

Towards a Networks Perspective of Franchising Chains

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Abstract

Franchising, especially business format franchising also known as the McDonalds approach has been seen by practitioners and also by some academics simply as a straightforward approach for the creation (and replication) of one's own business – i.e. as one of the ways for entrepreneurship (and growth). Several trade associations were created for the promotion of this kind of business using a combination of “recipes for success” and entrepreneurial “bias for action”.

The prevailing explanations for the franchising phenomena, especially the initiative of franchising, the propensity to franchise, and franchise performance, are mostly based on two orders of reasons or a combination of them: franchising as a means to deal with resource scarcity and / or mechanism for franchisor and franchisee to align incentives between both. However, empirical studies have shown limited support for such claims, especially in face of the so called plural form. The mixed nature of the plural form, where proprietary units coexist with franchised units, seems to contradict predictions of a clear deterministic path in one or the other direction. Issued regarding learning processes in such “networks” have recently been brought in, as an attempt to capture other mechanisms that may underlie their operation and sustainability. It may also be argued that the traditional literature on franchising has assumed a high level of homogeneity within and between franchising “networks”, possibly due to the perception that they tend to be “dominated” by a high level of standardization of practices, both operative and relational.

This paper seeks to explore another perspective to look at franchising “networks”, by drawing from the literature on capabilities and industrial networks. Seen from this perspective, business format franchising may involve more than the mere replication or exploitation of a recipe, especially if we take into consideration the partly idiosyncratic nature of both the relationships between actors and their capabilities and intentions. In this framework, the experiences of the actors involved and not only the franchisor, including those relative to relationships as mechanisms for the coordination and generation of new knowledge, may be relevant for a better understanding of the dynamics of a particular “network”. Additional sources of variety may be the need throughout time for the refinement of the “package”, in more than one ways, together with the gradual developing of the network, and the learning experiences taking place in that context.

Keywords: franchising, business networks, firm capabilities

Towards a Networks Perspective of Franchising Chains

Introduction

The traditional franchising literature has essentially focused on the explanation for the emergence of these arrangements at business and unit level. These explanations have been developed along two main streams, the Resource-Based Perspective and the Agency Theory. Accordingly, franchising might either be a result of scarce resources that limit the firm's growth or a product of an elaborated trade-off among agency costs concerning the franchisor's well known brand name. This second explanation has gathered more supporters among franchising scholars. Yet, as neither of these proposals seemed to completely explain these arrangements, some authors suggested a combination of both these two main theories. In fact, anecdotal evidence still shows some important contradictions. In particular, the co-existence of franchised and company-owned units, in the same locations, is still a puzzling question.

This paper seeks to explore still another perspective for looking at franchising chains, by drawing from the literature on industrial networks and capabilities which, hopefully, will allow to explain issues with which the other perspectives seem to deal unsatisfactorily.

Traditional Franchising Theories

Three main questions have been debated in the traditional literature about franchising. First, the grounds for its emergence. Second, the reasons underlying the choice between keeping company-owned units and franchising them. And, finally, the determinants of the terms of the franchise contract. We will focus on the first two. Although there seems to be some consensus around the explanation advanced by the Agency Theory, there seem to remain some open issues. According to Norton (2003, p.1), "scholars of franchising have made remarkable progress in the past few decades in understanding franchising", namely the existence of franchising and its grounds, the decision between company-owned and franchised units, the contract terms (e.g. franchise fees and royalty rates), the nature of termination procedures and the role of capital structure. However, Norton (2003) agrees that, in spite of these advances, there still remain a number of important unexplained issues. In fact, several limitations of these theories can be identified.

The first one is related with the emergence of franchising itself. According to the Resource-Based View, in order to protect a newly developed concept or brand name, a company must grow fast. But it may face some sort of resource constraint that prevents its fast growth. This problem is especially prevalent in immature companies, which end up adhering to franchising as a way to overcome those restrictions (Caves and Murphy 1976). On the other hand, the Agency Perspective assumes that the franchisor-company possesses a well known, recognised brand name. In many cases, these companies have serious problems controlling their agents' actions that might damage their brand names. In short, the franchise contracts reduce agency costs by solving some incentive issues (Rubin 1978; Brickley and Dark 1987). However, anecdotal evidence supports neither of these explanations. The franchise contracts are not exclusively used by small, resource-limited companies (Brickley et al. 1991; Lafontaine 1992). Some mature, public companies, like McDonald's, intensively use franchising (Love 1986). On the other hand, franchising is also adopted by start-up/ entrepreneurial firms which do not yet have a strong brand (Carney and Gedajlovic 1991; Marnoto 2000). More recently, some authors have tried to reconcile both theories: early in their life cycles, firms tend to use franchising as a mean to overcome some sort of resource constraint, and, later in their lives, they adopt franchising due to agency concerns (Martin and Justis 1993). However, by neglecting the production costs, both these theories and the conciliated perspective implicitly assume that what a company may manufacture, another one can produce just as well (Demsetz 1988). But the costs of production are not the only ones to be overlooked. Also the costs of generating, diffusing and coordinating productive knowledge have all been neglected by the franchising traditional literature.

The question of the franchising life cycle is not at all new. Indeed, one of the basic assumptions of the Resource-Based View of franchising is the existence of a tendency towards the vertical integration of the former franchised units. As the company matures, it becomes easier to acquire the resources it needs to expand and, therefore, the franchisors buy back the previously franchised units (Oxenfeldt and Kelly 1969). Underlying this assumption is also the idea that franchisors prefer the company-owned units and, if it were possible, they would have wholly-integrated chains (Lafontaine and Kaufmann 1994). Most empirical works found this conversion tendency¹ (Hunt 1973; Caves and Murphy 1976). Further, some criticisms to the Agency Perspective of franchising have also been based on this evidence. If a company chooses to franchise in order to reduce agency costs, it will be expected that, as the company matures, it will use franchising more intensely, since the strengthening of the concept or brand name will increase the cost of the agent's shirking (Carney and Gedajlovic 1991). Brickley et al. (1991), however, have tried to explain the buy-back phenomenon from the Agency Perspective. With time, in certain geographical areas, an increased concentration of franchised units is expected, which reduces the in loco monitoring costs and decreases the advantages of the franchise format. According to Lafontaine (1992), the tendency towards the vertical integration is a result of an increase in franchisor moral hazard which leads to an increase in the preference for company-owned units. Lafontaine's (1992) study, however, has not supported this hypothesis.

In what concerns the emergence of franchising and the evolution in time of the chains, it is worth noting that although most empirical works support the buy back prediction (Hunt 1973; Caves and Murphy 1976; Minkler 1990; Carney and Gedajlovic 1991; Lafontaine and Kaufmann 1994; Thompson 1994), some other studies find a tendency in the opposite direction (Martin 1988; Lafontaine 1992; Scott 1995), which questions those theoretical proposals. Thus, there does not seem to be a clear tendency in either direction. Actually, there may not be one at all, when we recognize that each chain is unique in what concerns the involved capabilities. In this context, history may matter and, in fact, empirical studies on franchising are usually of a cross-sectional type, since there is not enough available data to perform time-series analysis (Lafontaine and Kaufmann, 1994). Hence, not only a possible tendency of conversion into either direction, but also the reasons to explain it, might vary between industries, and also between companies in the same industry. Therefore, this suggests the interest in studying how and why specific chains evolved over time, i. e., how its mix of company-owned and franchised units changed and the underlying reasons for those changes.

A very close and puzzling question is the existence of the plural form. A company that adopts franchising may still keep some company-owned units. According to the Resource-Based Perspective, the dual form can be seen as a transitory phase in the company's life cycle: when the firm matures, it overcomes its growth constraints and converts into a wholly-integrated chain. The Agency-Perspective, on the other hand, has focused on the decision between to franchise and to integrate a particular unit. According to this theory, there is a trade-off of agency costs to be considered in this decision (see, for instance, Brickley and Dark 1987). However, neither of these theories seems able to claim adequate empirical support. We have already discussed the limitations of the life-cycle justification, regarding the Resource-Based Perspective. As for the Agency Theory, although its trade-off proposal is somewhat empirically supported, the reason why company-owned and franchised units coexist in the same locations still remains unexplained (Minkler 1990).

There are some other issues that we think can be useful to improve our knowledge of franchising systems. Other factors beside the omission of the production side of the firm have been missed by traditional theories, namely heterogeneity within and among chains, the role played by the franchisee in the franchising relationship and the dynamics of a system of connected relationships.

Regarding the issue of heterogeneity, although franchising is used in very different companies, industries and economies, it can be said that the traditional theories are built on a homogeneity assumption: franchisors, franchisees and franchising relationships are supposed to be homogeneous,

¹ Several authors supportive of the Resource-Constraints View have found on those studies the evidence to sustain their predictions.

and they are seen as aggregate entities. Yet, we might wonder whether franchisors so diverse as the American McDonald's and the Portuguese Cenoura² should in fact be seen as homogenous. Further, are McDonald's and Cenoura's franchisees really alike? Further still, is it reasonable to assume that all McDonald's franchisees, spread around the globe, share the same exact characteristics? As shown, this question stands at two levels. First, heterogeneity among chains, there is to say, between different franchisors and their businesses, activities and franchisees. Second, the heterogeneity inside each chain, i.e., among the chain's franchisees and among the relationships between themselves and between them and the franchisor.

Somewhat related to the neglect of the heterogeneity issue is the question of the disregard of the role played by the franchisee in the franchising relationship. Indeed, the traditional literature has essentially focused either on the assumed franchisee's free-rider nature (Mathewson and Winter 1985; Brickley and Dark 1987) or on its ability to supply capital or another scarce resource (Caves and Murphy 1976). According to Elango and Fried (1997, p. 76), traditionally, the franchisor and the franchisee have a top-down relationship where the "franchisee is perceived to be a good franchisee if it does as the franchisor wishes. The franchisee is viewed as a user of franchisor expertise and knowledge, not able to contribute to the system". Croonen (2003, p. 8) also considers the traditional perspective over the franchisee as "the antithesis of entrepreneurship and strategic thinking". Indeed, in the literature, the franchisee is typically seen a relatively passive part of the relationship. In fact, although the franchisee's firm is an independent company, it is very dependent on the franchisor's decisions. The franchisor may determine (or approve) matters such as the location of the unit, the design and layout of the outlet (including building materials), the average level of stocks, the suppliers of inputs, the exposition and decoration on the shop windows (Cherto 1989; Leite 1990). Yet, some authors reported on important active roles played by the franchisee. According to Love (1986), the McDonald's franchisees have an important part in the development process of new products which latter spread through the chain. Minkler (1990, 1992) also pointed out the franchisee to hold superior information about its local markets. As Dnes (1996, p. 305-306) has put it, in Minkler's work, "franchising allows the use of the trade mark to be exchanged for the franchisee's local entrepreneurship, which is defined as noticing and acting upon opportunities". Thus, in such circumstances, both the exchange and combination of experiences and knowledge may be critical to the dynamics and performance of the franchising chain. More recently, as we shall see, several studies have tried to shed some light over this issue.

Finally, the traditional literature also lacked a dynamic perspective of franchising, meaning that the analysis mostly refers to a particular moment in time. In Croonen's (2003) opinion, these theories do not analyse the dynamics of the relationship between franchisor and franchisee. The way the two parties interact, the way the relationship evolves over time and the effect of path dependence are neither studied nor even considered. Further, the importance of the development of the system itself, i.e. the development of the concept or brand name through an innovation process such as the development of new products, is also not considered. Thus, by introducing the time dimension, learning processes and relationships may matter to improve our knowledge on franchising system dynamics, including the persistence of the plural forms.

Current Research

Interest on organizational learning in networks has been increasing of recently (Easterby - Smith et al. 2000). Also within the franchising literature, some authors have been approaching issues related with the creation, maintenance and diffusion of knowledge in franchise chains. It can be said that these studies have in common a new perspective of franchise contracts. This perspective overcomes some of the previously mentioned traditional limitations by assuming heterogeneity, recognising the franchisees' (potential) active role in the franchise relationship and taking a more dynamic view of franchising.

² Chains of children apparel and accessories retail shops.

According to Gorovaia (2003), the chain's success depends both on the transmission of "system knowledge about the business and the brand" from franchisor to franchisee and of "local market conditions and country specific knowledge" from franchisee to franchisor. Langenhan (2003, p.2) defines the franchise package as the franchisor's organizational knowledge about the "successful management" of the business. To this author, in a franchising chain, there are two sorts of knowledge. The core knowledge that is contained in the franchise package and is transferred from the franchisor to the franchisee, and the decentralised knowledge that each franchisee possesses and that is not included in the franchise package. Since the franchisee is closer to the customers, this decentralised knowledge may be of importance. However, Langenhan (2003) also noted that this knowledge it is not necessarily shared with either the franchisor or the other franchisees, since its importance may not be recognised by either the one or the others.

Further, this literature also recognises the franchisee's (potential) contribution to the development of the franchised concept or brand. According to Sorenson and Sørensen (2001) franchisees may play an important part in this process for two reasons. Firstly, because they are less risk averse than company managers, otherwise they would not have become entrepreneurs. Secondly, because they have larger time horizons which induce them not to be short-sighted and to be willing to invest in innovative projects that may only produce returns in the long run. Also Cliquet and Ngoc (2003, p.10-11) consider that the franchisees are especially important in the phase of generating ideas, the first of the innovation process. They are "a good source of local ideas" because they are closer to the customer and know the local market, they have "good intuition based on their experience", they have a higher incentive to improve the unit's performance and finally they push "forward company managers and the chain operator to be more dynamic and to generate more ideas". Argote and Darr (2000) have actually found several innovations added by the franchisees to the production process of the fast-food chain they have studied in an empirical study.

In contrast with the traditional literature, and the Agency Perspective in particular, which focused on understanding what determines the franchisor's choice between integrating and franchising a particular unit, the emerging literature however is concerned with assessing the advantages of the plural form. Several authors agree that combining franchised and integrated units might be fruitful in managing March's (1991) Exploitation and Exploration Paradox (Sorenson and Sørensen 2001; Croonen 2003; Bradach 1998). According to March (1991), a balance must be found between the exploitation of old certainties (production, selection, implementation, refinement of present elements) and the exploration of new possibilities (research, experimentation, innovation of future elements). Franchisees might be, for several reasons, more prone to 'Exploration' than company managers. In turn, these would have a higher incentive to 'Exploitation', essentially due to both the franchisor's incentives and monitoring type (Sorenson and Sørensen 2001). In Cliquet and Ngoc's (2003) opinion, the plural form is preferred, in what concerns the innovation process. If the franchised units are seen as especially relevant in generating ideas, the company-owned units may have an important role in testing and implementing the innovations.

This Exploitation/ Exploration Paradox is somewhat related with another one, the Standardization / Innovation Paradox. Standardization is important because it is ultimately through it that the chain's unified identity is guaranteed. It is one of the specific features of franchising, as it permits that in a distant market when a customer sees one of chain's units he/she immediately knows what to expect from the product or service on sale. Further, without a high degree of standardization, it would not be possible to split the costs of generating or acquiring new knowledge among the chain's units (Sorenson and Sørensen 2001). But, simultaneously, it may be necessary to develop the franchised concept or brand and the diffusion of innovations in a franchise chain may not be easy. It is suggested that the franchisees may lack the incentive to adopt the franchisor's innovations, either because they do not want to take the risk or because they do not want to make the required investments. Further, typically, the franchisor cannot make them accept those innovations since this is not included in the contract (Cliquet and Ngoc 2003). Second, when a franchisee produces a local innovation, which is adequate to its specific context, it may not interest other franchisees. And even if it actually does, it will not easily spread through the chain because the innovative franchisee may not want to support the spreading costs (Sorenson and Sørensen 2001). Also he/she may be more interested in meeting the

franchisor's performance indicators (Argote and Darr 2000) and may perceive the other franchisees as rivals, especially if there is significant cannibalisation between units when the market is saturated. Following the research above, it is possible to identify some advantages of franchised over company-owned units and vice-versa. According to Sorenson and Sørensen (2001), the company owned units are preferred when the market is homogeneous and the exploitation is more important, while the franchised units have an advantage when the market is heterogeneous and exploration is essential. In Yin and Zava's (2004) opinion, being more flexible and decentralised, the franchised units are preferred when the chosen strategy requires flexibility and local adaptation. The company-owned units are best suited for strategies that emphasise prevision and control.

These latter studies have introduced new elements to the understanding of franchise systems. They are particularly interesting for understanding the role of the franchisees, as they are seen as having their own idiosyncrasies and being an active part of the franchise relationship. They also suggest a link between the presence of the plural form and a degree of variety on the characteristics of local markets.

A Networks Perspective of Franchising Chains

In an IMP- Perspective, and in contrast with traditional approaches, a franchising chain³ is a network of active and heterogeneous firms that interact. None of these firms has, on its own, all the resources and capabilities needed to perform its objectives (Axelsson and Easton 1992; Ford et al. 2003). Through the network, each firm, either franchisor or franchisee, accesses the resources and capabilities of its counterparts with whom it relates. For example, the franchising relationship allows the franchisee to access the franchisor's capabilities regarding its know-how about the productive process and technology, the definition of the product or concept positioning and image, the maintenance and development of the franchised concept through advertising and the introduction of new products, services or markets. In turn, the franchisor accesses, for instance, its franchisees' know-how about the unit's management and the ability to combine these with knowledge held about local specific characteristics.

The combination of franchisor's and the franchisees' capabilities may, in fact, have a role in the explanation for the emergence of franchise contracts, both at the business and unit level. In an IMP context, each participant in the franchising chain has unique characteristics. Moreover, heterogeneity is also present in the relationships. If, in accordance with the Capabilities Perspective of the Firm, we assume that the productive knowledge is heterogeneous, is not uniformly distributed in the industry and has to be coordinated, then the emergence of franchise contracts might be explained by the franchisor's and franchisee's idiosyncratic capabilities.

At the business level, there are three possible not exclusive arguments. First, since the franchisor's and the franchisee's activities might be closely complementary but partly dissimilar, there might be a need to coordinate them through inter-firm cooperation (Richardson 1972). Second, the franchising alternative might have inferior dynamic transaction costs. These are the costs of negotiating, coordinating and teaching external suppliers (Langlois and Robertson 1993). Third, franchising arrangements and related dynamic transaction costs might be a function of the indirect capabilities of the franchisor (Loasby 1998). According to Loasby (1998), the firm has direct capabilities which are related with its knowledge about 'how to do something', and indirect capabilities that are associated with its knowledge about 'how to get something done'. These indirect capabilities are the means for accessing other firms' capabilities. For example, at an early stage, the franchisor's main indirect capabilities which allow it access to the franchisee's capabilities might refer to its ability to attract and motivate the new franchisees to adhere to a concept that might not yet be known. Latter, as the firm matures, the franchisor's capabilities related with the creation and maintenance of a reputation in the market might be extremely important for capturing new franchisees (Mathewson and Winter 1985).

³ According to Ford et al. (2003), since the network boundaries are difficult to define, the distribution chains are mere comunm perspectives shared by the network participants. Hence, it can be argued that franchising chains are images of the network, and thatthese images are different, depending on the point of analysis.

This indirect capability may depend on the performance of the concept in the market and the investment made by the franchisor on the present and past relationships with its franchisees (as in Mota and Castro 2004).

The chain's performance may be a result of the relationships between the franchisor and its franchisees. But, the relationships they are able to initiate also depend on their past performance (Hakansson and Snehota 1995; Ford et al. 2003). These relationships might change the perception of their identity, both inside and outside the chain, and may influence their possibilities of action (Hakansson and Snehota 1995). This is what happens when a franchisor looks for new franchisees. The franchisor reputation, namely the performance of the franchised chain and the way it relates with its present franchisees may be fundamental in the process of capturing new franchisees. Furthermore, in relationships that are external to the network, both the franchisor and their franchisees may, in a way, represent the other (Hakansson and Snehota 1995). For instance, when a franchisee needs a bank credit loan in order to expand, the bank may see in this potential borrower more than the individual entrepreneur, but also the franchisor company it represents.

At the unit level, the decision between 'owing' and 'franchising' a particular unit might depend on the capabilities required to manage that unit and how those capabilities might be combined within the wider network. Thus, the plural form might be a result of perceived and partly specific advantages in the combination of franchisor's and franchisee's capabilities in a wider context. This is somewhat in line with the work of Bradach (1998), Sorenson and Sørensen (2001) and others who seek the advantages of the plural form. In fact, plural forms may reflect the need to preserve or manage a degree of variety within the franchise network. The diversity of franchisees might be an important issue, especially in what concerns knowledge creation and innovation. The different locations, experiences and path dependencies of the franchisees might turn them into an important source of dynamic capabilities for the chain. However, apparently most franchisors neglect this potential contribution. In fact, we may be facing one of the network paradoxes of Ford et al. (2003). According to these authors, the actors in a network seek its control. However, the network control can be detrimental because it imposes a limit to heterogeneity and therefore to the creation of knowledge and innovation. The undervaluation of the franchisee's role and the franchisor's control of the chain might this way explain some failure stories.

Analysing franchising from this perspective might also help us understand the dynamics of the mix of franchised and company owned units. The evolution of this mix might be influenced by past investments on both direct capabilities and relationships as a manifestation of indirect capabilities (Mota and Castro 2004). Hence, we may consider that both the relationship and the system's dynamics are influenced by a path dependency. The network is a result of its past. It is also a base for its future development. This, in turn, depends on the relationships and the capabilities developed in the past. Mota and Castro (2004) consider that the evolution of firm boundaries is shaped by its set of direct and indirect capabilities which results from its investments and practice within the context of inter-firm relationships. According to these authors, the development of capabilities does not occur in isolated manner but in a context of relationships. The firm is embedded in a network of relationships with other firms that hold different sets of direct and indirect capabilities. Hence the development of its capabilities is influenced by the capabilities of those counterparts. In the same way, its own capabilities influence the development of the others'. This perspective is consistent with the Industrial Networks Approach which emphasises interdependent business relationships as a central mechanism to understand industrial dynamics (Axelsson and Easton 1992; Hakansson and Snehota 1995). Furthermore, in an IMP context, it is also possible that certain resources, capabilities and even relationships are counterpart-specifically developed (Hakansson and Snehota 1995). Having this perspective in mind, it is possible to approach franchising arrangements and dynamics as systems of connected relationships involving several actors, holding partly idiosyncratic capabilities, within and outside the focal franchise network. In this framework, the dynamics of the mix of franchised and company owned units is influenced by the development of the direct and indirect capabilities of franchisor and franchisees. That development is a result of the shared experiences in the network.

In this network of active, heterogeneous and interacting firms, the outcome of the actions of one of them is also a result of the others' actions. Similarly, the firm's actions also impact in the outcome of

the other firms' actions. This interdependency leads firms to act in response to other firms' actions. Likewise, a firm must consider the others' reactions to its actions (Ford et al. 2003). The franchisor's actions, as well as each franchisee's, affect the value of the franchised brand or concept and, therefore, must impact in the outcome of the actions of its counterparts. The franchisor and the franchisees are, therefore, interdependent which means that the outcome of the actions of any of them is also a result of the actions of others. Hence, in opposition to traditional theories, the franchisor should consider its franchisee's reactions in its strategic definition. For example, when the franchisor is confronted with the need to develop the franchised concept or product by introducing a costly innovation in the units, it must consider the franchisees' reactions to that innovation. Since the franchisor and each franchisee have different objectives, the interaction between them should involve simultaneously cooperation and conflict. Let us consider the opening of a new unit. In the franchisor's perspective, this new outlet represents the expansion of the chain. And it is therefore desirable. But, for the franchisees, the new unit may represent more competition. Furthermore, the relationship between the franchisor and the franchisee may be simultaneously an asset and a liability. Although it allows the indirect control of the resources and capabilities of the counterpart, it also ties the firm to its present activities. To look for change may mean to fight the resistance of the involved counterparts (Ford et al. 2003).

The development of the franchised concept is very important for its survival. However, the implementation of innovations may be difficult because the franchisees may offer some resistance, especially if it demands a high investment. As we have seen, the innovation in a franchising network is one of the problems faced by the franchisor. On the one hand, the franchisor needs to innovate in order to develop the concept and guarantee its survival. But, it is also faced with the need to maintain a high degree of standardization and uniformity and with the franchisees' resistance to invest in the implementation of these innovations. Therefore it has a serious problem regarding the diffusion of the innovation in the chain. This problem may somehow be identified with the network paradox of stability and change.

Conclusion

This paper seeks to explore another perspective to look at franchising "networks", by drawing from the literature on capabilities and industrial networks. Seen from this perspective, franchising may involve more than the mere replication or exploitation of a recipe, especially if we take into consideration the partly idiosyncratic nature of both the relationships between actors and their capabilities and intentions. In this framework, the experiences of the actors involved, which include those relative to relationships as mechanisms for the coordination and generation of new knowledge, may be relevant for a better understanding of the dynamics of a particular network. Additional sources of variety may be the response to the need for the refinement of the franchised concept in several ways, throughout time, together with the gradual developing of the network and the learning experiences taking place in that context.

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