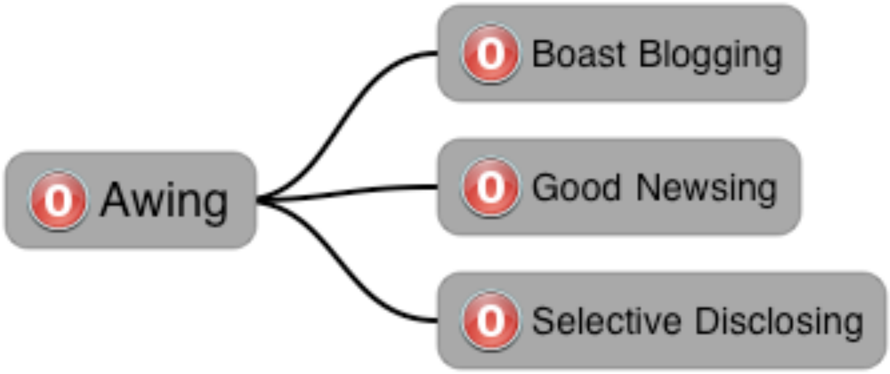

Figure 29: Awing and its subcategories.

Franchisors demonstrate superiority over their franchisees by operationalising *awing*. *Awing* is the process of making the franchisees feel in awe of the head office business through communicating its positive previous and current accomplishments and suppressing those that it deems undesirable.

Awing exhibits the subcategories of *boast blogging, good newsing* and *selective disclosing.*

6.6.1 Boast Blogging

Websites which allow users to write entries in diaristic form in the manner of regular logs have become very popular. These weblogs or "blogs" as they have become increasing known, provide franchisors with a platform for communicating achievements to their franchisee base on a regular basis. Such *boast blogging* activity attempts to illustrate to franchisees how much of a successful and powerful operation that the brand is becoming. A good example of boast blogging are vivid descriptions of success at industry awards. The effect of *boast blogging* on franchisees is to silence their concerns about any negative elements of the relationship. Franchisees are encouraged to feel in awe of the head office business and to subsequently believe that any problems which they contend may exist must be of their own making, especially as it seems clear the franchisor must be doing everything right to be achieving such exalted success.

6.6.2 Good Newsing

Franchisors use good newsing to further re-enforce the positive and stabilising effect of *boast blogging*. *Good newsing* revolves around the process of internally publishing snippets of good news about things occurring in the network. These include the appointing of new franchisees, the championing of the achievements of existing franchisees and positive results regarding the use of ICT. Good newsing is operationalised through the ICT system in the form of blogs and electronic newsletters sent through email.

6.6.3 Selective Disclosing

To ensure that *awing* has the desired effect, franchisors actively engage in *selective disclosing* to suppress any negative, and therefore unwanted, business occurrences that actually exist in the network, and thus present a continuously successful and positive outlook.

Conclusions

The analysis of the emergent theory of franchise remote control carried out in this chapter has resulted in the generation of seven key conclusions (C^1 to C^7) which are presented next in outline form. These are then further discussed and integrated with relevant extant literature in chapter seven:

C^1. Problematic of ICT as a Replacement for Social Bonding

The availability of ICT as a communication medium to drive and maintain the relationship does not act as a surrogate for the social bonding developed through the face-to-face and telephone contact that franchisors originally used. Even though franchisees technically own their own businesses and therefore have a vested interest in their success, they still require social bonding and encouragement to succeed, and desire a pro-active rather than reactive approach from their franchisor.

Prior to the introduction of the ICT, the franchisees relationship with their franchisor was different. This research has revealed that this *relationship pre-ICT* difference revolves around an ongoing desire for *social bonding*, and whilst technology can be readily used to improve and streamline many aspects of the business, especially those revolving around the collection of trading figures, many individual relationships break down when technology, however advanced or enticing it may appear to the franchisor, attempts to go further and completely replace previous human interaction.

C[2]. ICT and its Effect on Franchisee Lifecycles

The less that a franchisor physically contacts a franchisee following the introduction of ICT as a communications replacement, the faster a franchise relationship moves through the various phases of the franchise lifecycle. Such lifecycle transit, which is explained fully in the following integration chapter, is detrimental to the franchisor as it makes the franchisee increasingly less compliant to business procedures and reluctant to adhere to necessary brand standards.

C[3]. The Importance of Franchisor Competence and Solving

The trusting belief of *competencing*, which is *operationalised* through the subcategories of *training, updating* and *solving* are foundational to a successful franchise relationship. *Solving* in particular within this research, is an area which has presented many key problematics following the introduction of ICT into the franchise relationship. In the present study, as a result of ICT introduction, there has been a significant reduction in the level of *social bonding* and inspiring though the actions of *franchise support manager interfacing*. Pro-active ongoing downstream support and *visiting* have been replaced with reactive responses to incoming franchisee-led requests, as opposed to the previous *pro-activing* approach (which was necessary when online figures and information had to be manually gathered from around the network). *Motivating* franchisees and *de-comfort zoning* them has subsequently become more difficult as a result because the *individualising* coercive and trusting benefits of enduring and developing one-to-one relationships is now increasingly absent in the franchise network.

Virtual support, delivered through an ICT system via online methods such as electronic updates, knowledge bases and email, plus a strategy of only offering reactive rather than pro-active assistance, where the franchisee is the always the one required to initiate the contact, does not provide a successful relationship-building formula, however expensive or competent the ICT system is. Franchisees will accept newness and change only if they continued to feel valued. *Valuing* cannot be demonstrated through electronic means alone. It must be operationalised though the mechanisms of *social bonding* and *success recognising.* For every time and cost-saving advance deployed through the ICT for their own benefit and ease, there must be a similar balancing benefit for the franchisees. Such balancing benefits should ideally always have a social dimension to them.

C^4. Franchisees and Business Control

Franchisees need to feel that they are in control and ownership of their franchise business, and all the mechanisms surrounding it. Without careful and ongoing nurturing by the franchisor of the notion of that business control is in franchisee hands, franchisees simply refuse to accept new technology, and escalate trivial negative impacts.

C^5. ICT and Franchisee Benefit

Franchisees will use an ICT system superficially if they have no choice, but will only invest their time and energy in embarking on learning it in any depth and be prepared to input data (especially that which is deemed more useful to the franchisor than themselves) if it is deemed beneficial to them. In the present study franchisees found the ICT system beneficial for managing the financial affairs of their businesses, and were thus willing to enter financial data diligently and regularly. This was in contrast to their attitude to other areas of the system. However, when franchisees gain tangible personal benefits from one area of the system, they are prepared to be more receptive to other less-palatable areas. Franchisors can become so focused on seeking benefits from their new systems solely from their own point of view, that the franchisee benefits are overlooked. By promoting the franchisee benefits of *ease, electronic empowerment, financial* and *access*, acceptance of a new franchise system is simpler and smoother.

C^6. ICT Induced Trust Reduction in Franchisees

Franchisees are prepared to take advice from their franchisor, but seek more opportunities for *collaborating* with other franchisees to exchange views about operational and promotional matters. Without this mechanism being in place, trust in the franchisor is diminished. If a franchisor actively encourages and facilitates methods of *horizontal communicating* for the good of the franchisees, they will benefit from growth in the trusting belief of *openness*. Without this, franchisees will develop their own ad-hoc methods of communication, over which the franchisor will have no control or even be aware of.

C[7]. Freedoming as Mechanism for the Acceptance of ICT Introduction

Freedoming is an important element of the franchise relationship because it has the power to ease channel conflict and serves to increase franchisee confidence and self-belief. This study suggests that franchisors can successfully deploy *freedoming* as a tool to aid in the adoption process of ICT, and as a partial surrogate to assist the relationship when a reduction in social bonding is desired by the franchisor. The gerund *freedoming,* which has been used to describe the actions of franchisees studied in this research, revolves around the opportunities for the franchisee to engage in entrepreneurial activities. Both parties must act entrepreneurially if the relationship is to become successful.

Differences and Similarities Between the Emerging Theory and my Bracketed Preconceptions

In chapter four, I introduced my belief system and bracketing. The reader may recall that the aim of bracketing is to enable the researcher to set aside their own beliefs so that they may “hear” and “see” as undisturbed as possible by their own existing knowing. When a researcher uses bracketing, they must inhabit a position of doubt towards what they know and explicitly place all prior knowledge, beliefs and preconceived notions in metaphorical brackets and seek to suspend these during the study. Bracketing then, involves thoroughly examining and the suspending one’s beliefs so that all description about the phenomenon under study is not contaminated by researcher bias (Pitney and Parker 2002, pS169). The following section discusses the differences and similarities between the actual emergent theory and my bracketed preconceptions.

I expected that, with the introduction of ICT technology, the essential end of month (EOM) accounting input from across the franchise network would become automated and immediate with no reliance on the sending of signed turnover declarations, and that because figures from the whole franchise network would be available on the Head Office home screens, there would be less need to ask franchisees questions regarding their trading performance, and thus better network control would be achieved. This was proved to be the case and became a key factor of my *absent interrogating* category. However, I also predicted that through the ICT system, the franchisor would embark on considerable data mining techniques which would be employed to identify trends which would be fed back to the franchisee network appropriately to enable better targeting of advertising and improvements to the services offered to customers. In the event, this did not occur to any great degree, although the potential for it turned out to be clearly available. I conclude that the reason that this opportunity was not realised was due to the fact that franchisor A’s network had historically enjoyed almost full customer occupancy, and therefore the franchisor and franchisees had minimal interest in the benefits of such data mining.

I expected that there would be a need for less Head Office support staff, and thus lower costs could be realised with the ability to control a very geographically dispersed franchise network with a small amount of staff. This was borne out in my *supporting* category of the emergent theory, with just three support managers now being used to handle around 600 outlets and approximately 200 franchisees. What I was unable to predict was how this high ratio and the reduction in social bonding would have such far-reaching and important consequences for the ongoing franchise relationship.

I considered that the ICT may also provide the opportunity to initiate more international operations through the development of country-specific sub-websites with multiple currency options. However, the present study was not geographically wide enough to enable this to be confirmed or otherwise.

I expected that the recruitment and training of shop-floor staff would have benefited from automation in franchisor A’s network, and that new technologies such as online streamed training videos, audio-book learning and e-books would be deployed using ICT across the whole of the franchise network and updated centrally, but this did not prove to be the case. I believed that much of the initial staff training would be accomplished online and, given that all staff, wherever they are, receive the same training experience, brand standards would be maintained across the network and, through this, I expected that via the ICT deployment, franchisees would increasingly recognise the franchisor’s high level of competence. I was very surprised to find that there was absolutely no centralised ICT-related staff training available, and that teaching staff were required to make up the course materials and initiate delivery strategies themselves as they went along. I consider that this is a missed opportunity for the ICT system. There was no centralised guidance whatsoever, and franchisees recognised that brand standards were not the same across all outlets as a result. A problematic identified in the emergent theory was that, in this particular study, franchisees were found to be overprotective of their individual creative skills and extremely reluctant to be told what to do.

I expected that following ICT introduction, upstream communications (franchisee to franchisor) would become the norm, with franchisors waiting for support questions to come in rather than initiating contact, and this was borne out in the emergent theory with negative results. I believed that if this scenario prevailed, which it did, then franchisees would be able to hide behind the ICT and distance themselves, which I thought would be especially useful for underperforming franchisees, or those who had got into comfort zones and chosen not to continue increasing their turnover. Because of the power of franchisor A's brand and the high number of customers in the outlets as a result, I was not able to confirm this expectation or otherwise, but I did see, as predicted, evidence of an increase in contractual bravery on the part of franchisees who were prepared to challenge the franchise system through email, but would not do so through face-to-face means.

Finally, I believed that less downstream communication was likely to result in franchisees feeling increasingly undervalued and alienated, and would consider that their contribution to the network was going unnoticed, and that when the traditional social bonds that franchisees have previously enjoyed are replaced with purely technical ones, changes in the relationship would be expected. In the event, this turned out to be very much the case.

Chapter Seven – Literature Integration

Introduction

The objective of this chapter is to compare the emergent substantive theory of franchise remote control with extant bodies of literature and suggest answers for how and why what is happening fits into the wider picture. The literature integration has been incorporated into this separate chapter because it was considered that, due to the complexity of the emergent theoretical model, it would detract from its clarity and structure, and further extend what is an already lengthy analytical chapter.

The positioning of integration after the analysis has been completed was also decided so that the developing emergent theory remained as uninfluenced by prior findings as possible. Strauss and Corbin (1998, p21) summarise the value of the integration process by suggesting that it allows for extending, validating and refining knowledge in the field. They contend that such theory should go beyond providing understanding and the painting of a vivid picture, and seek to enable users to explain and predict events and provide a guide to action. I present this chapter in an effort to travel some distance down this path.

Whilst the theoretical contribution of the work is directed at franchising, there is very little franchising research that explores the notion of franchise remote control, and this has necessitated a wider exploration of possible literature suitable to account for some of findings and conclusions which have been discovered in this work. The results and relevance of this exploration, which led into the area of relationship marketing research, are given in Section 7.1. This search outside the area of theoretical contribution is recognised as being necessary in grounded theory studies relating to management:

"*The literature that is relevant for various conceptual elements of the developed grounded theory (however) may not be the literature towards which the manuscript's theoretical contribution is directed"* (Locke 2001, p123).

7.1 Franchise Remote Control and the Explanatory Potential of Relationship Marketing

The business format arrangement between franchisee and franchisor is driven by the relationship between the two actors. From a franchisor perspective, the general basis of the relationship is one of policing standards through contractual clauses, seeking to ensure that brand standards are complied with and that reports and royalties are properly accounted for. However, for the business to operate well, the franchisor and his head office team must enter into a much closer relationship with the franchisee to nurture, support and develop them. This study has shown that that the franchisee welcomes this closeness in the early stages. However this changes over time, and the relationship thus becomes modified. It is a life-cycle model, and follows many of the principles of Relationship Marketing (RM). In an important study, Hibbard et al. (2001, pp29-35) categorised five key relationship marketing variables that wax and wane over time. These map across exceptionally well to franchisee-franchisor relationships, and comprise trust, commitment, communication, shared values and mutual dependence.

The significant investment in private Intranet ICT systems by franchisors is essentially investment in RM. In addition to Relationship Marketing being a useful area with which to integrate conclusions regarding franchisee lifecycles (Gruen et al. 2000, pp34-49; Hibbard et al. 2001, pp29-35). following an in-depth reading of the extant literature from 1984 to date, a wide range of compelling connections emerged about elements that underpin the construction of the special relationship between franchisor and franchisee, and how it is played out across the term of a franchise agreement. Interestingly, whilst this relationship between franchisor and franchisee must surely be considered a perfect example of classic relationship marketing, there is a paucity of RM literature examining it specifically.

RM and ICT have also both developed along approximately the same timeline, and there has been an increasing synergy between the two. The information revolution requires companies to become fast, lean and innovative, at the same time gives them tools to make this possible (Aijo 1996, p13), and additionally provides the ability to free businesses and their customers from the constraints of time and place (p17). As my emergent theory has shown, it also changes relationships as a result.

Relationship Marketing has attempted to chart and account for many of these relationship changes which have occurred along its timeline since the early days of RM in the mid 1980's. Throughout the period, the computer database was becoming a key knowledge tool within an organisation, through which intimacy and connectedness with customers could be simulated (O'Malley and Mitussis 2002, p229) and thus the discipline offers an extremely fertile area for integration with the current study. Using IT in this manner, firms have increasingly become less akin to tangible "objects" and more like "virtual" networked organisations consisting of webs of relationships; *"they are people, activities, thoughts emotions etc., and their operations are most often not limited to one specific location where everything can be overviewed"* (Gummesson 1994, p10).

Franchise organisations such as those in the present study are examples of this development, and I am in accord with Gummesson (1994, p10) when he contends that such "imaginary organisations" (and he specifically mentions franchises as one of his examples) need a core of competence at their heart, which is usually a unique product or service, are able to innovate and have a unique marketing method or financial strength and from that competence-core, a range of geographically dispersed alliances can be built.

Most of the conclusions arising from my emergent theory of franchise remote control have found valid and valuable integration within the area of relationship marketing, and these comparisons are presented in this chapter. To benefit from this literature integration and understand how it is situated, I felt that it was pertinent to offer readers new to the field of relationship marketing an introductory review of the development of this research area. This is provided in Section 7.2, following which, integration of each of the seven conclusions (C^1 to C^7) presented in chapter six, is subsequently attempted, some of which use relationship marketing, while others utilise franchising literature, agency theory and other relevant areas.

7.2 Introduction to Relationship Marketing

Since E.J. McCarthy's "Basic Marketing" textbook (1960) and across three subsequent decades, marketing publications have been largely been dominated by discussions around four elements known as the "Four P's of Marketing"; product, place, price and promotion, (which has latterly extended to seven P's with the addition or people, process and physical evidence) which the marketer has been expected to mix and blend together in various quantities to unilaterally exert control over customers and generate profits through the development, selling and delivering of products via discrete economic transactions.

With this approach, customer attraction has been at the heart of operations (Lindgreen and Crawford 1999, p321) and customers have often been segmented and partitioned to become targets to promote products and services to (Ahmad and Buttle 2001, p37). This methodology, which aimed to develop customer loyalty to a brand, has become known as the conventional or classical marketing approach. Ahmad and Buttle (2001, p30) highlight three key aspects of this tradition as:

1. A focus on acquiring new customers to increase market share.
2. Partitioning of heterogeneous customers into homogenous segments.
3. Using brands to promote products and attract customers.

Until the early 1990's, the validity of this marketing approach was rarely questioned, and the idea of "relationship" marketing as an alternative did not attract any broad attention (Liljander and Roos 2002, p593). Indeed, Grönroos, writing in 1994, stated that:

"For an academic researcher looking for tenure and promotion, to question it has been to stick his or her neck out too far" (1994, p5).

Nevertheless, such questioning has subsequently taken place and marketing has more recently experienced a major shift from its classical transactional marketing approach (where the orientation was on production and sales rather than orientated around the customer) to one in which relationships between buyer and seller have become central to exchanges, with activities revolving much more around customer retention (Rosen and Surprenant 1998, p103) and the resultant financial and allied benefits of these retained customers (Lindgreen and Crawford 1999, p231).

Within this relationship-orientated approach, customers (in our case, franchisees) are considered as primary assets that must be grown and cultivated (Rich 2000, p170). This movement in marketing towards developing relationships with customers to reap benefits has been so significant and gathered such momentum that it has been described as a paradigm shift (Grönroos 1994, p4). However, this is contested and Rao and Perry (2002, p607) writing with the benefit of some hindsight some eight years later, consider that a paradigm shift in marketing has actually not occurred. The reason given by Rao and Perry is that a paradigm is a world view, and there are many parts of the marketing world where they consider that Relationship Marketing alone is not appropriate, and where transactional methods or a combination of the two approaches still prevail, and where neither can alone capture the real essence of how marketing works. Palmer et al. (2005, p316) writing on the work of the International Marketing Practice Group, also seem to find little evidence that RM is sufficiently different to be considered a full paradigm shift, but do nevertheless recognise that it is a "well ordered and distinct concept." This debate rumbles on. However, what is far more important to focus on to try to achieve a measure of closure is Christian Grönroos' belief in the importance of turning *"anonymous masses of potential and existing customers into interactive relationships with well defined customers"* (Grönroos 1994, p6), because relationship-based marketing of this type has certainly become a business strategy that has developed rapid and wide acceptance. If it is does not constitute a shift, then its very different approach to customers certainly does at the *very least* constitute a new marketing paradigm.

7.2.1 What is Relationship Marketing?

Relationship Marketing (RM) as a term was first coined by Berry (1983). It has since been variously defined by scholars, commencing with Berry who stated that; *"Relationship marketing is attracting, maintaining - and in multi-service organisations - enhancing customer relationships"* (p25). It is also usefully summarised by Gummesson (1994, p5) as marketing seen as relationships, networks and interaction. Morgan and Hunt's (1994, p22) more specific definition is that RM *"refers to all marketing activities directed towards establishing, developing, and maintaining successful relational exchanges."* Indeed, there are many such similar definitions. However, all revolve around the idea of long-term interactive *relationships* between buyers and sellers, which is also at the heart of franchising. RM has even been compared to Postmodernism, and Palmer et al. (2005, p315) contend that; *"Postmodernism shares with RM issues such as fragmentation of markets and increasing buyer power."*

Dwyer et al. (1987, p12) writing about relationships between buyers and sellers, contended that marketing research had, up to that particular point, neglected the relationship aspect of business exchanges which had previously been studied as discrete events, which they characterise as those with limited content and in which the identities of the two parties must be ignored to avoid relationships creeping in. They use the following example to clarify this:

"A one-time purchase of unbranded gasoline out-of-town at an independent station paid for with cash approximates a discrete transaction."

In contrast, a relational exchange using the above scenario could be considered one in which the purchase is a repeat one at the gasoline station where the customer regularly shops, and where a specific brand of gasoline is chosen over others, and the purchase is paid for on a business account card.

In this scenario, the customer and the gasoline station owner have developed a business *relationship* with each other, and the customer has also developed a relationship with the brand of gasoline. Dwyer et al. (1987, p12) explain that, in this circumstance, there will also have developed a range of complex implicit and explicit assumptions that are made by both parties, which include personal non-economic, social satisfactions plus economic ones revolving around areas such as conflict resolution, commitment, and particularly trust (Morgan and Hunt 1994, pp20-38; Selnes 1998, pp305-322; Young and Wilkinson 1989, pp109-122) in addition to the development by suppliers of financial and psychological "barriers" to discourage customers from switching to competitors. In fact, some scholars believe that when a buyer becomes interested and a supplier gains his or her trust, it is so powerful that it can make almost no difference how the products are presented (Lindgreen and Crawford 1999, p231).

Although RM is held to be somewhat ambiguous (Lindgreen and Crawford 1999, p231) and is described through several different activities such as database marketing, quality management, services partnering and so on (Lindgreen and Crawford 1999, p232), overall it is a focus switch from a transactional customer approach towards a sequential one, with each separate encounter being another relationship-building opportunity. This means that marketing, service quality and customer satisfaction need to be considered on both an episodic and relationship level, especially as the cost of obtaining a new customer often exceeds that of retaining an existing one. Given this, it follows that profitability is improved by focusing on satisfying existing customers instead of continuously spending promotional budget to gain new ones. This strategy results in lower costs, higher customer retention and higher revenue (Storbacka et al. 1994, p23). The episodic interactions between franchisors and franchisees exhibit very similar characteristics.

7.2.2 Schools of Relationship Marketing Thought

A useful initial way to get to grips with RM is to begin by studying the topic through the lens of several overarching schools of thought that have developed in the discipline over the years. These are presented in outline here. Essentially, there are three such schools of thought, which comprise:

1. The Nordic School of Services

In the Nordic countries, a body of researchers and practitioners began championing the concept of service as a way of improving customer life-cycles, improving loyalty and developing better relationships between buyers and sellers.

It was noticed by this so-called "Nordic Group" that, within the marketing of services in particular, there was rarely any separation between production, delivery and consumption, and therefore buyer-seller relationships simply *had* to be considered as part of the marketing task, yet traditional marketing concepts often curiously seemed to completely ignore this (Aijo 1996, p9). The work of the Nordic Group thus began revolving around research into three core processes (Palmer et al. 2005, p319). These were:

1. Interaction and management of the relationship.
2. Dialogue as a means of supporting the interaction process.
3. Value, and how this complex intangible is created by the seller and perceived by the buyer (Grönroos 2004, pp99-113).

Leading exponents of the Nordic school are Gummesson (1994) and particularly Christian Grönroos. In fact Grönroos (1994, p12) makes a good distinction between transaction marketing and the Nordic RM approach when he points out that with the transactional approach, a customer doesn't get much added value beyond that of the technical solution provided by the product, and so this technical quality of the product is the dominant figure in the exchange, whereas in RM, added value from various things such as technological, information, knowledge and social interactions grow in importance and may become the dominating reasons for purchase. Grönroos (1994, p12) summarises by saying that; *"of course, this does not mean that technical quality can be neglected, but it is no longer the only quality dimension to be considered as one of strategic importance."*

One of the key outcomes of the Nordic School and Christian Grönroos' (1994, p12) pioneering work in particular, is to have extended RM from its somewhat limited service marketing beginnings into a concept widely applicable to marketing in general.

2. The International Marketing and Purchasing Group (IMP)

Originating at around the same period in the late 1970's, a research group known as the Industrial or International Marketing and Purchasing Group (IMP) was developed with the intention of gaining a better understanding of the evolution of organisational relationships in business to business (B2B). The IMP focus revolves around the study of ongoing interaction, with sales episodes being viewed as a continual and developing stream rather than as individual, discrete transactions. The relationship itself is used as the unit of analysis, and the methodology is focused on case studies. A key exponent of the IMP group is Hakansson (1982) who contends that there are four cornerstones to RM, which are usefully explained and summarised by Palmer et al. (2005, p313-330) as being:

a. Relationships that exist between buyers and sellers, and are driven by the interactions which occur.

b. Relationships being actually connected to wider networks, not just the buyer and seller.

c. Relationships being combinations of adaptations, which both parties have to manage.

d. Relationships being a series of confrontations, during which a variety of resources are identified and utilised.

Across all of these elements, it is held that three focused interaction processes are responsible for developing relationships, and these exist across technical (recognising that technicians play a key role in the contacts between parties), social (such as trust and commitment) and finally economic issues (Hakansson 1982; Palmer et al. 2005, p313-330).

Palmer et al. (2005, 313-330) in their review of RM schools of thought, explain that the aforementioned Nordic and IMP groups are widely acknowledged (Aijo 1996, 8-18) for their RM contribution and methods of analysis, but *"beyond this point, however, views begin to diverge."* Grönroos (1994) for example, proposes *two* further schools of thought, one being an Anglo-Australian one based on quality, customer service and marketing and a North American approach, which focuses primarily on the company-customer dyad. Palmer et al.'s (2005, p317) analysis teases out a number of other permutations, but they summarise by addressing the three key schools of thought as being the Nordic, the IMP and the Anglo-Australian.

3. The Anglo-Australian

This approach revolves around the ideas of bringing quality, customer service and marketing together to create better value for customers. This school of thought emanates from the Christopher et al. book (1991) in which the focus is on developing long-term relationships with customers. This approach is very much a holistic one, and they have developed a conceptual model which contends that relationships with six simultaneous markets must be developed, nurtured and all carefully attended to for a company to be able to successfully achieve its objectives.

The Six Markets Model

The conceptual model of RM introduced above that is often quoted, and which provides a good framework for understanding, is the Six Markets Model (Christopher et al. 1991; Peck et al. 1999). Within this scheme, RM is shown as a clustered group of six markets. These are classed as internal markets, referral markets (where a long-term marketing plan is created and actioned to begin encouraging referrals to the business), influence markets (such as regulators, lobbyists, banks, venture capitalists and various relevant associations such as consumer, environmental and labour), supplier and alliance markets (where the goal is to develop and maintain conflict-free relationships which exceed each other's expectations), and finally recruitment and customer markets.

Traditionally, much of this interfacing was handled somewhat ad-hoc by the public relations department or an individual within a firm. However, relationship marketers believe that to be successful, everyone throughout the whole firm must become involved in the continuous development and nurturing of these six markets, and that this ethos must become deeply embedded in the business culture of complete organisation, with explicit strategies developed for each market.

7.3 Analytical Literature Review and Theoretical Lens

After introducing the theoretical groundwork and introducing the debates, the work now continues to present an analytical review and attempts to provide a theoretical basis with which to ground the the research findings. To develop an appropriate theoretical sensitivity, it has been necessary to range widely across several cognitive disciplines in addition to Relationship Marketing, and the review thus encompasses academic thought drawn from areas including business-to-business literature, franchising literature, relationship marketing literature, and entrepreneurial research literature. The intention has been to go some way to developing a useful exploratory theoretical lens with which to view and examine ICT-mediated franchisee-franchisor relationships, and it is hoped that the resulting mechanism may prove useful for future scholars engaged in further related research.

Fifteen separate theoretical sections were necessary to encompass the wide range of empirical responses that comprise the emergent theory of “Franchise Remote Control” which was presented and discussed in Chapter Six. These are as follows (1) Pledges and Commitment, (2) Stages and States, (3) Business Alliances, (4) Support Mechanisms and Knowledge Transfer, (5) Business Marriage Analogy, (6) Reciprocal Actions and Cooperation, (7) Trust and Compliance, (8) Interfirm Power, (9) Benevolence, (10) Dependence, (11) Satisfaction, (12) Control, (13) Relationship Quality, (14) Norms and Systems of Governance, (15) Entrepreneurial Orientation. The structuring table in figure 30 shows (a) each element of the theoretical lens, (b) a summary of the main points in the reviewed literature, (c) how the collected academic thinking maps onto categories forming the Theory of Franchise Remote Control discussed throughout Chapter Six and finally, (d) how these integrate to the seven emergent Key Conclusions that resulted from the empirical data, and which were initially presented in brief outline in the conclusions to Chapter Six, and which are further discussed and integrated with appropriate theory in section 7.4.

Section 7.1 and 7.2 considered the potential inherent in Relationship Marketing research as a mechanism for helping to understand the current research problem, and introduced and discussed relevant explanatory theories. To provide a complete summary of the entire literature review, these theories have also been mapped into the theoretical lens table in figure 30, and go on to form an integral part of the literature integration for each of the emergent Key Conclusions provided in Section 7.4.

Theoretical Lens	Literature Summary	Category Integration	Mapped Conclusions
Pledges and Commitment	Idiosyncratic investments, fairness, risks, increased commitment.	Dependability, mutually committing, turnover building.	C1
Stages & States	Life-cycles, stages theory in franchising, six development phases, comfort zones, honeymoon, routine, maturity and adjustment, cognitive dissonance, stabilisation or dissolution?	Lifecycling, selective valuing.	C2
Alliances	Interfirm co-operative arrangements, inter-partner conflict, interdependencies, collective strength, outcome stage, co-evolution, relational rents, human asset specificity, information and know-how, tacit knowledge processing, partner-specific absorptive capacity, socio-technical interactions.	Supporting, trust building, solving, support manager interfacing, social bonding, feedback responding.	C1, C3, C6

Theoretical Lens	Literature Summary	Category Integration	Mapped Conclusions
Support Mechanisms & Knowledge Transfer	Strategic management support, operational franchise support, power and control, coercive and non-coercive strategies, knowledge transfer mechanisms and information richness issues, tacit knowledge transfer and the “ba”, social bonds, structural bonds, technical bonds.	Solving, support manager interfacing, social bonding, individualising, pro-activing, phoning, visiting, mailing, inspiring, de-comfort-zoning, motivating, success recognising, updating, broadcasting, emailing, uploading, mass emailing.	C1, C3
Business Marriage Analogy	Bonding, empathy, recipriocity and trust, partner evaluation, chemistry factor, trust, communication and support, mutual dependence.	Social bonding, individualising, valuing.	C3
Reciprocal Actions & Co-operation	Threats elicit threats, conflict, compliance and dependence, personal communications, role versus qua persona, sincerity, psychological contracts, operational latitude, adaptations, shared values, conflict resolution, dialogue.	intimidating, structural bonding, exit blocking, pressure for succeeding, financial penalising, terminating, litigationing,	C6
Trust and Compliance	Cognitive and behavioural components, complementarity, positive reciprocal trust, mistrust, joint responsibility, shared planning, flexibility, expertise and reliability, behavioural intention, vulnerability, competence trust, integrity trust, relational governance, entrepreneurialism.	Trust building, believing, franchisor honesty, predictability, judgement, reliability, openness, competencing, solving, support manager interfacing, flexible operating.	C6, C7

Theoretical Lens	Literature Summary	Category Integration	Mapped Conclusions
Interfirm Power	Marketing channels, agency theory; information transfer, information asymmetry and monitoring costs, power, conflict, satisfaction and performance, moral hazard, coercive and non-coercive power.	Awing, boast blogging, good newsing, selective disclosing, absent interrogating, billing, upstream reporting, trending, performance monitoring.	C4
Benevolence	Good intentions, relationship satisfaction, mutualistic benevolence, altruistic benevolence, affective commitment, calculative commitment.	Benevolencing.	C5
Dependence	Customizational behaviour, dependence reduction, brand value, contribution to income, dependence credit.	Mavericking.	C7
Satisfaction	Morale, incentive, profit discrepancy construct, psychosocial construct, economic satisfaction, non-economic satisfaction, cost of coercion, non-coercive benefits, centralisation, post-purchase satisfactions, franchisee assessment.	Satisfaction building, expansioning, renewing, reselling.	C5
Control	Life-cycle led power balance change, franchisee monitoring, support-derived conflict.	Boundary setting, compliance building, brand standardising, inspecting, restrictioning, free ride controlling.	C4

Theoretical Lens	Literature Summary	Category Integration	Mapped Conclusions
Relationship Quality	Opportunism, information-sharing, communication quality, continuity expectations, technical, social and economic dimensions, aggregation, congeniality, responsiveness, empathy, conflict-solving, flexibility, question-asking, time spent talking, disagreements, compliance, interactions, dialogue, spurious and true relationship continuum, confrontations.	Actively identifying, reputation building, power of branding, franchisor honesty, predictability, judgement, reliability, openness, horizontal communicating, foruming, social bonding.	C3, C4
Norms and Systems of Governance	Informate, automate, remotely monitor, panoptic, authority mechanism, relational norms combination, CRM, eCRM.	intimidating, structural bonding, exit blocking, pressure for succeeding, financial penalising, terminating, litigationing.	C1, C5
Entrepreneurial Orientation	Co-operative entrepreneurship, personal traits perspective, process perspective, activities perspective, innovation, risk-taking, idiosyncratic local marketing, autonomy.	Freedoming, entrepreneuring, independencing, flexible operating.	C7

Figure 30. Theoretical Lens

1. Pledges and Commitment

Commitment to a business relationship is enhanced by the use of pledges. These are actions which are undertaken by one or other member to demonstrate good faith. They act as a form of invisible but strong binding that help to connect and hold the relationship together. They are particularly powerful because, when a member makes a pledge to the other party in a relationship, this has the effect of weakening its own position by reducing the alternative sources it can use to perform a channel function (Anderson and Weitz 1992, p20).

The use of pledges demonstrates a long-term commitment to a relationship through the use of short-term sacrifices to realise longer-term benefits (Anderson and Narus 1990, pp42-58; Dwyer et al. 1987, pp11-27) and implies a confidence in the relationship's stability. Pledges are idiosyncratic investments - promises or actions that are specific to that particular business relationship and which are not easily replicable elsewhere. For example, within franchise support, an idiosyncratic investment could be an expensive custom-designed support and marketing solution for a particular individual geographic location offered free, that would be worthless when redeployed elsewhere in a different channel relationship across the network. The use of such unique pledges of assistance, because they are contrary to the self-interest of the franchisor, tend to encourage and incentivise the franchisee to continue with the relationship. There is thus a tendency for the relationship to be maintained for longer because, as a consequence of the exchange, a powerful signal has been sent to the franchisee regarding the commitment of the franchisor.

This strategy also helps signal to others in the network a reputation for fairness (Anderson and Weitz 1992, p22), especially if the franchisor enables other franchisees to learn of its demonstrations of concern and the making of sacrifices. Such an approach works both ways, and a reputation for fairness through pledges can be viewed as a valuable asset which reduces the motivation for both channel members to act opportunistically, because any such action by either party would have the effect of reducing the developed value of the reputation asset (Macauley and Stewart 1963, pp55-70; Telser 1980, pp27-44). In short, the making of idiosyncratic investments in the other party improves a relationship because the pledger shows stronger commitment above any necessary contractual requirements, and the recipient develops greater confidence in the pledger as a result.

Anderson and Weitz (1992, p29) found that the giving of pledges and a willingness to dedicate one's own resources to the partnership helped to compensate for previous conflictual history, and observed that commitment to the relationship deepened when there was plenty of two-way communication. They concluded that such commitment cannot be built on mere assurances or empty promises, or be developed and subsequently sustained without the parties taking genuine risks.

2. Stages and States

It has been long been suggested that business relationships exhibit "life cycles." The term is based on the biological analogy of the life cycles of organisms, which go through change processes that consist of *"a number of inevitable stages of birth, growth, maturity and decline,"* (Porter 1980, pp157-158). This overall concept was introduced into this work in section 2.7 with regard to franchising. One particular set of theory models are those suggesting that a relationship exhibits growth stages as it develops, and that these stages occurs in a similar, sequential and incremental way to the biological model. Six major publications in the buyer-seller relationship literature have specifically proposed such growth stages in inter-firm network development (Dwyer et al. 1987, pp11-27; Ford 1980, pp339-354; Heide 1994, pp71-85; Kanter 1994, pp96-108; Larson 1992, pp76-104) and (Wilson 1995, p335-345). However, criticisms have been made about these stages theory models. These criticisms question the assumption that business relationships really do develop so predictably in the proposed sequential and incremental manner suggested by the stages theory models (Bell 1995, pp60-75; Lindert 1986; Quinn and Cameron 1983, pp33-51), and rather that such relationships are wont to develop organically with much less precision, and are thus much more complex than first thought. A further criticism with the growth stages model is that it is difficult to explain the relationship development that occurs in the important transiting or boundary areas between each of the principle stages (Palmer and Bejou 1994, pp495-512; Porter 1980, p164). One stage does not just suddenly end to be replaced with another one fully formed. Instead there are transitional fade-ins, fade-outs and complex overlaps.

Concerns such as these led to the development of a different life cycle model, known as the states theory. The name is intended to convey the idea that the condition (or current state) at a point in time, and indeed in any phase in a relationship's development, is merely one of several possible conditions (Batonda and Perry 2003, p1466). Unlike the stages theory, the states theory thus contends that the development of a relationship is not necessarily orderly or progressive over time (Ford 1997, p78). It could slow to a stop, or potentially even move backwards, for example.

It is suggested in the literature (Dwyer et al. 1987, pp11-27; Kanter 1994, pp96-108; Larson 1992, pp76-104) that in both the stages and states theories, there are five overarching development phases which comprise searching, starting, development, maintenance and termination. These generalised labels map well onto franchising relationships, where a franchisee must first search out a franchise opportunity that aligns to their skills and aspirations, start it by signing a franchise agreement, develop and grow the business with the help of the franchisor and then, once it has reached its full potential, maintain it until the franchise agreement concludes. Batonda and Perry (2003, pp1457-1484) have extended this work and identified the existence of an additional phase which they have entitled "dormant and reactivation". They explain that:

"Most network relationships may enter into a dormant state for a limited or extended period of time" (p1476).

They contend that business relationships often go into dormant or inactive states, and then get reactivated due to a variety of different reasons, such as a change in business focus or failure to meet a partner's requirements. Empirical data from the present study indicates that this is often the case in franchising, and franchisees have a tendency to drift into dormant "comfort zones" where they simply cease to develop the business opportunity, and instead prefer to just coast along. The new distancing presence of ICT as the primary communications medium, together with an arms-length reactive support strategy provides an ideal platform for this dormant behaviour that, with original face-to-face communication, was previously absent. Batonda and Perry's research findings (2003, p1477) make it clear that the relationship development process does not revolve around an orderly biologically related procession of phases, but rather evolves through the evolution of a series of unpredictable states. Perhaps somewhat controversially, yet supported through data from the present study, is the comment from Hakansson and Snehota (1995) that the stages framework tends to serve the needs of academics rather than practitioners.

Markus et al. (2011, pp306-319) test a lifecycle theory of franchise relationships, recognising that relatively little is known about how the franchisor-franchisee relationship develops over time. They name the initial phase of a relationship "the honeymoon stage" which they characterise as one which is full of excitement and fascination for the franchisee. However, they go on to point out that, after the fascination decreases, disillusionment sets in and the relationship moves on into a "routine stage", where the day-to-day operations of the business become uppermost in a franchisee's thoughts and during which the initial excitement ebbs away, leading to a "crossroads" point, where some franchisees accept the system and begin to adapt to it and as a result, through incremental improvements of the franchisees' learning process, the relationship moves into a stabilisation phase.

This form of lifecycle transit has been observed in the present study and, although it is far from linear, the general phases hold. The current research also agrees with Markus et al.'s proposition (2011, p307) that the relational properties of co-operation and dependence are at their highest in the so-called honeymoon stage.

Also in accord with the findings of Markus et al., when the franchisees move into the second broad routine stage of the relationship many, despite the initial training provided, struggle to attain the level of expertise necessary to run their businesses independently. In the case of Franchisor A in the present study, whilst the creative elements of the business seem to largely be well accomplished in this stage due to the franchisees' command, ability and affinity/enthusiasm with regard to the actual tactical, creative work, other important areas such as marketing and administration are struggled with. Indeed some franchisees even hire in an outside administrator to help them. Realisation begins to take hold that the business simply does not revolve primarily around the creative aspects as perhaps first thought, but rather centres on effective marketing, accountancy and unexpectedly tedious customer administration tasks, which are widely considered mundane and less appealing than the creative aspects. It dawns on the franchisee that the tactical creative elements, whilst still important, are secondary to the skills needed to ensure the long-term success of the business model

Positive enjoyable things do occur, such as the preparations for student performances, which reactivate franchisee enthusiasm and interest and which shift the life cycle backwards from the routine to the honeymoon phase. Nevertheless, there is an underlying flow towards what Markus et al. (2011, pp306-319) term the maturity/adjustment phase. During this period, they contend that a mutual understanding of the roles and tasks of the franchisee and the franchisor will have developed, and the process of downstream knowledge transfer will be substantially completed, meaning that the franchisee will be able to operate independently (2011, p308), or even, through the development of local market knowledge and contacts, actually be able to more successfully operate the franchise in the territory then the franchisor (Windsperger and Dant 2006, p259-272). This is a potentially dangerous time for the franchisor because, once the franchisee is able to operate the business independently, the need for self-determination and independence increases (Peterson and Dant 1990, pp46-61), and because the franchisee has now acquired the necessary knowledge to manage the business, it becomes more difficult for the franchisor to justify his or her ongoing fees. This is exacerbated by the distancing processes initiated by the ICT, where, simultaneously with the gradual increase in franchisee independence, the relationship is shifting from one of face-to-face communication and pro-active launch support, to a reactive, electronic and more distant one. Even without the problematic of the ICT-driven relationship, franchisees are likely to experience a level of cognitive dissonance and this is a critical lifecycle point that franchisors must contend with:

"At this stage, the initial shock of goodwill no longer shields franchisees from negative relationship evaluations, and the positive effect of psychological justification will diminish as well." (Markus et al. 2011, p310).

Some measure of psychological justification is likely to support a positive relationship evaluation during the period when initial enthusiasm first declines, because there is a tendency to believe that better outcomes will exist in the future. However, if franchisees feel a disconfirmation over a long time, then the shielding effect of any such psychological justification will diminish (Oxenfeldt and Kelly 1968, pp69-83).

A crossroads phase is often encountered around this point, which can either move the relationship into one of stabilisation, or see it degenerate into dissolution. Relationship-building efforts by the franchisor are essential in this phase to move the relationship into the preferred stabilisation. In the present study, scant evidence was found to suggest that franchisors either adapted or modified their approach to any lifecycle phases, and the empirical data generally suggests that all franchisees were treated the same, whatever their position in the lifecycle. From my research observations, I contend that, although the franchise relationship exhibits the properties of the states model, and on the surface it ebbs and flows forwards and backwards in what seems to be a somewhat unpredictable manner, under the surface, there is an undercurrent that imperceptibly drifts the franchisee reliably through the aforementioned phases, the timing of which should be able to be reliably predicted if carefully monitored over time by a franchisor. During such critical points, it would perhaps be sensible to reduce the reliance on the ICT-driven relationship and revert to more social interaction to achieve desired positive outcomes. Markus et al. (2011) point out that as the initial entrepreneurial enthusiasm in a new franchisee begins to diminish, it is hardly possible to avoid a downturn in the phases that follow. However:

"If the franchisor anticipates the changing expectations of the franchisee, measures can be taken to reduce the magnitude of downturn and to stabilise relationship evaluations during the franchise lifecycle," (Markus et al., p315).

3. Business Alliances

A franchise relationship is a particular form of business-based strategic alliance. It exhibits many similarities of interfirm co-operative arrangements which are normally aimed at achieving the strategic objectives of the partners. Das and Bing-Sheng (2002, pp725-746) contend that alliances go through a three-stage development process which consists of formation, operation and outcome, the evolution of which is dictated by the partners collective strengths, inter-partner conflicts and the presence of interdependencies.

Taking a resource-based view of alliances, it is suggested that they are formed to obtain access to the other firms' critical resources (Das and Teng 2000b, pp31-61). This maps well to franchising, as the franchisor seeks to expand the network at low-cost using the resources of the franchisee, and, in turn, the franchisee seeks to establish a business at low risk using the experience and skills of the franchisor. However, such an alliance requires a high degree of co-operation and a low level of conflict. Thus, in the alliance literature, considerable attention has been given to inter-partner conflict, which refers to the degree of divergence in partners' interests and actions within the alliance framework (Hardy and Phillips 1998, pp217-230; Kogut 1989, pp183-198). In the literature, there are two fundamental reasons put forward as being the causes of inter-partner conflict. The first revolves around partners who insist on having things specifically their own way. The second is caused by private interests and opportunistic behaviour by one or other of the partner firms, which is often caused by incompatible goals in the alliance which encourage one partner to attempt to maximise their own private benefits without seeking to advance the common benefit of the partnership. Such partners may also exhibit opportunistic behaviour and use the other partner's know-how and knowledge to deliver substandard products (Das and Bing-Sheng 2002, p732).

Inter-partner conflict of this nature exists in franchising and can occur for a number of reasons. For example, a franchisee may reject or ignore the support and advice provided by the franchisor and operate in their own individualistic, non-standard way, or may seek to maximise profits by reporting lower sales than actually achieved, sell additional non-approved products to the customer, or run the outlet in a substandard manner to save on costs and maximise short-term profits.

The presence of interdependencies within alliances are important to reduce the potential for inter-partner conflicts of this nature. Interdependencies refer to a condition where both parties benefit from dealing with each other (Levine and White 1961, pp583-601). Co-operation is more likely to take place when both partners mutually depend on each other. Such co-operation relates to the resource profiles of each of the partners, which can either be similar or dissimilar. The level of resource diversity will determine the resource fit of the alliance. Das and Bing-Sheng (2002, p734) contend that a diverse profile is better, because the parters may contribute different resources to the alliance - the key point being the value of the collective benefits gained in the aggregate of the merged resources and resultant collective strength. In franchising, such collective strengths are often maximised when a franchisor in seeking to develop a network, locates a franchisee who has deep and considerable local knowledge, well-developed marketing and media contacts, a track record of resilience and determination to succeed, coupled with a willingness to take in and act on advice.

From the franchisee's point of view, he or she must consider whether confidence can exist in the franchisor's offering and advice. This cognitive consideration revolves around the firm's reputation for trustworthiness which can, for example, be ascertained from the general image of the partner in the marketplace or, in some instances, as the result of either direct or indirect interactions in the past. It is suggested that trusting partners are more likely to exercise mutual forbearance and co-operate in good faith (Das and Bing-Sheng 2002, p734). As the alliance develops into the operational stage, it exhibits many of the phases of organisational lifecycles. One such outcome, if the alliance develops in a predictable fashion during the early operation stage, is that the benefits of the interdependencies will gradually decrease and there will be an erosion of each partner's need for each other. However, the literature suggests that the collective strengths of the alliance may continue to rise through this period as the partners find the best ways to join forces (Das and Bing-Sheng 2002, p736). The recognition of these collective strengths may be enough to encourage the alliance to continue, despite the decreasing interdependency.

Within franchising, a continuous development of new marketing resources, additional products or services that can be offered by franchisees to their customers, plus a pro-active and individual support programme from the franchisor are factors which offer tangible benefits and add strength to the relationship from the franchisee's perspective. From the franchisor's viewpoint, the presence of rising regular royalties, the successful development of a geographic territory and entrepreneurial market penetration through well-developed local contacts above and beyond which the franchisor could achieve on their own if they took back the outlet into company ownership, are the important elements which can serve to maintain the delicate balance of ongoing collective strength in the alliance.

Das and Bing-Sheng (2002, p737) contend that the alliance will ultimately move into an outcome stage which either results in stabilisation, reformation, decline or termination. Decline is characterised by (1) a decrease in collective strengths, which diminish each other's adaptive ability, (2) an increase in inter-partner conflicts which diminish each other's adaptive ability, and (3) a decrease in interdependencies, which diminishes ongoing commitment. However, whilst the level of interdependencies will inevitably decrease, collective strengths may continue to rise, especially if inter-partner conflicts are reduced through the gradual perfecting of appropriate conflict resolution techniques. However, this beneficial outcome is made more challenging in situations such as the present study where, as the franchise relationship develops, changes are being introduced into the alliance through the ICT, which increasingly takes on the central communications role, resulting in conflict resolution increasingly being steered away from close social interactions towards more distancing electronic methodologies which have not been fully perfected, or their consequences evaluated over the long-term. Such situations are essentially rooted in co-evolution, where different parts of a system evolve simultaneously and interact with each other. In the present work, a franchisee's business evolution is affected by the franchisor's electronic support evolution. If the simultaneous evolutions of both parties are in a positive alignment then the alliance stands a good chance of successful continuation. However, if the ongoing co-evolution does not suit both parties, then the alliance can be seriously damaged and reputations for trustworthiness both upstream and downstream diminished. Ongoing interactions in the alliance may increase perceived trustworthiness in the other party but, conversely the opposite can also occur. On occasions, such perception of trustworthiness damage can occur outside the focal alliance. This is particularly likely in networks such as those found in franchising, where horizontal communications between the entire network of franchisees influence individual franchisor-to-franchisee alliances. Trustworthiness is important because it is contended that higher trustworthiness results in higher collective strengths and lower inter-partner conflicts, both of which which enable the alliance to progress faster and enhance its stability (Zaheer et al. 1998, pp141-159).

Despite the presence of potentially negative horizontal communications across networks, together with the presence of co-evolution challenges through operational changes, a key feature of the outcome stage in alliances is that overall they are strongly tied to performance evaluation. The partners will measure their actual performance outcome with what they expected, and judge whether the discrepancy is too great. If the discrepancy is negative (such as franchisees not making the profits they expected, or a franchisor not generating the expected income from a demised territory) this will lead one or other partner to re-evaluate the alliance. On the other hand, when outcomes match or exceed expectations, then the partners become more committed to the alliance and its continuation (Das and Bing-Sheng 2002, p740).

When alliances run into trouble, there is a chance that they can be repaired if the parties commit to:

"Combine, exchange or invest in idiosyncratic assets, knowledge and resources/capabilities and/or they employ effective governance mechanisms that lower transaction costs… through the synergistic combination of assets, knowledge or capabilities" (Dyer and Singh 1998, p662).

What is important here, is that both parties contribute towards an ongoing exchange relationship and create joint idiosyncratic contributions that value both members of the alliance and result in supernormal profits. Dyer and Singh term these as being "relational rents" which are developed through a mutually beneficial shared combination of assets. In the literature, Williamson (1985) identified three types of asset specificity. These are: (1) site specificity, (2) physical asset specificity and (3) human asset specificity. In the present study, human asset specificity is of principal interest, as this refers to the specific know-how that accumulates through long-standing relationships and where systems and procedures have been learned. In such situations (and franchising is a key example), both parties will have developed particular specialisations which will have increased through the experience of working together. This "human co-specialisation" allows them to communicate efficiently and effectively, which has the effect of reducing communications errors and enhancing quality (Asanuma 1989, pp1-30; Dyer 1996a, pp271-292). However, for such specialisations to successful take place, much communication and contact will normally have been required. The issue for the present study, is that the development of this form of asset specificity has been hampered by the reduction in social contact in favour of ICT, plus a simultaneously developing focus on reactive as opposed to proactive support and assistance strategies due to the growing size and geographic reach of the franchise network.

One method with which to improve matters and help minimise the effects of ICT introduction is to provide an opportunity for the partners to suggest ideas to each other. Dyer and Singh (1998, p665) contend that a firm's alliance partners are often the most important source of new ideas and information, and that their input can result in performance-enhancing technology and innovations, and that such alliance partners can thus generate relational rents by developing good quality interfirm (or in the current case franchisee-to-franchisor) knowledge-sharing routines. Knowledge is often divided into two different types in the literature, these being information and know-how (Grant 1996, pp375-387; Kogut and Zander 1992, pp383-397; Ryle 1984). Information is considered to comprise facts, propositions and symbols, while know-how comprises knowledge that is tacit and thus more complex, "sticky" and difficult to codify accurately. Because of this, it is also more difficult to imitate and transfer. However, this tends to make it more likely to result in sustainable advantages:

"Alliance partners that are particularly effective at transferring know-how are likely to outperform competitors who are not." (Dyer and Singh 1998, p665).

Through taking an interest in franchisees' ideas and the structured exchange of tacit "shop-floor" knowledge, the franchisor is able to help to ensure that the outcome stage of the alliance is more likely to be a positive and continuing one, because the franchisees will feel that they are being listened to, and their operational experience treated as valuable. The forward-looking franchisor will also recognise that such know-how is genuinely useful in improving and developing the business model, because such up-to-date operational know-how is unlikely to be possessed by the franchisor personally, especially if all outlets are franchised and no company-owned branches remain. Often, operations manuals that provide franchisees with initial know-how are written at the commencement of the franchise development process following a successful pilot operation which may have been many years previously, and are perhaps not updated because of the effort required, together with the potentially erroneous assumption that, "things still work, the marketplace is unchanged and that the franchisor knows best." This is a short-sighted approach, as franchisees out in the network, given the opportunity, can usefully act as the eyes and ears of the brand and provide valuable tacit know-how. ICT offers a potentially excellent mechanism for this transfer of information, which can aggregate on online company forums, for example.

The prevalence of such such mechanisms are likely to be related to the level of franchisor's specific absorptive capacity. The term "partner-specific absorptive capacity," to give it its full title, refers to the idea that an alliance partner has recognised the value in absorbing knowledge from the other party. The more the franchisor implements processes and routines to allow the franchisee to collaborate and identify valuable know-how and bring it into the organisation in a useful and productive way, the more absorptive that alliance partner is considered to be. Successful exchanges of information (which, once the know-how is structured and found to be useful, can be sent downstream to the other franchisees) are considered to be useful in increasing socio-technical interactions (Dyer and Singh 1998, p666). They will typically involve an iterative process of exchange, and thus can build depth into a relationship. However, the literature suggests that the success of such transfers depends on whether the personnel have direct, intimate and extensive face-to-face interactions (Arrow 1974; Badaraco 1991; Daft and Lengl 1986, pp554-571; Marsden 1990, pp435-463), and that there are appropriate incentives for such knowledge sharing in place, such as financial equity arrangements or informal norms of reciprocity. In the present study, face-to-face interaction has largely been discontinued by Franchisor A, and I was unable to identify any formal "know-how sharing mechanism." The empirical data indicated that franchisees had resorted to unstructured and ad-hoc horizontal communications as a means of sharing operational information between themselves. In contrast however, although no incentives were in place, Franchisor B operated an online "ideas incubator" to enable suggestions by franchisees to be put forward for consideration.

For the reasons outlined, partner-specific absorptive capacity is a worthwhile skill for franchisors to develop in themselves and also in their franchisees, to assist with maintaining successful alliance relationships. However, such an approach takes much time, dedication and a specific attitude to network management. In short, it cannot be developed quickly, nor can it be simply bought and sold in the marketplace (Arrow 1974; Sako 1991, pp449-474).

4. Support Mechanisms and Knowledge Transfer

Support mechanisms offered to franchisees are classified into two groups in the extant literature (Doherty 2007, p782). The first is known as strategic management support and typically revolves around the franchise operations manual, the development plan and the monitoring of financial data. The second is known as operational franchise support which revolves around day-to-day support in the pre and post-launch phases, plus training, marketing and ongoing help and assistance with the development and growth of the franchise outlet.

Both support mechanisms involve the use of power and control, which has been extensively researched in the literature (Frazier and Summers 1986, pp169-176; French and Raven 1959; Gaski and Nevin 1985, pp130-142; Hunt and Nevin 1974, pp186-193; Kim 2000, p388-405; Lusch 1976, pp283-290; Sibley and Michie 1981, pp59-65; Wilkinson 1996, pp31-41). Power and control can either be deployed in a coercive (hard) or non-coercive (soft) manner, or sometimes a combination of the two. Hunt and Nevin (1974, pp186-193) characterise coercive strategies as those which are associated with the potential punishment of franchisees for transgressions. These are normally related to failures by franchisees to satisfactorily adhere to clauses within the franchise contract and can result in threats of termination, loss of territorial rights, claims for liquidated damages or, in some cases, litigation. Non-coercive approaches by franchisors, on the other hand, take the form of assistance and support activities.

Focusing on the non-coercive supportive approach, franchise networks, like other business relationships such as strategic alliances, are very dependent on their ability to transfer specific knowledge to the franchisees. Whilst a variety of such transfer mechanisms including conference meetings, visits to operational outlets and telephone, do exist, increasingly these are being replaced by electronic transfer mechanisms. In the past, information such as know-how which requires a high degree of tacit information richness (IR) has been provided either face-to-face or, at the very least, over the telephone, whereas lower degrees of tacit information richness, such as the transfer of figures and financial information have long been managed through written communication and fax, and latterly through electronic transfer mechanisms such as intranets.

Research into knowledge transfer in organisations commenced with the information richness theory in the 1980's (Daft and Lengel 1984, pp191-233). This posited that effective communication:

"Required a fit between task ambiguity/equivocality and the 'richness' of the communication media." (Gorovaia and Windsperger 2010, p14).

These authors point out that face-to-face communication remains the richest mechanism for knowledge transfer because it offers the capacity and opportunity for direct experience, multiple information cues, immediate focus and personal feedback. They contend that computer reports, databases and the like are those with the very lowest information richness level because there is no feedback opportunity and the documents have a quantitative nature. They therefore propose that:

"The higher the task ambiguity, the more that rich knowledge transfer mechanisms are needed for effective knowledge transfer." (2010, p14).

Franchisor A in the current study has moved most of its support online and reduced its support manager-to-franchisee ratio. Empirical data collected indicate that, whilst franchisees are willing to interact with the new ICT for low IR tasks such as the input and communication of operational figures, they still prefer to use richer knowledge transfer mechanisms (such as the telephone) for anything that they consider to be of a "sensitive nature", or something which needs discussion or explanation. This is the point at which information begins to move into the realm of tacit knowledge such as "know-how", which Teece (1985, p229) contends is extremely difficult to transfer without teaching, demonstration and participation. Gorovaia and Windsperger, (2010, p14) maintain that when a franchisor possesses a combination of tacit and explicit "system-specific" knowledge, then they need to deploy both low (electronic) and high (social, face-to-face, visits and meetings) IR mechanisms to efficiently and successfully transfer the knowledge to their franchisee networks.

Daft and Lengel (1984, pp191-233) followed by Vickery et al (2004, pp1106-1119) and finally Gorovia and Windsperger (2010, pp12-21) combine to offer a straightforward explanation of the increasing information richness inherent in various communication activities. From lowest to highest, they rank common activities as follows:

1. Numerical formal (accounting data)
2. Written formal (documents and manuals)
3. Written personal (letters, fax)
4. Electronic (email, Intra and Internet)
5. Telephone
6. Face-to-face (training, meetings, visits)

From this stream of important research work, it becomes clear that franchisors who attempt to bring both low and high IR activities into the electronic realm in a blanket strategy are extremely likely to experience problems. Indeed, ever since the introduction of electronic communication opportunities, there have been scholarly calls for future franchising research to investigate the results of using electronic knowledge transfer mechanisms such as video technologies, electronic bulletin boards and discussion groups that function as conduits for information to be transferred between franchisors and franchisees (Alavi and Leidner 2001, pp107-136; Andreu and Ciborra 1996, pp111-127). This present exploratory work exists to help provide some information on observed outcomes of moving both low and high IR knowledge transfer activities simultaneously to the electronic realm.

Switching attention from knowledge transfer mechanisms to the foundational area of knowledge creation itself within the franchise industry, Lindblom and Tikkanen (2010, pp179-188) have published a paper which focuses on how franchisors can convert the tacit, subjective personal and informal knowledge, ideas, insights, feelings, intuition and hunches that are held by franchisees, into widely useful explicit knowledge that can be successfully externalised. Using a concept developed by Nonaka and Konno (1998, pp40-54) and Nonaka et al. (2000, pp5-34; 2006, pp1179-1208), it is proposed that franchisors can encourage the creation and transfer of such knowledge by creating the right conditions for it to flourish, and maintain that what is required is a context or space for it to be created and transformed. Nonaka and Konno (1998, pp40-54) term this space, which requires the right mix of people to participate and encouragement for them to interact, a “ba.” However a project of this nature requires considerable effort by franchisors because, although such information is recognised as being valuable to the franchisor, empirical evidence from within the franchise literature has found that franchisees are actually less likely than salaried managers to freely communicate information with their franchisors, due to franchisees lacking trust in the franchisor and thus wishing to maintain control over their local knowledge and avoid sharing information upstream (Inma 2005, pp27-48).

The aforementioned “ba” is a space where people can interact and create knowledge as a result. Such a “space” may be a physical meeting room or a virtual space such as an internet-based network (Lindblom and Tikkanen 2010, p184). In the latter electronic medium, which is of primary interest to the present study, the interactive space would be used for developing explicit new knowledge and combining and synthesising it with existing knowledge to generate new knowledge (Nonaka et al. 2000, pp5-34). ICT systems have for some time been used to systemise and develop intra-firm knowledge and develop “virtual dialogue” (Alavi and Leidner 2001, pp107-136; 1999, pp2-36; Halawi et al. 2005, pp75-86), and more recently, the culture of communicating electronically has burgeoned through the widespread all-encompassing universal use of social networks such as Facebook and Twitter, which have made people much more comfortable with computer interaction than ever before, and even turned it into an addictive mania for some. In this new social media landscape, there is thus a real opportunity for franchisors to develop attractive and comfortable electronic spaces for franchisee interaction and knowledge creation. Such informal spaces are valuable because they encourage a more personal, relaxed and honest dialogue when compared to formal real-world area franchise meetings around a table in a hotel room or similar. In addition, the written-down permanent nature of the electronic interactions allows for company researchers to qualitatively analyse interactions and code them to develop more structure and understanding.

In summary, Lindblom and Tikkanen (2010, p186) point to three key reasons why such knowledge-development efforts are worthwhile to franchisors. The first is that franchisee knowledge is valuable because any individuals within the network who possess an entrepreneurial orientation can be true innovators and catalysts for change. Secondly, because most of the knowledge individually held by franchisees is tacit and informal yet valuable, to be useful it needs to be converted to explicit knowledge so that it can then be shared back across the network in a structured way, and thirdly (and of particular interest to the present study), because franchisees are typically independent operators isolated from one another, ICT can play and important role in facilitating interactions between the franchisor and franchisees.

5. Business Relationships and the Marriage Analogy

Business relationships, just like relationships in wider life such as that of marriage, develop through the presence of important shared values including bonding, empathy, reciprocity and trust. It is thus perhaps not surprising that relationship marketing commentators have used the marriage analogy to compare some of the principles of the interactions that exist in long-term business relationships to our personal ones (Dwyer et al. 1987, pp11-27; Morgan and Hunt 1994, pp20-38; Tynan 1997, pp695-703). However, whilst such comparisons have abounded, there is a concern that they have now outlived their usefulness (Tynan 1997, p702). This is said to be due, in part, to the fact that partners in business are rarely as willing as the partners in a marriage, and the benefits that are derived from a business relationship, including the costs and the timescale involved carry less weight. In fact, Tynan suggests that regarding business, the terms polygamy and seduction could just as relevantly be used to describe many commercial situations. Nevertheless, some commentators do still contend that in business-to-business relationships in particular, especially those where there are clear mutual benefits that need sustained relationships to flourish, that the marriage analogy does still hold good, especially in situations where:

"Both partners possess the shared objective of nurturing a shared project in which they have both invested," (Doherty and Alexander 2004, p1219).

Doherty and Alexander consider the franchisor to franchisee relationship to be one that particularly fits the above description, and they thus explore the marriage metaphor with regard to rational partner evaluation and the role of trust within the early stages of the development of the franchise relationship, and carry this out using a similar qualitative methodological basis to the present work, reasoning that such an inductive process provides a thicker description with which to process meaning, understanding and development of franchise relationships (Doherty and Alexander 2004, p2120). In their study, the authors contend that trust, which is a key element of the relationship marketing literature, is the backbone of a long-term successful franchise relationship, and they found that choices regarding franchisee selection by franchisors revolved around what their data subjects called a "chemistry factor," with decisions (in a similar way to those of a proposed marriage) being made based on whether the franchisor and franchisee seemed to have the right "chemistry" at work to begin the relationship, and expressed the view that if that was achieved, then other drawbacks, even financial ones could all be somehow accommodated and overcome.

Doherty and Alexander also found in their franchise case evidence, that as a result of personal experiences in their respondents own lives, that they believed successful relationships were built on trust, communication and support as opposed to contractual threats and that, if commitment and trust were achieved, then other deficiencies in the partner could often be overlooked. In other words non-coercive as opposed to coercive behaviour patterns. They explained that:

"As in any marriage, the contract is seen as a legal agreement but it is not the basis for the successful day-to-day management of the relationship. Again, as in the traditional marriage scenario, it is only when the possibility of an irretrievable breakdown occurs that the threat of the

contract comes to the fore. At that stage, either both partners agree to abide by the original contract or terminate it." (Doherty and Alexander 2004, p1229).

Their research supports other findings that similarly highlight the importance of trust during early stages of relationship development (Dwyer et al. 1987, pp11-27; Grayson and Ambler 1999, pp132-141). Importantly for future research, they concluded that within franchising, where a trusting, communicative and mutually beneficial relationship with long-term outcomes was required, that a bond which is analogous to the marriage bond is indeed particularly required (Doherty and Alexander 2004, p1230).

6. Reciprocal Actions and Co-operation

Reciprocal actions are those which the receiving party in a business relationship decides to take in response to a source party's action. The overall view is that:

"Threats tend to elicit threats, thus increasing the degree of conflict . . . when one party establishes the use of coercion, the other is likely to respond in kind, intensifying conflict rather than resolving it." (Stem and Gorman 1969, p161).

Frazier, Gill and Kale (1989, p56), when researching business relationships between manufacturers and dealers, found that those dealers with high dependence in the relationship were likely to bend to pressure quickly and comply with manufacturer desires. However manufacturers that did not possess high levels of dealer dependence were likely to use coercive strategies less in the relationship because of their more tenuous position. This situation has been observed in the data collected for the present study. In this work, the manufacturer becomes the franchisor, and the franchisee inhabits the role of the dealer. The franchisees in Franchisor A's network (the much larger one of the two) make significant monthly incomes from their franchise businesses, and depend upon the well-known brand name for their success. Because of this, the franchisor has been able to quite easily coerce wide compliance during the introduction of the new ICT-driven support mechanism, and achieve significant adherence to its multitude of equally new and awkward procedures. Franchisees are unwilling to challenge the franchisor because of their high dependence on them for their income and future. Thus, franchisees with a high level of dependence on the franchisor are at a significant disadvantage in the franchise relationship, and their chances of using any coercive influence are almost non-existent.

Such imbalances can begin to create intra-channel conflicts which are defined by:

"Tension between two or more social entities that arises from the incompatibility of actual and desired responses," (Raven and Kniglanski 1970, p371),

And:

"A situation in which one channel member perceives another channel member to be engaged in behaviour that is preventing or impeding him from achieving his goals." (Stem and El-Ansary 1988, p284).

Frazier, Gill and Kale (1989, p57) contend that if a manufacturer performs its designated role in an excellent manner, then he or she would be viewed by the dealer as being concerned about the dealer's welfare, and would thus reduce the dealer's feeling of tension and frustration with the relationship and this would also reduce any feelings of channel conflict from the dealer's perspective. However, they found that when dealers are in a highly dependent state, manufacturers had little to lose in pushing and pressurising them, given that the probability of a dealer leaving the relationship due to such coercion was slight even when conflict was high, and the dealer was unhappy with it.

In franchising, individual challenges against a franchisor are rare, but increasingly class actions are being brought to bear by multiple franchisees against franchisors, and lawyers are beginning to specialise in the pursuance and support of such cases. This may account for the reluctance of some franchisors to provide horizontal communication channels for their networks.

One of the problems associated with business relationships are the actions of people within them. Trust is often built up through interactions with specific people as opposed to with faceless organisations. However, such people are being required to inhabit awkward dual roles. On the one hand they are individuals, on the other hand, they are players occupying a defined business "role" with required outcomes that define career success or failure. In effect, they are rather like actors in a play, during which they are not "themselves" at all. Guitot's (1977, pp692-704) work helps clarify the complexities of the situation. He explained that the ways in which individuals attribute other people's intentions and general behaviours vary considerably if it is ascertained that the other person is acting in a "role" as opposed to being themselves "qua persona." He contends that, although a person (such as a franchisee, for example) may be willing to believe the sincerity and trust in communications between the "qua persona" individual, they may not necessarily do so when the very same person is "acting" (in the literal sense of the word) in his or her role context. Ring and van de Ven (1994, p96) compare organisations to oceans, and maintain that to deal with the uncertainties brought on by people in specific roles, it is prudent for both parties to employ "lifejackets" that are well-recognised as safeguards, such as formal contracts, etc.

To understand franchising in a balanced way, it is important that the relationship issues are not exclusively viewed upstream, with the franchisor being depicted as the problematic, controlling party. Empirical evidence collected for the current study shows in some instances (primarily from the small franchisor B network where the very part-time franchisees have less to lose) that although the franchisor does everything it can for certain individuals, they simply refuse to perform or comply, and remain uncooperative, and thus the franchisor is forced to reach for the coercive metaphorical lifejacket, even though they would much rather refrain from doing so.

The presence of psychological contracts as opposed to legal ones are useful in the aforementioned situation. Psychological contracts (Argyris 1960; Levinson et al. 1962) revolve around non-verbal sets of expectations and assumptions about what each of the parties will do in various situations. Some may be explicit, some much less so, but all will be developed, shaped and mentally constructed by past experiences that have occurred and which the party is aware of. These experiences may not necessarily be based on exchanges that have occurred within the dyad, but could equally be previous occurrences that one or other party has become aware of and assimilated. They are an amalgamation of myriad experiences, and are continuously updated and mentally rewritten, are rarely fully specified and serve as substitutes for formal transaction processes (Macauley and Stewart 1963, pp55-70). In franchising, like many other business relationships, it is extremely difficult to be able to foresee all possible situations that could occur in the course of the franchise term and thus, even though the typical franchise contract runs to around 50 pages, it can only cover the key issues that are most often open to disagreement, such as operating methods, brand standards, financial requirements and termination mechanisms. Any other issues remaining become:

"Taken for granted assumptions in the psychological contracts that parties develop in relation to each other through repeated interactions," (Ring and van de Ven 1994, p105).

The more that such issues arising are upheld in these psychological contracts, the more that trustworthiness becomes affirmed, and subsequently the more that formal procedures can be relaxed further in good spirit (Lewis and Weigert 1985, pp967-985). Again, the more that this occurs, the more that newer entrants into the franchise will come to share the idea that this is simply “the way that things are done here.” Such an approach improves co-operation and positive reciprocal actions. For these reasons, it is important that the franchise support managers do not simply quote formal contract clauses at their franchisees electronically, but instead are provided with an amount of operational latitude to be able to flexibly deal with issues, and thus begin develop the business’s intangible psychological contract alongside the official formal written one. It should be noted however, that to work efficiently in a franchise network, any such development must occur across the whole business, and that all support staff must act in a similar agreed manner to ensure that the whole network is treated in broadly the same way. If this is not carefully co-ordinated, then claims of favouritism may be voiced, and the positivity of the approach irrevocably damaged. Ring and van de Ven (1994, p110) go so far as to contend that the viability of an inter-organisational relationship (IOR) such as a franchise can be placed in jeopardy by an excessive reliance of formal, legal procedures and an exclusion of informal, interpersonal ones for negotiating with or committing to. However, they also caution that an imbalance in the opposite direction (where there is too much informality and no formal structure), is equally likely to lead to failure of the IOR. Clearly, franchisors need to carefully develop a working balance, which is made all the more challenging when the support mechanisms move away from social norms to electronic ICT approaches.

7. Trust and Compliance

The creation of trust is considered essential for the development of enduring partnerships (Morgan and Hunt 1994, pp20-38). Some commentators argue that it is the major factor in strategic partnerships between firms (Madhok 1995, pp117-137). According to Johnson et al. (1996, p981) trust revolves around two factors: (1) a cognitive component derived from confidence in the reliability of a partner and (2) a behavioural component derived from confidence in the intentions, motivations or benevolence of a partner. Such trust can be strengthened when there is a sense of complementarity between the partners, where each party contributes strengths and resources that are valued by the other partner (Dymsza 1988, pp402-424). In franchising, this sense of complementarity may be developed through the franchisor contributing value through his or her expertise of the business format, while the franchisees contribute value through their specialised local market knowledge and enthusiasm for developing the business in their demised territory. Such a state of affairs can result in a synergy, where the sum of the alliance exceeds the sum of the individual contributions. In such cases, complementarity is considered to encourage the formation of trust, because the partners are relying on each other for the clear benefits of their combined outputs, and they both recognise that they would not be able to accomplish the same results alone, which together are worth much more than the sum of their individual parts (Johnson et al. 1996, p987).

Positive reciprocal trust (Bradach and Eccles 1989, pp97-118), where one party's actions motivates the other party to respond in kind can also improve relationships. However the literature also highlights the presence of more dangerous reciprocal models of *mis*trust. Mistrust is signalled through behaviours such as withholding information, imposing controls, surveillance and monitoring, all of which lead the other party to expect mistrust and thus engage in similar mistrusting behaviours (Johnson et al. 1996, p998). Within the present study, the empirical data uncovered evidence of franchisees feeling that the ICT system, which could significantly monitor the franchisees remotely and which offered the franchisor multiple methods of surveillance right across the franchisee's business, from data-mining to the control and monitoring of the email communication system, was "big brother" and "felt controlling." Such feelings are typical causes of trust erosion. This is especially relevant to franchise relationships, because they are "strategically integrated," meaning that the relationship is core to the function of the alliance and the business model rather than peripheral, and because each party has a stake in the other's success. It is thus important to develop co-operative behaviour. Such co-operative behaviour may have various motivations (Kogut 1988, pp319-332), but regardless of the motivation, most researchers attribute the success of such arrangements to how well the partners get along with one another (Cullen et al. 1995, pp91-115). Quite simply, when your partner trusts you, you trust your partner in return:

"A relationship without trust makes partners tentative in their involvement and reluctant to reveal their true motives or share knowledge. Without trust, partners hold back information or take unfair advantage if given the opportunity." (Johnson et al. 1996, p1000).

Johnson et al. (2004) contend that, although trust is of utmost importance in business relationships, it cannot be examined in isolation, and that intervening between trust and its outcomes are behaviours that the trust actually facilitates, and which are key elements in driving the resultant performance outcomes. They suggest that these co-operative relationship behaviour constructs are joint responsibility, shared planning, and flexibility in arrangements (Johnston et al. 2004, p25).

The first two of these hold for franchising, as the relationship is based on the need for joint responsibility, with the franchisor being responsible for developing the brand and its methods of operation, and the franchisees being responsible for making a success of the model in their territory. The second construct, shared planning is also evident in franchising, where both franchisee and franchisor must work closely together to launch the outlet and plan for its commercial success, with the franchisor helping to provide commercial frameworks such as key performance indicators for the franchisees to successfully operate within, and the franchisees planning tactical local marketing campaigns to maximise income from the business format. Co-operative relationships are also improved when the other party is provided with information about planned changes and, in some cases, even offered the opportunity to be brought into the planning process itself. The third behavioural construct, that of flexibility in arrangements, is less widespread in the franchise industry, and it is only the more enlightened franchisors who recognise the value of resorting to non-coercive management strategies that develop psychological contracts alongside the formal written ones. However this sort of flexible orientation is posited to be a major distinction of trust-based relationships. Trust in itself is considered to be not a mere input into relationship, but rather a precondition and an outcome, with the distinguishing characteristic being the benevolence and goodwill component which grows, not simply from a sense of reliability in the other partner, but rather from ongoing acts or behaviours that demonstrate trustworthiness:

"The behaviours that demonstrate trustworthiness may be overt, such as providing proprietary information or assistance without compensation; alternatively, they may be events that demonstrate that the partner would not take advantages of opportunities that might be harmful to the trusting party." (Johnston et al. 2004, p27).

Overall, there are two general approaches to trust in the literature. One the one hand, it is viewed as an expectation, belief or general sentiment that comes from the exchange partner's expertise and reliability (Blau 1964; Pruitt 1981; Rotter 1967, pp651-665). On the other hand, it is viewed as behavioural intention that displays a reliance on the other partner, and thus involves vulnerability and uncertainty on the part of the trustor (Coleman 1990; Deutsch 1962, pp275-320; Schlenker et al. 1973, pp419-427; Zand 1972, pp229-239).

In addition to these two general overarching approaches, the actual concept of trust is treated in two distinct ways in the literature as well, as one of several aspects (Dwyer et al. 1987, pp11-27) or particular feature or quality of a relationship which exists along with various others such as communications, power and goal compatibility (Anderson et al. 1987, pp254-262), or as determinant of the relationship quality. In this second conceptualisation, trust is the agent that determines the amount of likely co-operation and potential conflict between the parties (Anderson and Narus 1990, pp42-58) or, (and of specific interest to the present study), as a determinant of communications between the two parties (Mohr and Nevin 1990, pp36-51). The empirical data collected for the present work indicates that the more that franchisees trust the franchisor to help and support them, successfully answer their operational questions and provide outcomes that are fair, then the more that they are prepared to communicate with them.

Although trust is discussed widely as playing an important role in relational exchange, limited attention has been given to the role that trust plays in franchisee compliance. Franchise networks contain individuals with entrepreneurial aspirations that naturally veer towards autonomy and innovation, and it is an ongoing challenge for franchisors to enhance compliance without damaging franchisee ambition (Davies et al. 2009, p321). The roles of the franchisor and the franchisees need to be integrated and carefully orchestrated to achieve success (Kaufmann and Dant 1999, pp5-16), especially as franchisees are considered to possess motivations similar to those of conventional entrepreneurs (Stanworth 1995a, pp161-176). A key problem is that, as the franchise relationship develops and there is an increase in the success of the outlet, franchisees are likely to believe that the resultant success is attributable to their own skills as opposed to the operational formula of the highly developed, tried and tested franchise format (Davies et al. 2009, p322). This bias encourages franchisees to progressively reassess the value and need for their relationship with the franchisor (Baucus et al. 1996a, pp359-378; Grünhagen and Dorsch 2003, pp366-384; Morrison 1998, pp19-56), which can lead to questions about the fairness of the franchise agreement. Such feelings have the potential to develop into network-wide opinions which can shift the balance of power away from the franchisor and lead to problems with commitment and compliance (Davies et al. 2009, p322). These authors identify two constructs that affect franchisee compliance: (1) competence trust; (2) integrity trust.

Competence trust is developed through a gradual belief in the franchisor's competence across a wide range of areas, which may include competence in supporting the franchisee, competence in promoting the brand and competence in financial management and administrative affairs. The present study identifies a range such activities and labels them as a process called "competencing" which the franchisor is seen to be actively engaged in presenting to the franchisees. Of course, prior to joining the network, benefitting from and experiencing the activities that comprise "franchisor competencing" firsthand, the reputation of the brand in the marketplace serves as the only indicator of franchisor competence.

The second construct, integrity trust is the belief that the franchisee has behaved in a positive and fair way, when potentially awkward situations between the two parties have been handled. Franchise relationships are complex to manage because of the financial interdependence between the two partners, both of which are entrepreneurially-motivated. Davies et al. (2009, p324) point out that, because franchisees are investing their own capital in a business that, at the outset, they do not fully understand and which often has many operational constraints and specific procedures associated with it which are enforced through the franchise agreement, frustration can set in which can have the effect of discouraging entrepreneurial aspirations in the franchisee. Indeed, the franchisor may substantially penalise the franchisee for embarking on entrepreneurial actions, especially those that result in a lack of adherence to the brand standards laid down in the franchise agreement. Thus, there can arise an incongruity between what the franchisor's requirement for standardisation and precise control of the franchise operation and the brand on the one hand, and the franchisee's desire for autonomy and the opportunity to act entrepreneurially on the other. The literature suggests that such a situation will inevitably lead to conflict and diminished compliance with the franchisor's desires and directions or even, in extreme cases, contractual defiance (Dickey et al. 2007, pp251-282; Kidwell et al. 2007, pp522-544). The current research work has uncovered that when a franchisee moves into this form of relationship alignment, it can be very difficult to reverse. There is tendency for the franchisee to initially become uncommunicative and resistant to requests to discuss matters, which, with an increased reliance on ICT as opposed to face-to-face regular meetings, has become easier for them to do. Simultaneously, there is a tendency to try to seek affirmations of the "correctness" or righteousness of their position by discussing the matter horizontally with other franchisees and seeking their overall approval of it. This has the effect of widening the problem from the franchisor's perspective, and also finding that as a result, perfectly acceptable franchisees become contaminated, sometimes fatally. Franchisees who subvert operational policies in this way weaken the brand identity of the franchise (Baucus et al. 1996b, pp359-378), cause ill-will and, in extreme cases, where the franchisor chooses to rigidly enforce the contract and terminate it, the consequences of the problem escalates and risks damaging their market reputation, making it harder to sell the opportunity to new franchisees in the future and expand and develop the network (Hopkinson and Hogarth-Scott 1999, pp827-843). Because of the possibility of such situations occurring, franchisors have an economic interest in maintaining and bolstering franchisee trust in them (Davies et al. 2009, p324)

Adopting a non-coercive approach, whilst much less straightforward for a franchisor to action, can sometimes be a viable alternative. Such an approach moves the business arrangement into the realms of relational governance which, instead of relying on the franchise agreement, instead relies on norms of behaviour and mutually acceptable codes of conduct shared by both parties (Spinelli and Birley 1996, pp329-342). An absolutely key point in relation to the current study is that:

"As the franchise grows with increasing numbers of franchisees, the physical distance between franchisor and the average franchisee grows, with franchisors having less capacity and inclination to monitor all their franchisees closely to ensure conformity to formal contract. Recognising the constant threat of conflict with their franchisees, franchisors ultimately resort to managing their relationships at a distance, by encouraging compliance through relational forms of governance requiring trust." (Davies et al. 2009, p325).

Franchisor A in this study has found themselves in exactly this position and have resorted to ICT to manage their franchise relationships at a distance. To assist in developing a platform for relational governance, they have given the franchisees absolute entrepreneurial control of what they teach on the shop-floor to the customers. There is no syllabus or franchisor-devised lesson plan at all. The franchisee simply has to adhere to very general guidelines that revolve around end of term outcomes. The franchisees are responsible for hiring the teaching staff, and the franchisee principal uses his or her creative skills in association with the hired staff to devise course material. The franchisor is thus seen to be trusting the franchisees to uphold brand standards and is valuing their creativity. In return, the franchisees seem more inclined to comply with the changes caused through the ICT introduction. Along with this benefit, such an approach cultivates positive attitudes in staff members who feel involved and valued. This, in turn, has a positive effect on how the staff members interact with the customers of the brand (Punjaisri and Wilson 2007, pp57-70). Such an approach displays a high level of integrity trust by the franchisor, which is maintained as long as the activities of the franchisee adhere to working norms and there is no lack of transparency in their deployment or reporting to the franchisor when requested.

Compliance is a key franchisor objective to ensure the smooth-running of the network and to be able to maintain control. Research has shown that franchisees who refuse to comply with recommendations perform at below-average profitability (Fenwick and Strombom 1998, pp28-45). When a franchisee complies and is successful, this strengthens the legitimacy of the franchisor's role and has the effect of increasing the franchisees' view of the franchisor's competence. When a franchisee gains financial success through successful support and help, this results in an economic satisfaction which leads to an increased belief in franchisor competence trust. Davies et al. (2009, p238-9) contend that to aid compliance and maintain high levels of trust, that conflict has to be appropriately handled through functional opportunities for exchanges of views, and an understanding of different perspectives on sensitive issues, and not allow them to develop into a power struggle. They go on to state that:

"Franchisors that provide sufficient and expected levels of support encourage trust due to their (a) legitimate influence (or authority), (b) expert knowledge and (c) referential esteem as sources of gentle influence with franchisees." (Davies et al. 2009, p329).

However, franchisees must recognise the practical value of actioning the franchisor's suggestions and directives, because when trust in recommendations or promises is absent, there is a tendency towards less compliance (Payan and McFarland 2005, pp66-79). Franchisors must also be careful to act ethically to develop trust and compliance. Davies et al. (2009, p334) found that just one single instance of unethical behaviour can be sufficient to irrevocably damage an individual's integrity, while it takes significant and multiple demonstrations of other forms of behaviour (such as lack of competence, for example) to create equivalent damage to other aspects of one's reputation. They found that when a franchisor displays a lack of integrity, the franchisee feels that they can no longer rely on their franchisor's promises, and this jeopardises the whole relationship. In addition, they discovered that compliance functions as a signal that franchisees trust their franchisor, and that a strict adherence to the franchise agreement is likely to elicit the minimum level of effort and compliance from the franchisees.

By expanding the relationship scope to offer more entrepreneurial discretion on the part of the franchisees, the franchisor can usefully redefine the relationship away from purely contractual, economically based exchanges towards more relational, social exchanges (Organ et al. 2005) and achieve higher levels of trust and compliance together with better levels of performance as a result. However, to shift reliance onto electronic communications technology and away from face-to-face social ones to attempt to bring about, manage or even maintain such a complicated and sensitive governance approach, presents significant challenges because of the distancing effect that results from such an ICT strategy, especially if the franchisor relies predominantly on reactive email and remote intranet website technologies which are not ideally suited to the difficulties of communicating, negotiating and mediating complex relational exchanges or developing usefully reciprocal behaviours. This is not to say that such an approach will always face so many obstacles, rather that the technology and the approach of users to it, means that it does not currently provide a fully appropriate virtual substitute to old-fashioned face-to-face communication and collaboration. With the introduction and wide acceptance of low-cost or no-cost, reliable video conferencing on phones or tablet devices such as the Apple iPad, plus the growing cultural shift (and for many, a preference) toward electronic discussions taking place through social networks such as Facebook, the landscape may change for the better for the use of franchise ICT.

8. Interfirm Power

Quinn and Doherty (2000, p354) propose that there are two literature bases to account for power and control in franchising. These are the marketing channels literature and the agency theory. Marketing channels literature examines the nature of power and its consequences (El-Ansary and Stem 1972, pp47-52; Etgar 1976, pp239-254; Felstead 1993; French and Raven 1959; Gaski and Nevin 1985, pp130-142; Hunt and Nevin 1974, pp186-193; Sibley and Michie 1982, pp23-45; Stanworth 1984; Yavas 1998), whereas agency theory takes an economically based view around the principal to agent relationship, focusing on the importance of information transfer, information asymmetry and monitoring costs (Lafontaine 1992, pp263-283; Shane 1998, pp717-739).

As outlined in Chapter 2, the franchise literature is dominated by two theories, which are the resource allocation theory and the agency theory (Fulop and Forward 1997, pp603-625). However, there has also been other research carried out into power, conflict, satisfaction and performance in franchise channels (Etgar 1978, pp49-52; Felstead 1993; Frazier and Summers 1986, pp169-176;

Hunt and Nevin 1974, pp186-193; Lusch 1977, pp128-140; Sibley and Michie 1982, pp23-45; Stanworth 1984). It is widely contended that the majority of power is held by the franchisor, who can wield either coercive, punishment-based power through the franchise agreement, or non-coercive, reward-based power through support activities. The expectation is that when franchisees are satisfied that they are receiving adequate support, then they are easier to control (Quinn and Doherty 2000, p358).

It is important to recognise that the franchise relationship can display information asymmetry which can be caused by different goals being sought by the franchisor and the franchisees, to the point that the franchisee may use knowledge that they possess to the detriment of the franchisor. For example, in relation to the present study, the franchisee may well have a considerable amount of local knowledge and could be using non-approved staff or teaching materials or even selling non-standard or substandard merchandising direct to the end-user customers for their own profitable self-interest. This is known as moral hazard (Quinn and Doherty 2000, p360). In agency theory, it is held that the franchise contract is the instrument normally used to control the potential for such moral hazard, and will thus have preventive clauses drafted in an attempt to specify what are unacceptable opportunistic behaviours and provide mechanisms for dealing with them. Such an agency approach thus advocates the use of coercive as opposed to non-coercive power. The marketing channels literature on the other hand, considers that non-coercive power exercised through support functions can equally successfully moderate franchise opportunism and moral hazard, and is also more likely to lead to franchisee satisfaction and thus make the network easier to control (Quinn and Doherty 2000, p361). However, as these authors point out, because the support package is the principal non-coercive method of controlling franchisees, if this is not deemed sufficient by the franchisees themselves, then the company is restricted in its ability to enforce controls, and will therefore have no choice but to resort to coercive contractual methods. With this in mind, I contend that there is a danger of reducing the nature and scope of the support package from that of a close, social relationship to a more distant electronic one. This is highlighted by Quinn and Doherty's study which found that conflict arose with many franchisees because they were dissatisfied with the level of support they were receiving, and cited inadequate levels of support, and specifically a lack of personnel as one of the key reasons for this. In their study, it was this, accompanied by a lack of strong brand name together with the company's unwillingness to enforce the franchise contract, that meant that the franchisees were able to gain greater levels of power (Quinn and Doherty 2000, pp344-366). This seems to strongly suggest that franchisors should consider developing a robust and successful franchise support system if they wish to have the choice of successfully wielding non-coercive power in the relationship dyad. Without a successfully functioning support system, widely held in high regard by the franchisees, the choice of using the non-coercive power approach is diminished and the franchisor is forced to rely on the potentially more damaging, punishment-based coercive contractual means of franchisee control, and as a result, accept the likelihood of resultant relationship deterioration.

9. Benevolence

Within a business relationship, if a partner firm provides more assistance than the minimum required by their formal agreements, this is known as benevolence (Doney and Cannon 1997; Lee et al. 2004, pp32-48; Mayer et al. 1995, pp709-734). In franchising, such benevolence when actioned by a franchisor, may include activities such as the offer of delayed royalty payments, deferred initial fee payment terms or the relaxation of a contractual term in the spirit of assistance. In the literature, such benevolent actions are considered instrumental in assisting with the successful promotion of business relationships and performance, as they signal a firm's good intentions regarding assisting with the well-being of its partners (Gao and Brown 1997, pp258-266; Selnes and Gronhaug 2000, pp259-271). Lee et al. (2007, p658). Among all the potential antecedents of benevolence, two of the most significant are relationship satisfaction and commitment. In franchising, the more satisfaction that is developed in the franchise relationship, the more likely it is that the franchisee will agree to commit to the franchisor's wishes in the future.

In an example of benevolence from the empirical data collected for the present study, a franchisee wishing to expand her opportunity because of additional demand for the service in her area wanted to buy an additional franchise outlet in her locality, but could not afford to do so at the outset. The franchisor acted with benevolence, consideration and sensitivity by offering a long-term, staged repayment plan for the initial franchisee fee, which meant that it could be repaid out of income generated from the new outlet instead of being required in advance. This enabled the franchisee to develop and increase her business which, through the franchisor's benevolence and long-term view, also enabled the franchisor to benefit from additional royalties and, over time, a flow of additional initial fee income. At the centre of this particular situation, and typical of benevolence, is a firm's willingness to help and support its partner (Gao and Brown 1997, pp258-266).

There are two types of benevolence which differ based on the underlying motive behind the act. The above situation is termed mutualistic benevolence, which occurs when one party is interested in the other's well being, but at the same time, is seeking utilitarian joint gain (Doney and Cannon 1997, p36). In the franchise situation described, the franchisor is expecting the recipriocity of a long-term relationship and extended financial income.

The second type of benevolence is termed altruistic benevolence (Mayer et al. 1995, p718). In this situation the giver simply wants to do something good for the recipient as they feel a care or concern for them, and are thus motivated to help for no financial reward or future gain. Altruistic benevolence can be compared to the process of giving voluntarily to worthy charities, and as such is an end itself and no recipriocity by the recipient is expected (Batson 1991).

Such benevolence is conceptualised in the business relationship literature as an antecedent or characteristic of trust (Larzelere and Huston 1980, pp595-604; Solomon 1960, pp223-230; Strickland 1958, pp200-215). Commitment is also related to trust and defined as a firm's intention to continue its relationship (Geyskens et al. 1996, pp303-317; Morgan and Hunt 1994, pp20-38). Commitment is also cited as a correlate of benevolence (Moorman et al. 1993, pp81-101; Van Dyne et al. 1995, pp215-285; Williams and Anderson 1991, pp601-617) and the literature suggests that there are two types of such commitment. The first is termed affective commitment (Cullen et al. 1995, pp91-115; Williams and Anderson 1991, pp601-617). To focus this on franchising, such affective commitment is characterised by a franchisee feeling a strong identification and involvement with his or her franchisor, so much so that it results in an emotional sense of loyalty and a sense of real belonging to the franchise relationship. Although the power and characteristics of the brand image may go some way to nurturing an affective commitment, it is more likely that previous relationship exchanges between the franchisee and franchisor will be the primary reason for its development, which can be aided by acts of benevolence and a socially related, non-coercive and close operational support orientation. Franchisee data collected during the present work suggests that using ICT as the primary communicator between the parties can make it more difficult for franchisees to practice social benevolence and subsequently nurture affective commitment. This can result in franchisees remaining in the brand, based on the second type of commitment, that of calculative commitment, where the intention to remain in the relationship is overwhelmingly based simply on the costs and benefits of doing so (Meyer and Allen 1984, pp372-378). The franchisor to franchisee relationship is central to the success of the business format franchise, and Lee et al.

(2007, p669) conclude that relationship performance is positively influenced by these expressions of benevolence.

10. Dependence

Dependence refers to a firm's need to maintain a relationship with another to achieve desired goals (Lewis and Lambert 1991, p205). Franchising exhibits a high financial dependence because the franchisee must rely on the franchisor for its survival (p206). Lewis and Lambert contend that the presence of such dependence will motivate the franchisee to work very hard to achieve top performance and benefit from the relationship construct.

The literature suggests that franchisees buy franchises to reduce the risk of failure and increase the financial rewards that come from owning a business (Bernstein 1968). Because the franchisee recognises that the franchisor has the power to terminate a franchise agreement if a franchisee does not perform to minimum standards (many franchise agreements include minimum target sales requirement clauses, for example), then the franchisee is likely to be highly motivated to try their best (Walker and Cross 1988). The franchise mechanism means that the franchisee is highly dependent on the franchisor (and especially so during the early learning stages of the relationship). Because of this considerable dependence, some commentators believe that franchisees will engage in behaviours to attempt to redress the imbalance and reduce this franchisor dependence (Heide and John 1988, pp20-35). In the present study, (and particularly with data from the larger Franchisor A) this behaviour has been identified. Franchisees tend to engage in processes of "mavericking", whereby they deviate from the requirements of the business format model and develop their own maverick ways of doing things. This customizational behaviour seems to offer them the belief that they are successfully reducing franchisor dependence. Another dependence-reducing strategy was also uncovered in the data, and revolves around the way that franchisees seek to develop horizontal (franchisee to franchisee) communications channels for franchisee-led operational support, and also for discussion and comparison with other franchisees regarding successful marketing initiatives, both of which reduce the reliance on the franchisor. The present study uncovered that it was, in many cases, the strength of the brand name and its perceived marketing power in the marketplace that was instrumental in continuing to bind the franchisees to the franchisor. In the case of Franchisor B in the current study, the situation of dependence is slightly different. This much smaller franchise system does not enjoy such a strong brand visibility and, because the activity is only operated on a minimal part-time basis, the franchisees within it are not dependent on it for *all* of their income, and in many cases it forms only a secondary hobby. Thus, commitment is lower and the financial dependence on the franchisor is reduced. This scenario has the effect of making the franchise network generally harder to motivate, especially with the arrival of an ICT communications system replacing regular social contact. Franchise dependence thus appears to revolve around two structuring elements; 1) The perceived financial value of the brand, 2) The percentage of an individual's total income that the franchise itself provides to a franchisee.

Lewis and Lambert (1991, pp205-225), looking at the dyad from the franchisor's point of view, contend that a possible strategy for encouraging more usefully motivational financial dependence on the franchisor would be to expand and develop existing franchisee support offerings and provide:

"An extensive array of support services to those franchisees that agree to invest a larger percentage of their net worth in the business." (1991, p221).

This could, for example, comprise a range of password-protected, log-in based ICT services such as online video training, forums, marketing podcasts and audio conference calls, all of which would be relatively straightforward add-on products which some franchisees, especially those in distant locations away from head office, could be persuaded were valid options. However, empirical evidence from the present study suggests that the development of yet more remote mechanisms does require that socially mediated communications are maintained through the process and beyond if relationships are not to suffer, and that it is important to take a holistic view of the relationship as opposed to focusing on individual problematical elements such as dependence.

Nevertheless, it is imperative that franchisors maximise the amount of dependence credit that they receive from franchisees who perform well. Lewis and Lambert (1991, p221) point out that there is a real tendency for franchisees to ascribe much of their success to their own efforts, and very little to the franchisor once they have learned the franchise system. Conversely, limiting the blame for poorly performing franchisees is equally important for franchisor credibility, and the authors suggest that because many of the support services provided to the franchisees are essentially "invisible," franchisors should seek to make their services as tangible to the franchisee as possible, and ensure that they link support services to specific and measurable benefits that a franchisee accrues from the receipt of the support service. In this way, they can ensure that they are always perceived as the facilitator of good franchisee performance and conversely, are not held responsible when franchisees fail. However, developing higher visibility and tangibility when support services are moving into the computer-mediated virtual realm is clearly a challenge to be faced and overcome.

11. Satisfaction

Satisfaction in a business relationship affects channel members' morale and their resulting incentive to participate in collective activities (Schul et al. 1985, pp9-38), and has been considered *the* key to long-term relationship viability (Dwyer 1980, pp45-65).

Satisfaction itself has been conceptualised in the literature in two different ways. The first comes from an economic viewpoint (Brown et al. 1991, pp15-26) where it is positioned as a discrepancy between prior expectations and actual profits. The second is a non-economic psycho-social construct that revolves around the emotional response to the working relationship with the business partner (Crosby et al. 1990, pp68-81).

In franchising, economic satisfaction is gained by franchisees when they develop their outlet successfully and reach or exceed the sales goals and profit margins that they expected from the relationship, assisted by productivity, support and input from the franchisor. Non-economic satisfaction occurs when the franchisee finds the interactions with the franchisor to be fulfilling, gratifying and easy, appreciates such contacts and likes working within the network framework, because they believe that their franchisor is concerned, respectful and willing to exchange ideas with them (Dwyer and Gassenheimer 1992, pp187-200; Geyskens et al. 1999, pp223-238; Mohr et al. 1996, pp103-115).

The most important determinant in the development of satisfaction in the other party is the way that power is wielded, and whether such power is coercive or non-coercive, with the latter being preferable for the development of satisfaction (Gaski and Nevin 1985, pp130-142). The negative outcome of a lack of satisfaction is a growing level of tension, frustration and disagreement (conflict) (Anderson and Narus 1990, pp42-58), while the positive outcomes are the dual development of trust, (where the franchisee believes that that franchisor is behaving honestly and benevolently) (Kumar et al. 1995, pp54-65), and commitment, which in turn, produces a desire and willingness on the part of the franchisee to make short-term sacrifices to maintain the relationship into the future (Anderson and Weitz 1992, pp18-34).

Non-economic satisfaction has the potential to develop quickly in a franchise relationship because it is based on tangibles such as the franchisor's provision of support, training and honesty. However, the resultant trust and commitment take more time to gradually form and are only developed through an aggregate of interactions as the relationship successfully builds. Any conflict that occurs along the way can damage satisfaction, and besides relationship disagreements causing feelings of unpleasantness, they also produce non-economic dissatisfaction. Added to this, any perceived financial underperformance along the way (especially that which the franchisee decides to blame on a lack of support or assistance from the franchisor) can even further damage the relationship by leading to economic dissatisfaction, both of which causally effects the trust in the relationship (Geyskens et al. 1999, p226). These authors posit a one-way causal flow from non-economic satisfaction to trust and commitment, and consider that non-economic satisfaction positively influences trust, which in turn positively affects commitment which is considered the ultimate outcome in business relationships (Anderson and Weitz 1992, pp18-34; Morgan and Hunt 1994, pp20-38).

If a coercive strategy is adopted in the business relationship, then this can have negative effects on satisfaction. The literature suggests that channel members often perceive some costs in complying with a partner's threats (Anderson and Narus 1990, pp42-58), which consequently decrease the focal channel member's economic satisfaction (Geyskens et al. 1999, p228). In franchising, there exists a variety of legitimate coercive measures that arise from the franchise agreement. One in particular is the threat of liquidated damages costs should the franchisee consider terminating the relationship early. Another revolves around clauses that relate to target sales where, should a franchisee not achieve a given level of turnover after a specific length of time, the franchisor is within their rights to take back some of the demised territory and resell it or, in extreme cases, terminate the agreement altogether, thus decreasing the franchisee's earning potential from the business relationship and reducing its economic satisfaction. However, it is up the franchisor how such power is wielded. If the contract is only used as a last resort, and prior to this, the franchisor attempts to help and support the franchisee and use promises, then the franchisee's economic satisfaction can be maintained and additionally, their compliance subsequently increased (Busch 1980, pp91-101; Wilkinson 1979, pp79-94).

Although there are benefits to franchisors adopting flexible and generally non-coercive approaches to franchisee management, it must be recognised that moving into more subtle areas of reward and away from a more blunt and forceful approach are complex, awkward and difficult for franchisors, and can easily leave them open to claims of unfairness, especially if every franchisee is not treated in exactly the same way. Such across-the-network equal treatment is simply not possible in reality because the cases, situations and causes of contractual transgressions will (although there may be some overall similarities), all tend to exhibit individual, non-replicable elements. For example, a good franchisee may not be performing well because of some unexpected mitigating and valid personal circumstances that deserve consideration. On the other hand, a bad franchisee may not be performing well because they simply cannot be bothered to put in the work and effort required to make the outlet a success. Although the financial income for each of the franchisees, from the franchisor's perspective, may be similar, their handling, if a non-coercive strategy is adopted, must be very different. In particular, when ICT is introduced into a franchise network and Head Office rely on figures on a screen to identify success and failure, and pro-active social contact is minimised, it becomes far more difficult for the franchisor to find out what the underlying reasons for changes in performance by a problem franchisee actually are. This situation is, of course, considerably exacerbated by the lack of the social relationship that would have originally been present along the timeline and during which, personal situations would inevitably have crept into conversations and could been considered and headed off as they developed and certainly before they developed the potential to cause problems serious enough to warrant recourse to coercive measures.

So, even though non-coercive strategies do encourage the franchisees to perceive the franchisor as accommodative, responsive and willing to work to develop solutions to problems, all of which result in an increase in economic satisfaction for the franchisee (Geyskens et al. 1999, p228), such an approach is becoming increasing difficult to deploy in the contemporary electronically mediated franchise relationship of today. In the business-to-business literature, the nature of this problematic is discussed under the heading of "centralisation" which occurs when centralised decision making is taken by one partner. It is contended that this fosters the use of threats and subsequently the focal channel member experiences alienation and frustration as a result (Dwyer and Oh 1987a, pp347-358; John 1984, pp278-289). Although the formalised franchise agreement is viewed (from the franchisor perspective in particular), as the mainstay of the business relationship, such severe and detailed formalisation in the dyad does have a number of effects. First, formalised transactions allow for greater opportunity for threats to be used because of the prevalence of so many procedures and rules, and it is suggested that this minimises the franchisees' sense of autonomy and competence, and thus damages their motivation (Geyskens et al. 1999, p228). Such downstream communications (even without the added problems introduced when they are mediated by ICT) are wont to be viewed negatively or with suspicion by the recipient, even when non-coercive information exchanges or recommendations are being conveyed, all of which compel the other channel member to resort to coercive forms of influence (Boyle and Dwyer 1995, pp189-200).

Perhaps unexpectedly, when threats are resorted to and actioned, they have been found to have a much weaker negative influence on the other party's economic satisfaction compared to the party's non-economic satisfaction (Geyskens et al. 1999, p228).

"Although non-coercive influence strategies make the party feel good, the economic effects are less obvious. It appears that parties are able to distinguish their emotional or soft, relational feelings towards the partner from the economic aspects of the business… We can imagine situations in which, despite the lack of trust, the parties are satisfied with the economic aspects of the relationship." (Geyskens et al. 1999, p234).

In conclusion, Geysken's et al. (1999, p234) found that conflict and satisfaction will develop first in a relationship, trust will develop in the medium term, and commitment will only emerge in the long term.

With specific regard to franchising, Hing (1995) investigated the possible relationships between franchisee satisfaction and certain characteristics of the franchisor and franchisees themselves, and put forward the premise that the success of any franchise system and the satisfaction of both parties may rely as much on these characteristics as on the terms of the franchise agreement itself (Hing 1995, p14). Franchisee satisfaction evaluation begins immediately after signing the franchise agreement, where the franchisee will start to evaluate how well the purchase initially meets their expectations. Hing (p15) contends that this evaluation continues from perceptions of the initial and ongoing support services and a certain level of profitability in return for fees and royalties charged, together with how much potential for independence is being offered. Positive or even zero confirmation of the franchisee's pre-purchase expectations will result in satisfaction, whilst negative disconfirmation results in dissatisfaction.

Hing's study identified four franchisee characteristics which were found to have the potential to influence post-purchase satisfactions. These were: 1) Entrepreneurial personality factors. 2) Pre-Purchase experience. 3) Use of helpful advisors. 4) Financial capability.

The entrepreneurial personality factors in the study revolved around the presence of an internal locus of control (ILC) in the franchisees, and it was discovered that those with high ILC could be dissatisfied with the lack of autonomy that the franchise relationship offered, while those with low ILC may simply be unable to assume enough personal responsibility for their outlet's operation and management, and become very reliant on (and subsequently dissatisfied with) the help, support and input from the franchisor (Hing 1995, p18).

The input from a good franchisor will often enable franchisees who do not possess specific pre-purchase experience of the particular business that they are entering into, to quickly become expert at running the franchise model. This is largely because the business will have been so replicable, well-structured and extensively documented by the franchisor previously.

Franchise advisors, such as banks and independent franchise consultants can be useful in forming realistic expectations of both non-economic and economic outcomes of a business format franchise opportunity, and thus help to regulate the likelihood of positive satisfaction. They can also assist by identifying personality traits that may not match up to the requirements of the business model. For example, Hing (1995, p20) found that franchisees generally have a greater need for security than independent entrepreneurs, and that they also possessed lower levels of supervisory ability, initiative, achievement and motivation , all of which a helpful advisor could help to identify and coach the potential franchisee in or, at the very least, gently warn them about. The study also found that the amount of disclosure information about the business that was available positively affected franchisee satisfaction.

It is important for franchisors to consider carefully what strengths and aptitudes they are seeking when intending to recruit new franchisees into their networks. It is all too easy to sign up franchisees on the strength of what they say, as opposed to what they can and will actually do. Hing's study recommended that franchisors should consider maximising the types of assessment methods that they use to identify suitable franchisee entrants at an early stage, and swiftly eliminate those who hold unrealistic expectations. Hing found that there were significant positive correlations between franchisee satisfaction on four particular assessment methods, which they discovered as being psychological tests, on-the-job-assessment, formal training classes and resumes. Clearly, however, a franchisor would need to spend time, money and effort deploying these, especially the on-the-job assessment option, which would likely involve the franchisee acting in a management support role in an existing outlet. Nevertheless, the research seems to indicate that such an approach pays long-term dividends concerning the franchisee satisfaction.

12. Control

Although the bias of a franchise contract favours franchisor power (Forward and Fulop 1993, pp159-178), some research suggests that franchisors do not hold all the power in a relationship, and depending on the lifecycle stage of the relationship, franchisees may actually hold the balance of power (Hough 1986). This is particularly the case when franchisees grow in size by purchasing and successfully operating multiple outlets within a network, or become master franchisees in large territory (often overseas), and directly responsible for recruiting and supporting sub-franchisees under them. It can also occur when franchisees group together to confront the franchisor about an issue that they are unsatisfied with. Controlling franchisees and enforcing standards is a complex process. The traditional manner employed was to “police” the outlets, but this is increasingly becoming financially impossible to do, especially when a franchise network grows and is also geographically dispersed over a wide area. It is in such situations that franchisors turn to ICT as a hoped-for solution as a comparatively lower-cost, minimal staff option.

However there are dangers in controlling franchisee remotely. Prior to the introduction of technology into the franchise relationships in this study, franchisees believe that they enjoyed a higher level of autonomy. There is a resistance to change, and much of the change has been blamed on the ICT system. A *lack of flexibility* was also identified in the ICT system of Franchisor A in particular. The major concern for practitioners should be the way in this work shows how small, insignificant ICT issues all too easily engulf the minds of users, who, in this case, because they feel powerless to resist change, due both to the nature of their controlling franchise agreement and the attitude of their franchisor, instead of being limited and contained to the specific and relatively minor problem areas which have caused the actual concern, provoke a wholesale, negative psychological reaction to the complete system which is extremely out of proportion to reality and difficult for the franchisor to effect a recovery from.

However, a lack of ICT can also cause problems for franchisors. An example of the problems that a small franchisor faces without technology is highlighted by a study into an international franchise network situation by Quinn (1999, pp345-362) whose data was collected in 1995 before the wide availability of ICT. First, Quinn found that several factors influenced franchisee perceptions of what they considered was inadequate support. These revolved around: 1) Franchisees maintaining that promotional material was not suitable and wanting to produce their own. 2) The fact that such materials were charged for, and 3) Problems caused by late support, where required help or materials did not arrive in a timely fashion and were thus of reduced use (p353). On investigation, Quinn found that the support function overall was hindered by an inadequate level of human and financial resources designated to it and that, although the company had grown over the years, the support function had not grown with it, and thus the ability to monitor franchisee behaviour had been significantly reduced due to a lack of personal contact with the franchisee network, resulting in a loss of knowledge of their actions. This lack was blamed on a dearth of financial resources, which affected the company's ability to service the increasing number of franchisees (p354). The strategy employed to ensure that standards were met was to use persuasion and secondhand information:

"Attempting to persuade the franchisee to accept the franchisor's way of doing things, based on the belief that it had worked elsewhere in the network." (Quinn 1999, p356).

In Quinn's study, it was concluded that a high level of conflict was present, not because the franchisor was exerting coercive power over the franchisees, but because they were dissatisfied with the support received. Quinn's research highlighted the fact that the business format franchise model does enables a very small franchisor to develop a significant international market presence at comparatively low cost, but notes that such growth is ultimately restricted by the franchisor's long-term ability to provide adequate support.

Times have changed since 1995 when the data was collected, and the availability of ICT to even the smallest franchisor has nowadays enabled the solving of some, but not all, of the problems identified in Quinn's study. For example, promotional materials can now be quickly and easily produced and customised in-house by the franchisor using low-cost desktop publishing and can immediately be served across the world to waiting franchisees in a matter of moments using the Internet, and this electronic transfer mechanism can also solve the other identified problem of late support. However, the difficulty faced by a small franchisor regarding the lack of personal contact with the franchisee network, and the resulting loss of knowledge of their actions is still prevalent whether or not ICT has been integrated into the relationship. Quinn's study highlights the fact that franchisee support and control is still likely to require a social element running alongside it to be successful.

13. Relationship Quality

Holmlund (2008, pp32-62) describes perceived relationship quality as:

"The joint cognitive evaluation of business interactions by significant individuals in both firms in the dyad. The evaluation encompasses a comparison of experienced with desired, potential, usual or previous interactions." (2008, p35)

In contrast to previous definitions, it is intended to specifically relate to business-to-business relationships rather than the more widespread business-to-consumer ones (Grönroos 1982). The new definition also differs from earlier constructs in that both companies in the dyad are considered significant evaluators of the relationship quality, as opposed to research interest being focused exclusively on the customer experience. Because this new approach relates to business-to-business (B2B), and takes a balanced view, it is of particular interest to the present work as it helps to better understand the quality of the similarly two-way, ebbing and flowing of franchisor-to-franchisee satisfaction and vice-versa that exists in the franchise industry.

It should be noted that despite a surge of research interest in the quality of relationships, there exists no overall consensus or single definition regarding what absolutely constitutes it (Skarmeas and Robson 2008, p173). For example, relationship quality has been linked to opportunism, customer profiling and ethics (Dorsch et al. 1998, pp128-142), the amount of information sharing and communication quality between the parties (Lages et al. 2005, pp1040-1048), trust, satisfaction, commitment and disengagement (Dwyer et al. 1987, pp11-27), and willingness to invest and expectations of a level of continuity (Kumar et al. 1995, pp54-65).

Some literature suggests that relationship quality is not rooted in economic issues, but rather that social and psychological issues play a leading role, (Granovetter 1985, pp481-510; Uzzi 1996, pp674-698). This being the case, Holmlund (2008) is particularly helpful, as it both recognises and specifies this social dimension in relationships. His study contends that relationship quality revolves around three dimensions applicable to both parties: 1) The technical dimension, which refers to the core offering in the relationship (which in relation to the current work is the business franchise model itself), how it works and what it sets out to do. 2) The social dimension, which relates to perceptions of how well the franchisee-to-franchisor relationship (and vice-versa) functions. 3) The economic dimension, which relates to how the profitability of the business relationship is perceived from the perspective of each of the dyad members. The resultant relationship quality is contended to consist of how the different processes and outcomes of these three processes are perceived overall. However, such evaluation is far from straightforward as the perception of each dimension is affected by elements such as time-span, experience and comparison standards, together with variations in interactions by the two parties. This aside, Holmlund highlights "aggregation" as the important unit of perception, and explains that it is this matter of the aggregation of incidents and interactions across all the three areas that comprise how perceptions are formed (p45). Her study found that perceptions relating to the quality of the relationship were based on both routine and critical incidents along its timeline across all three dimensions (p46). In the technical dimension for example, congeniality in interactions was considered vital by the firms studied, as were aspects that assisted in smooth interactions such as good communication, responsiveness, empathy, conflict solving and flexibility (p47).

Holmlund's study also found that the second dimension, that of the social, was particularly important, and the focal firms were well aware of the significance of social aspects and recognised the need to cultivate their business relationships from this point of view. The constructs identified as foundational to success were those of appeal, acquaintance, respect, congeniality and pleasure (p55). The overall outcome of interactions must, of course, result in a successful economic dimension if it is to survive, but Holmlund found that it was the interactions themselves rather than the profits subsequently derived that really constituted the heart of the relationship. It was not merely the overall measurable outcomes that were important, but the perception by both parties of results of the interaction processes themselves. This is important for the current study, as it indicates that franchisees are likely to base much of their perception of relationship quality on social interactions. For example, Jap et al. (1999, p306) specifically suggest that the quality of relationships manifests itself through five interpersonal social interaction behaviours, namely friendliness, question asking, disagreements, compliance and time spent talking. Jap et al. found that friendliness helps set the tone for an interaction or meeting and encourages parties to share openly and collaboratively, and concluded that the subtle, mutually reinforcing behaviours that flow from friendly and personal relationships also provide a basis for increased trust. Question asking was considered to be more prevalent when relationship quality was lower because in such situations, communications tended to be less well-articulated, resulting in the requirement for more questions to be asked to gain understanding and consequently more time necessarily spent talking. Jap et al. (1999) contend that in dyads of low relationship quality, the *"more aggressive exchange partner"* will likely do most of the talking. However, as the quality of the relationship increases, the talking becomes more bilateral and even. One of the side-benefits of Jap et al's study was their finding that new product items introduced into higher-quality relationships were accepted more readily than when they were presented in lower-quality ones (p309). This has significance for franchising as, on occasions, the franchisor will introduce new product lines across the whole network, and because of the importance of overall brand standards and customer expectations (especially if there is a nationally driven promotional campaign in place to promote the new offering), will thus require and expect network-wide acceptance and enthusiasm from all franchisees. It is particularly detrimental to the brand if only those franchisees who have a good relationship with the franchisor readily accept the new product.

Franchisees in this study still hanker after the notion of the relationship somehow being *"friendly,"* and they maintain that the technology gets in the way of that. Franchisees state that they miss the pieces of paper of the past, which they believe were quicker to complete, and they don't consider the technology to be as much of a help to themselves to the franchisor. Added to that there is a perception that the system's ("Sphere") interface is *"unfriendly"... "It sounds silly, but it's not basically nice. You're supposed to look at things that feel good."* Reactions to the new technology thus exhibit a psychological as well as operational basis.

In summary, because of the importance of the social dimension in developing relationship quality, the challenge for franchisors intending to use technology in their relationships, is the need to focus less on the information-gathering aspect and more on developing the constructs of acquaintance, respect, empathy, congeniality, flexibility and pleasure into their systems design. The problem, of course, is that mere machines do not typically possess any of these characteristics.

14. Norms and Systems of Governance

Scant research currently exists into how information systems (IS) affect franchise relationships. A recent definition of IS in franchising, positions the technology as a governance mechanism and states that:

"The implementation and utilisation of Information Systems to "informate" and automate the workplace, enabling the exchange partner's activity to be monitored at a distance." (Boulay 2010, p664).

The sociological perspective contends that when ICT is used between organisations, it allows behaviours to be controlled with a limited number of supervisors, which in turn strengthens power and makes monitoring more efficient by reducing the time needed to collect and analyse data (Orlikowski 1991, pp9-42; Sewell and Wilkinson 1992, pp271-289; Sia et al. 2002, pp22-37; Zuboff 1985, pp5-18). This is indeed one important facet of what franchisors tend to be seeking when they embark on the installation of an ICT system. However, it must be highlighted that monitoring alone is rarely nowadays the sole objective of such a system in franchising, and in the present work, the franchisors studied have developing and deployed systems to not only monitor but, more importantly, seek to support and develop their franchisees remotely and at lower cost.

Boulay's (2010) position is that ICT makes workers' activities more transparent, because they do not know precisely whether or not they are being observed, which means that they will tend to act more in accord with what they think is expected of them by their supervisor or, in the present case, the franchisor, and that opportunistic tendencies will therefore be reduced. The process has been termed "panoptic" (Grover et al. 2002, pp217-245), a word which originally comes from the Greek panoptos, Pan meaning all and everything, and Optos meaning visible. Significantly, and in complete accord with the present study, Boulay and Kalika (2007, pp7-20) found that when ICT is used by franchisor to monitor their operations, the franchisees complain of a "big brother" phenomenon and need to be coaxed into acceptance whenever their franchisor wants to implement a new IS device. Indeed, the empirical data collected exhibits exactly the same "big brother" phrase use in relation to the implementation of ICT.

Because franchisors use elements of ICT to formally monitor their franchisees from a distance, Boulay (2010) contends that the technology therefore functions entirely as an authority mechanism, and that the combination of the ICT and the franchise contract strengthen and reinforce each other, with ICT bolstering the disciplining effect of the contract and thus leading to fuller compliance with franchisor directives than when the contract is used alone, and that using relational norms in combination with an explicit contract will serve to simply weaken overall compliance. The suggestion is that franchisees should focus on the franchise contract and ICT together to limit inappropriate behaviour by franchisees (2010, p665-6). Results gained from the current work are at odds with this position. First, in contemporary ICT systems within franchising, the objective of monitoring franchisees and analysing data remotely is only one segment of the overall intention for the technology. The other is to provide support, assistance, advice, training and development for the franchisees. Because of this second and significant requirement for the system, it cannot simply be termed as an authority mechanism. Indeed, if it is deployed in this manner, and without the existence of relational aspects to support it, then empirical evidence from the present study strongly suggests that it will have very little chance of acceptance or wide compliance.

Based on the fieldwork underpinning the current research, I contend that the introduction of ICT into a franchise business is much more likely to become successfully integrated if it is not considered authoritarian and is combined with the maintenance of pre-existing relational norms, which can be defined as widely shared sets of behavioural expectations (Pfeffer and Salancik 1978) that can be used as a non-coercive alternative to evoking contractual clauses, at least in the first instance. In the current work, identified norms included things such as the social relationship with the franchise support manager, the opportunity to bypass technology on occasions and talk on the telephone or even drop into the office. The literature suggests that such norms can for example, guard against opportunism (Gundlach 1994, pp246-258; Gundlach et al. 1995, pp78-92), safeguard against deviant behaviour (Brown et al. 2000, pp51-65; Gundlach et al. 1995, pp78-92), and limit the risk of conflict (Kaufmann and Stern 1988, pp534-552; Young and Wilkinson 1989, pp109-122).

15. Entrepreneurial Orientation in Franchisees

Independent entrepreneurship has received much research focus and attention, but it is only recently that the co-operative entrepreneurship, which increasingly is considered to exist in the franchisee to franchisor relationship, has started to become more deeply explored in the literature. It could be considered that franchising depends on two entrepreneurs to be successful, and thus represents a unique form of entrepreneurship (Shane and Hoy 1996, p325). Franchising relies on one set of entrepreneurs (the franchisees) to co-operate with another entrepreneur (the franchisor) and be innovative, yet still agree to work within certain rigid routines. An example of how the opportunity for entrepreneurial action is seen from the franchisee perspective in the present study is encapsulated in the following data indicator:

"I look at what I'm buying as a formula or if you like a recipe. If you follow a recipe, you know it's going to work. If you then have a fabulous idea for actually... I can make that a wee bit better if I did this with it instead of that with it, you have the freedom to do that, but you then… you then also have to take the responsibility for it. If It's an absolute disaster and much worse than the original recipe. You did that."

Franchisees contacted in this study want freedom within the franchise relationship, were unanimous in their desire for flexible operating to continue and were very strongly against such freedom ever being curtailed:

"I would hate to have any creative control imposed, because we work very hard to do things ourselves. Yeah, I mean, I would personally hate it. I even wonder whether I would want to do the franchise at all, because it may not be me... I just would not like it, it may not be my style."

The term "entrepreneur" comes from sixteenth century France and was use to describe captains of fortune who hired out mercenary soldiers to serve princes and towns (Martinelli 1996, pp476-503). Kauffman and Dant (1999, pp5-16) offer a useful summary of the traits of the modern business entrepreneur by collecting definitions and placing them into three different categories or perspectives: 1) The personal traits perspective. 2) The process perspective. 3) The activities perspective. These are given as follows (pp7-9):

The Personal Traits Perspective

An entrepreneur is an individual who possesses qualities of risk-taking, leadership, motivation and the ability to resolve crises (Leibenstein 1968, pp72-83).

Entrepreneurs are leaders and major contributors to the process of creative destruction (Schumpeter 1942).

An entrepreneur is an individual who undertakes uncertain investment and possesses an unusually low level of uncertainty aversion (Knight 1921).

The Process Perspective

Entrepreneurship is the creation of new enterprise (Low and MacMillan 1988, pp139-161).

Entrepreneurship is the creation of new organisations (Gartner 1985, pp696-706).

Entrepreneurs introduce new combinations of the factors of production (land and labour) that, when combined with credit, breaks into the static equilibrium of the circular flow of economic life and raises it to a new level (Schumpeter 1942).

Entrepreneurship is the process of extracting profits from new, unique and valuable combinations of resources in an uncertain and ambiguous environment (Amit et al. 1993, pp815-834).

The Activities Perspective

An entrepreneur performs one or more of the following activities: (1) connects different markets, (2) meets/overcomes market deficiencies, (3) creates and manages time-binding implicit or explicit contractual arrangement and input-transforming organisational structures and (4) supplies inputs/ resources lacking in the marketplace (Amit et al. 1993, pp815-834; Leibenstein 1968, pp72-83).

Entrepreneurship is the purposeful activity to initiate, maintain, and develop a profit-orientated business (Cole 1968, pp3-33).

Entrepreneurs perceive profit opportunities and initiate actions to fill currently unsatisfied needs or to do more efficiently what is already being done (Kirzner 1985).

Entrepreneurs are residual claimants with operational control of the organisation (Shane and Cable 1997).

Although the above definitions and categorisations assist in defining some of the characteristics of an entrepreneur, there still exists a diversity of different conceptualisations, which had led some researchers to the conclusion that the actual term entrepreneurship is impossible to tightly and specifically define (Low and MacMillan 1988, pp139-161). Nevertheless, common themes seem evident, and these include acts of innovation and risk taking behaviours and/or a willingness to engage in such acts (Kaufmann and Dant 1999, p9).

Turning specifically to franchising, on the surface it would appear that the business format model must surely offer no opportunity for any entrepreneurship at all from the franchisee perspective, because the relationship is constrained by the franchise contract and the necessity for the franchisee to follow specific operational procedures, run the franchise business to exacting brand standards and agree to not deviate from operating procedures. The traditional view in the UK franchise industry has been that franchisors seek franchisees based on their compliance and willingness to be managed. However, when considering the partnership more deeply, it becomes evident that franchise is indeed clearly a form of co-operative entrepreneurship. Franchisees conceptualise themselves as entrepreneurs (Stanworth 1995, pp161-176), and through the purchase of the franchise, they assume entrepreneurial risk. Although there are contractual constraints, they are left to operate independently within the latitude of the franchisor's operating guidelines (Gassenheimer et al. 1996, pp67-79). One example of the co-operative entrepreneurial relationship that exists under the hood in franchising is that of local promotion. Franchisees are much closer to their consumers and are therefore much more likely to be able to identify and understand the unique and specific features of their local market conditions (Davies et al. 2009, p335) than their franchisors, who may be based in a distant location and know little or nothing about the region, which may well have its own unique tastes, attitudes, values and behaviours that are only apparent to "locals". Franchisees also accept the financial risk of bringing the franchisor's concept into such new and untried market locations, and often need to create their own idiosyncratic marketing programs to adapt the concept to these local environments (Kaufmann and Dant 1999, p12). This is, of course, a situation that is even more relevant when a franchisor seeks to expand internationally, and recent research (Grewal et al. 2011b, pp533-557) suggests that a key element driving the speed, scale and scope of international growth is the presence of an entrepreneurial orientation in both franchisor and franchisees, which results in greater communication, trust and joint problem solving, developed by leveraging franchisees' local market knowledge.

Within the franchise mechanism, even in home markets, franchisees bear much of the ownership risk and operate quite independently, a trend that is increasing as more franchisors introduce arms-length monitoring and support through ICT, as opposed to face-to-face interaction. Distant franchisees are thus required to display entrepreneurial characteristics including initiative, self-reliance, competitiveness and a need for achievement (Phan et al. 1996, pp379-402; Withane 1991). Phan et al. highlight a particularly relevant issue with regard to ICT introduction into franchise networks, and point out that entrepreneur-franchisees are free to pursue their own strategic goals because franchisors have incomplete information about the full capacity of the operation and, because the franchise contract can never cover every contingency, entrepreneur-franchisees have great latitude in crafting their own business strategies (Phan et al. 1996, pp380-382). Franchisees innovate by linking employees, customers and suppliers in the creation of their local franchised outlet (Bygrave and Hofer 1991, pp13-22; Carland et al. 1984, pp354-359).

Gassenheimer et al. (1996, pp67-79) found in their study, that, in contrast to the normal model of franchisors searching for compliant franchisees, franchisors were tending to recruit franchisees to capture their entrepreneurial spirit and were encouraging them to view the business as a personal venture, with the franchisor role being that of a central co-ordinator, communicating the needs and benefits of the collective organisation, while promoting a willingness to work together and encourage entrepreneurialism, a policy that showed success as long as the franchisees agreed to not act on any entrepreneurial tendencies that had disregard for the franchisor's interests (1996, p76).

Combs et al. (2011b, pp413-425) believe that entrepreneurship is a natural home for franchising research because it offers the opportunity to examine a key entrepreneurial growth strategy for two very different types of entrepreneurs, and offers the potential to help research address more traditional entrepreneurship questions in new ways (p421). As Gassenheimer et al. state *"the image of heroic entrepreneurs, single-handedly conquering the business world, has given way to one in which entrepreneurs require assistance from networks,"* (1996, p67).

7.4 Comparison and Integration with the Seven Key Conclusions

As shown in the summary of the last chapter, this research study has drawn seven substantive conclusions from the emergent theory of Franchise Remote Control. This section explains them in more depth and situates them within the extant and relevant literature.

C[1]: Problematic of ICT as a Replacement for Social Bonding

This research conclusion integrates with the following sections from the Theoretical Lens Table in Figure 30: *Pledges and Commitment, Alliances, Support Mechanisms and Knowledge Transfer, Norms and Systems of Governance.* The significance and relevance of these specific theoretical elements to this particular conclusion are discussed in depth following an orientating overview of the findings.

ICT, when used as a communication and management medium to drive and maintain the franchise relationship, has been found unable to act as a successful and complete surrogate for the social bonding developed through the face-to-face and telephone contact that franchisors originally used. Even though franchisees technically own their own businesses and therefore have a vested interest in their success, they still require social bonding and encouragement to succeed, and desire a pro-active rather than reactive approach from their franchisor.

Regarding this, franchisees hanker for the relationship to feel more *"friendly,"* and they maintain that technology gets in the way of that. The ICT, whilst contended by franchisees as being quicker, simpler and less prone to technical problems than the older, non-internet computer programs that lived on their offline home computers, is specifically criticised for being less flexible, and also conceptualised in much more abstract terms as being *"unfriendly."*

Franchisees consequently perceive that post ICT introduction, there is now a support lack, which they insist is caused by the franchisor's technology seeking to reduce or even completely replace old fashioned social contact, support and encouragement. To attempt to reverse this powerful perception, it is necessary for franchise support managers to continuously maintain the vital ownership and control balance through thoughtful written and verbal communications to their franchisees. Without this stabilising social bonding, franchisors will find moving their franchise systems online an uphill struggle.

The first conclusion (C^1) derived from this research is thus that franchisors cannot replace support staff with technology, however advanced or expensive it may be, and expect their *competencing* and *reliability* scores in the eyes of their franchisees to remain high. Franchisees contend that before the introduction of the ICT their relationship with their franchisor was different. This research has revealed that this perceived *relationship pre-ICT* difference again revolves around an ongoing desire for *social bonding*. It has discovered that franchise relationships overwhelmingly require these ongoing elements of *social bonding* to be successful, and whilst technology can certainly be readily used to improve and streamline many aspects of the business, especially those revolving around the collection of trading figures, many individual relationships break down when technology, however advanced or enticing and cost-saving it may appear to the franchisor, attempts to completely replace human interaction.

In addition, to achieve a rising turnover and thus a good royalty return, franchisors must inspire their franchisees to succeed. Franchisors demonstrate *inspiring* through acts of *motivating* their franchisees. This study has uncovered that *motivating* cannot be successfully operationalised through reactive strategies which rely on franchisees initiating electronic communications by way of their ICT systems. *Motivating* cannot be simply switched on and off by the franchisor in response to figures on a screen. It must be integrated into the business relationship from the beginning, and driven by the positive social interactions of a franchise support manager. The notion of the *valuing* of the franchise relationship by franchisees post ICT introduction, is exclusively related to the perceived quality of the franchise support manager that has been assigned to them. Importantly, franchisees who are satisfied with their franchise support manager are more inclined to accept change and comply with directives than those who are not satisfied.

To understand the importance and functioning of bonds within a relationship, we can turn to Storbacka et al. (1994, p23) who have developed a conceptual framework for this approach to business (see Figure 31). They provide a logical sequence of important events that need to occur. In outline, they contend that service quality leads to customer satisfaction, which in turn leads to relationship strength, which then leads onto relationship longevity and finally results in relationship profitability. They go on to suggest that there are aspects other than customer satisfaction which drive a successful relationship, and discuss the importance of bonds, which tie the customer to the provider and function as barriers to the customer switching to a competitor.

What is important for this study is how, because of such bonds being in place, Storbacka et al. (1994, p27) are able to hypothesise that the customer may be prepared to accept lower levels of service quality without breaking the relationship. Much of Storbacka et al's relationship profitability model can be successfully and usefully mapped to the findings of C[1] in this study to provide additional depth and understanding. In the present work, service quality is considered by franchisees to be overwhelmingly delivered through franchise support manager interactions as opposed to the new ICT, and the perceived value of the relationship thus revolves around how close the bond is between the franchisee and the support manager. The stronger the bond, then the more franchisee satisfaction is increased which, in turn increases franchisee commitment to the business model and encourages development of turnover. Without this foundational process, which in the present study has been significantly weakened by the latterly reactive and distant stance of the support managers following the ICT introduction, the essential next phase of the model of relationship strength, subsequent longevity and the benefits of relationship profitability, is often not reached or, if it already existed prior to the ICT introduction due a franchisee being long-established, is significantly diminished.

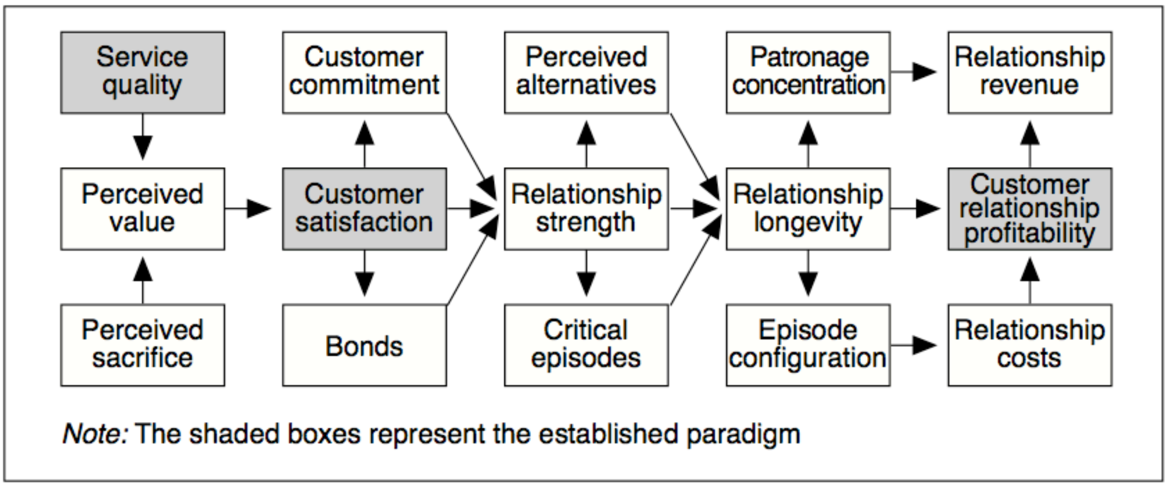

Figure 31: Relationship Profitability Model
(Storbacka et al. 1994, p23).

The analysis of the data in chapter six showed how important the idea of bonds are to successful ICT implementation. In essence, it is held that there are two types of bonds. The first is the franchisee to franchise support manager style of bond and is termed a social bond. These are *"investments of time and energy that produce positive interpersonal relationships between the partners"* (Rao and Perry 2002, p600). These can range from being very formal bonds to much more relaxed and informal personal ones.

The other is the structural bond, which is created when both parties make time or financial investment or both, which are *specific* to that particular relationship, and thus cannot be retrieved if the relationship comes to an end. In franchising, the action of developing individual personalised marketing and PR strategies for a particular franchise territory, based on specific non-replicable local conditions and the particular strengths of an individual franchisee would be an example of a structural bond in action. Rao and Perry (2002, p608) believe that for relationships to be successful, managers should integrate social and technical bonds together.

In their study into ICT in franchise industry, Perry et al. (2002, p75-88) contend that increased technical efficiencies from ICT depend on the social bonds in a franchise relationship. Perry et al. go on to define these social bonds as the investments of time and energy that produce positive interpersonal relationships between the franchisor and franchisee. Such investment in the development of these bonds may be through the maintenance of face-to-face and telephone communications and a pro-active as opposed to reactive stance by franchise support managers. Perry et al. (2002, p77) simplify the variety of descriptors of economic, structural, non-relational and nonsocial bonds into one category that they term technical bonds, as this *"seems appropriate for the process adjustments brought about by information technology."*

In Perry et al.'s study, which in contrast to the present work has the focal actor as the franchisor, they found that technical as well as social bonds were important parts of the relationship. They concluded that franchisors perceived that their competence in the dyad was enhanced by their introduction of information technology, and therefore that franchisees would notice that improvement and, as a result, become more committed to the relationship. They therefore considered that, from a franchisor perspective, when there is a linkage between social and technical bonds within a franchise relationship, technical bonds should take primacy. Concerning the present study, this particular element of their research has proved to be erroneous. This research, which in contrast to Perry et. al's study, has enjoyed the benefit of being carried out qualitatively from the franchisee perspective has indicated that franchisees do not simply become more committed to the relationship through evidence of the franchisor demonstrating additional competence through his or her ICT, and it is the social bonds that must take primacy for the ICT to gain acceptance. Whilst there is disagreement on this point of the social / technical balance, crucially the present work absolutely validates Perry et al.'s conclusion that franchisors must recognise that more social aspects of their systems need to be developed for their ICT investment to be successful. They believe that:

"A franchisor's ongoing stream of investments depends on an understanding that each investment in improving technical competence requires more, rather than less, attention to social bonds." (2002, p85).

Commitment to a channel relationship is further enhanced by the use of pledges. These are actions which are undertaken by one or other channel member to demonstrate good faith. They act as a form of invisible but strong binding that helps to connect and hold the relationship together. They are particularly powerful because, when a channel member makes a pledge to the other party in a relationship, this has the effect of weakening its own position by reducing the alternative sources it can use to perform a channel function (Anderson and Weitz 1992, p20).

Pledges are idiosyncratic investments - promises or actions that are specific to that particular business relationship and which are not easily replicable elsewhere. For example, within franchise support, an idiosyncratic investment could be an expensive custom-designed support and marketing solution for a particular individual geographic location offered free, that would be worthless when redeployed elsewhere in a different channel relationship across the network. The use of such unique pledges of assistance which, because they are contrary to the self-interest of the franchisor, tend to encourage and incentivise the franchisee to continue with the relationship. There is a thus a tendency for the relationship to be maintained for longer because, as a consequence of the exchange, a powerful signal has been sent to the franchisee regarding the commitment of the franchisor. This strategy is valuable in helping to communicate and signal to others in the network a reputation for fairness (Anderson and Weitz 1992, p22), especially if the franchisor enables other franchisees to learn, through the ICT, of its demonstrations of concern and the making of sacrifices. In short, the making of idiosyncratic investments in the other party improves a relationship because the pledger shows stronger commitment over any necessary contractual requirements, and the recipient develops greater confidence in the pledger as a result.

The presence of interdependencies within franchising are important to reduce the potential for inter-partner conflicts of this nature. Interdependencies refer to a condition where both parties benefit from dealing with each other (Levine and White 1961, pp583-601). Co-operation is more likely to take place when both partners mutually depend on each other. Such co-operation relates to the resource profiles of each of the partners, which can either be similar or dissimilar. The level of resource diversity will determine the resource fit of the alliance. Das and Bing-Sheng (2002, p734) contend that a diverse profile is actually better, because the partners may then contribute different resources to the alliance - the key point being the collective benefits gained in the aggregate of the merged resources and resultant collective strength. In franchising relationships, such collective strengths are maximised when a franchisor seeking to develop a network, locates a franchisee who has deep and considerable local knowledge, well-developed marketing and media contacts, a track record of resilience and determination to succeed, coupled with a willingness to take in and act on advice. From the franchisee's point of view, he or she must consider whether confidence can exist in the franchisor's offering and advice. This cognitive consideration revolves around the firm's reputation for trustworthiness which can, for example, be ascertained from the general image of the partner in the marketplace or, in some instances, as the result of either direct or indirect interactions in the past. It is suggested that trusting partners are more likely to exercise mutual forbearance and co-operate in good faith (Das and Bing-Sheng 2002, p734) From these observations, it is clearly important in the absence of social bonding within the relationship, that ICT systems which seek to replace them provide opportunities for interdependencies, confidence-building and collective strengths to be recognised, nurtured and continuously developed throughout the franchise term.

Given the absence of the social realm, franchisors must be more cautious about the way that they wield power and control, which is an activity that can either be deployed in a coercive (hard) or non-coercive (soft) manner, or sometimes a combination of the two. Hunt and Nevin (1974, pp186-193) characterise coercive strategies as those which are associated with the potential punishment of franchisees for transgressions. These are normally related to failures by franchisees to satisfactorily adhere to clauses within the franchise contract and can result in threats of termination, loss of territorial rights, claims for liquidated damages or, in some cases, litigation. Non-coercive approaches by franchisors, on the other hand, take the form of assistance and support activities.

Focusing on the non-coercive supportive approach, franchise networks, like other business relationships such as strategic alliances, are very dependent on their ability to transfer specific knowledge to the franchisees. Traditionally mechanisms including conference meetings, visits to operational outlets and telephone existed, but these are being replaced by electronic transfer mechanisms. In the past, information such as know-how which requires a high degree of tacit information richness has been provided either face-to-face or, at the very least, over the telephone, whereas lower degrees of tacit information richness, such as the transfer of figures and financial information have long been managed through written communication and fax, and latterly through electronic transfer mechanisms such as intranets. Gorovaia and Windsperger (2010, p14) point out that face-to-face communication remains the richest mechanism for knowledge transfer because it offers the capacity and opportunity for direct experience, multiple information cues, immediate focus and personal feedback. They contend that computer reports, databases and the like are those with the very lowest information richness level because there is no feedback opportunity and the documents have a quantitative nature.

Empirical data collected indicates that, whilst franchisees are willing to interact with the new ICT for low information richness tasks such as the input and communication of operational figures, they still prefer to use richer knowledge transfer mechanisms such as the telephone for anything that they consider to be of a “sensitive nature”, or something which needs discussion or explanation. This is the point at which information begins to move into the realm of tacit knowledge such as “know-how”, which Teece (1985, p229) contends is extremely difficult to transfer without teaching, demonstration and participation. Gorovaia and Windsperger, (2010, p14) maintain that when a franchisor possesses a combination of tacit and explicit “system-specific” knowledge, then they need to deploy both low (electronic) and high (social, face-to-face, visits and meetings) information richness mechanisms to efficiently and successfully transfer the knowledge to their franchisee networks.

With regard to information systems, the sociological perspective contends that when information systems are used between organisations, this allows behaviours to be controlled with a limited number of supervisors, which in turn strengthens power and makes monitoring more efficient by reducing the time needed to collect and analyse data (Orlikowski 1991, pp9-42; Sewell and Wilkinson 1992, pp271-289; Sia et al. 2002, pp22-37; Zuboff 1985, pp5-18). This is indeed one important facet of what franchisors tend to be seeking when they embark on the installation of an information system, which this work more specifically terms “information and communications technology” (ICT). However, it must be highlighted that monitoring alone is rarely nowadays the sole objective of such a system in franchising and in the present work, the franchisors studied have developing and deployed systems to not only monitor but, more importantly, seek to support and develop their franchisees remotely and at lower cost. I contend that the introduction of information systems into a franchise business is much more likely to become successfully integrated if it is not considered authoritarian and is combined with the maintenance of pre-existing relational norms, which can be defined as widely shared sets of behavioural expectations (Pfeffer and Salancik 1978) that can be used as a non-coercive (or at least as a first-stage alternative) to evoking contractual clauses. In the current work, identified norms (most of which have been eroded or discontinued by the appearance of ICT) included activities such as the social relationship with the franchise support manager, the opportunity to bypass technology on occasions and talk on the telephone or even drop into the office. The literature suggests that such norms can, for example, guard against opportunism (Gundlach 1994, pp246-258; Gundlach et al. 1995, pp78-92), safeguard against deviant behaviour (Brown et al. 2000, pp51-65; Gundlach et al. 1995, pp78-92), and limit the risk of conflict (Kaufmann and Stern 1988, pp534-552; Young and Wilkinson 1989, pp109-122). Their ongoing maintenance when deploying ICT in franchise networks should therefore be carefully considered.

C^2. ICT and its Effect on Franchisee Lifecycles

This research conclusion integrates with the following section from the Theoretical Lens Table in Figure 30: *Stages and States*. The significance and relevance of this specific theoretical element to this particular conclusion is discussed in depth following an orientating overview of the findings.

The empirical research from this study has shown that the less that a franchisor physically contacts a franchisee and relies on the ICT system to act as a communicator, the faster a franchise relationship will move through the various relationship phases. Such rapid transit is detrimental to the franchisor, as later stages of the lifecycle in particular make the franchisee increasingly less compliant to procedures, less motivated to succeed and thus also more difficult to successfully manage. The extant literature, both from within franchising, and from RM contribute useful models which seek to account for relationship lifecycles.

Rao and Perry (2002, p598-614) in their review of RM, classify the way that that relationships grow and develop into two conceptual areas. The first is known as Stages Theory. This holds that there is a progression of change that moves through sequential, quite predictable and structured stages as the relationship gradually develops over a long period of time. Although it is in wide use in RM discourse, the criticism of this theory (Rao and Perry 2002, p603) is that it may not provide a reliable mechanism for understanding some of the underlying complexities of relationships, especially how the relationship transits from one stage to another. This Stages Theory also assumes (and hence the name) that the relationship moves through a specific and logical stage-by-stage process, which is seen as perhaps being too simplistic. The other conceptual idea, known as the States Theory contends that things occur in much more unstructured and unpredictable ways as the relationship develops, and that such relationships have the ability to move backwards or forwards or even stay the same for undetermined periods in the process, and also that the changes do not depend on adherence to certain conditions, but rather on the circumstances or opportunities that present themselves at a given time (Rao and Perry 2002, p604). This later theory accurately describes the basis of what I have evidenced occurring in the franchise networks studied in this work.

Still within RM, Dwyer et al. (1987, pp11-27) present four phases (plus a dissolution phase) which they contend that a seller (in the current study the franchisor) must aim to move their customers through if they wish to invest in the successful development of a long-term business relationship. These can be summarised as:

1. **Awareness**

Where the buyer becomes aware of the seller before any exchange actually taking place. In franchising, this occurs when the potential franchisee begins evaluating the brand and desires to enter it either as a new franchisee, or to buy an established outlet though a resale from an existing franchisee.

2. **Exploration**

In which the buyer tests out the seller, perhaps through some trial purchases. In franchising this occurs when the franchisee signs an agreement for an initial small territory package.

3. **Expansion**

In which both parties are mutually satisfied, and regular purchases then begin to ensue. In franchising, this phase occurs when the franchisee recognises the value of the brand and desires to purchase additional territories and open further outlets.

4. **Commitment**

During which both parties are in agreement - the seller understands the buyer's motivations and the buyer understands and respects the seller's governance procedures and ways of doing business. This is the ideal continuing phase, where a stable long-term relationship develops and all is well. In reality, within franchising, this stability is rarely achieved and moves on to closely resemble the aforementioned States Theory.

Moving to the franchise practitioner literature, Vincent (2009) summarises the shifting and changing franchise lifecycle as a process, which he contends moves through four significant phases:

1. Recruitment

Each party is out to impress the other and show why they need each other in the relationship. Trust, rapport and confidence develop during this stage, together with a shared desire for success and profitability. There is positivity on both sides. This phase concludes with the signing of the franchise agreement and the payment of the initial franchise fee.

2. Growth

The following three years are when the franchisee needs the franchisor's support the most. The franchisee is on a steep learning curve, and there is often considerable contact. If all has gone well, then the relationship will remain positive. However, if the support, assistance and initial training have not been to the expected quality, then the relationship can deteriorate.

3. Maturity

During this phase, the franchisor and franchisee know what to expect from each other and the relationship becomes predictable. If all has proceeded well, then a mutual understanding and perhaps even friendship will have developed. The franchisee has learned to expect ongoing training, marketing aids and support in solving problems. The franchisor has learned to expect a rising sales turnover, and thus increasing royalties in return, along with continuous compliance with operational systems. The danger comes when the franchisee decides that he or she is no longer receiving good value. This can stem from the fact that there now seems nothing more to learn, and the franchise system and its methods get taken for granted by the franchisee, and are not seen as having any value. The feeling of growing disenchantment can also develop through a franchisor's lack of communication, or perhaps a switch from face-to-face communication to technology-driven methods. If a franchisee begins to feel that he or she is not getting their money's worth, which this study has shown, revolves around the perception of a reduction in social bonding following the introduction of ICT, then the relationship will begin to sour.

4. The End or a New Beginning

The final phase will either result in the franchisee renewing his or her franchise agreement for a further term, or terminating it. A franchisee may decide not to renew due to a perceived lack of support, or a decline in the franchisee's business. During this phase a franchisee may become less inclined to adhere to the franchise agreement or the operational systems in place. Conversely, the franchisee could decide to renew the franchise agreement and continue with the relationship, which could have grown stronger over the years, resulting in the franchisee's business continuing to thrive and grow (Vincent 2009, pp58-62).

The prevailing franchise lifecycle model from the academic literature comes from Schreuder et al. (2000) who also maintain that four phases exist in the model, which are:

1. The Courting Phase

Where both franchisee and franchisor are excited by the relationship and want to try their best to maintain it.

2. The "We" Phase

Where the relationship starts to break down, but the franchisee does still value it.

3. The "Me" Phase

Where the franchisee starts to question reasons for paying the royalty, and begins to consider that the success achieved has been entirely gained through their own personal hard work.

4. The Rebel Phase

Where the franchisee challenges restrictions that are placed on them and begins demanding more independence from the franchisor.

It is noteworthy that both models presented, one from the franchise practitioner literature, and one from the academic franchise literature, exhibit clear similarities in each of the phases, and that there is consensus between the practical and academic worlds. From both models, it can be ascertained that, as the relationship moves through the four phases, outcomes are driven by the manner in which the franchisee *personally decides* to perceive the developing relationship. The conclusion reached in this work is in accord with these models, and has shown that following the introduction of ICT into the relationship, franchisees will transit more quickly into the potentially damaging later lifecycle phases if the methods used as the basis of the relationship are allowed to shift from pro-active social to reactive electronic ones, or alternatively will become dormant and unproductive. Batonda and Perry (2003, p1476) identified this particular anomaly phase and contend that business relationships often go into such dormant or inactive states and then get reactivated due to a variety of different reasons, such as a change in business focus or failure to meet a partner's requirements. Empirical data from the present study showed that franchisees have a tendency to drift into dormant "comfort zones" where they simply cease to develop the business opportunity, and instead prefer to just coast along. The new distancing presence of ICT as the primary communications medium, together with an arms-length reactive support strategy provides an ideal platform for this dormant behaviour that, with original face-to-face communication, was previously absent.

Markus et al. (2011, pp306-319) in testing a lifecycle theory of franchise relationships, also looked at phases and colourfully named the initial phase "the honeymoon stage" which they characterise as one full of excitement and fascination from the franchisee perspective. However, they go on to point out that, after the fascination decreases, disillusionment sets in and the the relationship moves on into a "routine stage", where the day-to-day operations of the business become uppermost in a franchisee's thoughts and during which the initial excitement ebbs away.

In the case of Franchisor A in the present study, whilst the creative elements of the business seem to largely be well accomplished in this stage due to the franchisees' command, ability and affinity/ enthusiasm with regard to the actual tactical, creative work, other important areas such as marketing and administration are struggled with, (indeed some franchisees even hire in an outside administrator to help them) and realisation begins to take hold that the business simply does not revolve primarily around the creative aspects as perhaps first thought, but rather centres on effective marketing, accountancy and unexpectedly tedious customer administration tasks, which are widely considered mundane and less appealing than the creative aspects. It dawns on the franchisee that the tactical creative elements, whilst still important, are secondary to the skills needed to ensure the long-term success of the business model, and there is a flow towards what Markus et. al (2011, pp306-319) term the maturity/adjustment phase. During this period, they contend that a mutual understanding of the roles and tasks of the franchisee and the franchisor will have developed, and the process of downstream knowledge transfer will be substantially completed, meaning that the franchisee will be able to operate independently (2011, p308), or even, through the development of local market knowledge and contacts, actually be able to more successfully operate the franchise in the territory then the franchisor (Windsperger and Dant 2006, p259-272). This is a potentially dangerous time for the franchisor because, once the franchisee is able to operate the business independently, the need for self-determination and independence increases (Peterson and Dant 1990, pp46-61), and because the franchisee has now acquired the necessary knowledge to manage the business, it becomes more difficult for the franchisor to justify his or her ongoing fees. This is exacerbated by the distancing processes initiated by the ICT where, simultaneously with the gradual increase in franchisee independence, the relationship is shifting from one of face-to-face communication and pro-active launch support, to a reactive, electronic and more distant one. Even without the problematic of the ICT-driven relationship, franchisees are likely to experience a level of cognitive dissonance. Relationship-building efforts by the franchisor are essential to move the relationship into the preferred stabilisation. In the present study, scant evidence was found to suggest that either franchisor adapted or modified their approach to any lifecycle phases, and the empirical data generally suggested that all franchisees were treated the same, whatever their position in the lifecycle. During such critical points (especially early on in the relationship), it would perhaps be sensible to reduce the reliance on the ICT-driven relationship and revert to more social interaction to achieve desired positive outcomes, because as Markus et al. point out, when the initial entrepreneurial enthusiasm in a new franchisee begins to diminish, becomes extremely difficult to avoid a downturn in the phases that will follow (2011, p315).

C³. The Importance of Franchisor Competence and Solving

This research conclusion integrates with the following sections from the Theoretical Lens Table in Figure 30: *Alliances, Support Mechanisms and Knowledge Transfer, Business Marriage Analogy, Relationship Quality.* The significance and relevance of these specific theoretical elements to this particular conclusion are discussed in depth following an orientating overview of the findings.

Conclusions C¹ and C² have shown how important the effect of social bonding is on franchise lifecycles when ICT is introduced into the relationship. C³ now moves on to discuss how, when such necessary social bonding is operationalised by the franchisor through the work of the franchise support manager, problems can occur when this mechanism is not functioning correctly.

This research has revealed that the trusting belief of *competencing*, which is *operationalised* through the subcategories of *training, updating* and *solving* are foundational to a successful franchise relationship. *Solving* in particular within this research, is an area which has presented many key problematics following the introduction of ICT into the franchise relationship. There has been a significant reduction in the level of *social bonding* and inspiring though the actions of *franchise support manager interfacing*. Pro-active ongoing downstream support and *visiting* have been replaced with reactive responses to incoming franchisee-led requests, as opposed to the previous *pro-activing* approach (which was necessary when online figures and information had to be manually gathered from around the network). *Motivating* franchisees and *de-comfort zoning* them has subsequently become more difficult as a result because the *individualising* coercive and trusting benefits of enduring and developing one-to-one relationships is now increasingly absent in the franchise network.

The area of *solving* is the one which causes the most contention in the whole process of franchisor *competencing*. It is the arena in which the battle between good and bad support is played out, and where there are clear winners and losers. Winning means having satisfied, motivated and happy franchisees who champion the brand and all that it stands for, and feel valued as a key part of the organisation. Losing means having disillusioned and unhappy franchisees who feel distant from the franchisor, are dis-spirited and unmotivated and who negatively believe that the royalty that they pay does not good value for money.

The franchisor must crucially recognise that virtual support, delivered through an ICT system by way of online methods such as electronic updates, knowledge bases and email, plus a strategy of only offering reactive rather than pro-active assistance, where the franchisee is the always the one required to initiate the contact, does not provide the winning formula however expensive or competent the ICT system is. Franchisors cannot just replace their franchise support managers with the latest and best electronic communications technology in a bid to reduce costs and simplify the operations of their networks.

To win, the franchisor must understand that for every time and cost-saving advance deployed through the ICT for their own benefit and ease, there must be a similar balancing benefit for the franchisees. For example, franchisees are prepared to engage in more online administration tasks which they consider tedious, and which they recognise are offering the franchisor tremendous benefit, if they can equally see that other new systems provided for them through the ICT mechanism such as online franchisee to franchisee forums, are offering them equally valuable benefits that were previously unavailable. Such balancing benefits should ideally always have a social dimension to them as this has turned out to be extremely important to franchisees.

Equally importantly, franchisors must understand that franchisees will accept newness and change only if they continue to feel valued. Valuing cannot be demonstrated through electronic means alone. It must be operationalised though the mechanisms of *social bonding* and *success recognising,* and for every technological ICT advance, there must be a balancing social advance, ideally being operationalised using a RM style of delivery through the pro-active work of a team of franchise support managers. Seeking to reduce costs by downgrading this staff division, or even downgrading it to office-based only following ICT introduction, has been found to be very detrimental to the franchisee to franchisor relationship, which is a complicated one at the best of times. To attempt make sense of some of the variables within this dyad, we now turn to the literature.

In an important study, Hibbard et al. (2001, pp29-35) categorised five key relationship variables that wax and wane over time. These map across exceptionally well to franchisee-franchisor relationships, and comprise trust, commitment, communication, shared values and mutual dependence. However research has indicated (Gruen et al. 2000, pp34-49) that there may be a so-called “dark side” to RM, where it is suggested that in a long-term business relationship (and franchising is a key example), if too much familiarity and interaction takes place, then both partners may develop what Gruen calls a *"what have you done for me lately"* attitude (2000, p44) and, instead of improving the relationship, RM activities may be responsible for souring it. Such relationship development in franchising requires a careful balancing act by franchise support managers, who should be highly trained to understand and recognise signs which indicate potential shifts in relationship variables and the unwanted transit through the franchise lifecycle. All too often it seems, such managers are young, inexperienced and learn on the job.

All relationships, businesses or otherwise, are constructs which develop over time, and each encounter between customer and provider contributes to a customer's overall satisfaction and decision to carry on with the relationship into the future (Rosen and Surprenant 1998, p106). The literature contends that a good initial starting point for developing a successful RM orientation is to invest in handling complaints better to demonstrate commitment and the development of loyalty to the customer (Rich 2000, p172). This would be a valuable approach for franchisors to consider, especially during periods of major technological change.

Heading off potential conflict is an important requirement for successful franchise relationships, which is made more challenging in situations such as the present study where, as the franchise relationship develops, changes are being introduced into the alliance through the ICT, which increasingly takes on the central communications role, resulting in conflict resolution increasingly being steered away from close social interactions towards more distancing electronic methodologies which have not been fully perfected, or their consequences evaluated over the long-term. Such situations are essentially rooted in co-evolution, where different parts of a system evolve simultaneously and interact with each other. In the present work, a franchisee's business evolution is affected by the franchisor's electronic support evolution. It is only when the simultaneous evolutions of both parties are in a positive alignment then the alliance stands a good chance of successful continuation. Fortunately, a key feature of the outcome stage in alliances, is that overall they are strongly tied to a financial performance related evaluation. The franchisees will measure their actual performance outcome with what they expected, and judge whether the discrepancy is to great. If the discrepancy is negative (such as a franchisee not making the profits they expected), this will lead the franchisee to re-evaluate the alliance. On the other hand, when outcomes match or exceed expectations, then the franchisee becomes more committed to the alliance and its continuation (Das and Bing-Sheng 2002, p740). Thus some negative alignment from the franchisee is usefully tolerated because of the overarching benefit of positive financial performance.

It is important that both parties contribute towards an ongoing exchange relationship and create joint idiosyncratic contributions that value both members of the alliance and result in supernormal profits. Dyer and Singh (1998, pp660-679) term these as being “relational rents” which are developed through a mutually beneficial, shared combination of assets. In the literature, Williamson (1985) identified three types of asset specificity. These are: (1) site specificity, (2) physical asset specificity and (3) human asset specificity. In the present study, human asset specificity is of principal interest, as this refers to the specific know-how that accumulates through long-standing relationships and where systems and procedures have been learned. In such situations (and franchising is a key example), both parties will have developed particular specialisations which will have increased through the experience of working together. This “human co-specialisation” allows them to communicate efficiently and effectively, which has the effect of reducing communications errors and enhancing quality (Asanuma 1989, pp1-30; Dyer 1996a, pp271-292). However, for such specialisations to successful take place, much communication and contact will normally have been required. The issue for the present study, is that the development of this form of asset specificity has been hampered by the reduction in social contact in favour of ICT, plus a simultaneously developing focus on reactive as opposed to proactive support and assistance strategies due to the growing size and geographic reach of the franchise network.

Not all franchise support activities are the same, and some survive better than others in the electronic domain. Daft and Lengel (1984, pp191-233) followed by Vickery et al (2004, pp1106-1119) and finally Gorovia and Windsperger (2010, pp12-21) combine to offer a straightforward explanation of the increasing information richness inherent in various communication activities. From lowest to highest, they rank common activities as follows:

1. Numerical formal (accounting data)
2. Written formal (documents and manuals)
3. Written personal (letters, fax)
4. Electronic (email, Intra and Internet)
5. Telephone
6. Face-to-face (training, meetings, visits)

From this stream of important research work, it becomes clear that franchisors who attempt to bring both low and high IR activities into the electronic realm in a blanket strategy are extremely likely to experience problems.

Franchise relationships, just like relationships in wider life such as that of marriage, develop through the presence of important shared values including bonding, empathy, reciprocity and trust. It is thus perhaps not surprising that relationship marketing commentators have used the marriage analogy to compare some of the principles of the interactions that exist in long-term business relationships to our personal ones (Dwyer et al. 1987, pp11-27; Morgan and Hunt 1994, pp20-38; Tynan 1997, pp695-703). In their more recent study, Doherty and Alexander (2004, p2120) contend that trust, which is a key element of the relationship marketing literature, is the backbone of a long-term successful franchise relationship, and they found that choices regarding franchisee selection by franchisors revolved around what their data subjects called a "chemistry factor," with decisions (in a similar way to those of a proposed marriage) being made based on whether the franchisor and franchisee seemed to have the right "chemistry" at work to begin the relationship, and expressed the view that if that was achieved, then other drawbacks, even financial ones could all be somehow accommodated and overcome.

Their research supports other findings that similarly highlight the importance of trust during early stages of relationship development (Dwyer et al. 1987, pp11-27; Grayson and Ambler 1999, pp132-141). Importantly for future research, they concluded that within franchising, where a trusting, communicative and mutually beneficial relationship with long-term outcomes was required, that a bond which is analogous to the marriage bond is indeed particularly required (Doherty and Alexander 2004, p1230).

Holmlund's work (2008) is also particularly helpful, as it both recognises and specifies this social dimension in relationships. His study contends that relationship quality revolves around three dimensions applicable to both parties; 1) The technical dimension, which refers to the core offering in the relationship (which in relation to the current work is the business franchise model itself), how it works and what it sets out to do. 2) The social dimension, which relates to perceptions of how well the franchisee-to-franchisor relationship (and vice-versa) functions. 3) The economic dimension, which relates to how the profitability of the business relationship is perceived from the perspective of each of the dyad members. The resultant relationship quality is contended to consist of how the different processes and outcomes of these three process are perceived overall.

Holmlund highlights "aggregation" as the important unit of perception, and explains that it is this matter of the aggregation of incidents and interactions across all the three areas that comprise how perceptions are formed (2008, p45). Her study found that perceptions relating to the quality of the relationship were based on both routine and critical incidents along its timeline across all three dimensions (p46). In the technical dimension for example, congeniality in interactions was considered vital by the firms studied, as were aspects that assisted in smooth interactions such as good communication, responsiveness, empathy, conflict solving and flexibility (p47).

Holmlund's study also found that the second dimension, that of the social, was particularly important, and the focal firms were well aware of the significance of social aspects and recognised the need to cultivate their business relationships from this point of view. The constructs identified as foundational to success were those of appeal, acquaintance, respect, congeniality and pleasure (p55). The overall outcome of interactions must, of course, result in a successful economic dimension if it is to survive, but Holmlund found that it was the interactions themselves rather than the profits subsequently derived that really constituted the heart of the relationship. It was not merely the overall measurable outcomes that were important, but the perception by both parties of results of the interaction processes themselves. This is important for the current study, as it indicates that franchisees are likely to base much of their perception of relationship quality on social interactions.

In summary, because of the importance of the social dimension in developing relationship quality, the challenge for franchisors intending to use technology in their relationships, is the need to focus less on the information-gathering aspect and more on developing the constructs of acquaintance, respect, empathy, congeniality, flexibility and pleasure into their systems design. The problem, of course, is that mere machines do not typically possess any of these characteristics.

C⁴. Franchisees and Business Control

This research conclusion integrates with the following sections from the Theoretical Lens Table in Figure 30: *Interfirm Power, Control, Relationship Quality.* The significance and relevance of these specific theoretical elements to this particular conclusion are discussed in depth following an orientating overview of the findings.

Franchisees need to feel that they are in control and have ownership of their franchise business and all the mechanisms surrounding it. This position provides them with the necessary self-esteem and credibility with the customer base that they must regularly interface with. It appears that this overall rather false situation is acceptable to them, even though they recognise that in actuality all control resides with their franchisor. However, without careful and ongoing nurturing of a continuous feeling, by franchisors, of business control appearing to be vested in franchisee hands, which can be operationalised by recognition of the value of their contribution to the network and by positive franchise support, franchisees may simply refuse to fully accept new technology, and escalate trivial negative effects of it.

The franchise relationship is, of course, in actuality, overwhelmingly one-sided and benefitting to the franchisor who creates all the rules, controls the relationship for his or her own interests, and imposes significant terms upon the franchisee through the franchise agreement together with the results of powerful operational data that now aggregates in the ICT system. It is questionable therefore, whether a real "relationship" exists, or whether it is no more than a spurious one. Usefully, these self-same concerns have been considered within the framework of RM and, notwithstanding the overwhelming positivity and evangelical tone of much of the literature, RM does attract critics. One pair of these is Fitchett and McDonagh (2000, p217), who point out that (in a very similar way to franchising) although a firm can choose and define carefully what customers it wants to partner with and is able to prohibit relationships that are unprofitable, the consumer cannot make such demands and is thus rendered impotent. They state that; *"as a consumer, I am unable to demand that my bank or airline service provider negotiate the terms of our relationship to serve my own interest, whereas the organisation can impose such terms without any recall to the customer."* They also note that, in many cases (franchising again being one) consumers cannot easily withdraw or switch from a relationship because of initial conditions placed on them, and the organisation thus typically enjoys legal and economic power over the customer, making the so-called "relationship" very one-sided and unbalanced. Indeed, Fitchett and McDonagh (2000, p218) argue that because the bias is so great in favour of the organisation, that there is no real mutual relationship at all, only what they term "imposed relations" and one which they consider is tyrannical, oppressive and that most people would find abhorrent in any other social context. As chapter six showed, the present study has uncovered similar concerns with the franchise relationship, and franchisee attitudes to distant and reactive head office control.

Clearly, for a true relationship to properly exist, the interaction must be two-way (or at least appear to be as such) with both parties desiring it. Liljander and Roos (2002, pp593-614) suggest that customer relationships exist along a continuum which moves from what they term spurious relationships at one end, to true relationships at the other, the latter being based on benefits of the relationship combined with a strong level of trust and commitment. Spurious relationships, on the other hand can be characterised by exhibiting trust defects and sometimes the presence of negative bonds. Whilst customers in these spurious relationships may continue to buy, their commitment is low and it takes very little to entice them to switch to a different provider.

While spurious and forced relationships are one concern, on the other end of the continuum are dangers surrounding relationships that get too close, and almost imperceptibly move into the realm of personal relationships. In discussing the relationship between client and broker, Ning et al. (2009) point out that clients' expectations can become too high when the business-personal boundary becomes blurred. Problems with this boundary can result in over-dependence by the client, and cause the relationship to reach a "tipping point," at which, the relationship sours and returns to a more calculated pre-RM transactional model or terminates altogether. At this tipping point, from a broker's perspective, the total costs of servicing the client outweigh the benefits gained, and from the client's perspective, a feeling develops that their (perhaps unknowingly) unrealistic high expectations are simply not being able to be met.

I have experienced this situation occurring regularly through my experience within the franchise industry, where the franchise support manager is required to develop very long-term relationships with many franchisees under his or her care, and often is called upon to act as a sounding-board for franchisee problems, not only with the growth and development of a franchise outlet, but also personal ones which the franchisee feels have a material effect on it, and which franchisees immediately tend to turn to the franchise support manager to help sort out. Ning et al. (2009, p5) suggest that to help avoid this potentially damaging dark side of RM that:

"Businesses would be advised to diffuse close relationships by creating multiple relationships with a customer by creating additional contact points… to share the relationship and rebalance the business-personal mix."

Additionally, customers of many firms are also beginning to generally express concern over their privacy, and research has shown that they may feel that the information that they provide, especially over the Internet when they place and order or enquire about a product or service is excessive, and are increasingly only willing to provide information if they feel that their reward for it justifies the loss of their privacy (Rich 2000, p176). In the present study, franchisees are required to provide significant amounts of data through the ICT system for the franchisor to benefit from, and have expressed concern that, as a result, the business feels much less their own and much more the franchisor's, especially now the franchisor can view all of their data at the touch of a button. This loss of autonomy and the invasion of what used to be the franchisee's private space and information store, to which the franchisees used to only give the franchisor limited and partial access or entitlement on a quarterly basis though sending a floppy disc in to head office, has been termed *"big brother"* by franchisees who, in precisely the same way as outlined by Rich (2000, p176) are only prepared to provide the information if they are given something beneficial in return. Such benefit trade-off desires on the part of franchisees are discussed more fully in conclusion C^5.

It is important to recognise that the franchise relationship can display information asymmetry which can be caused by different goals being sought by the franchisor and the franchisee, to the point that the franchisee may use knowledge that they possess to the detriment of the franchisor. For example, with the present study, the franchisee may well have a considerable amount of local knowledge and could be using non-approved staff or teaching materials or even selling non-standard or substandard merchandising direct to the end-user customers for their own profitable self-interest. This is known as moral hazard (Quinn and Doherty 2000, p360). In agency theory, it is held that the franchise contract is the instrument normally used to control the potential for such moral hazard, and will thus have preventive clauses drafted in an attempt to specify what are unacceptable opportunistic behaviours and provide mechanisms for dealing with them. However, such an agency approach thus advocates the use of coercive as opposed to non-coercive power. The marketing channels literature on the other hand, considers that non-coercive power exercised through support functions can equally successfully moderate franchise opportunism and moral hazard, and is also more likely to lead to franchisee satisfaction and thus make the network easier to control (Quinn and Doherty 2000, p361). However, as these authors point out, because the support package is the principal non-coercive method of controlling franchisees, if this is not deemed sufficient by the franchisees themselves, then the company is restricted in its ability to enforce controls, and will therefore have no choice but to resort to coercive contractual methods. With this in mind, I contend that there is a danger in reducing the nature and scope of the support package from that of a close, social relationship to a more distant electronic one. This is highlighted by Quinn and Doherty's study which found that conflict arose with many franchisees because they were dissatisfied with the level of help they were receiving, and cited inadequate levels of support, and specifically a lack of personnel as one of the key reasons for this. In their study, it was this, accompanied by a lack of strong brand name together with the company's unwillingness to enforce the franchise contract either, meant that the franchisees were able to gain greater levels of power (Quinn and Doherty 2000, pp344-366). This seems to strongly suggest that franchisors should consider developing a robust and successful franchise support system if they wish to have the choice of successfully wielding non-coercive power in the relationship dyad (or appearing to pass such power to the franchisees). Without a successfully functioning support system, widely held in high regard by the franchisees, the choice of using the non-coercive power approach is diminished and the franchisor is forced to rely on the potentially more damaging, punishment-based coercive contractual means of franchisee control, and as a result, accept the likelihood of resultant relationship deterioration.

In summary, the fact is that it may not be necessary for a franchisor to simply be *appearing* to shift control and ownership towards the franchisees to aid ICT acceptance, because the literature suggests that, in some cases, they may genuinely possess it anyway. For example, although the bias of a franchise contract favours franchisor power (Forward and Fulop 1993, pp159-178), research suggests that franchisors do not hold all the power in a relationship, and depending on the lifecycle stage of the relationship, franchisees may actually hold the balance of power (Hough 1986). This is particularly the case when franchisees grow in size by purchasing and successfully operating multiple outlets within a network, or become master franchisees in large territory (often overseas), and directly responsible for recruiting and supporting sub-franchisees under them.

C[5]. ICT and Franchisee Benefit

This research conclusion integrates with the following sections from the Theoretical Lens Table in Figure 30: *Benevolence, Satisfaction, Norms and Systems of Governance.* The significance and relevance of these specific theoretical elements to this particular conclusion are discussed in depth following an orientating overview of the findings.

This study uncovers the fact that franchisees will use an ICT system superficially if they have no choice, but will only invest their time and energy in embarking on learning it in any depth and be prepared to input data (especially that which is deemed more useful to the franchisor than themselves) if they are convinced that the system will not substantially change in the future and that they will not have wasted time on what they consider a pointless learning curve and, even more importantly, that they feel they are getting something equally valuable in return.

Franchisees find the ICT system beneficial for managing the *financial* affairs of their businesses. They are willing to enter *financial* data diligently and regularly. This is, however, in contrast to their attitude to other areas of the system. Franchisors can become so wrapped up in seeing the benefits of their new systems solely from their own point of view, that the franchisee perspective is forgotten or goes unnoticed.

Franchisees want any ICT system that they are required to use to be beneficial and useful to them. They want it to be fully *integrated* and accessible from one single home screen across laptops, home computers, phones and mobile devices. It must also benefit from the *integration* of business plans, promotional budgets and an accounting system, and enable information to be entered once only and be available across all modules.

By promoting the franchisee benefits of *ease, electronic empowerment, financial* and *access*, acceptance of a new franchise system is simpler and smoother. When franchisees gain tangible personal benefits from one area of the system, they are prepared to be more receptive to other less palatable areas.

Communication Channel Preference

The social relationship between franchisor and franchisee has become diminished as a result of electronic interactions and, because email removes the awkward emotional interactions which used to occur within phone and face-to-face conversations, franchisees have become more outspoken and demanding, using the channel to introduce topics that they would not have dared mention before.

Despite the ICT system and its various online knowledge base documents, plus the channel convenience of email being available to solve queries, franchisees overwhelmingly prefer to use the telephone. They contend that it is *"impersonal"* and unsuitable for anything that is *"significant"* or *"sensitive."*

The prevailing electronic approach now makes it much more difficult for the franchisor to deploy useful non-coercive, soft solutions to develop depth in their relationship with their franchisee network. To take one example of a useful soft solution within a business relationship, if a partner firm provides more assistance than the minimum required by their formal agreements, this is known as benevolence (Doney and Cannon 1997; Lee et al. 2004, pp32-48; Mayer et al. 1995, pp709-734). In franchising, such benevolence when actioned by a franchisor, may include activities such as the offer of delayed royalty payments, deferred initial fee payment terms or the relaxation of a contractual term in the spirit of assistance. In the literature, such benevolent actions are considered instrumental in assisting with the successful promotion of business relationships and performance, as they signal a firm's good intentions concerning assisting with the well-being of its partners (Gao and Brown 1997, pp258-266; Selnes and Gronhaug 2000, pp259-271). Among all the potential antecedents of benevolence, two of the most significant are relationship satisfaction and commitment. In franchising, the more satisfaction that is developed in the franchise relationship, the more likely it is that the franchisee will agree to commit to the franchisor's wishes in the future, such as agreeing to use ICT. Benevolence is conceptualised in the business relationship literature as an antecedent or characteristic of trust (Larzelere and Huston 1980, pp595-604; Solomon 1960, pp223-230; Strickland 1958, pp200-215). Commitment, which is defined as a firm's intention to continue its relationship (Geyskens et al. 1996, pp303-317; Morgan and Hunt 1994, pp20-38) is also cited as a correlate of benevolence (Moorman et al. 1993, pp81-101; Van Dyne et al. 1995, pp215-285; Williams and Anderson 1991, pp601-617), and the literature further suggests that there are two types of such commitment. The first is termed affective commitment (Cullen et al. 1995, pp91-115; Williams and Anderson 1991, pp601-617). To focus this on franchising, such affective commitment is characterised by a franchisee feeling a strong identification and involvement with his or her franchisor, so much so that it results in an emotional sense of loyalty and a sense of real belonging to the franchise relationship. Although the power and characteristics of the brand image may go some way to nurturing an affective commitment, it is more likely that previous relationship exchanges between the franchisee and franchisor will be the primary reason for its development, which can be aided by acts of benevolence and a socially related, non-coercive and close operational support orientation. Franchisee data collected during the present work suggests that using ICT as the primary communicator between the parties can make it more difficult for franchisees to practice social benevolence and subsequently nurture affective commitment, resulting in franchisees remaining in the brand, based on the second type of commitment, that of calculative commitment, where the intention to remain in the relationship is overwhelmingly based simply on the costs and benefits of doing so (Meyer and Allen 1984, pp372-378).

The more a franchisee is satisfied with the ICT system and the benefits that they perceive are gained from at least some parts of it, the more they will comply with using the rest of it. Satisfaction in a business relationship affects channel members' morale and their resulting incentive to participate in collective activities (Schul et al. 1985, pp9-38), and has been considered *the* key to long-term relationship viability (Dwyer 1980, pp45-65). Satisfaction is conceptualised in the literature in two different ways. The first comes from an economic viewpoint (Brown et al. 1991, pp15-26) where it is positioned as a discrepancy between prior expectations and actual profits. The second is a non-economic psychosocial construct that revolves around the emotional response to the working relationship with the business partner (Crosby et al. 1990, pp68-81).

In franchising, economic satisfaction is gained by a franchisee when they develop their outlet successfully and reach or exceed the sales goals and profit margins that they expected from the relationship, assisted by productivity, support and input from the franchisor. Non-economic satisfaction occurs when the franchisee finds the interactions with the franchisor (or in the present case, the ICT system) to be fulfilling, gratifying and easy, appreciates it and likes working within the network framework, because they believe that their franchisor is concerned, respectful and willing to exchange ideas with them (Dwyer and Gassenheimer 1992, pp187-200; Geyskens et al. 1999, pp223-238; Mohr et al. 1996, pp103-115). The negative outcome of a lack of satisfaction is a growing level of tension, frustration and disagreement (conflict) (Anderson and Narus 1990, pp42-58).

Developing, maintaining and benefitting from such relationship constructs are complex with ICT taking a central role. However, there has been considerable research into seeking to control business relationships with technology and understanding the results has become central to RM which has latterly expanded into several sub-genres, all of which have arisen through the growing availability of ICT. These are Customer Relationship Management (CRM) (Ahn et al. 2003, pp324-331; Bose 2002, pp89-97; Bull 2003, pp 592-602; Chen and Popovich 2003, pp672-688; Das 2009, pp326-363; Jain 2005, pp275-291; Kotorov 2003, pp586-571; Light 2003, pp603-616; Meyer and Kolbe 2005, pp175-198; Ngai 2005, pp582-605; Sin et al. 2005, pp1264-1290; Xu et al. 2002, 442-452) and latterly Electronic Customer Relationship Management (eCRM). (Fjermestad and Romano 2003, pp572-591; Romano and Fjermestad 2003, pp233-258; Scullin et al. 2004, pp410-415; Wu and Wu 2005, pp303-316)

Essentially, a franchise ICT system is a CRM system which, in outline is described as *"an information industry term for methodologies, software, and usually Internet capabilities that help an enterprise manage customer relationships in an organised way"* (Xu et al. 2002, p442).

Chen and Popovich (2003, p672) remind us that, increasingly throughout the mid 20th century, where originally the shopkeeper and customer spent quality time getting to know each other, this has eroded. They contend that customers have become just an "account number" and have thus lost their uniqueness, and that shopkeepers have lost track of customers' individual needs and where *"mass production built a wall between buyers and sellers, where the main concept was to find customers for standardised products"* (2003, 687).

CRM uses RM principles but with the addition of strategic technology-based applications to link front office sales, marketing and customer service to back-office financial, operations, logistics and human resources and to customers, so that companies can gain a clearer understanding of customer wants and enable them to respond and communicate better, so that retention rates are improved (Chen and Popovich 2003, p676).

So, CRM is founded on RM (Wu and Wu 2005, p304) and is seen as a way of advancing the ideals of RM through the enabling use of modern technology to return to the old-fashioned, close buyer-seller relationships and service values that seem to have somehow been lost along the way. The overarching idea is to focus on smaller target segments, or even individual customers, and then attempt to customise service offerings as much as possible to their desires and needs. It should be highlighted here, however, that CRM should not just be considered a technology-based solution. Technology is *only* an enabling (albeit very useful) *part* of the whole approach of managing customer relationships.

RM could be considered to be generally based on the idea that the happier customers are with a firm, the longer they will stay with it (Light 2003, p604). In CRM, software packages are used to *help* to further manage and hopefully extend that relationship. It is important to stress here that the software should not replace RM strategies, but instead aim to dovetail into these and extend their usefulness. Indeed, a limitation with CRM software packages, when used exclusively, is that they may tend to embody standardised approaches to relationship management, and although they may perhaps be loosely built on RM ideas, may not actually be congruent with the concept (Light 2003, p611). They may, of course, also simply not fit with the way that an organisation works.

eCRM

The next stage is eCRM. According to Wu and Wu (2005, p303-316) eCRM is an Information Systems innovation in organisations, and one which seeks to re-engineer traditional marketing activities. They contend that eCRM is essentially CRM, but with the addition of web-based software. Nevertheless, eCRM still revolves around people, processes and technology. Fjermestad and Romano (2003, pp572-591) suggest that, rather than the technology, it is the people and process issues that are most critical to the success of eCRM, and highlight two sets of principles that can help. These are usability and resistance. The system must be easy to use, useful and functional. Equally it must be implemented with care and caution to overcome user resistance to change. Fjermestad and Romano (2003, p234) offer five integrated areas of research that they believe comprise eCRM. These are technology, human factors, knowledge management, business models and markets.

This study has found that, although the structure of an electronic customer relationship management system (eCRM) has been put in place by the franchisor, it is being overwhelmingly used to gain knowledge about operational figures for the benefit of the franchisor, as opposed to gaining episodic information and data about the developing franchise relationship between franchisor and franchisee which could be used to enhance, strengthen and develop the relationship and provide benefit to the franchisees themselves. Indeed, this area of the system, rather than being strengthened by the technology has been unnecessarily marginalised and reduced.

C^6. ICT Induced Trust Reduction in Franchisees

This research conclusion integrates with the following sections from the Theoretical Lens Table in Figure 30: *Alliances, Reciprocal Actions and Co-operation, Trust and Compliance.* The significance and relevance of these specific theoretical elements to this particular conclusion are discussed in depth following an orientating overview of the findings.

Franchisees are prepared to take advice from their franchisor, but seek more opportunities for collaborating to exchange, both with their franchisor and also with other franchisees, views about operational and promotional matters.

Using technology as a cure for isolation and as a mechanism for social connectivity has far reaching implications for franchising. It offers a powerful reason for franchisees to migrate to new ICT, especially if it is positioned to them as a valuable benefit by franchisors. If franchisors design social networking opportunities such as franchisee forums into their systems and manage them effectively, then franchisees will be encouraged to use the technology and enjoy doing so, and thus the process of ICT introduction will be simpler for franchisors.

If a franchisor actively encourages and facilitates methods of horizontal communicating for the good of the franchisees, he or she will also benefit from growth in the trusting belief of openness. Without this, franchisees will develop their own ad-hoc methods of communication, over which the franchisor will have no control or will even be aware of. Franchisors contend that horizontal communicating provides a platform for dissent and complaining across the network when, in actual fact, franchisees simply want to discuss positive operational and promotional issues.

This study has discovered that if a franchisor engages in *foruming* for *horizontal communicating*, they can expect to benefit from a further reduction in the cost of franchise support overheads, as franchisees become willing and able to solve problems amongst themselves as opposed to requiring expensive franchise support managers to do so. Franchisors can also benefit from recycling franchisee-centric answers to posts to build a developing knowledge base that improves the network at no cost to themselves. Additionally, the use of an online forum humanises the technology and encourages franchisees to become positively sensitised to using and relying on ICT, becoming more aware of its benefits and potential, and thus softening any resistance to technological change.

Franchisees widely believe that the ICT system has reduced the reliance on the trust that the franchisor originally had in them. On occasions, it may be necessary for franchisors to modify their naturally inclined judgement about a particular episode or requirement to appease their franchisees and thus maintain and develop their trust. A key problematic in this study is that of the judgement of the franchisor regarding the allowance and embracing of horizontal communications, which franchisees contend is because the franchisor is fearful of negative discussions, and believes it could be used as a mechanism tot enable the franchisee network the opportunity to rise up en-masse against him, as opposed to being a mechanism that could assist with self-help and support. This short-sighted attitude has further reduced trust, especially as elsewhere, by 2009 social-media sites were being widely embraced by the franchise industry. Facinelli (2009, pp40-42) writes that, by developing a social-media online presence through free sites such as Facebook, Twitter, YouTube and weblogs (or “blogs”), franchisees can develop communities, which can allow interaction and the development of trust (Weinsheimer 2009, p36) brand affinity and loyalty. Also, as the content of blogs is continuously indexed by the major search engines, developing regular targeted content enables better visibility for the franchise network itself in search engine rankings (Facinelli 2009, pp40-42).

The opportunity for franchisors to build low-cost vertical communication channels with franchisees using the same tools, and for horizontal franchisee-to-franchisee forums, has also developed. A poll of International Franchise Association (IFA) members in Spring 2009 (Shay 2009, p6) has revealed that 70% use Linkedin, 65% use Facebook and 30% use Twitter to communicate. This has led the IFA itself to begin using social-network platforms for member communications and ongoing industry research.

Gartman (2009, pp40-41) contends that such social networking enables franchisors and franchisees to *"feel more connected, less alone and more a part of a community,"* and believes that significant difference between marketing and social networking is that the latter possesses a "human connection," which she further maintains, given that one's humanity can be demonstrated, allows for more authenticity.

As outlined, the creation of trust is considered essential for the development of enduring partnerships (Morgan and Hunt 1994, pp20-38). Some commentators argue that it is the major factor in strategic partnerships between firms (Madhok 1995, pp117-137). According to Johnson et al. (1996, p981) trust revolves around two factors; (1) a cognitive component derived from confidence in the reliability of a partner and (2) a behavioural component derived from confidence in the intentions, motivations or benevolence of a partner. Such trust can be strengthened when there is a sense of complementarity between the partners, where each party contributes strengths and resources that are valued by the other partner (Dymsza 1988, pp402-424). In franchising this sense of complementarity may be developed through the franchisor contributing value by way of his or her expertise of the business format, while the franchisee contributes value through their specialised local market knowledge and enthusiasm for developing the business in their demised territory. Such a state of affairs can result in a synergy, where the sum of the alliance exceeds the sum of the individual contributions. Positive reciprocal trust (Bradach and Eccles 1989, pp97-118), where one party's actions motivates the other party to respond in kind can also improve relationships.

Within the present study, the empirical data uncovered evidence of franchisees feeling that the ICT system, which could significantly monitor the franchisees remotely and which offered the franchisor multiple methods of surveillance right across the franchisee's business, from data-mining to the control and monitoring of the email communication system, was "big brother" and "felt controlling." Such feelings are typical causes of trust erosion. This is especially relevant to franchise relationships, because they are "strategically integrated," meaning that the relationship is core to the function of the alliance and the business model rather than peripheral, and because each party has a stake in the other's success. It is thus important to develop co-operative behaviour. Such co-operative behaviour may have various motivations (Kogut 1988, pp319-332), but regardless of the motivation, most researchers attribute the success of such arrangements as to how well the partners get along with one another (Cullen et al. 1995, pp91-115).

Actively developing trust through offering benefits to the franchisee party is especially important when a franchisor desires to modify a pre-existing socially mediated business relationship by introducing ICT into the mix. Trust development is complex at the best of times and Dwyer et al. (1987, p12) explain that there will have already developed a range of complex implicit and explicit assumptions that are made by both parties, which include personal non-economic, social satisfactions plus economic ones revolving around areas such as conflict resolution and commitment. Trust is so powerful that some scholars believe that when a buyer becomes interested and a supplier gains his or her trust, it is something so overwhelming that it can usefully make almost no difference how the products are presented (Lindgreen and Crawford 1999, p231).

C^7. Freedoming as Mechanism for the Acceptance of ICT Introduction

This research conclusion integrates with the following sections from the Theoretical Lens Table in Figure 30: *Trust and Compliance, Dependence, Entrepreneurial Orientation.* The significance and relevance of these specific theoretical elements to this particular conclusion are discussed in depth following an orientating overview of the findings.

Freedoming is an important element of the franchise relationship because it has the power to ease channel conflict and serves to increase franchisee confidence and self-belief. This study shows that franchisors should consider deploying *freedoming* as a tool to aid in the adoption process of ICT, and as at least a partial surrogate to assist the relationship when a reduction in social bonding is desired by the franchisor. In essence, my gerund, *freedoming* which has been used to describe the actions of franchisees studied in this research, revolves around the opportunities for the franchisee to engage in entrepreneurial activities. Franchising and entrepreneurship traditionally have been seen as being poles apart:

"*... the view of franchising as entrepreneurship is strongly contradictory to the previously widely held belief according to which franchising was even seen as the antithesis of entrepreneurship."* (Tuunanen 2007, p7).

However, this is far from the truth as both parties must act entrepreneurially if the relationship is to become successful. The franchisor must initially act entrepreneurially to bring the new business concept to an untried market and accept the financial risk inherent in doing so, but equally, the franchisee, who will normally be familiar with the local markets and their potential for sales exploitation, will need to be similarly entrepreneurial in developing the opportunity through his or her expertise and local contacts, and may need to adapt the concept to their immediate environment and create idiosyncratic marketing programs to make it work (Kaufmann and Dant 1999, p12). Kaufmann and Dant summarise this necessary shared entrepreneurial role in franchise relationships:

"*All environments constrain entrepreneurship. In franchising, because of each franchisee's potential impact on the investment of the other franchisees and the franchisor, maintenance of the franchisor's core concept is critical. Nevertheless, franchisees often have wide latitude in developing unique ways of marketing that concept in their particular location,"* (1999, p13).

The traditional view in the UK franchise industry has been that franchisors seek franchisees based on their compliance and willingness to be managed. However, when considering the partnership more deeply, it becomes evident that franchise is indeed clearly a form of co-operative entrepreneurship. Franchisees conceptualise themselves as entrepreneurs (Stanworth 1995, pp161-176), and through the purchase of the franchise, they assume entrepreneurial risk. Although there are contractual constraints, they are left to operate independently within the latitude of the franchisor's operating guidelines (Gassenheimer et al. 1996, pp67-79). One example of the co-operative entrepreneurial relationship that exists under the hood in franchising is that of local promotion. Franchisees are much closer to their consumers and are therefore much more likely to be able to identify and understand the unique and specific features of their local market conditions (Davies et al. 2009, p335) than their franchisors, who may be based in a distant location and know little or nothing about the region, which may well have its own unique tastes, attitudes, values and behaviours that are only apparent to "locals". Franchisees also accept the financial risk of bringing the franchisor's concept into such new and untried market locations, and often need to create their own idiosyncratic marketing programs to adapt the concept to these local environments (Kaufmann and Dant 1999, p12)

Within the franchise mechanism, franchisees bear much of the ownership risk and operate quite independently, a trend that is increasing as more franchisors introduce arms-length monitoring and support through ICT, as opposed to face-to-face interaction. Distant franchisees are thus required to display entrepreneurial characteristics including initiative, self-reliance, competitiveness and a need for achievement (Phan et al. 1996, pp379-402; Withane 1991). Phan et al. highlight a particularly relevant issue with regard to ICT introduction into franchise networks, and point out that entrepreneur-franchisees are free to pursue their own strategic goals because franchisors have incomplete information about the full capacity of the operation and, because the franchise contract can never cover every contingency, entrepreneur-franchisees have great latitude in crafting their own business strategies (Phan et al. 1996, pp380-382). Franchisees innovate by linking employees, customers and suppliers in the creation of their local franchised outlet (Bygrave and Hofer 1991, pp13-22; Carland et al. 1984, pp354-359).

Gassenheimer et al. (1996, pp67-79) found in their study, that, in contrast to the normal model of franchisors searching for compliant franchisees, franchisors were tending to recruit franchisees to capture their entrepreneurial spirit and were encouraging them to view the business as a personal venture, with the franchisor role being that of a central co-ordinator, communicating the needs and benefits of the collective organisation, while promoting a willingness to work together and encourage entrepreneurialism, a policy that showed success as long as the franchisees agreed to not act on any entrepreneurial tendencies that had disregard for the franchisor's interests (1996, p76).

The current research study has revealed that the more entrepreneurial freedom the franchisor provides, the more that franchisees becomes compliant and accepting of other less-palatable business requirements and necessities of the franchise, particularly the reduction of social contact and the need to input significant data into the ICT, much of which was not necessary before the technology introduction. In this study, entrepreneurial freedom has been provided at the operational level by the franchisor, with franchisees being permitted to design their own ways of running the theatre training sessions and, through this freedom, gain independence and autonomy from the franchisor. This has resulted in the psychological belief that they have achieved success through their own efforts and entrepreneurial creativity, rather than through strategies prescribed by the franchisor. These results are congruent with the findings of a recent thesis on franchising's entrepreneurial paradox, which found that;

"With regards to the franchisees' entrepreneurial traits, the following psychological characteristics have a positive and statistically significant effect on the entrepreneurial behaviours of franchisees: franchisees total entrepreneurial tendencies; in particular, their need for achievement, need for autonomy, independence, and internal locus of control." (Ajayi-Obe 2007)

Ajayi-Obe also found that several organisational antecedents appear to influence successful and positive entrepreneurship within franchised outlets, all of which are verified by comparison to the present study. These comprise:

1. Granting franchisees autonomy in the form of operational independence and flexibility.

2. Establishing open channels of communication for information sharing among franchisees.

3. Instituting formal forums for discussion, generation, and dissemination of new ideas.

4. Having having organisational and management support system for promoting entrepreneurial activity. (Ajayi-Obe 2007)

7.5 ICT Development as eCRM to Solve Agency Problems

As outlined in chapter two, an agency relationship is present whenever one party (the principal) depends on another party (the agent) to undertake some action on the principal's behalf (Bergen et al. 1992, p1). However, the actions of the agent are rarely entirely congruent with the wishes of the principal:

"*There will be some divergence between the agent's decisions, and those decisions which would maximise the welfare of the principal.*" (Jensen and Meckling 1976, p5).

Such aberrant divergences can be limited by the principal incurring monitoring costs and also by providing incentives for the agent to toe the line, and be less inclined to shirk their responsibilities (Alchian and Demsetz 1972; Kehoe 1996, p1485) towards the franchise and thus be encouraged to maximise the potential financial return from their demised territories to the benefit of both parties.

In agency theory as applied to franchising, the agent is of course the franchisee, and the contract between the principal (the franchisor) and the agent is constructed with the intention that both parties should be able to benefit without capped financial limits. Because the franchisee agent bears most of the costs of the business, and because they are compensated financially from the generated income from their outlets, the interests of both parties is considered to be better aligned with one another to provide a platform to encourage growth. However, information asymmetry, where one person has information that the other desires, characterises most agency relationships (Bergen et al.

1992, p3) and the problem of self-interest can make the franchisee reluctant to share information with the franchisor, or perhaps is motivated to send false or misleading information. Sometimes these problems are termed “moral hazard,” or “hidden action.” These potential issues are further confounded by franchisees identifying the potential to “free-ride” on the franchisor’s reputation and trademark and let the actual delivered product or service quality slip, which is, of course, extremely damaging to the wider brand image and to other franchisees within the network. This study has shown that the way to reduce these maladies is to maintain a close relationship with the franchisees. The franchisors in this study have chosen to deploy ICT as the basis for not only their financial reporting, but also their ongoing relationship development activities, effectively seeking to use their new technology as an eCRM system.

This research found that although deploying ICT and eCRM considerably assisted with the key agency problems of monitoring costs and the control of shirking, it was less successful as a surrogate for social interaction. Indeed, the notion of using the technology as a complete substitute for social bonding through the use of eCRM techniques has been shown to be problematic, with the situation currently appearing to only be redeemable through continued back-up social bonding (C^1) and personal interaction by franchise managers to prevent undesirable transit through lifecycle phases (C^2). However, it is hypothesised that, as technology continues to develop, the need for such face-to-face interaction as a regulating and smoothing mechanism to aid motivation (C^3) could be largely deployed “virtually” through cost-effective wireless video conferencing using mobile devices over telephone networks direct to suitably equipped franchisees’ video phones or similar, anywhere in the world, and also that the same technology could function as a useful mechanism for beneficial horizontal communications (C^6). As I write this, computer manufacturer Apple have recently released the second iteration of their tablet computing device, the iPad 2, which has all the necessary technology built-in, and which has been designed to be foolproof and simple to use. A further deductive study of franchise networks who are seeking to embrace this latest technology or variants of it, to test this hypothesis and its implications for the industry would be useful and welcome.

To summarise, RM is normally interpreted as a relationship between firms and their customers designed to increase sales and retention rates. In contrast, this thesis interprets RM as a relationship between franchisors and their franchisees. It presents a theory of franchise remote control using ICT as a means of achieving RM and therefore helping to alleviate or reduce agency problems such as monitoring costs and shirking. This research shows that, whilst this relationship strategy has the potential to achieve success in these particular areas and others, it can only *currently* succeed in doing so when the ICT introduced into the firm is combined with continuing elements of the social bonding approach traditionally deployed in the franchise industry before technology implementation.

Conclusions

To make sense of the multitude of complex reasons behind how franchise relationships develop longitudinally against a background of ICT introduction, has required a similarly longitudinal empirical study. From within the RM literature, Gummesson (1994, p18) one of its leading exponents, says that he is influenced and intellectually and emotionally attracted to using inductive, empirical qualitative grounded theory methods (Glaser et al. 1968) to make sense of relationships, networks and interactions, and recognises that these things are *"fuzzy entities with fuzzy borders and overlapping properties."* The RM literature combined with selected writings on franchising theory has provided useful conceptualisations to account for the range of conclusions in this work, and it is hoped that this research study may not only contribute to franchising research, but also to the RM literature by extending its potential into the area of franchising and delineating some of the fuzzy borders and overlaps that Gummesson and others write about. There is most certainly a shortage of longitudinal empirical studies in the body of RM literature, which is currently dominated by conceptual papers, and similarly within franchise research, where most studies have been carried out quantitatively and from a franchisor, as opposed to franchisee perspective.

As I worked through and developed this study, it occurred to me that one of the principal reasons that business relationships are so complex to understand and make sense of is largely because there is no formal structure or replicable logic underpinning them. Perhaps business in the Western world could benefit from the Chinese approach, where Guanxi (Ambler 1994, pp 69-80; Rich 2000) is the dominant and straightforward paradigm, and is a polar opposite to the way we tend to do things: *"The Chinese believe that one should build the relationship and, if successful, transactions will follow. Westerners build transactions and, if they are successful, a relationship will follow"* (Ambler 1994, p71). The *guan* of guanxi, Ambler explains, means a relationship, and the "xi" implies formalisation and hierarchy, where favours are "banked" and can be repaid if necessary, when the time is right. Indeed, in a recent qualitative study on Taiwanese banks, one interviewee defined successful relationships as being only 30% professional service and 70% guanxi (Su et al. 2008).

Chapter Eight: Implications and Conclusions

Introduction

This chapter evaluates the main findings that emerged around the core variable of franchise remote control. It brings together the content of previous chapters and considers the theoretical and managerial implications.

This chapter is divided into four sections, The first evaluates the emergent substantive theory of franchise remote control, the second discusses the implications for practitioners, academics and policy makers, a third presents the research contributions and a final section offers a conclusion to the thesis.

8.1 Evaluating Franchise Remote Control

Franchise Remote Control has emerged as the core variable of this study of franchising. It explains how franchisors seek to maintain their sphere of influence and control over their geographically dispersed franchisees and manipulate them through the five sub-core variables of *absent interrogating*, *awing*, *supporting*, *intimidating* and *boundary setting*.

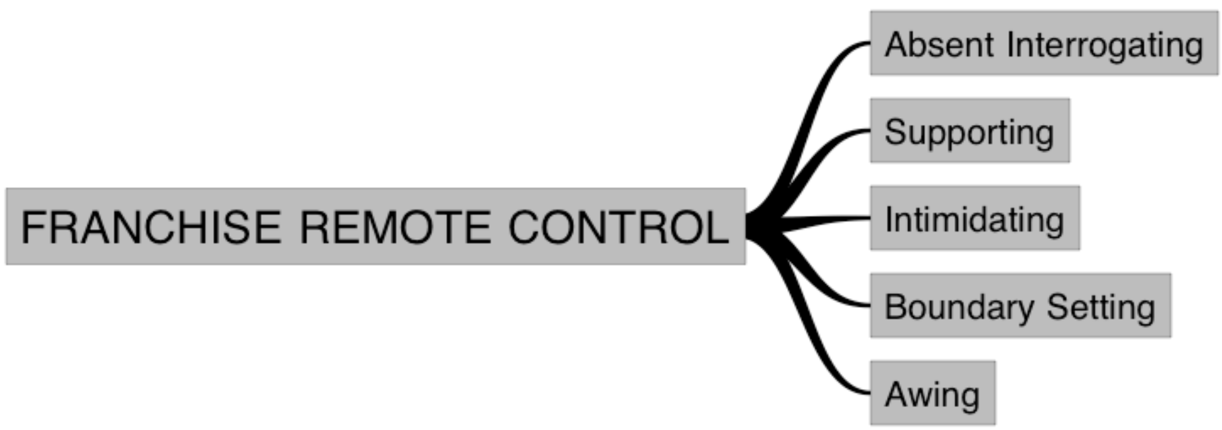

Figure 32: The Theory of Franchise Remote Control and its Sub-Core Variables

Creating and maintaining control over franchisees is operationalised by franchisors through the tactic of absent interrogating. This is the determination of what is happening at remote franchisee sites without directly asking them personally for information and reports of their trading activities.

Assisting franchisees with their businesses is carried out by franchisors through the complex process of *Supporting*. This process revolves around the substantial subcategory of *Trust Building*. Originally *supporting* was carried out through personalised, face-to-face and telephone support. In this study, this has largely been replaced by ICT. Two sub-processes of *trust building* emerge to provide explanation for what happens. These are the outgoing (franchisor-led) category of *freedoming* and the incoming (franchisee-led) category of *believing.* Although there are benefits in allowing a measure of *freedoming* to takes place, the franchisor must nevertheless continue to exercise overall control over the franchise network. This control is operationalised through the implementation of various *boundary setting* strategies. These are *free ride controlling, compliance building, brand standardizing* and *restrictioning*. Unsurprisingly, these are not deployed without complications and challenges, and the processes of *compliance building* and *restrictioning* both have the effect of encouraging non-standard *mavericking* behaviour within the franchise network.

Franchisors demonstrate their control over franchisees through *intimidating*, which is a heightened form of the *restrictioning* discussed in the previous section. This *intimidating* is *operationalised* through the processes of *structural bonding, financial penalizing, terminating* and *litigationing.*

Franchisors demonstrate superiority over their franchisees by operationalising *awing*. *Awing* is the process of making the franchisees feel in awe of the head office business through communicating its positive previous and current accomplishments, and by suppressing those that it deems undesirable.

Evaluation

Glaser, one of the founding fathers of grounded Theory explains that grounded theories should have “grab” and be interesting (1978, p4). To achieve that status, Glaser, expanding on the initial two criteria of fit and relevance from the original grounded theory discovery book (Glaser and Strauss 1967), and added work and modifiability (Glaser 1978, p 4-5). It is through this quartet that I will now attempt to evaluate the present work.

8.1.1 Fit

To achieve fit, the categories of the theory must fit the data. Glaser holds that data should not be forced or selected to fit preconceived or pre-existent categories (1978, p4). This has been achieved in the present work by commencing the study with long, open interviews with franchisee respondents and allowing the data to properly speak for itself. There was no preconceived structure save for a few open-ended starter questions, and the subsequent transcribing and then line-by-line coding alone was responsible for the generation of the resultant codes which, as the work progressed and further data was generated, became combined into tentative categories in a genuinely emergent manner. Glaser (1978, p5) highlights the importance of refitting and modifying initial categories, taking care to avoid being too precious about them at the outset, and instead just treating them as captivating. This refitting process was carried out extensively on the data, was ongoing, and became so complex as a result that it was necessary to create visual mind-maps to properly track the emergent structure. This act of mind-mapping on computer was significant, as it enabled the developing elements of the theory to remain fluid and for categories to be moved around, linked and re-linked as the work continued and structure began to form through the creative process of memoing and through more theoretical, focused sampling. I would highly recommend this visual approach to students of grounded theory, as it enables the researcher to survey his or her developing theory structure and make connections and top level linkages one moment, then scope into and adjust individual categories and subcategories the next, as the essential creative memoing process goes on, all the while seeing the structure take shape. I personally found that, with this approach, it felt that work was advancing with every session, yet all importantly, the on-screen nature of the mapping meant that it retained the scope for sweeping changes as new categories presented themselves, which I made sure had to, quite properly, work hard to earn a place on the emerging conceptual landscape. Because the categories were generated directly out of the data, I contend that Glaser's requirement of fit has been met.

8.1.2 Work and Relevance

By work, Glaser meant that; *"a theory should be able to explain what happened, predict what will happen and interpret what is happening."* (1978, p5). There is a requirement to get the facts and ensure that they "work" the core of what is going on. Concerning relevance, Glaser contends that there is often a tendency to pursue preconceived theories which are deduced from other theories or even inserted for reasons of advancing an academic career. When I first embarked on this study, I was concerned that, not coming from an academic background, I would be at a serious disadvantage especially regarding possessing a lack of theoretical sensitivity to make sense of what I was witnessing in the data and judge its relevance. I soon found this to be completely unfounded and indeed useful, because even if I had desired to, I could not have tried to manipulate the data into preconceived theories as I did not know what they were! It was during a reading of Glaser's book on Theoretical Sensitivity to try to learn how to plug what I originally perceived as a knowledge gap, that I came across the statement that was to shape my subsequent approach and provide necessary confidence to continue:

"The grounded theorist does not have to spend time to convince others of the relevance of his focus. He need not explain how he deduced the focus or explain why his interest can be seen as general enough to be worth of research. Rather he spends his time modestly, but assertively, searching for and discovering the relevance in his data," (Glaser 1978, p5).

I modestly believe that the resultant theory properly meets Glaser's criteria of work and relevance by presenting honestly and in depth, without the pressure of any conflict of interest or personal crusade, what happens when the basic social process of remotely controlling franchisees is operationalised by a franchisor. It simply interprets what is actually happening in the franchise relationship though the development of a theoretical model, developed and built as the direct and sole result of the analysis of the incoming data. Finally, through the resultant series of conclusions C^1 to C^7 it predicts what will happen in the future.

8.1.3 Modifiability

Modifiability is important in the present work because it involves computer technology that tends to go through rapid technological change, and is wont to offer opportunities in the future that simply cannot be contemplated in the now.

The nature of the grounded theory approach is that; *"nothing is sacred if the analyst is giving priority attention to the data."* (Glaser 1978, p5). Glaser goes on to point out that the theory can never be more correct than its ability to work the data. As long as the focus on data is retained and held uppermost in the researcher's mind, then a grounded theory study will generally exhibit tremendous potential for modifiability in the future.

A saturated grounded theory study, such as the present work, where what is known has got to the point of eliciting no further insight, can quickly and easily be "dried off" through the insertion of a new condition or a new lead when a new technological way of controlling franchisees comes along. Such new data must then seek to find its way into the theoretical model, whose principal sub-core variables may accommodate it, or perhaps at most, require some modification here and there as a result. As such, even a "finished" grounded theory exhibits an attractive and useful tractability that is often absent in verificational studies, where data changes may outdate or not fit its central hypothesis.

8.2 Implications

This section presents the implications that franchise remote control has on practitioners, academics and policy makers.

8.2.1 Implications for Practitioners

This section highlights the implications of more immediate interest to those involved in the franchise industry. Practitioners who will find this study most relevant include franchisors and franchise consultants.

Franchise remote control is concerned with the way that franchisees react to technological change imposed upon them by their franchisors. This study found in particular that the deployment of ICT as a communication medium to drive and maintain the relationship should not act as a surrogate for the social bonding developed through the face-to-face and telephone contact that franchisors originally used, however financially tempting possible reductions in this area look on a balance sheet. This study has gathered overwhelming evidence that franchisees still require personal contact and encouragement to succeed, and desire a pro-active social, rather than reactive electronic approach from their franchisor.

Franchisees will accept newness and change only if they continue to feel valued. *Valuing* cannot be demonstrated through electronic means alone. It must be operationalised though the mechanisms of *social bonding* and *success recognising.* For every time and cost-saving advance deployed through the ICT for their own benefit and ease, there must be a similar balancing benefit for the franchisees. Such balancing benefits should ideally always have a social dimension to them.

Without careful and ongoing nurturing by franchisors of the notion of that business control is in franchisee hands, franchisees will refuse to accept new technology, and escalate trivial negative affects.

Franchisees are prepared to take advice from their franchisor, but now that technology is widely available to provide it, seek more opportunities for *collaborating* with other franchisees to exchange views about operational and promotional matters. Without this mechanism being in place, trust in the franchisor is diminished.

The more opportunities provided to encourage franchisees to take the initiative and act entrepreneurially following the deployment of a new ICT system, the more readily that the technology is accepted. This seems especially true when a reduction in social bonding and a shift to reliance on technology is also simultaneously desired by the franchisor.

8.2.2 Implications for Academics

This section highlights the implications of franchise remote control for the academic community. A discussion of the main points highlighted by this research follows.

Further Research Potential

The scarcity of empirical research into the effects of technology on the franchise industry, and the paucity of studies carried out qualitatively from a franchisee perspective suggest that there are considerable opportunities to conduct additional research. First, further research is required to enable franchise remote control to be developed into a formal theory. Formal theories provide conceptual explanations of what is occurring within the research area beyond the confines of an individual empirical context. Developing formal theory would require theoretical sampling within other franchise contexts, such as in different countries and cultures, across international boundaries and with a variety of different franchise genres such as those from the retail, service and hospitality areas.

One area which could benefit from more understanding is the potential correlation between opportunities for franchisees to engage in entrepreneurial behaviour, and change compliance. The data suggested that offering franchisees more creative freedom may result in them being more inclined to simultaneously accept unwanted change, which in this case of this study, involved the introduction of the ICT system and a reduction in social bonding. A further research study across a wider cross-section of franchise networks who have recently deployed ICT or some other fundamental relationship or operational change could explore this potential and usefully seek to understand whether encouraging entrepreneurial behaviour does offer a tool for smoothing the introduction of technology within the franchise industry and potentially also within wider business relationships.

Further research is also needed into the rapidly developing use of technology in franchising, especially because the technology itself is constantly evolving. For example, as I write this, it seems likely that technology will migrate from laptops to more portable palm-based devices, phones and electronic touch-screen tablets offering face-to-face video streaming and personal conferencing facilities which could be used to bring franchisors and their geographically dispersed franchisees together at low cost, further integrating communications into everyday life.

My review of the franchising literature found a general lack of research focus on how franchise operating and control systems are implemented, and how these actually work to create value for franchisees and franchisors alike. With the arrival of ICT and the Internet as new methods of communications, understanding the consequences of the implementation of these control systems is becoming increasingly important, as they have the potential to enhance and simplify franchise communications and relationships, but equally have the potential to destroy them. The raw data indicators within this study are provided to offer significance and clarity to each, but equally may offer potential conceptual starting points that future researchers can consider for further research.

8.2.3 Implications for Policy Makers

This section discusses the implications of franchise remote control for policy makers. Policy makers include national bodies which aim to support and regulate franchising and include the International Franchise Association, the European Franchise Federation and in the UK, the British Franchise Association. As highlighted in chapter two, franchising is a significant sector of the British economy with some 34,800 franchised units in the UK employing 465,000 people (full and part-time) which generated £11.8 billion in revenue in 2009.

In the past, governing franchise organisations have tended to insulate themselves from franchisees, preferring instead to focus on exclusively supporting their member franchisors. Increasingly, however, policy makers are being required to listen to the views of franchisees and in the UK, the British Franchise Association, which has represented franchisors since its inception more than 30 years ago, opened its top governing body to franchisees by appointing two franchisee members, with full voting rights, to its Board of Directors in February 2010.

Because the views of franchisees are becoming increasingly important in the industry, it is equally important that studies from the franchisee perspective are carried out, especially those such as the current work, which concern themselves with areas that have the potential to affect the balance within the dyadic business relationship. In the UK, the results of such studies now have the potential, for the first time, to affect policy decisions in the industry and redress the balance of power which currently tends to marginalise franchisees in favour of the needs and concerns of franchisors.

8.3 Research Contribution

This thesis contributes a conceptual framework and a theoretical contribution to extant research on franchising. The resultant emergent framework highlights a range of important resulting outcomes from a strategic introduction of ICT into an existing franchise network and as such, demonstrates the complex nature of a process about which little was previously known. Examining the process in its context by approaching the problem from the franchisee perspective through the qualitative method reveals that the introduction process cannot be strictly linear and scientific, but rather that a wide range of franchisee behavioural elements play significant mediating roles, and provides important insights for those franchisors already using ICT and, more importantly, for those considering its introduction. In terms of future research, the developed conceptual framework is potentially useful as a basis for a wider qualitative academic franchise industry study that could provide more generalizable findings. In section 2.9, at the commencement of this study, six important research gaps were identified. This section begins by considering how the resultant research work has approached these deficiencies, and then concludes by highlighting what is considered its key research contributions.

Response to Identified Research Gaps

Gap 1. Research into Creative Franchise Industries

Although some early foundational studies on the effects of technology have been carried out, these, like the vast majority of franchising studies, have focused on the North American hospitality industry (Dickey 2003, pp 111-132; Dickey 2001; Dickey and Ives 2000, pp 99-114). Whilst they usefully begin to address formative issues such as franchisee compliance and the distribution of power between the principal actors through technology, their authors recognise that their work needs to be extended to different franchising contexts. Creative franchise industries are one such franchise context which, to the best of my knowledge, have not been researched to date, and thus a research gap exists which this exploratory study has addressed. The research has been valuable because it has revealed that such creatively driven individuals possess markedly different business aspirations to those found in more conventional, mainstream franchise systems, where the decision to enter a franchise often revolves around purely commercial, financially motivated reasons. In contrast, the creatively aligned social actors in this study had chosen what they initially believed to be a similarly creative franchise opportunity which they believed could provide them with the opportunity to extend their existing creatively inclined hobby, and/or to enable them to gain enjoyment from passing on creative skills (in this case music and dramatic-based ones) to others through teaching and demonstrating. The research found that, whilst such creative individuals do still want to make profits from their business opportunity, this manifests itself as a secondary concern behind the benefit of working in their chosen creative sphere. In addition, it was discovered that such creative individuals exhibit entrepreneurial tendencies and possess particularly strong and deep-rooted beliefs about how things should be done in their specialist, expert domains. Because of these challenging creative traits, management by franchisor is complex, which has made them interesting and unusual research subjects, especially through the period of enforced technological change that this exploratory work examines.

Gap 2. The Rarity of a Qualitative Approach in Franchising Research

Extant franchise research has been overwhelmingly quantitative-based, and qualitative research, whilst acknowledged as particularly valuable, remains almost nonexistent (Elango and Fried 1997). The current study found that there were complex and wide ranging reasons for the ways that franchisees interact with new ICT, which have emerged through the qualitative Grounded Theory methodology employed in this work (Glaser 1978; Glaser and Strauss 1967), which offers a fine-grained approach and a resulting theoretical lens that franchise scholars may consider useful for future research into related topics. The work also suggests the franchising industry as a potential, new topic area and direction which could benefit from the explanatory power of the large body of extant Relationship Marketing literature.

Gap 3. The Rarity of Research from the Franchisee Perspective

In the literature there has been a bias towards franchising research being conducted from the franchisor perspective. Davies et al. (2009, p323) highlight this, and point out that whereas many studies have examined a variety of aspects of franchising from the perspective of franchisors, little research has been conducted into franchise relationships from the franchisee perspective, and as a result, there is very scant understanding as to franchisee motivations, considerations regarding compliance with organisational policies and procedures, or the relational features that might influence behaviour. Remarking on the same research lack, Markus et al. (2011, p315-325) recommend a longitudinal study of franchise relationships to assist in developing better understanding of the role that franchisee expectations play in the evolution of the relationship. This work specifically responds to these identified research gaps by contributing a longitudinal, qualitative study which uncovers a multitude of underground franchisee beliefs, attitudes and motivations, which a study from the franchisor perspective may not have identified the presence of. Although the present work relates to a specific creative area of the franchise industry, many of the individual strands which form the completely integrated web of the resultant emergent Theory of Franchise Remote Control have the potential to be unpicked and re-sewn, in a variety of useful ways, into the fabric of new research projects in the future across a wide range of franchising areas to further assist with explanation of different contexts.

Gap 4. What Forms and Shapes Franchisee Satisfaction?

Satisfaction in a business relationship affects channel members' morale and their resulting incentive to participate in collective activities (Schul et al. 1985, pp9-38), and has been considered *the* key to long-term relationship viability (Dwyer 1980, pp45-65). Combs et al. (2011a, p99-126), in considering future challenges in franchise research, contend that efforts to understand what shapes and forms franchisee satisfaction are important new research topics. They believe that if future research can begin to gauge the strength of the franchise relationship and satisfaction within it, then franchisors might, for example, be able to better identify which franchisees are most likely to leave, and then take corrective action. The problem is that they could find very few studies that examined these micro-level processes, and state that there is currently a dearth of individual level research.

The present work contributes to this research deficiency by offering just such a micro-level study from the perspective of individual franchisees. Overall, it discovered that, because creative franchisees had chosen a similarly creative franchise opportunity for lifestyle reasons (as outlined in the above section on research into franchise industries), and that economic reasons had taken a secondary role in the decision to join the network, they exhibit a strong non-economic psycho-social construct that revolves around emotional response, not only to the business itself, but one which extends to the working relationship with the business partner (Crosby et al. 1990, pp68-81). Such non-economic satisfaction occurs when the franchisee finds the interactions with the franchisor to be fulfilling, gratifying and easy, appreciates such contacts and likes working within the network framework because they believe that their franchisor is concerned, respectful and willing to exchange ideas with them (Dwyer and Gassenheimer 1992, pp187-200; Geyskens et al. 1999, pp223-238; Mohr et al. 1996, pp103-115). The development of this psychological non-economic satisfaction relies in part on the enjoyment of the business itself and partly on successful interactions with the franchisor, which ICT has reduced. In accord with Hing (1995), who investigated the possible relationships between franchisee satisfaction and personal characteristics of the franchisees themselves, I endorse and advance on the premise that the success of any franchise system and the satisfaction of both parties relies just as much on these personal characteristics as on the terms of the franchise agreement itself (Hing 1995, p14). One of Hing's personality factors was that of entrepreneurialism, and the study found that franchisees who possessed entrepreneurial personality factors also possessed a high internal locus of control and, as a result, could be dissatisfied with the lack of autonomy that a franchise relationship offers (Hing 1995, p18). Franchisees in the current study were encouraged to exhibit entrepreneurial tendencies which are discussed below. Both satisfaction and compliance for the business were found to be increased as a result, through the franchisor providing the opportunity for complete creative discretion at the shop-floor operating level.

Gap 5. Electronic Knowledge Transfer in Franchising

Gorovaia and Windsperger (2010, p13-19) point to a current research gap surrounding electronic franchise systems, and call for future empirical research into electronic knowledge transfer mechanisms that support all forms of knowledge transfer between franchisors and franchisees. They point out that, although franchising has been treated extensively in organisational economics, management and marketing in the last decade, the problem of electronic knowledge transfer between the franchisor and franchisees remains largely unexplored. The present work places technology at the very centre of the research, and through a longitudinal qualitative methodology, explains how franchisors seek to maintain their sphere of influence and control over their geographically dispersed franchisees, manipulate them through the controlling processes of absent interrogating, awing, supporting, intimidating and boundary setting, and advances an integrated theory of what happens to the relationship dyad as a result.

Support mechanisms offered to franchisees are classified into two groups in the extant literature (Doherty 2007, p782). The first is known as strategic management support and typically revolves around the franchise operations manual, the development plan and the monitoring of financial data. The second is known as operational franchise support which revolves around day-to-day support in the pre and post-launch phases, plus training, marketing and ongoing help and assistance with the development and growth of the franchise outlet. Gaining a beneficial outcome from operational franchise support was made more challenging in the present study because, although the ICT successfully managed to take on the role of the strategic management monitoring role, it also attempted to take the complete central communications role. The latter resulted in communication and conflict resolution being steered away from close social interactions towards more distancing electronic methodologies which had not been fully perfected, or their consequences evaluated over the long-term.

In the present study, the technology resulted in arrested development of particular specialisations which would normally develop through interactions as the result of working together. This "human co-specialisation" normally allows people to communicate efficiently and effectively, which has the effect of reducing communications errors and enhancing quality (Asanuma 1989, pp1-30; Dyer 1996a, pp271-292). However, for such specialisations to successful take place, much communication and contact will normally have been required. The issue for the present study, was that the development of this form of asset specificity has been hampered by the reduction in social contact in favour of ICT, plus a simultaneously developing focus on reactive as opposed to proactive support and assistance strategies due to the growing size and geographic reach of the franchise network.

Overall, the research concluded that whilst franchisees are willing to interact with the new ICT for low IR tasks such as the input and communication of operational figures, they still prefer to use richer knowledge transfer mechanisms such as the telephone for anything that they consider to be of a "sensitive nature", or something which needs discussion or explanation. This is the point at which information begins to move into the realm of tacit knowledge such as “know-how”, which Teece (1985, p229) contends is extremely difficult to transfer without teaching, demonstration and participation. Gorovaia and Windsperger (2010, p14) maintain that when a franchisor possesses a combination of tacit and explicit “system-specific” knowledge, then they need to deploy both low (electronic) and high (social, face-to-face, visits and meetings) IR mechanisms to efficiently and successfully transfer the knowledge to their franchisee networks. This position is wholly congruent with the present work, and it is now clear that franchisors who attempt to bring both low and high IR knowledge transfer activities into the electronic realm in a simultaneous blanket strategy are extremely likely to experience problems.

Gap 6. The Franchisee as an Entrepreneur

Finally, the question whether a franchisee is an entrepreneur or not remains a controversial one in the latest literature (Ketchen et al. 2011). A franchisee is required to follow specific procedures and adhere to a rigid business model, which, on the face of it would appear to offer no room for creativity or entrepreneurship. However, recent franchising research has began questioning this position. For example Grewal et al. (2011a, p533-557), when discussing international franchise expansion, point to the importance of combining a franchisor’s overall marketing capabilities with the franchisees’ unique and specific entrepreneurial local market knowledge, and maintain that each partner must have a strong “entrepreneurial orientation” which they believe facilitates a better sense of interdependence, and thus a more usefully balanced relationship.

The present study adds to research into this new area by drawing some conclusions about the effect on compliance when franchisees are presented with entrepreneurial opportunities. In particular, it was discovered that giving the franchisee freedom to operate entrepreneurially eased channel conflict during new ICT introduction, and that entrepreneurial “freedoming” could successfully be deployed as a tool to aid in the adoption of ICT by functioning as a partial surrogate for the desired resultant reduction in social bonding by franchisors.

This study reveals that the more entrepreneurial freedom that the franchisor provides, the more that creatively aligned franchisees become compliant and accepting of other less-palatable business requirements and necessities of the ICT introduction, particularly the reduction of social contact and extra effort required to input significant data into a system, much of which was not necessary before the technology introduction. In this study, entrepreneurial freedom has been provided at the operational level (something very unusual in franchising), by the franchisor, by permitting franchisees to completely design and deploy their own individual ways of running the theatre-arts training sessions.

Research Contributions

The key research contributions are summarised below. I consider that this thesis:

Contributes a theory of Franchise Remote Control to the franchising literature, and seeks to offer fresh relational-exchange insights to the extant literature at a time when, after four decades of research, the focus is beginning a shift from the organisational form itself *(questions about why, and under what conditions firms use franchising)* to the management of the business format (Combs et al. 2011a).

Contributes to the usefulness of Relationship Marketing by introducing its explanatory potential for understanding the social dimensions of franchising (particularly bonds, life-cycles, trust, commitment and communications).

Contributes further to the usefulness of Grounded Theory as methodology for franchise study.

Contributes to the practitioner literature by providing a foundational study for franchisors to consider when introducing expensive ICT into their networks.

Contributes a study from the franchisee perspective to policy-makers in the UK franchise industry, which legislated in 2010 to require that franchisee perspectives must, for the first time, have a voice in debates regarding industry development and governance.

Conclusions

RM is normally interpreted as a relationship between firms and their customers designed to increase sales and retention rates. In contrast, this thesis interprets RM as a relationship between franchisors and their franchisees. It presents a theory of franchise remote control using ICT as a means of achieving RM and therefore helping to alleviate or reduce agency problems such as monitoring costs and shirking. This research shows that, whilst this relationship strategy has the potential to achieve success in these particular areas and others, it can only *currently* succeed in doing so when the ICT introduced into the firm is combined with continuing elements of the social bonding approach traditionally deployed in the franchise industry before technology implementation.

I am confident that this study has achieved its three main aims. First it has introduced the reader to the emergent substantive theory of franchise remote control as operationalised by franchisors as a means of simplifying their franchise operations and reducing costs through the deployment of ICT. Second, it has situated franchise remote control within existing bodies of knowledge. Third, it has highlighted and presented a range of implications for practitioners, academics and policymakers and provided clear contributions to research knowledge.

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Appendices

Appendix I Research Questions - Initial Open Phase

The following questions formed the *general* basis of the open initial interviews with Franchisor A Franchisees:

INITIAL ORIENTATION

When did you join the business?

Can I ask your age?

How many outlets do you operate?

How many customers?

Can you tell me what sort of experience of computers you'd had, if any, when you first joined the franchise?

RELATIONSHIP

Why did you choose to be a franchisee instead of an independent business owner?

How do you feel about your franchise relationship?

What value do you feel you get from your franchisor in return for your ongoing royalty?
Are you happy with that or not?

Is there anything you think Head Office could do to make you feel even more valued as a franchisee?

What things would you like to change, if anything, about your franchise relationship with head office if you could?

MARKETING

What seems to be the best way of marketing and promoting your business?

Has this changed over the years?

Roughly what % of all customer enquiries come through your website?

Is that number declining, rising or just the same as it always was?

Do you promote the website yourself in any way? Is there any guidance?

How does Head Office promote it?

How much do you have to spend on advertising per outlet per month?

How much of that do you spend on promoting your website?
How much is the marketing levy that the franchisor takes from you?

How would you personally like it to be used, if you could decide?

Having chosen to be a franchisee, what do think the challenges are of the business arrangement?

SUPPORT

What have been the most difficult things to learn in your franchise system?

What's available on a day-to-day basis, to help you gain more knowledge about getting the most from your franchise opportunity?

Would you feel any different about your relationship with head office if there was more training information about how to run your school available online?

FLEXIBILITY

Do you feel that the Sphere and Intranet system offers you the level of flexibility you would like in running your business?

Is there anything non-approved you do to make things easier or better for you?

FRANCHISEE TO FRANCHISEE COMMUNICATIONS

Do you talk to other franchisees?

Would you say you do that more, less or the same amount that you talk to head office?

What do you see as the benefits, if any, of collaborating with other franchisees?

How does the system help, if at all, with communicating and collaborating with other franchisees?

How would you use an online forum, if there was one available?

Why do you think that an online forum is not currently available?

If there were to be such a forum, would you prefer that what you posted was anonymous? Why? What would the benefits be?

Do you think that, if there was a forum, Head Office should be able to approve the posts from franchisees or not?

Does the company tell you what you teach and how you do it in your outlets? What do you think about that?

How do you feel about the balance of head office control and autonomy?

In contrast to speaking to other franchisees, how often do you talk to someone at head office? Do they initiate the contact? How do they do that?

How often do you contact them? How do you prefer to do that?

Do you contact head office more, less or the same as before the Sphere system was available? Why?

CHANNELS OF COMMUNICATION

Given the choice, which would you prefer - communicating through the Sphere system with head office, or on the phone, or face to face? Why do you say that?

Are there any things that you say and do using the system, that you'd do differently face-to-face or on the phone? Can you explain why you think that is?

What do you think your franchise relationship would be like if there was no computer system available? Why do you say that?

Does the computer system make you feel less isolated and more a part of the organisation, or doesn't it make any difference?

In what ways, if any, has the computer system helped you to make more money from your franchise opportunity?

What things would you want to change about the Sphere and Intranet system if you could?

SUPPLEMENTAL

What did you like most and least about the original floppy disc computer system?

What happened when Head Office changed to the Sphere and intranet system?

In what ways do you think that having the Sphere system makes for a better or worse Head Office relationship than what you had before?

Appendix 2: Presentation of Research at BFA seminar

Letter from the British Franchise Association following successful presentation of the emerging research in March 2010.

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Mr C Brooks

05 May 2010

Dear Clive,

I just wanted to drop you a quick note to thank you on behalf of the British Franchise Association (bfa) for presenting your emerging PhD research findings at our recent prospective franchisor seminar.

Our member franchisors are increasingly turning to technology as a means of driving their businesses forward, but most are unaware of the potential pitfalls that such implementation can lead to. You research work into this topic is already proving extremely valuable to the franchise industry, and we look forward to learning of further revelations as your PhD progresses to completion.

We look forward to remaining in touch as things move forward and I thank you again for your time and support at our event.

Yours sincerely,

Pip Wilkins
Business Development Manager
British Franchise Association

WORLD FRANCHISE COUNCIL INVESTOR IN PEOPLE EFF EUROPEAN FRANCHISE FEDERATION

British & International Franchise Exhibition, Olympia, London **19 & 20 March 2010**
British Franchise Exhibition, Manchester Central **11 & 12 June 2010**
National Franchise Exhibition, NEC, Birmingham **1 & 2 October 2010**

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