

## MULTIFACETED RELATIONAL FORMS IN FRANCHISE ORGANIZATIONS: THE RELATIONAL ROLES OF THE FRANCHISOR BRAND

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**Abstract:** Extant research suggests that consumers use brands to enrich their individual and social lives. By looking at the franchisees beyond the economic rationality perspective, we introduced the brand into the franchise relational analysis and confirmed its impact on their satisfaction and loyalty. Results from the thematic analysis of the qualitative data clearly indicated that the brand supplied franchisees with unique symbolic meanings and hedonic pleasures while aiding them in the development and maintenance of rewarding relationships with multiple stakeholder groups. More importantly, strong franchisee-brand relationship alleviated defects in the franchisor-franchisee relationship. We offered a comprehensive framework of the franchise relationship “package” for future research avenues.

**Keywords:** Franchisee-brand relationship, franchisee-stakeholder relationship through the brand, consumer-brand relationship, franchisor-franchisee relationship, brand as a relationship partner, brand as a relationship facilitator.

### INTRODUCTION

The significance of franchising as a popular firm growth model and a route to higher self-employment and job opportunities is nothing new as a business phenomenon. Franchising builds on the belief that the efforts of two contract partners (i.e. the franchisor and the franchisee) contributes more significantly to firm growth and sustainability than working in isolation. A stream of research has therefore been dedicated to investigate the relationship dynamics between these contract partners. However, the issue of franchisor-franchisee relational exchanges is often abused, marked by scholars’ forty years inclination towards exploiting the relational role of the franchisor in shaping franchisee attitudes and behaviors such as satisfaction or stay intention. The franchisor-franchisee dyadic framework fails to recognize the inherent existence of other franchise network members and [hence] the relationship episodes that could significantly affect franchisee motivation. This a non-trivial issue as relying on a single dyadic partner alone can create dependence that is counter-intuitive to franchisee inherent desires for autonomy (Dant & Gundlach, 1999). Moreover, franchisees may, to a certain degree, outlive franchisors in terms of inter-generational transfer of brand heritage or values (Lawrence & Kaufmann, 2011) and are often ill-affected when ownership changes hands at the franchisor organization (Watson & Johnson, 2010).

The current study proposes that the rewarding collective relationships between franchisees and their immediate stakeholders (franchisors, consumers,

employees, financial institutions, and so forth) is the mechanism by which franchisee stay intention is strengthened, a process explored here through qualitative insights. Furthermore, the current study examines the catalyst of how and ways in which these collective dyads are fostered and maintained. The qualitative insights show how franchisees and the aforementioned stakeholder groups use the franchisor brand as a repository of values, heritage, rituals, and/or symbols to build and maintain the social bond. Supported by extant theories on franchise relationship, consumer-brand relationship, and brand community, we discover a new way of looking at relationships in franchising realm and how franchisees can stay committed to the network especially when tension arises in the relationship with the franchisors.

### LITERATURE REVIEW

#### Franchisor-franchisee relationship

Franchisor-franchisee relationship is often analogous to employer-employee (Rubin, 1978), principal-agent (Lafontaine, 1992; Norton, 1988), family (True, Pelton, & Strutton, 2003), or marriage partners (Doherty & Alexander, 2004), therefore contains both the inter-firm and inter-personal relationship aspects. Common franchisee-based measure of strong relationship with the franchisor are high level of franchisee trust, commitment, and satisfaction (Chiou, Hsieh, & Yang, 2004; Davies, Lassar, Manolis, Prince, & Winsor, 2011; Meek, Davis-Sramek, Baucus, & Germain, 2011; Bordonaba-Juste & Polo-

Redondo, 2008; Wright & Grace, 2011). Trust represents a partner's belief that the other party will fulfil his/her obligations, one of which by performing actions with firm-wide long-term benefits (Scheer & Stern, 1992), or a confidence in the other party's integrity and reliability (Morgan & Hunt, 1994). Trust as a key driving force behind inter-firm relationship success (Anderson & Narus, 1990; Bordonab-Juste & Polo-Redondo, 2008) has key consequences such as commitment, satisfaction, and intention to stay in the relationship (Garbarino & Johnson, 1999; Geyskens, Steenkamp, & Kumar, 1999; Hewett, Money, & Sharma, 2002; Morgan & Hunt, 1994). Regardless of the many forms within the franchisor-franchisee dyad, it is often portrayed as a contractual relationship that is prone to conflicts (Hing, 1995; Quinn & Doherty, 2000; Spinelli & Birley, 1996) and power imbalance (El-Ansary & Stern, 1972; Lusch, 1976).

Past researchers have attempted to soften the hard edges of franchise contract therefore lessening its negative impacts on franchisee attitudes and behaviors such as trust or commitment. Major focuses are on franchisor supports (Quinn, 1999), norms of exchange behaviors (Ishida & Brown, 2011; Strutton, Pelton, & Lumpkin, 1995), franchisor leadership traits (Merri-les & Frazer, 2013; Watson & Johnson, 2010), franchisee personality (Dant, Weaven, & Baker, 2013; Morrison, 1997), or franchisee-perceived relationship values (Grace & Weaven, 2011; Harmon & Griffiths, 2008). These strategies, however, may be able to prevent, but cannot completely eliminate, franchisee detrimental behaviors. For instance, as the relationship grows, and as the franchisee acquired adequate level of business know-how, they begin to see their success as results of personal efforts and qualities (Knight, 1986; Leslie & McNeill, 2010), rather than the contribution of strong brand reputation, franchisee supports, or network strength. Furthermore, franchisee relational outcomes such as trust and commitment can easily be shaken by leadership changes in the franchisor organization (Lawrence & Kaufmann, 2011; Watson & Johnson, 2010). A persisting paradox in the franchisor-franchisee dyad is that dependency is both expected in the dyad but often suppresses franchisee autonomy, giving franchisee a leeway to act opportunistically (El Akremi, Mignonac, & Perrigot, 2011; Gassenheimer, Baucus, & Baucus, 1996; Gundlach, Achrol, & Mentzer, 1995). The current study proposes that a focus on the relational roles of the franchisor brand overcomes the aforementioned shortcomings in this dyad, which allows two extra relationship forms to emerge from traditional franchising-based relational framework.

### **Franchisee-brand relationship: the role of the franchisor brand as a relationship partner**

In consumer behavior literature, a series of studies acquaint the readers about the prominent roles and [hence] the impacts of brands in consumers' lives. Numerous consumer behaviorists prophesize that the attachment consumers form with particular possessions (or brands) is a result of identity integration stemmed from their desires to escalate, enhance, or even "repair" their inner self-concept (e.g. Ball & Tasaki, 1992; Belk, 1988; Kleine, Kleine, & Allen, 1995). Others (e.g. Hirschman & Holbrook, 1982) maintain that consumer bond with their brands is a result of "multisensory, fantasy, and emotive aspects of product usage experience" (p. 92). At a surface level, consumers look for brands that can satisfy their functional, experiential, and symbolic needs (Park, Jaworski, & MacInnis, 1986). A view of the brand as a relationship partner emerges as a new marketing paradigm, putting forth the brand's imminent roles in accomplishing consumers' self-relevant goals and roles. Consumers have been reported to develop a strong bond with certain brands and use close interpersonal relationship terms such as love, intimacy, commitment, or interdependence to describe such bond (see Fournier, 1998). Another finding is that the consumer-brand bond is so passionate, a connection that is only akin to family-like relationships (Aggarwal, 2004).

This bond is arguably extendable to the context of franchisees and franchisor brands but requires looking at the franchisee beyond the traditional assumption. For the past forty years, researchers view franchisees in a more entrepreneurial standpoint, oversimplifying their traits as context-free economic agents who exploit franchisor brands as a tool to accumulate personal wealth (see Lawrence & Kaufmann, 2011). A study by Grace and Weaven (2011) breaks through this perspective, looking at the franchisee as having also customer-like traits. Thus, in the same manner consumers use certain brands to accomplish self-relevant tasks or goals, the current study proposes that franchisees may do so by, for instance, acquiring certain social status through the brand's symbolic qualities, and/or enjoy sensory-pleasing experiences through product usage or service units. To our best knowledge, little to no understanding has been put forth to enhance our understanding on why and how franchisee perceptions on franchisor brand qualities may lead to strong franchisee-brand bonds. An exceptional study by Nyadzayo, Matanda, and Ewing (2011) reported that franchisor brand relationship activities (e.g. supports,

conflict resolution, or bonding) led to franchisee brand citizenship behavior, which in turn critical in forming franchisee-based brand equity. Our approach, however, differ with these studies in that we intentionally detach brand behaviors from franchisor behaviors as driving forces behind franchisee-brand relationships.

### **Franchisee-stakeholders relationship through the brand**

Despite the saliency and dynamics of the franchisor-franchisee dyad, a franchise network comprises of plural channel members that jointly contribute to its success. These members may range from fellow franchisees, employees, end-customers, and affiliates/consultants (Preble & Hoffman, 1999), which differ in their role and relational expectations (Freeman & Reed, 1983; Mitchell, Agle, & Wood, 1997) therefore the consequent mechanisms through which they assess relationship values (Bhattacharya & Sen, 2003). The only unifying aspect of these diverse channel members is that they are exposed to the same brand (De Chernatony, 1999), which allows franchisees to develop and maintain rewarding relationships with the brand as a facilitating agent. Jones (2005) posits that the relational exchanges across all stakeholder groups could be aligned through the brand values, which is often linked to its functional, symbolic, and hedonic qualities.

Repeated here is the scarce investigations about the mechanism by which such collective brand-based relationships prevail. A study by Lawrence and Kaufmann (2011) found that not only identity integration is critical in forming franchisee attachment with the brand (i.e. as demonstrated by an inter-generational transfer of brand heritage, values, stories, and rituals) but an aligned perspective and admiration towards the brand allows the franchisee to develop a stronger bond with fellow franchisees, franchisee association, and franchisors. Several facets of brand community were also reported in the findings wherein communal values such as consciousness of kind and moral responsibility (Muniz, Jr. & O'Guinn, 2001) fostered franchisee stronger attachment to the brand, to the company and to the community (McAlexander, Schouten, & Koenig, 2002). However, as franchise networks comprise of various channel members, the latter study fails to recognize other franchisee-stakeholders relationship instances wherein the brand could play a facilitating role.

Our discussion thus far has enhanced the understanding that franchisor brands play a critical role in the formation of relational frameworks beyond traditional franchisor-franchisee dyad. While one of

the most ultimate goals of franchisor firms is to stabilize network through committed franchisees, the current study hence proposes three relationship forms in which the brand plays critical roles as a partner and as a facilitating agent for franchisees. However, given scarce information on why and how such roles foster the three relational forms, a qualitative exploration is deemed necessary as first step towards a better understanding of the many facets of relationship forms in franchising context.

### **METHODS**

An exploratory study is more suitable given scarce knowledge about the phenomenon under scrutiny (Creswell, 2012). The research context is franchisees representing franchisor brands in France, the country of which was selected given its leading edge in franchising development across Europe. Participants were selected through purposive criteria (i.e. franchisees in business-to-consumer market, franchisor brands with at least a year of existence in the market). A snowballing technique was employed given difficulties in generating interview appointments with industrial respondents (see Ettenson & Wagner, 1986). Data were collected through in-depth, semi-structured interviews that lasted between 24-75 minutes (DiCicco-Bloom & Crabtree, 2006). An informed consent was emphasized with each beginning of interview, ensuring anonymity of individual and brand information.

Extant literatures guided the construction of an interview protocol containing topics of discussion related to the focal phenomenon under study in addition to several general franchisee attitudes and behaviors. For instance, we asked participants to discuss the reason for joining the foregoing franchise brands/networks, which benefits that the franchisor brands provide, the reasons for which franchisees remain in the business, as well as factors contributing to their satisfaction with representing current franchisor brands. The interview protocol was constantly revised with each emerging new theme and was concluded at the fifteenth participant (Table 1) due to theoretical saturation (Eisenhardt, 1989).

Audiotaped interview conversations were transcribed verbatim in French and further translated into English. Both the transcription and the translation processes were employed by the principal researcher and were further verified by several faculty members having been involved intimately with the project from the start. A directed content analysis (Hsieh & Shannon, 2005; Krippendorff, 2004) was employed to code the English-version verbatim data. Trustwor-

thiness for the data was accomplished through theory triangulation (Creswell, 2012; Krippendorff, 2004), utilizing divers theoretical frameworks to confirm pre-established codes and to report emerging code from the analysis. An inter-rater reliability check was also performed on the data, involving the principal researcher and the aforementioned faculty members.

**Table 1.** Summary of interviewees

Participants	Gender	Franchise Business	Experience (Years)
SA	Female	Hairdresser	20
SM	Female	Hairdresser	≈ 3.5
VC	Male	Hairdresser	11
KB	Female	Hairdresser	≈ 20
P-MP	Male	Inkjet and printing service	7
NB	Female	Interior decorator	11
AI	Male	Pizza shop	9
JA	Male	Real estate agency	17
PE	Male	Café	≈ 1
BL	Male	Organic food store	22
MB	Male	Used products store	5
TN	Male	Mini market	2.5
BA	Female	Chocolate store	10
JM	Male	Shoe store	25
LQ	Male	Luxury wine	5

## SUMMARY OF FINDINGS

### Franchisor-franchisee relationship

On average, participants reported a rather healthy relationship with their franchisors, whose qualities were indicated by high trust to the franchisor and strong commitment to the contract. There were six franchisee-perceived factors that determined the franchisor-franchisee relationship quality: franchisor's personality, effective communication, relational norms, supports, monetary values, and sentiment of personal success. These themes reflected the major elements, characteristics, and/or dimensions of relationship marketing and its recent applications towards franchisor-franchisee relationships (see Doherty & Alexander, 2004; Watson & Johnson, 2010). Franchisee trust was mainly affected by the franchisor's personality, effective communication, and relational norms. For example, when a former franchisor left the system, a franchisee (NB, interior decorator) had difficulty to trust the new owner, which in turn affected her willingness to renew the contract,

*"... the new owner barely speaks French, and the contact passes less well because he has different personality... It's for sure that if there was a bad relationship in the franchise, I would be less interested to renew my contract."*

Participants also stressed the importance of the franchisor practicing the norms of behaviors such as role integrity, information exchange, flexibility ((Heide & John, 1992; Ivens, 2004) through statements such as the following:

*"they should put as much energy to try to resolve the problems" (TN, mini market),*  
*"listen to what the franchisee says and the franchisee also listen to what the franchisor says" (JM, shoe store),*  
*"if there is a gardener who sells cheap salads, I do not have to buy from the franchise" (BL, organic food store).*

As theorized by Morgan and Hunt (1994), franchisee trust was a strong determinant of commitment, reflected from the following excerpt:

*What I like about them is the fact that we could talk. Because me, I have always gone well with them, there is always been a trusted report, and honest, transparent, towards each other [...] I have always paid my royalties. I always played the game. I have always followed their decisions. (AI, pizza shop)*

The latter excerpt shows us that franchisee commitment is contractual by nature, bounded by legal and financial requirements (Wright & Grace, 2011), a form of commitment that is involuntary and hence can create a sense of suppressed autonomy (Meek et al., 2011). In addition, participants also stressed the importance of franchisor supports and monetary gains from representing the franchisor brand as determinants of commitment to the contract. Major recurring themes for franchisor supports were product/service innovations, trainings, and solid inventory management. A participant revealed that when the franchisor failed to innovate the products/services, she was forced to switch to other brands:

*Because it's a Spanish brand, and recently Spain is in crisis, much more than France, and they struggled to renew their collection, in terms of the mode of the design. As a result, I became a little unfaithful to the brand, by taking other suppliers a little trendier, a little more fashionable, modern. (NB, interior decorator)*

We can reflect from the above findings and discussion that the traditional franchisor-franchisee dyad is in need of a "new cloth." As discussed in the theory section, the quality of the franchisor-franchisee relationship is prone to conflicts and power imbalance (i.e. due to contract), which could in turn create doubts and dissatisfaction in the relationship. While, fran-

chisee trust is the key component in the dyad to affect commitment and stay intention, all of these franchisee relational outcomes are vulnerable to various franchisor flaws (e.g. lack of supports, slow innovations) and will suffer mostly from leadership changes in the franchisor organization. This dyad also suffered from a sentiment of personal success by the franchisees themselves (that is, not merely from the franchisors), which was reflected from the following excerpt,

*...it's been a long time since I was in the chocolate and I get to keep my shop, to get out ... many times I do not need (the franchisor), because I master my job well... For me now it's mine (my competences), this is my personal success... it's because I know well my products, I also know my customer so I know what they need, at the beginning I did it as [the brand] did it, and then I realized that the customer was not like that and I adjusted to the customer. (BA, chocolate store)*

In the analysis of the qualitative data, fortunately, we discover new insights to understand how franchisees can stay committed to the network, especially when tensions arise in the relationship with the franchisors and in the presence of franchisee sentiment of personal success. We dedicate the following sections as an introduction on how franchisee relationship with the brand (and through the brand with other stakeholder groups) can truly help mitigate franchisee perception of breached trust and/or low level of commitment and stay intention.

### **Franchisee-brand relationship: the franchisor brand as a relationship partner**

During the thematic analysis, we identified themes associated with Fournier's (1998) brand relationship quality (BRQ) framework that characterize the quality of the relationship between franchisees and franchisor brands; love/passion, self-brand connection, interdependence, intimacy, and satisfaction. Moreover, consistent with Fournier's (1998) seminal work, we elicited more brand relationship stories from female participants. The vast majority of female participants had no difficulties in expressing emotional attitudes such as love and passion towards the brand through which expressions such as "lovely", "wonderful", "beautiful", and "aspiring" often declared. More importantly, to be able to work with a "lovely brand" became the major reason to remain in the system for a franchisee (KB, hairdresser). These passionate feelings were important consequences of the brand's symbolic quality most particularly linked

to luxury image associated with the brand. For a participant in service industry (SM, hairdresser), luxury images were reflected through the brand identity elements such as "colors", "store design", "visual hairstyles", or "cutting techniques," the association for which she had "always wanted to have a salon where there are beautiful, good qualities of haircut."

Franchisees were also in frequent contact with the brand's hedonic elements (i.e. through the products and the service units), the basic ingredients for developing strong intimacy with the brand. This was especially apparent for a female franchisee operated in a confectionary industry (BA, chocolate store) who proclaimed

*"I was seduced by the chocolate, I liked the palace [the store] [...] I knew a good chocolate when I tasted it."*

BA additionally asserted that she would stay loyal only to the extent that "the chocolate does not change." For another franchisee (BL, organic food store), the brand's hedonic cues resided in the scents of herbals and/or any other organic products in the store. Both BA and BL also reported that in the long journey they passed with the brand they had either discovered or enhanced their true identity (Fournier, 1998), providing them a sense of becoming "an expert of the chocolate products" or "a doctor of health-conscious consumers." These feelings of self-worth given discovered "true" identities further motivated them to engage in impeccable customer services or to invest personally in specialized trainings to improve their competences beyond what is provided by the franchisors. These behaviors are akin to the concept of brand citizenship behaviors prophesized by Burmann and Zeplin (2005), which had also extended in franchise settings (King, Grace, & Weaven, 2013; Nyadzayo, Matanda, & Ewing, 2016), as illustrated below,

*All we want is to inform the client with some certain knowledge, because when you sell a product, it's not exactly selling the product, it's to try to solve customer problems. Me, I dedicate a little time, fifteen, twenty minutes more than a doctor to customers. This is not the case that they [the franchisor] have no training. You must have training and these people here, they did 5 years of personal training. They are the ones who paid for these trainings. (BL, organic food store)*

*We conduct the surveys on satisfaction from our clients [...] we systematically try to ensure, to ask 'Is that went well Madame? Are you*

*happy? ‘It’s difficult to work like that... sometimes it’s easy, sometimes we’re tired... It is necessary to always be coached, us in the team we are very supportive, and thanks to this brand that we can expect to work like that. (KB, hairdresser)*

Eventually, working within this self-fulfilling workplace resulted in two positive satisfactions for participant BL, in that he was “*pleased to have made/offer good refurbished products*” that allowed him to live properly and, at the same time, “*allowed people to live, to buy healthy foods*” In short, franchisee-brand intimacy led to the formation of both economic and social satisfaction (Geyskens & Steenkamp, 2000) for franchisees. Additionally, perceived monetary value was also a common theme, which was often cited by participants as claimable profits potential from the brand awareness and image. A franchisee (JM, shoe store) asserted,

*“you can invest in a franchise that is not known and you will never have customers [...] the brand generates revenue anyway, it is important. The satisfaction is in terms of sales turnover, customer traffic, a good year we did in the first exercise etc... well in any cases yes, if you make a bad sales turnover you cannot be satisfied.”*

In another discussion with participants, franchisee-brand interdependency was achieved through mutual sharing of the brand image on the brand’s behalf and the franchisee’s skillful managerial abilities. A franchisee (SM, hairdresser) said, “*It’s not necessarily only the image, if we are not good even [the brand] cannot help us.*” In fact, this dependency led to a strong loyalty for which a participant (JA, real estate agency) who revealed that he “*cannot imagine today doing the real estate with another brand.*” More importantly, franchisees’ loyalty also reflected a stable, positive attitude towards the brand, albeit any internal problems at the headquarter. A franchisee statement illustrates this issue,

*It’s been 8 months since we’ve been a franchisee, so for me I really like the brand so, the brand has not changed, the only thing that’s more likely to change is perhaps if I regret being franchisee or not. It’s not the brand, no. I always like the brand. (SM, hairdresser)*

In our further analysis, we discovered major reasons to why certain brands were capable of arousing franchisees’ love or passionate feelings. In most cases, the brand is symbolically linked to

specific entities that provided swift connection to merit status. For several female franchisees (participant SA, BA, and KB), the brand’s heritage was perceived as embodied with stories of how one of the most beautiful, famous French actresses (i.e., Brigitte Bardot) assisted the franchisor in the introduction of the original brand, which carried as well strong cultural values reflecting nation-wide pride (i.e., the France). The following excerpts were indicative towards this mechanism:

*The customer who goes to [the brand], is not the client who can go to [low-end brand] or [low-end brand]... I personally won’t go to [low-end brand] because I will not be confident, and I don’t want to have my hair cut in a low-end salon... Well yes me, I find that it [the brand] look alike with us, we are beautiful, we are classy. (KB, hairdresser)*

*Yes I saw [a competing brand], but it was Belgian chocolate and it did not interest me. I wanted to sell French products, and especially by knowing that those [the brand] are French products, by knowing that we worked with a large importer of cocoa called [a big importer brand], that was very important to me. (BA, chocolate store)*

Another franchisee (JM, shoe store) benefit from the brand’s luxury image to have a “*well-defined*” positioning in “*an extremely competitive market*” that “*gives access to a luxury customer, without having to talk about the positioning of brands and big brands.*” The identity integration played a major role in JM’s decision to join and to continue representing the current franchisor brand, as reflected in his statement,

*It’s because I recognize myself in the products. We sell the high-ends, I could not sell low-end shoes, it’s not interested me ... I am interested because I sell luxury goods ...*

These vessels of brand meanings became surrogates for franchisees to identify themselves into, suggested that the brand was capable enough of assisting the franchisee to accomplish idiosyncratic (i.e., unique, distinct individual figure) and affiliative desires to aspirational figures or symbols (Kleine et al., 1995; Sirgy, 1982). In a broader perspective, these achievements provided explanations to why franchisees were more inclined to declare not only love or passionate feelings to the brand, but also became more intimate, identified, committed, dependent, and relied on the brand’s qualities as a partner. Consequently, franchisees with healthy self-images were more inclined to treat working as fun and enjoyable

experiences and thus were more able to tackle operational challenges such as beating end-customers' expectations. This task became easier to perform due to the brand's critical impacts towards the customers.

We further discovered that franchisees and their clients (i.e. the end-users of the brand) shared similar admirations towards and [hence] identification with the brand, which was a major advantage of the franchisee representing the current brand. As our theoretical positioning posited earlier, the franchisor brand can also act, in addition to its role as a relationship partner for franchisees, as a relationship facilitator between the franchisees and their immediate stakeholder groups (Cova & Cova, 2002; McAlexander et al., 2002; Muniz, Jr. & O'Guinn, 2001). We dedicate the following section to discuss the findings of this crucial insight.

### Franchisee-stakeholders relationship through the brand

Our data showed that in a well-established franchise network, the interaction among its member franchisees was due to strong "affinity" towards one another, characterized by unique "more ways to do things than others" (JA, real estate agency). By realizing that they shared "bitter sweet" journey together, member franchisees gathered to inform newer additions about the indications of franchisor's opportunisms or weak managerial system (MB, secondhand products), or to share experiences with existing members on how to better tackle competing brands (BL, organic food store). Strong affinity was stemmed from franchisees' belief that they are "the primary brand ambassador on the market" who "think that by being part of the brand [...] can give back the information [to fellow franchisees]." This feeling of "shared legitimacy" was further translated into motivation to assume the franchisor's roles, driven by pride and seniority, which shared similar characteristics to the concept of moral responsibility in brand community pioneering work (Muniz, Jr. & O'Guinn, 2001), as illustrated in the following excerpt,

*What's really decisive for us is that [the brand] accepted that we are also the training center of [the brand], so it was the most important for me to decide. (SM, hairdresser)*

*Now it's been 11 years since I worked here, so I have seniority, and there are many who have problems with the IT (information technology), because we have an ordering/purchasing software, common management. And when they don't know how to do it, they called me. (NB, interior decorator)*

Although not vividly expressed, we may reflect from the above statements that, with respect to the brand values, inter-franchisee relationships created a virtuous cycle reflecting the mechanism in which higher franchisee-brand identification led to higher commitment towards assisting fellow franchisees that in turn may create stronger attachment to the brand and to the franchisee community as a whole (Lawrence & Kaufmann, 2011; McAlexander et al., 2002). In another finding, we add further evidence to our previous assertion about the brand's capabilities to align diverse stakeholders' perception (De Chernatony, 1999), acknowledging its facilitating role in their relationships with the franchisee. For example, while pride from being the training center of the brand provided a strong self-brand identity alliance for a franchisee (SM, hairdresser), the brand acted concomitantly as a "personal assistant" that attracted her immediate stakeholders such as end-customers, and potential franchisees and employees who shared the same passions about the brand:

*To have the brand, as franchisee of [the brand] is the same like having the high-end, so people, they want that. And it's easier to serve a good product from [the brand] who made his reputation... It also attracts the best hairdresser [franchisees], it also attracts some very good hairdressers, even hiring for the employees. They are more attracted to come to [the brand] so it's an advantage for us to be part of it too.*

Benefits reaped from the relationship between the franchisee and these stakeholder groups were a clear indication of fulfilled desires and expectations. That is to say, the consequent satisfaction that follows. At a broader level, higher level of self-brand identification between the franchisee, end-customers, and potential franchisees and employees served as central tenet through which any interaction incidents were fostered and maintained. Specifically, any purchases or consumption activities of the brand's products or services reflected the fulfilment of end-customers' identification purpose, thereby their consequent satisfaction. Working in an environment surrounded by identity-laden cues cultivated franchisees' and employees' self-esteem, and therefore their consequent satisfaction.

We further discovered that the franchisee, end-customers, and potential franchisees concurrently consumed the hedonic pleasures through the product and store ambiance. In fact, intimacy level was even heightened when shared, resulted in higher satisfaction for a franchisee (BA, chocolate store) as she put it:

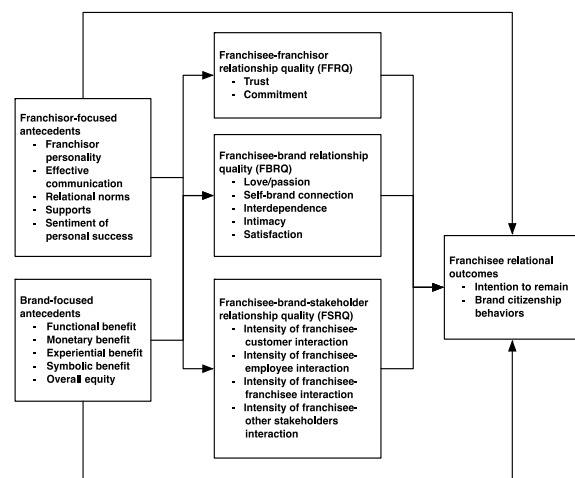
*But this is more beautiful, the store of [the brand]. It makes me happy. A lot of people came because the atmosphere attracts them, the color. Already the chocolate is warm, it's happiness, it will give pleasure and here we have conversations that are very rewarding for customers. I really like to respond to all of these questions. And it is true that there are many people [potential franchisees] who came to see me because they wanted to open a shop of [the brand], because things that attract them is the chocolate and the environment in which one will work.*

In summary, prior to and over the course of the relationship, both the franchisee and her/his immediate stakeholders have had, or finally acquired, adequate, positive knowledge about the brand (Aaker, 1991; Keller, 1993). Our findings suggested that end-customers and employees were more inclined to assess the brand's hedonic and symbolic qualities, which in turn led to potential consumptions of the brand's meanings for them. Such appraisals aided the franchisee to better meet their expectations, thereby their consequent satisfaction. Other, more formal, stakeholder groups such as affiliates or consultants may have different evaluative criteria to develop trust to the franchisee via the brand's qualities. In our analysis, a franchisee (BL, organic food store) revealed that he was able to earn trust from a banker because *"the brand is a positive element to the bank."* This example suggested that franchising affiliates such as bankers might rely heavily on the brand reputation to build confidence on the brand's current and future performances, thereby more capable of trusting the franchisee. Indeed, although many other factors such as both the franchisor's and the franchisee's reputation jointly impacted the bankers' evaluations, the brand name that linked to a high esteem and regard towards the company (Balakrishnan & Fox, 1993; Weiss, Anderson, & MacInnis, 1999). Furthermore, we discovered that shared interactions, intimacy, trust, and satisfactions between the franchisee and these stakeholder groups exerted greater impacts on their satisfaction and loyalty, as implied by a franchisee (BA, chocolate store), *"If the chocolate does not change I would continue my journey with them."*

## CONCLUSION AND IMPLICATIONS

This study examines and proves the brand's "extra" roles compared to the franchisor's roles in the franchise relationship paradigm. It illuminates "flaws" in the franchisor-franchisee dyad, whereas the benefits

reaped from the brand's qualities alleviate the threat of such defects to franchisees' satisfaction and loyalty. These benefits may stem from the brand's abilities to construct franchisees' desired identity, provide hedonic pleasures, and facilitate rewarding relationships between the franchisees and their immediate stakeholder groups. Specifically, strong franchisee-brand relationship leads to: (1) stronger franchisee motivation to give personal sacrifices for better customer-brand experiences, (2) higher monetary and social satisfaction, and (3) stronger intention to continue working in the network. To a larger extent, whereas having bad relationship with the franchisor could potentially lead to decreased intention to renew contract, franchisee's attitude towards the brand is far more stable. This insight establishes a fact to acknowledge the brand's role as an independent, contributing relationship partner to the franchisee, aside from exclusively relying on a sole interaction with the franchisor. We consider these findings and their focal contributions to the formation of our final framework, which reflect a "package" of three possible relational forms in this realm (**Figure 1**).



**Fig. 1.** Inductively-derived conceptual framework for multi-faceted relational forms in franchise organizations

The first relational form is the franchisor-franchisee dyad with franchisee's trust and commitment indicating its quality/strength (FFRQ), driven by six major franchisee-perceived factors: franchisor's personality, effective communication, relational norms, supports, monetary values, and sentiment of personal success. The second relational form is the franchisee-brand relationship whose quality indicators (love/passion, self-brand connection, interdependence, intimacy, and satisfaction) are relatively similar to Fournier's (1998) BRQ framework. The brand's functional, hedonic, and symbolic qualities (Keller,



1993; Park et al., 1986), as well as its overall equity (Glynn, 2009; Yoo & Donthu, 2001) are major driving factors of the franchisee-brand relationship quality (FBRQ). These four brand-focused factors are also impacting the quality of the franchise-stakeholder relationships through the brand (FSRQ) indicated by the intensity of franchisee-customer interaction, franchisee-employee interaction, franchisee-franchisee interaction, and franchisee-other stakeholders interaction (Bruhn, Eichen, Hadwich, & Tuzovic, 2012; McAlexander et al., 2002). Finally, the inductively-derived conceptual framework also depicts two major franchisee relational outcomes, that is, intention to remain and brand citizenship behaviors. Whereas franchisee intention to remain in the network is a classic construct in the literature, franchisee brand citizenship behaviors are akin to the concept first introduced by (Burmann & Zeplin, 2005), which was extended in franchising context (see King et al., 2013; Nyadzayo et al., 2011, 2016). True to the research method adopted in the current study, our framework is exploratory in nature therefore subject to modifications and primarily serves as a background for future research pertinent and relevant to the phenomenon under scrutiny.

### Theoretical contribution

Our research has established the brand's relational role in the franchise relationship realm in various ways. First, the extension of Fournier's (1998) BRQ framework in franchising context was viable, reflecting a critical measure of franchisee relationship with franchisor brand beyond the traditional [and relatively problematic] franchisor-franchisee dyadic framework. We additionally provide evidence on how the brand assists franchisees in creating and/or enhancing their individual self-worth as well as in allowing them to develop and maintain rewarding, valuable relationships with their immediate stakeholders such as end-customers, employees, affiliates, or fellow franchisees. More importantly, franchisee-brand emotional bond also alleviates the tension arises in the franchisor-franchisee relationship. This evidence strongly suggests that in the ordering of franchisee ideal attitudes and behaviors, an extended perspective of the brand's roles beyond its network-initiating and franchisee-recruiting abilities is paramount. Such tendency advises us to look franchisees from more psychological lens beyond the narrow economic perspectives and urges us to focus more on investigations beyond the franchisor-franchisee dyad.

Second, we add further to the emerging interests in examining social aspects in franchise relationships

(e.g. Lawrence & Kaufmann, 2011). Our qualitative findings on intra-franchisees relationships share high conceptual and practical consensus with typical brand community relationship studies (e.g. McAlexander et al., 2002; Muniz, Jr. & O'Guinn, 2001; Schouten & McAlexander, 1995). In addition, our findings on shared moral responsibilities and symbolic identifications broadens the scope of social/collective brand relationship paradigm into the involvement of many immediate stakeholder groups relative to the franchisee (end-customers, employees, or affiliates such as bankers). While the scenario on how these entities appraise relational values may be varied, the resulting brand relationship consequences are quite similar since they are exposed to similar brand. In this perspective, the brand's role is as extendable as the social scope in any social relationship investigations in franchising context. This role is stemmed from the brand's functional, symbolic, and hedonic qualities (Keller, 1993; Park et al., 1986) as well as brand reputation (De Chernatony, 1999) as the central relational value appraisal of any franchisee-stakeholder relationship incidents. Our conception here also reflects a rich theoretical advancement, that is to say, brand relationship at the corporate level (Blackston, 1992), brand community (Muniz, Jr. & O'Guinn, 2001), relationship marketing in B2C and B2B environment (Berry, 1983, 1995; Bhattacharya & Sen, 2003; Morgan & Hunt, 1994; Sheth & Parvatiyar, 1995).

Third, in the investigation of franchisor-franchisee dyad, we add further to the emerging integration of relationship marketing perspective by identifying trust and commitment as focal relationship quality measures for franchisor-franchisee dyad. We also echo franchising scholars' assertions on many critical relational drivers that are intertwined in the fabric of this conventional dyad. They range from franchisor's supports (Quinn, 1999), monetary value of the franchisor brand (Grace & Weaven, 2011), norms of exchange behaviors (Harmon & Griffiths, 2008; Heide & John, 1992; Ivens, 2004), franchisor personality (Merrilees & Frazer, 2013; Watson & Johnson, 2010), and franchisee sentiment of personal success (Knight, 1986; Leslie & McNeill, 2010). The most uncomfortable fact pertaining to this traditional dyad is that franchisor's provision of support services does not necessarily lead to stronger franchisee loyalty. In longer term, resulting effects from accumulated experiences given constant support services and monotonous compliance can be quite devastating, putting the franchisee in a position to question the system's real impacts to his/her personal success, and fuels the temptation to consider an exit plan.

## Managerial implication

Despite its exploratory flavor, the insights from the current study provide several practical implications for managers (i.e. franchisors). Indeed, the most important implication is for franchisors to acknowledge and further use the brand as their strategic relational resource. Utilizing the brand's qualities to retain franchisees has three-fold advantages; it assists franchisees in constructing a "healthy" self-worth regards, empowers them to relate with other stakeholder groups by making it easier to perform tasks satisfying their immediate partners' expectations, and helps alleviate the shortcomings from their relationship with the franchisor. In this regard, we propose several mechanisms on how to take advantage of the brand's relational role.

First and foremost, franchisors should themselves live, work, and behave in accord with the brand's identity and intended image. Consistent offerings should be replicated in terms of consistent identity with sharp focus to ensure credibility and authenticity. As our findings suggest, consistent identity and image induce trust, commitment, satisfaction, loyalty, and identification across the network the franchisor has created. Identification with the brand, in particular, was found high for franchisees, potential franchisees, employees, and end-customers, which cohere them into harmonious relational states. Credibility, high esteem or high regard quality of the brand additionally generate trust among the franchisee and affiliates such as bankers. All of these relational qualities contribute greatly towards franchisee satisfaction and loyalty, a critical managerial goal every franchisor wish to accomplish. Moreover, strong franchisee-brand relationship further stimulates brand citizenship behavior (Burmahn & Zeplin, 2005; King et al., 2013; Nyadzayo et al., 2011, 2016), motivating franchisees to engage in impeccable customer services and in developing commercial qualities beyond the trainings provided by the franchisors. In regard to such critical role the brand would play for franchisees, franchisor could improve in several areas.

First, franchisors' quantity and quality of supports should first become a point-of-parity (non-negotiable conditions) of the system. Trainings and meetings should be seen as venues to internalize the brand's meanings and identity in addition to solely transferring the operational know-how, even at the initial stage of the relationship. This is especially critical at the on-going phase to avoid of losing the brand's importance due to franchisees' capital know-how accumulation. In short, congruity between the company's intended identity and the market-based perceptual identity should, at all costs, be maintained (De Chernatony, 1999).

Second, since most male franchisees valued competence and group's identity repeatedly, franchisors should emphasis product and service (i.e. support) quality, a more "expertise-laden" identity. Female franchisees on the other hand, are more affected by the brand's symbolic and hedonic qualities. As such, the more the brand generates reputation and admiration from various stakeholders, the more it creates the sense of self-esteem accomplishments for franchisees. Franchisors could develop more customer-oriented program such as brand activation, both at national or local level, and using key spokesperson such as celebrities or other consumer's figures that cohere with the brand's identity. Sponsoring national heritage in terms of celebration days at a local level might cultivate positive word-of-mouth that was considered critical by a franchisee (BA, chocolate store) to improve customer traffic and at the same time facilitates closer relationships among the franchisee and her customers. The importance of the brand's symbolic and hedonic values management for female franchisees also resonates with managerial reports conducted by the French Franchise Federation regarding "feminization" in the ownership structure and the fact that spouses assisting in daily operation account as much as half of all male franchisees.

Third, franchisors could benefit from franchisees' deeper relationship with the brand in various ways. The more franchisees feel "connected" with the brand, the more they are vulnerable to free-ride since flaws in delivering those services reflect flaws to their own self-concept (Escalas & Bettman, 2003, 2005; Kressmann et al., 2006). A semi-controlled empowerment strategy may prove critical to attenuate monotonous compliance for many matured franchisees whilst escalating their sense of being an integral part of the brand. This could be achieved through, for example, appointing the right "right hands" of the franchisor from stable, matured franchisees to assist many future or newly turned franchisees in situations such as initial opening or on-going managerial problems. In this sense, being proclaimed or empowered as "senior" brand ambassadors put franchisees in the position of "owning" the brand and thus become more responsible towards the brand, the system (the franchisor), and the franchise social community as a whole.

## LIMITATIONS AND FUTURE RESEARCH

The main limitation of the current study lies in the issue of validity beyond the interview conversation data. A triangulation from multiple sources

could not be employed as observations, for example, threaten the respondents' privacy. Relatedly, it was difficult to re-arrange appointments with franchisees for purposes of follow-ups of findings, therefore reduces the "confirmatory" stage of the current qualitative method employed herewith. Second, while the study generated many emerging themes for the phenomenon under scrutiny (i.e. the multifaceted relationship forms in franchising), future studies could benefit by conducting a deeper examination on the two brand-driven relationship forms (i.e. the franchisee-brand relationship and the franchisee-stakeholders relationships through the brand). Third, it is fruitful to understand how the two brand-driven relationships differ for franchisees with different level of seniority in the network or for brands with established reputation versus newcomers and for brands with different perception of country-of-origin. Last but not least, the socio-demographic variables (e.g. genders, age, income, and education) could also serve as potential moderating variables and should be included in future research avenues testing the conceptual framework offered in the current study.

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## MULTIFACETED RELATIONAL FORMS IN FRANCHISE ORGANIZATIONS: THE RELATIONAL ROLES OF THE FRANCHISOR BRAND

**Ferry Jaolis**  
Faculty of Economics, Petra Christian University, Surabaya

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**Keywords:** Franchisee-brand relationship, franchisee-stakeholder relationship through the brand, consumer-brand relationship, franchisor-franchisee relationship, brand as a relationship partner, brand as a relationship facilitator

**Abstract** Extant research suggests that consumers use brands to enrich their individual and social lives. By looking at the franchisees beyond the economic rationality perspective, we introduced the brand into the franchise relational analysis and confirmed its impact on their satisfaction and loyalty. Results from the thematic analysis of the qualitative data clearly indicated that the brand supplied franchisees with unique symbolic meanings and hedonic pleasures

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