Consistency and standardization of service brands in a franchise system

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Abstract

Franchising has proved to be one of the fastest growing business model with a high success rate and an emerging means of supporting economic growth. With this success has come increasing competition. Product and service differentiation is one major ways to competitiveness however franchise models seem to battle to standardize their point of differentiation and retain it consistently. Franchisees are important agents in this model and thus are the focus of this research.

This research focuses on the service brands in the Quick Service Restaurant franchise (QSR) system in South Africa. The aim was to gain insight in and understanding of standardization and consistency because these are regarded as key requirements for the success of both the service brands and future growth and survival of the franchise model. The study was motivated by the expanding competitive landscape of these service brands in the QSR sector and their need to achieve superior customer experience as a differentiation strategy.

A qualitative study was conducted through unstructured interviews with 12 franchisees from a multinational QSR operating in South Africa. Ethical compliance, validity and credibility were observed throughout the process ensuring that the integrity of the data was maintained. The data was analysed using computer-assisted qualitative data analysis software (ATLAS ti.)

The study contributes to literature evidence that consistency and standardization of service brands in the franchise systems is necessary for their success. In this QSR service brand, product is still considered the main differentiator compared with service. This draws the focus away from the service experience and could compromise successful service brands. An absence of knowledge as to what makes service brands in the franchise model successful could jeopardise the survival of these brands in the service system.

Key words

Franchisees, franchisors, service brands, social and psychological approaches

Glossary of Terms

B2B	Business-to-business
Brand core elements	Elements for which standardization must be enforced across all franchisees without exceptions (Cox & Mason, 2007, p. 1059)
Double moral hazard	Each party, both the principal and the agent, has to exert efforts that matter to the value preposition of their relationship
Flexibility	The need to keep the entrepreneurship and market knowledge of the franchisees
GDP	Gross domestic product
Moral hazard	When one party (in this context, the agent) has to exert efforts not fully observable to the principal that matters to the value proposition of the relationship
Principal agent problem	When there is no alignment between the principal and the agent due to goal incongruence
QSR	Quick Service Restaurant
Free riding	When franchisees choose to act or make decisions based on personal interest and not that of the franchisor
Intangible Resources (Franchisor)	Brand name assets
Intangible Resources (Franchisees)	Innovation, local market know-how, HRM, quality control and administrative capability

Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorization and consent to carry out this research.

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Date: 7 November 2016

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CHAPTER 1: INTRODUCTION TO THE RESEARCH PROBLEM

1.1   Introduction

As early as the nineteenth century, American companies like McCormick Harvest and Singer saw business growth opportunities in selling their products in exclusive sale territories through agents. There were two forms of relationships: the traditional format (product and trade name) and the business format (franchising). Initially, there was not much control over franchising, but over time, companies came to realise that they needed more control over the agents, in order to protect their reputation and their brand (Blair & Lafontaine, 2005).

Franchising has come a long way since it origins in the nineteenth century and it has grown into a business format that includes a system of delivery. According to the 2015 Franchise Business Economic Outlook Report (Franchise Direct, 2016), the franchise format is set to continue to grow rapidly and the growth includes different sectors, such as health care, pets, education, with quick service restaurants (QSR) sector being the most significant.

For the franchise model – which essentially involves a team working collectively to achieve common goals – to be successful, product and service quality should be consistent with what the brand promises. The ultimate responsibility in delivering this promise rests with franchisees and, therefore, their commitment is paramount to the sustainability and effective management of the franchise brand (King, Grace & Weaven, 2013).

The franchise business model is widely and increasingly used as a concept for business individuals seeking growth through geographical expansion. The common outcomes expected from this model are growth and survival, financial gains and superior performance.

(Gillis & Castrogiovanni, 2012).

The Quick Service Restaurant (QSR) is a segment of the restaurant industry that is made up of fast food restaurants. This segment accounts for more than 50% of sales in the entire restaurant sector. The restaurants themselves are known to have a consistent, simple look and feel in each location, which contributes to the customer's total experience (Sena, 2015).

1.2   Relevance of franchising in South Africa

In South Africa, the franchise sector accounts for nearly 10% of the gross domestic product (GDP), more than 323, 519 employment and a turnover of R302 bn (Mungadze, 2015). It has also become one of the business strategies for capturing and growing market share globally.

According to the Franchise Association of South Africa, the good performance of the sector is reflected in the industry's high number of franchised systems and outlets – 627 different franchised systems and slightly more than 31,050 franchise outlets – servicing 17 business sectors. According to the Chairman of the Franchise Association of South Africa, John Baladakis, statistics showed that "… franchising is a much lower risk investment with only a 10% failure rate ... as opposed to up to 90% in independent businesses" (Mungadze, 2015).

A recent study (*The rise of South African's quick service restaurant industry*) established that the QSR market in South Africa is growing at a tremendous pace, is expanding globally and is dominated by both local and international franchise corporations (Maumbe, 2012).

With the current interest in entrepreneurship promoting a means for the economic growth of the country, this sector continues to be of outmost importance to the country and business fraternity. It is reported that the number of adults who buy fast foods once per month has increased from 66% in 2004 to 80% in 2015 (Holmes, 2016).

An obvious sign of growth in the franchise sector has been the multinational companies entering the South African market: Burger King, Pizza Hut, Domino's Pizza and Star Bucks. New entrants have also included the locals like Chisa Nyama and RocoMamas. In 2015, BusinessTech reported on these franchise chains by outlet numbers, with the franchisor's leading market share of 22% followed by Famous Brands, Nando's and McDonald's with shares ranging from 6% to 13% in 2014 (Holmes, 2016).

In his research, Maumbe (2012) used Porter's five forces analysis and strategic management literature as a point of departure. He postulated that this competitive global industry was dominated by extensive franchise restaurant chains in which success was dependent on the use of differentiating strategies. This is mostly driven by the fact that, although QSR was once dominated by fast food, fast casual dining continues to gain market shares, thereby putting pressure on service brands to ensure that they offer a positive customer experience to compete for the same market share.

The biggest differentiators for survival seem to be linked to the ability to deliver a sustainable customer-orientated solution (Maumbe, 2012). Service brands are more about internal consistency, with a strong focus on managing the total services brand experience and social processes (De Chernatony & Segal-Horn, 2001).

Customers' expectations of service quality in a franchise system are higher than those in a non-franchised brand, given the customer perception of a systematic service delivery. Consumers view dining at chain restaurants more favourably than in independent units (Jeon, Dant, & Gleiberman, 2014; Young, Clark, & McIntyre, 2007)

With the number of new entrants and the current economic landscape, the sector has proven to be highly competitive. With this increase in competition and customers being exposed to a variety of brands, it is very important for brands to differentiate themselves from the rest.

A brand study that was conducted by Brakus, Schmitt and Zarantonello (2009) highlighted the sensory, affective, intellectual and behavioural dimensions as the key elements of brand experience. The study of Schmitt, Brakus and Zarantonello (2014) went on to include the relational dimension in the brand experience. These studies help in the understanding of service brands and in identifying strategies that will be relevant for this differentiation.

Skaalsvik and Olsen (2014) built on the brand theory and emphasised that the company, its customers and employees together form a brand triangle. This proves to be fundamental for service brands and it motivates the need to explore the way in which the franchisors create the brand experience through franchisees in a standardized manner to create consistent service across the entire system (De Chernatony & Segal-Horn, 2003).

These aforementioned studies have highlighted the essential tenets of the service brand experience and the need for service to be experienced consistently in order to add value to the franchise system from a capital point of view. Previous research proved that massive growth and profitability in the franchise industry is perpetuated by the strict repetition of routines that are driven by the capability of franchisees to copy and transfer resources within the chain.

The objective of this study is to expand the understanding of the way in which the franchisor ensures consistency and standardization in the copying and transferring of resources within the chain as service brands for a differentiated strategy (El Akremi, Mignonac & Perrigot, 2010). The study approach is outlined in Figure 1.

Figure 1: Study Approach
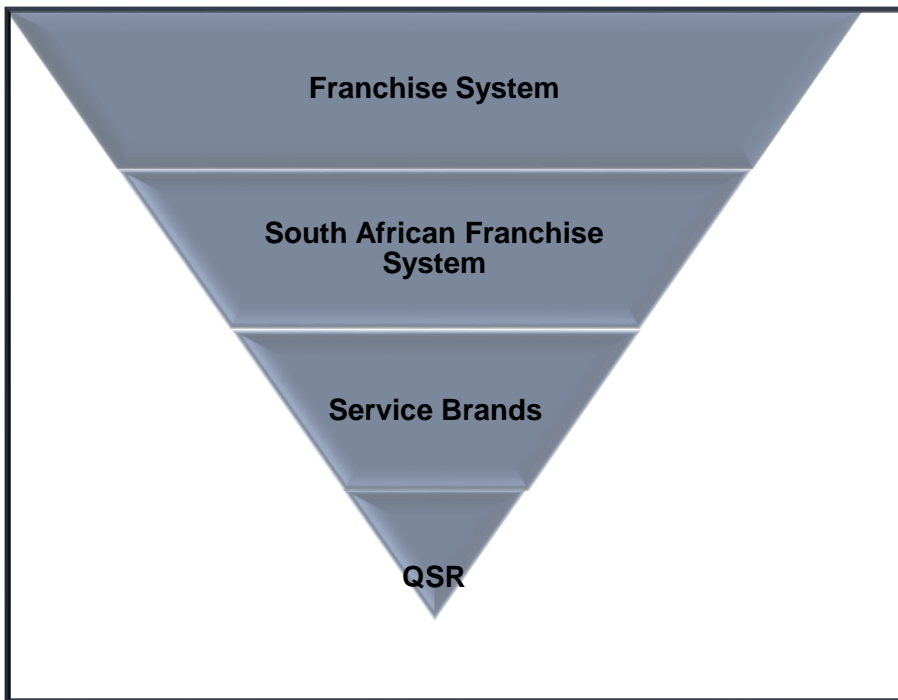
This study approach and research proposition are supported by the research motivation, which is discussed in the following section.

1.3   Research motivation

As noted by Maumbe (2012), franchising is one of the fastest growing sectors and it remains a continuous business interest. Therefore, there is a need to understand how this relationship can be leveraged to sustain continuous growth. Both the franchisees and the franchisors strive to maximise profits and growth, with one of the most challenging management issues facing franchisors being to ensure that franchisees remain consistent:

- Drive uniformity and standardization;
- Fuel economies of scale; and
- Drive brand equity through increase in market share, while ensuring that franchisees are not suppressed (Chiou & Droge, 2015).

QSR franchise models are predominantly service brands, so how the customers experience their service becomes one of the core objectives that differentiates these brands. It is important for the franchise systems to understand and craft experiences proactively, so as to create distinctive experiences that distinguish them from their competitors (Zomerdijk & Voss, 2010). In so doing, it is paramount that there is standardization and consistency in the way in which

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they engage with customers through their franchisees in a memorable way (Jeon, Dant & Gleierman, 2014; Young, Clark & McIntyre, 2007).

Brand service organizations are about the processes involved in creating a great customer experience, which is determined by the way in which the brand promise is executed. In order to create a positive customer experience, these organizations rely heavily on their employees' understanding of the brand, brand commitment and brand values (De Chernatony & Segal-Horn, 2001).

A positive customer experience is a precursor to customer satisfaction, patronage and the positive word-of-mouth for growth – particularly in the franchise service industry. Therefore, one of the central objectives of service firms is the creation of superior customer experiences (Jaakkola, Helkkula, & Aarikka-Stenroos, 2015).

In order for franchisors to remain relevant in the ever increasing competitive QSR landscape, they need to adapt their strategies dynamically, which often requires major investments or adjustments in their systems and processes from their franchisees. This is often without any guarantee of positive reciprocal benefit to the business, which may affect the franchisee's consistency in execution. This continues to bring about ongoing challenges in the relationship between the two parties (Croonen, 2010).

With the growth of franchising, there has been an increasing focus on customers and customer experience, mainly because of customer perceptions and expectations of franchise restaurants being different from those of non-franchised brands. Customers see the franchise service as emanating from a cookie cutter and expect service to be the same in all franchises. The specialization of the service orientation allows the franchise system to maximise customer efficacy and to survive in the market place. When variations are experienced, the negative impact on the customer is intensified (Young, Clark & McIntyre, 2007).

It is for these reasons that this study seeks to understand the success measures, relational factors and franchisees' needs to explore ways of achieving consistency and standardization of brand experience efficiently and sustainably – within the context of a highly complex system made up of different businesses. This becomes particularly important for businesses, as a brand experience cannot be copied as easily as a product. Therefore, this study aims to determine and explore ways to standardise and ensure that these service dependents are consistent in all franchisees with their different financial states, organizational culture and structures and different attitudes to the brand (De Chernatony & Segal-Horn, 2001).

In order for service brands to survive in the competitive QSR market, differentiation strategies need to be employed. In this study, the researcher explored how to standardise brand experience, as the central objective of service firms, and how to execute it consistently for

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sustainability and competitiveness in the franchise system. This is important given the identified opportunity for growth and the competitive landscape of the South African QSR market.

In light of the aforementioned information, this study will benefit franchisors and contribute to their understanding of business strategies that focus on differentiating themselves through brand services that meet customer expectations. The study will also create value in terms of franchisors remaining competitive and ensuring sustainability by offering specialised and differentiated brand experiences.

1.4   Research problem

As discussed in the previous section, it is evident that, for service brands to remain relevant and competitive in the market, they have to ensure that they entice their customers through their differentiated service experience (De Chernatony & Segal-Horn, 2003; Maumbe, 2012; Tafesse, 2016). This service experience is influenced by all five dimensions involved in the brand experience which are sensory, affective, intellectual, behavioural with relational (Brakus et al., 2009; Nysveen, Pedersen & Skard, 2013; Tafesse, 2016).

In the past, the franchise industry was studied, in order to understand the moderators that influence the relationship of the two parties – i.e. the franchisee and the franchisor. These studies proceeded from a transactional relationship that was mainly based on the economic view of the relationship and progressed to a more relational view that included the socio-psychological approaches between the two parties, so as to ensure a healthy and profitable franchise partnership (Costello & Costello, 2013; Dada & Watson, 2012; Lee et al., 2015; Nijmeijer, Fabbricotti & Huijsman, 2014).

This has continuously raised the debate which of these mechanisms can be deployed by franchisors to maximise future gains from this partnership. Academic questions have also been raised as to how the intangibility of both the franchisee and the franchisor can be used to achieve consistency and standardization. In that case then what that means to the core elements of the service brand are some of the key challenges creating problems in this business sphere.

Furthermore, the question has been raised as to how much standardization should be enforced to drive consistency in this system, given the risk of highly opportunistic behaviours from franchisees potentially endangering and damaging the system when it comes to the overall brand experience (Evanschitzky, Caemmerer, & Backhaus, 2016). Based on these debates the key constructs in the research problem are outlined in the following sections.

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1.4.1 Franchising

Franchising is a contractual arrangement between two firms, a unique relationship driven by different motivations. In this agreement, the license determines the franchisees' way of doing business and entitles them to market goods and services under the franchisor's brand name, entailing a shared identity to customers (Nijmeijer, Fabbricotti, & Huijsman, 2014). This relationship, which differs from the traditional business-to-business (B2B) relationship, thereby makes it unique (Lee et al., 2015) and has become a well-established retail format. In this partnership, both parties are legally and financially independent from each other, responsible for their own contracts and other legal obligations (Terry & Huan, 2012).

Table 1: Advantages and disadvantages of franchising

	Advantages	Disadvantages
Franchisor	Geographic expansion	Less control over operations
	Limits risks	Franchisee reputational free riding
	Captive demand to franchisees	Inconsistency between locations
	Greater economies of scale for inputs	
Franchisee	Brand name value	Royalties are paid from revenues
	Decreased learning curve	Higher up-front capital costs
	Streamlined operations	May be held captive to inputs from franchisor

Source: Brown, 2014

In this system, businesses share benefits, which implies that, when a customer has an experience – whether good or bad – it becomes a reflection of all units falling under the brand. These units are different legal entities comprising of different structures, different employee skills and attitudes (Cao & Kim, 2015). Franchising has always been seen as a way of penetrating geographical areas with different competitive levels, consumer preference and income levels (El Akremi & Mignonac, 2010).

Franchisors are the creators and guardians of a specific format or business model and they are responsible for ensuring that they develop business practices that franchisees must learn and execute to grow the business. It is expected that franchising will deliver a better financial performance, a more supportive working environment and a higher survival chance than alternative organizational forms (Nijmeijer, Fabbricotti, & Huijsman, 2014).

Franchisees are the party with the local knowledge, who join the business for growth, independence, entrepreneurial spirit and being their own bosses. Therefore, tight controls are often not popular with them (El Akremi & Mignonac, 2010).

The complexity of this relationship is further impacted by the fact that there are no guarantee of returns on those systems and that trust in this fragile and dependent relationship needs to be continuously nurtured in a consistent manner (Chiou & Droge, 2015). In this particular context, the brand service experience, as defined by the franchisor as a promise to their customers, is core to the brand and franchisees are expected to deliver service consistently for brand equity (Brakus et al., 2009; Nysveen et al., 2013; Tafesse, 2016).

This is further supported by recognising that the customer is an active participant in the value co-creation. For this to be successful and effective in a franchise system, there needs to be capacity, capability, strategic systems and processes that allow for the sharing of knowledge, including those from the customers.

Based on these studies, it has been found that delivering service experience consistent with the brand promise, leads to the success of the franchise business model. What academics have not given empirical evidence for is how these standardization requirements are achieved through their franchisee partners in the service brands. The intention of this study was to investigate this gap and to contribute to franchise research.

1.4.2 Consistency and standardization

In the words of Stephen Kos, the essence of the franchise system is the differentiation of chains in different geographic locations from a single owner chain. These chains should be able to convey an appearance of a single entity. Standardization and consistency are seen as characteristics and drivers of the franchise business model, creating a sense of oneness (Terry & Huan, 2012).

In the franchise literature, *standardization* is defined as "… a framework of agreements to which all relevant parties in an industry or organization must adhere to using distinct dimensions which can be set as standard requirements for service, product and production processes" (Chiou & Droge, 2015, p. 125).

Brand consistency is seen as a prominent feature of the franchise model, in that it ensures that the brand stakeholders repeatedly experience the touchpoints of the brand in the same way. The brand is consistent if its promises to the customers are aligned and delivered according to their values, defined vision and strategy. In order to achieve customer satisfaction, this should be created among all brand elements across the franchise system and the brand service experience should be consistent across the system (Joharianzadeh et al., 2015).

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1.4.3   Service brands experience

'Experience' is a complex concept; the Oxford English dictionary (2015) has defined 'experience' as a noun as "… knowing about something because you have seen it or done it" and as a verb as "to have something happen to you". Experience has been researched in various disciplines for some time. Originally, the understanding of the concept might have been limited to the way in which something (e.g. a product, service or a conversation) made one feel but now Tafeskosse (2016) and others have reported on various transformations of the concept.

Service experience is "… a holistic experience, based on excellent and personalized customer service, challenges the norm and is responsive to change" (Skaalsvik & Olsen, 2014, p.57). Nysveen et al. (2013) defined service experience as a function of a set of interactions between a customer and the brand. Service experience requires a higher level of interpersonal and some kind of relationship between the brand and the customer.

Service brands are brands that own their service offering, making them different from those of their competitors (Skaalsvik & Olsen, 2014).

Brand involves relationship building between the staff and the customers at the same time. Based on this definition, a trust-based service process is dominant and vital in delivering on the promise made for a brand image (Brodie, Whittome, & Brush, 2009).

1.5   Research objectives

The main objectives of this research paper are to answer the following research questions:

Research Question 1

What are the success drivers in a franchise system?

Research Question 1 further explores:
- Franchisors' success measures for business growth;
- The alignment between the franchisor and the franchisee; and
- The quality control of the systems and processes.

Research Question 2

What are the franchisee's perceptions of the relationship with the franchisor?

Research Question 2 explores:
- The extent to which the franchisee's expectations are met by the franchisor; and
- The perceived relationship exploring the relational perspectives from different literature and control modes. How important the relational factors are to the franchisee and how they

affect the quality of the relationship between the franchisee and the franchisor affecting consistency and standardization in the system.

Research Question 3

What are the franchisee's needs in delivering a standardized and consistent brand service experience?

Research Question 3 explores:

- What are the specific needs by franchisees which will ensure success in the co-creation and execution of the brand service experience repeatedly;
- The importance of shared value in the reciprocal relationship between the franchisee and their employees in this system

1.6   Research scope

This research resides in business and marketing management. This academic study was conducted at a multinational QSR franchise corporation in South Africa. The findings can be generalised and applied to other industries in the franchise system.

CHAPTER 2: THEORY AND LITERATURE REVIEW

In order to explore the research questions, the key themes of the study (see Figure 2 that follows) were identified as:

- The franchise system;
- Standardization and consistency; and
- Brand service experience

Figure 2: Literature themes

Franchisee and franchisor partnership	Stanfdardisation and Consistency	Service Brands Experience
Economic Theories	Systems and processes in the franchise system	Brand Experience
Social and Psychological Approches	Franchisees and standardization	Service Brands
		Front line employees
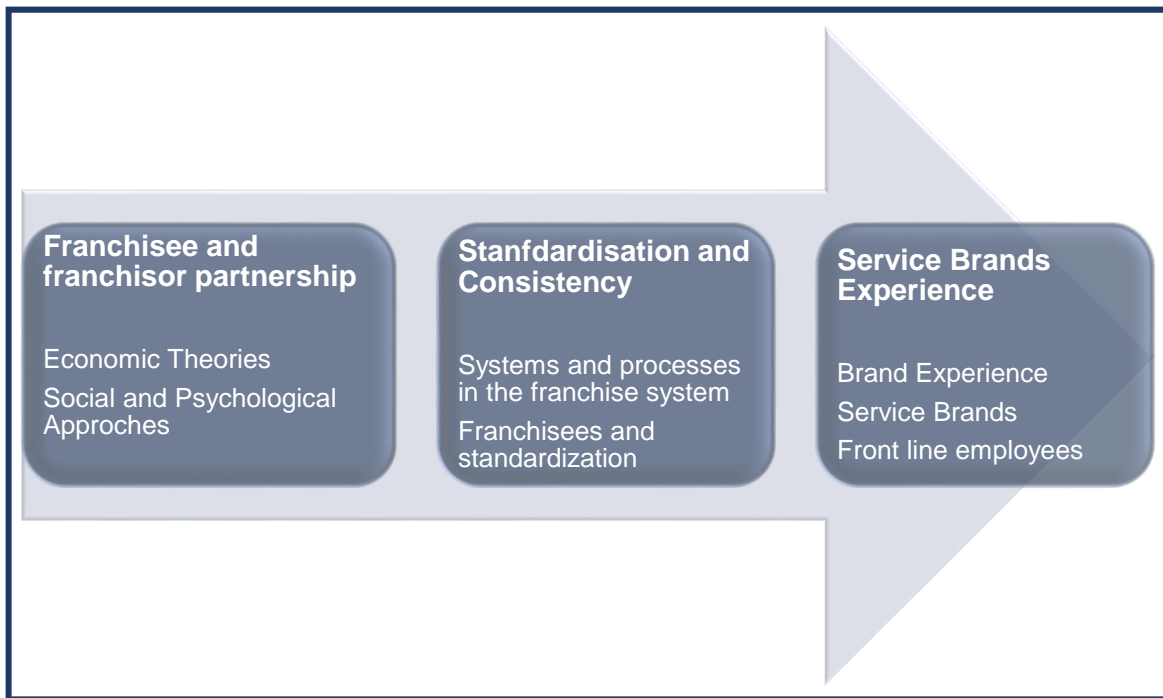
These themes were reviewed according to the literature of previous studies and by means of a theory-based discussion. The literature is inconclusive in terms of understanding what drives consistency and standardization as the cornerstones of the franchise system model. The literature reviewed in these themes provided an understanding of the different perceptions, behaviours and social phenomena in this business environment. This helped with exploring the standardising of the service brand experience in the context of the South African QSR industry, which plays an important role in the service landscape.

2.1   The franchisee and franchisor partnership

There are different approaches to ensure that the franchisees operate according to the franchisor's expectations in terms of standardization and consistency. These approaches are

based on economic theories and the psychological and social approaches which affect and create the relationship between the franchisee and the franchisor.

2.1.1 The economic approach to the franchise partnership

There is considerable research on franchising from an economic approach. Economic theories that dominate the franchise literature include the resource scarcity theory and the agency theory.

The resource scarcity theory describes how firms choose to franchise because of the lack of resources of the franchisor. In the franchise system this theory rationalises the decision of firms (i.e. franchisors) to initiate franchising by using firms i.e. franchisees) as a means of growing and overcoming the three scarce resources of management skills, local market knowledge and financial capital (Brown, 2015). The fact that the capital costs are incurred by the franchisees and that they can also use local knowledge, enables the franchisors to expand quickly (Gillis & Castrogiovanni, 2012).

In this context, the franchisor is using the franchisees as partners in ensuring that they have the right structures, knowledge of the local market, based on their geographical area, holding them accountable through the franchise agreement. This implies that, in ensuring that the brand is consistent and standardized, the franchisor needs to be able to facilitate and encourage compliance, thereby fulfilling the economic reasons for franchising.

The agency theory, on the other hand, is based on one party delegating authority to the other (Barthélemy, 2011). This theory has been relied on to inform the complexity of the relationship between principal (authorising person) and agent (acting on the principal's behalf). The theory works on the basis that the principal delegates work, which needs to be carried out on their behalf, to the agent.

In franchising this process is driven by having franchisees that are profit motivated as agents and should not require a great deal of monitoring , which saves the franchisor monitoring costs and mitigating agency costs (Brown, 2015).

The main concern linked to these theories is the problems that are derived from the two parties, due to the incongruence of their goals. This proves to be where the main problem for the principal manifests – known as the principal agent problem (Brown, 2014). This is where the different mechanisms are induced to ensure that the goals of the firm are achieved. This is motivated by the fact that the franchise system is seen as a model that breeds success when standards are executed precisely and consistently (Winter, Szulanski, & Ringov, 2012).

Additional insights acquired over and above the resource scarcity and agency theory to mitigate the agency costs involved those of different corporate governance mechanisms using

different monitoring and bonding terms, such as *initiation fees, long-term contracts* and *renegotiation provision* (Costello & Costello, 2013). In order for the system to be successful, the alignment of interests and incentives for both parties is proven to drive the coordination and cooperation of franchisees and franchisors (Schlager, Bodderas, Maas, & Cachelin, 2011).

In this study, the implication of these theories is that franchisors need mechanisms that allow them to ensure that franchisees carry out brand service as a competitive advantage, identified as a key differentiator in the QSR industry for growth. Where these theories fall short, is the way in which the delegated work is to be carried out by ensuring that the triangle (company, customers and employees) proposed by Skaalsvik and Olsen (2014) is working across the system. The parties forming the triangle include the franchisees' employees to whom franchisors do not have direct access.

The principles of the agency and the resource scarcity theories can be challenged – to ensure consistency, resources need to be extended from the franchisors' side to monitor franchisees, which conflicts with the economic savings that franchisors were initially meant to realise. In this volatile, uncertain, complex and ambiguous landscape, it is crucial to understand the needs of the business and its environment. If franchisors are going to use economic theories only and depend on monitoring and bonding terms, it will be difficult to stay grounded in the reality of their business environment.

The increase in agency costs have been associated with the fact that there may not be complete harmony between the principal, who is the initiator, and the agent as an executor, due to the franchisee's expectation of independence and autonomy. This motivates the principal's need to extend resources, so as to ensure compliance that may even affect the development of trust between the two parties. To avoid this, driving the relational constructs of power, support, trust and communication have been proven to be essential factors in controlling franchisees. It is important to focus on collaboration and unity as a method of reducing the agency cost as opposed to increasing monitoring costs (Grace, Frazer, & Weaven, 2016).

While the theories listed in Table 2 (agency and resource scarcity studies) have led to greater understanding of the phenomenon of franchising, they have concentrated on the internal views of franchising and the financial footing of the firm. These studies have discounted the external factors influencing the franchisee's choices or decisions (Brown, 2015). When different franchisees are forced to make different choices because of the external factors, free riding and inconsistencies will prevail.

Literature on the resource scarcity and agency theory includes the work/studies of Doherty and Chen (2014), Gillis and Castrogiovanni (2012) and Paswan, D'Souza and Rajamma (2014), with the adapted studies outlined in Table 2 focusing on the franchisors' agency perspective only.

Table 2: Agency and resource scarcity studies

Theoretical focus	Study
Economics based approach	Oxenfeld & Kelly 1969
Resource scarcity perspective: expanding by overcoming the three scarce resources	Carney & Gedajlovic, 1991
Local market knowledge	Minkler, 1992
	Thompson, 1994
Monitoring costs	Shane, 1996
Agency perspective: resolving the agency problem that arises when the goals of the principal conflict with those of the agent in conditions where it is difficult or expensive for the principal to monitor the agent's behaviour	Jesen & Meckling, 1976
	Eistenhardt, 1989
Principal-agent relationship	Fama & Jensen, 1983a, 1983b
Moral hazard	Rubin, 1987
	Klein, 1995
	Shane, 1996
Potential for free riding	Michael, 2000a
Potential for employees to work for their self-interest against the principal	Lafontaine 1992a
Governance	Castello et al., 2013

2.1.2   The social and psychological approach to the franchise partnership

The previous section described some reasons why researchers have become critical about economic theories. It has been argued that these theories have not accounted for the franchisees' creative and problem-solving thinking (Hua & Dalbor, 2013) and that they are

economical, non-social and non-relational. Based on this, there is the potential of franchisees driving their own agenda, as well as moral hazards remaining a challenge (Doherty, Chen, & Alesancer, 2014). This is the case in the franchise systems, because the joint efforts of the franchisor and the franchisee are needed for the business to succeed.

Different approaches can help with understanding the brand experience and how it is achieved through creating memorable experiences for customers. Social and psychological approaches can be used to ensure that the agency costs are reduced, through building relationships. Social and psychological approaches support the notion of relational mechanisms in delivering what has been promised to the customers through the franchisees and employees.

In acknowledging the growth that has been seen in the franchise system, it is believed that the system has become institutionalised. This is particularly evident in the developing countries, where institutions are fairly weak. From the perspective of the holistic dynamics of the relationships between franchisees and franchisors, this definitely contributes to inconsistencies, which further challenges the agency theory (Doherty, Chen, & Alesancer, 2014).

The new markets do not understand franchising as well as the developed markets, which is the reason for finding different types of entries, such as joint ventures or fully owned company stores, which, in turn, influences the role of both the franchisor and franchisee in these markets. Due to the fact that these markets have weak institutions, including the legal system, role perception becomes critical in terms of support, independence, market value and knowledge transfer (Paswan & Cheng, 2013). This influences the definition of a principal and an agent, as, in this case, both parties exert similar levels of efforts for the system to work, therefore challenging the original definition of the principal and agent.

In the vast and rich multidisciplinary literature that attempts to understand the business environment, there has been a strong focus on the franchisor perspective without considering the franchisee and the customer. More recently, literature is considering how this complex relationship can better guarantee franchisees creating value in this partnership. The social-psychological approach is more useful than the economic approach when working with the brand triangle.

Table 3: Social and psychological studies

Theoretical focus	Study
Organizational approach studies	
Organizational learning	Darr et al., 1995
Information asymmetry	Thompson, 1994
	Combs & Ketchen, 1999a
Institutional theory	Scott, 2008
	Combs et al. 2009
Social-psychological approach studies	
Value creation form franchisees	Grunhagen and Dorsch, 2003
Effectiveness	Harmon & Griffiths, 2008
Efficiency	Weaven et al., 2009
Co-creators of service experience	Grace & Weaven, 2011
	Grace et al., 2013
Social alongside economic reasons	Shane & Foo, 1999
	Combs et al., 2009
	Barthelemy, 2011
Mixed motives theory	Croonen, 2010
Power asymmetry	Dant et al., 2011
Dependence	Karlijn et al., 2013
Conflict	Yon Ki et al., 2015
Knowledge transfer	Paswan & Cheng, 2013
	Anthony, 2016

The social and psychological studies listed in Table 3 have helped to form a more balanced approach with social and economic factors contributing complementary insights into how

franchising works, as well as the relationship between the franchisee and the franchisor, which inherently has power imbalances. There have been numerous studies (Grace, Frazer, & Weaven, 2016; Nijmeijer, Fabbricotti, & Huijsman 2014) into the critical determinants that reveal conflict and how substantial and long-lasting it is. Both the franchisor and the franchisee need to put in equal effort to ensure that the business goals are achieved. Little is known, however, regarding which mechanisms are effective or helpful in achieving success.

Nijmeijer and Fabbricotti (2014) developed a framework with these clusters in their study of 126 peer reviewed studies on how interaction between franchisees and franchisors shape success. Not all factors studied have similar effects in different situations; more theoretical research into the interaction between the system elements, actors and the context is required.

2.2   Consistency and standardization

2.2.1   Systems and processes in the franchise system

According to the literature, brand service, the franchise system and service employees have all contributed to the importance of alignment and collaboration between the three actors on the brand promise to ensure competitive advantage and sustainability. It has also been proven that actions and performance must be supported by appropriate organizational systems and process design principles (Skaalsvik & Olsen, 2014).

As characteristics of the franchise model, consistency and standardization fully link to the characteristics of and criteria for the success and survival of service brands, which makes them critical to understand in this study (De Chernatony & Segal-Horn, 2001, 2003; Terry & Huan, 2012).

Standardization should be customised for higher efficiencies, higher productivities and lower costs, which relate to the economical agency theory. This poses a problem for service brands, as they are usually heterogeneous and fundamentally customised. As the hallmark of this business format, the franchisor uses the contractual obligation to guarantee compliance in the carrying out of the organizational standards (Jeon, Dant, & Gleiberman, 2014).

Customers have a different perception of franchise brands compared to non-franchise brands. Service is a core element of the brand and it is important to standardise and unify this. The following points are the reasons why businesses will standardise:

1) Cost minimization for both parties;

2) Consistency of communication across the system for a consistent brand image;

3) Local adaption might reduce the ability of adding value to other franchisees and the ability of the whole system to innovate (Cox & Mason, 2007).

Based on the complex nature of this relationship, the balance between adaptation and standardization, which affects consistency in these systems, has recently received much attention. Empirical evidence has been provided that franchisors do not risk brand core elements

for adaptation to the franchisees; these are always standardized (Pardo-del-Val & Martínez-Fuentes, 2014).

De Chernatony (2003) outlined consistency as one of the things required for the brand service to be successful. It still holds true that service branding issues require a companywide approach and, in this case, the franchisor needs to ensure (through their franchisees) that the approach to the solution, the processes and the execution are consistent across the system.

Literature on the role of the principal and the agent in standardization and consistency reveals huge differences between single unit and multi-unit franchisees. The differences are in regard to why franchisees purchase into the business and tenure in business driving different expectations and goals. The other reason being that they have limited franchisee intangibility resources. In this particular research paper this helps with understanding the needs of the single unit franchisors, their dependence and how it influences the ratings of their strategy and the financial benefits to be derived to help them in successfully executing what is expected by the business (King, Grace, & Weaven, 2013).

Organizations that are less assured of survival need more monitoring, until they reach a point of stability – particularly because they are more inclined to short-sighted imperatives at the expense of the long-run efficiencies (Barthélemy, 2011). The emphasis on legitimacy, as compared to efficiencies, is one of the reasons for franchisees' non-compliance, which affects the consistency and standardization that supports efficiencies and the success of the business model.

In another debate, it has been argued that the holistic approach of transactional, relational, attitudinal and behavioural contributors is what is required to make franchisees brand champions. However, this requires role clarity and franchisees being given some flexibility, so that they feel they are on an equal footing with the franchisor (Evanschitzky et al., 2016). The study is limited in terms of considering that relational variables occur over time and are likely to differ across systems and that the brand service experience is core and needs to be executed as a standard.

Franchisors need to be in control of their system and the processes (particularly intangible ones) that are part of the service experience. There seems to be a need for flexibility, in order to achieve leverage on the resources for local knowledge, innovation and capital. In this situation, the question arises as to how the brand core elements are supposed to be controlled (Gillis & Castrogiovanni, 2012).

In understanding franchisees' consistent execution, value creation and their local market knowledge, Mehic (2014) focused on the moderating role of the franchisor in resource scarcity theory. High levels of control from franchisors on core brand components strengthens the brand intangible resources but negatively affects the intangible local market assets from the franchisees like environmental uncertainties.

Franchisees should be given more flexibility in environments that are highly uncertain to help with the performance of the system, based on the application of their local market knowledge. This emphasises the need for the franchisor to know how the business environment in order to understand how consistency and standardization can be achieved in this context, without affecting execution (Mehic, 2014).

This led to franchisors deploying a governance mechanism of using legal clauses in their contracts with franchisees to ensure that organizational standards are carried out and at the same time for incentivising the franchisees to use their knowledge in the system. This was used to bring a balance to the intangible assets of franchisees and show that their knowledge was important for the system's growth (Gorovaia & Windsperger, 2013), which supports the resource scarcity theory.

Mechanisms and what is most effective will be dependent on the situation. This may mainly be determined by the franchisee's motivation in the partnership with the franchisor, though there is little research on this area from a franchisee perspective.

Cox and Mason (2007) claimed that franchisees enjoy their operational autonomy for their own personal gains. Their study argued that even when flexibility was important to drive innovation, based on their local knowledge and local conditions, it cannot be at the expense of the core components of the brand (Cox & Mason, 2007).

The franchisee autonomy debate supports the idea that the success of the franchise system is driven by resource availability, geographic factors and market conditions that are better known by the franchisees. This has been identified in the tension in the franchisee business format of standardization and uniformity, which has proven to be the major reason for the franchisees' deviation from standards.

2.2.2 Franchisee deviation from standards

Interest in and investigations into the franchisor and franchisee partnership have resulted from the significant growth in the franchise system and the challenges involved in this relationship. The biggest challenge or tension between the two parties stems from the franchisor's goal of achieving uniformity across the system, on the one hand, and the franchisee's desire for the non-standard way of doing things and requiring flexibility (Dada & Watson, 2012; Nijmeijer & Fabbricotti, & Huijsman, 2014). This is mostly driven by franchisees' opportunistic desires for short-term profits. Deviating from standards poses a serious problem for the franchisor, as it misrepresents them and creates ambiguity for customers, which results in damaging the brand image (El Akremi, Mignonac, & Perrigot, 2011).

An understanding of the partnership is of crucial importance, since this relationship impacts on a variety of strategic issues, such as investments and the distribution of wealth. For many franchisees, investments made in this partnership represent a large portion of their wealth and, therefore, they start making decisions that favour their investments – i.e. investments involving low risk and stable returns. This contributes to the conflict and challenges in this partnership, leading to inconsistent execution or standardization (Schlager et al., 2011). This challenge in the franchise system has been proven to be driven by the fact that, in this pressurised competitive landscape, franchisees attempt to control any costs, including those that may affect the customer experience negatively as a way of remaining profitable (Gounaris & Boukis, 2013).

The opportunistic behaviours experienced because of different motivations from franchisees typically lead to strong perceptions of unfairness, which puts the brand at risk, as this endangers the entire system. Disruptive remedies, like litigation coupled with this opportunistic behaviour, will threaten the relationship and lead to tension, hostility and pressure on both parties. Due to the need for consistency in this business, conflict between the two parties is deemed an important issue. This is because, when franchisees feel at a disadvantage because of the franchisors' unfairness, this will affect compliance (Winsor, Manolis, & Kaufmann, 2012).

The heterogeneity, intangibility and perishability of service also causes a complex applicability and results in companies being unmotivated to ensure that service is executed well. In this case, franchisees can be unmotivated to drive this. Boulay (2010) argued that the contract between the two parties can be used as a mechanism to drive execution. In addition, the information systems used to monitor franchisees' compliance increase the agency costs. This study contributes to the argument that economic theory alone is not sufficient to control franchisees.

2.4   Brand service experience literature

There has been an emerging concern among scholars and practitioners that the value perceived by a customer, goes beyond functional attributes and benefits of a service. This has started a new focus on customer behaviour in different spheres. These studies suggest that customers buy experiences and no longer products or purely services (Nysveen et al., 2013). This makes this study important in terms of understanding how this experience is sold and standardized by various franchisees in a franchise system in which the customer's expectation is to have the same brand experience.

Table 4: Brand experience studies

Author	Year	Definitions
Pine & Gilmore	1999	From a business perspective: experiences are events that engage individuals in a personal way" (p. 12)
Robinette et al.	2002	The collection of points at which companies and consumers exchange sensory stimuli, information and emotion (p. 60).
Mossberg	2007	This is founded on the belief that customer experience is a summation of all the clues that contribute by some means to an overall experience.
Gentile	2007	Considers the response of the customer to all encounters with the brand, either direct or indirect. This theory proposes the holistic nature of the encounters.
Verhoef	2009	Customer experience is of a cognitive, social, affective, and physical nature. The often-cited model of customer experience creation suggests that the determinants of the customer experience include the following elements: social environment, service interface, retail atmosphere, and range of products, price, customer experiences in alternative channels and the retail brand.
Brakus et al.	2011	Sensory, intellectual, affective, behavioural dimensions of brand experience
Biedanhoek & Marcell Palmer	2010	Emotions provoked, sensations felt, knowledge gained and skills acquired through active involvement with the firm pre-, during and post-consumption.
Brakus et al.; Igleasis et al.	2011	Sensory, intellectual, affective, behavioural and relational dimensions of brand experience.

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The studies in Table 4 have recognised that a deep understanding is needed when exploring the role of customer experience in businesses. In franchise systems, the customer experience is primarily governed by the contractual agreement between the franchisee and the franchisor. This reiterates the importance of understanding expectations and alignment between the two parties for the success of this business model.

Brand experience has been conceptualised as sensations, feelings, cognitions and behavioural responses conjured by brand related stimuli. This, in return, creates internal consumer responses known as "brand experience" (Brakus et al., 2009).

This fifth dimension contributed by Schmitt (2014) is a phenomenon that drives brand service experience, governing how the franchise system positions itself in the market for competitiveness.

It is very important to note that experience is what customers interpret after a series of encounters. Experience involves a series of co-created experiences taking place repeatedly. This proves to be vital in ensuring that, whether it is from the same outlet or not, the encounters remain standardized and consistent (Zomerdijk & Voss, 2010). Service experience from various perspectives is characterised and defined as a process, outcome and a phenomenon. It is subjective to the actor's response and the interpretation of the element of the service, starting from the purchasing process or use or through imagination (Helkkula, 2011), supporting and advancing the results of De Chernatony and Segal-Horn (2001). This also aligns with the fact that brands that ensure that they have a good service design in place are more inclined to create good customer experience across the system.

In this context, a good service design, as per Calabrese & Corbò (2015), determines business excellence, customer satisfaction and employee engagement. In this methodological study, the findings were that service quality was controlled by ensuring that services were formalised and the solution to the first critical factor hindering implementation of service processes is standardization of business processes and procedures (Calabrese & Corbò, 2015).

Since the exposure to service encounters and the customer's perception of the brand lie in the eyes of the consumer, it has been argued that the following three specific practices are needed for service companies to be successful:

- Cooperation of marketing and operations;
- Control of quality by shared organizational shared values; and
- The need for responsiveness in front line staff by using the three successful criteria for successful brand, which are system focus, consistency and value.

This lays a strong academic foundation for this research (De Chernatony & Segal-Horn, 2003). Linked to this, is the brand theory that stipulates that the brand is created on the basis of three things: the company, customer and the employee (H Skaalsvik & Olsen, 2014)

Figure 3: Knowledge exchange framework
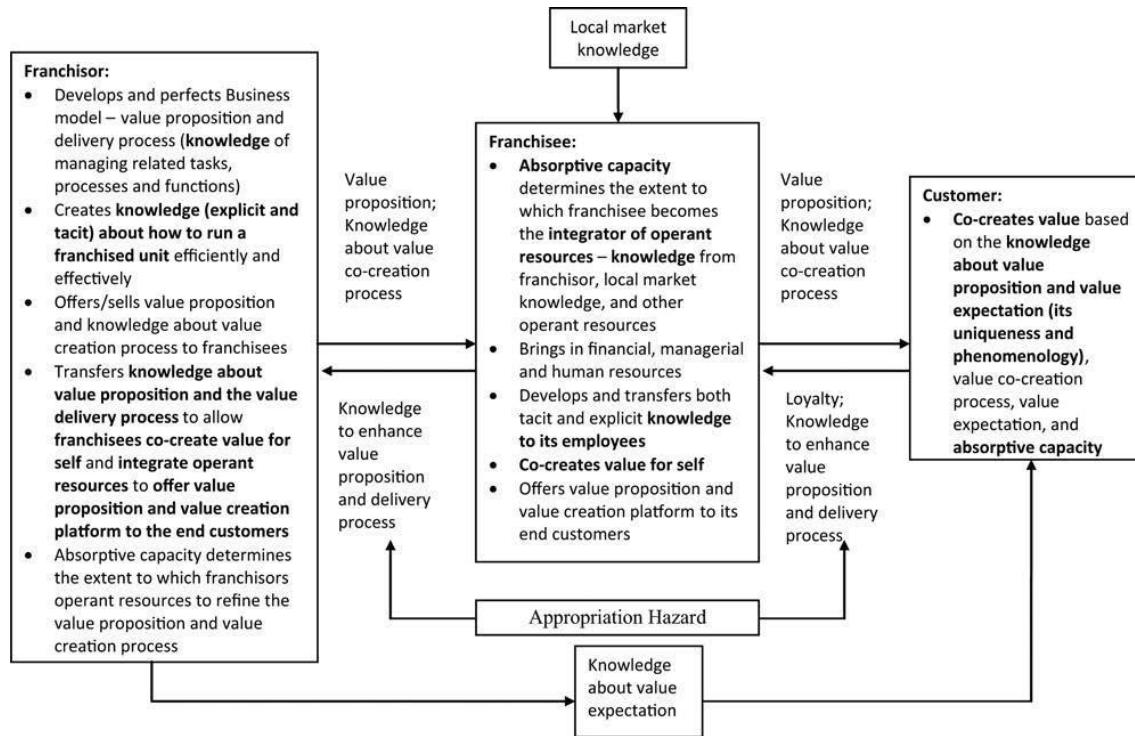
Source: Paswan & D'Souza (2014)

The knowledge exchange framework (see Figure 3) includes three important actors and explains what each actor is expected to do in this relationship. This aligns with the customer experience and service brands literature, which makes it clear that the franchisor is not the only value creator. This process looks at the common pool of knowledge, franchisors with their business model, the franchisee with the human and capital resources and the customer's feedback of the experience (Paswan, D'Souza, & Rajamma, 2014).

Based on the literature, franchising is a marketing channel that is exposed and vulnerable to conflict, and may lead to reduced levels of satisfaction and compliance, affecting the system's goals and standardization. Once this conflict is experienced between the two parties, it persists for years, thereby impacting on the franchisee's perceptions and attitudes. This, in turn, will determine what the franchisee will do with their own interest versus that of the franchisor in the future and how those will affect standardization and consistency, which will ultimately affect the customers (Winsor et al., 2012).

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In the franchise system, the franchisee is the party that needs to ensure that all these practices take place and that their employees deliver a consistent experience to the customers. It is of paramount importance that this environment understands how this is achieved and the controls involved in carrying out both the resource and agency theories. More specifically, if a good service design is in place, it will determine business excellence, customer satisfaction and employee engagement.

The literature supports that the idea that brand service delivery depends solely on the service employees and their understanding of the brand values in order to consistently deliver the brand promise to the customers (Nyadzayo, Matanda, & Ewing, 2015).

A consistency focus approach across all stakeholders is the single most difficult factor in the customer experience of the brand (De Chernatony & Segal-Horn, 2003). These criteria are no different to the research question in the context of the franchise system. Brand service delivery depends on the organization's consistency, service employees and customers, which form the basis of the research objective of understanding how franchise systems standardise their brand service experience.

To form experience in the service context is a direct interaction between providers and customers or any other actors involved in that process. There has been a huge shift from focusing on the production of outcomes but to rather ensure that those outcomes are uniquely experienced and interpreted by the individuals (Helkkula, 2011).

Over the years, brands have seen an opportunity in ensuring that what customers perceived as their brand is different from that of others, leading to a competitive advantage. This has led to brands driving service experience as a differentiator consisting of what customers get and how they get it, which supports Helkkula (2011) threefold typology of service experience (see Table 5).

Although the franchisor (as a principal) can design the customer journey and touchpoints that will make a positive experience, the delivery by the franchisees (as executors) is of outmost importance. This aligns with the organizational and social-psychological approaches for the successful execution of the brand service encounter across the franchise systems. The creation of a differentiated and superior customer experience is considered key in attaining and retaining customers and it is determined between the company, customers and employees (Jaakkola et al., 2015).

Table 5: The three-fold typology of service experience

	Phenomenological	Process-based	Outcome-based
Relates to:	S-D logic and interpretative consumer research.	Service marketing that understands service as a process.	Understanding service experience as part of a casual model in which either the outcomes or the antecedents of the experience are measured or in which experience is posited as a moderating variable.
Scope and context of service experience	A subjective, event-specific and context-specific phenomenon; Simultaneously individual and social; Can be practical or imaginary encounter.	Focuses on architectural elements (phases) and their sequence during the process of service.	Understanding the service experience as one element in a model, linking a number of variables or attributes to outcomes.
Subject of experience	Any relevant actor in the service encounter.	Usually a customer.	Focus on the aggregate data of multiple customers.

Source: Helkkula, 2011.

2.4.1 Service employees in the franchisee business

A chain of indirect, univocal, reciprocal transfers of at least three actors constitutes a service process. In this context, the relationship is between the customer, the franchisee and the service employee as an employee of the franchisor. This is explained by Evanschitzky, Groening and Mittal (2011), who have proven that front line employee satisfaction is a direct result of the franchisee's satisfaction.

The reciprocal transfer between the franchisee and the customer is achieved through the employee's delivery of the service promise. If the employee is not satisfied, the franchisee will experience this through customers not being satisfied. This aligns with Paswan and D'Souza's theory (2014) about knowledge transfer that needs to happen between the franchisor, the franchisee and the customer. During the service process, customers sense employees' behaviour and attitudes, which directly impacts on the customer's perception and service brand experience (De Chernatony & Segal-Horn, 2003).

As ambassadors, employees have parameters that influence job satisfaction and, in return, directly impact the customer experience. These parameters are identified as job descriptions and content, supportive training, conditions, working climate, as well as remuneration (Gounaris & Boukis, 2013). Many organizations, including franchise systems, train franchisees to deliver the brand promise, but they often do not specify *how* they want that done, not understanding or looking at the parameters that influence employee service, as per the previous studies.

There is a great deal of evidence provided by extensive literature that has concerned itself with organizational performance, with most of it concentrating on employee satisfaction from the lens of understanding how it influences customer experience in businesses (Kimpakorn, & Tocquer, 2010; Gounaris & Boukis, 2013; Hwang, Han, & Kim, 2015; DeRose, & Tichy, 2013; Ferdous, & Polonsky, 2014).

The empirical evidence provides different conclusions in terms of employees being affected by different factors and mediators, which influence the way in which they engage customers (i.e. engagement, organizational climate, motivated, empowerment and trust between them and their employers). For service employees to deliver the brand promise, the firms must engage them by means of social, psychological and emotional elements (Kimpakorn, & Tocquer, 2010).

Considering the broad spectrum of the relational dimension of the brand experience, where the relevant interactions with customers are gradually happening outside the company's involvement, organizations promoting a 'people first'' attitude are likely to be at the forefront. Satisfaction levels between the franchisee, the employees and the customer are reciprocal. Research has shown that franchisee satisfaction is translated into how service employees satisfy customers. Customers can be satisfied without the direct involvement of the franchisee (Evanschitzky et al., 2011).

Customer satisfaction is stronger when employees are satisfied. This emphasises the need for this study to explore how franchisors consider the frontline employees in the service triangle, considering that employees are affected by the satisfaction of their franchisees.

For brands to improve their market position, they need to enable the environment to have the allow the service employees to understand the unique values of the brand, that they are well trained with a system that is designed to help them effectively communicate this to customers. This is why it makes it important for the franchisor to be exposed to the employee perception of the brand to deliver a consistent brand service experience (Ferdous & Polonsky, 2014).

2.5   Conclusion

A franchise model has proven to be particularly successful when compared to other business alternatives. It is a system that requires the collaboration of both the franchisor as a principle and the franchisee as an agent. What has been learnt over the years is that this relationship can be governed using different mechanisms. In the early years of franchised businesses, formal contractual obligations were paramount and these were governed by economic theories. In more recent years social and psychological approaches have come to play a bigger role. The studies reviewed in this chapter have proven that there is still a place for the economic approach in this business, but that it is not the only mechanism that can be used to control and coordinate franchisees. The success of this partnership depends on the franchisee achieving what has originally been asked of them. King, Grace and Weaven (2013) identified compliance as an outcome of commitment, motivation and the cognitive process. Multiple factors drive success in the relationship and a variety of mechanisms can support this.

Based on the evidence in existing literature, the roles of the franchisee and franchisor in ensuring that the customer is pleased are intertwined. There is empirical evidence that the franchisor and the franchisee relationship, as in B2B firms, is a form of relational exchange. The nature of their relationship will drive the degree of service customization and brand promise deliverance (Lee et al., 2015). The literature reviewed has helped in understanding the need for consistency and congruency for service brands further pointing to standardization. Again further understanding how service brands in the franchise systems can achieve this.

It is important that each party in the franchise relationship knows what constitute success and is capable of executing and achieving aligned goals in a standardized and consistent manner (Winter et al., 2012). This will help in building a strong differentiated strategy that the brand knows will be accepted and executed by franchisees.

The key themes that emerged from the literature in ensuring the success of the service brands appear to depend on the following:

1) Unlimited and ongoing focus on the collaboration and relationship of the parties involved. Alignment regarding what needs to be achieved for standardized execution. Parties involved are the franchisor and the franchisees. This alignment is dependent on the different mechanisms to be used in maximising future gains in this partnership

2) The control and quality of systems and processes for consistency is required in driving coordination. The franchisee as a principal in this relationship needs to share standards and knowledge with the franchisee. As part of the benefits and reasons for franchising, the franchisee also shares local knowledge to safeguard relevance of the brand to the trading

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context. This process is important for assuring the franchise system of the uniformity required by customers. Chain stores have to be consistent in performance, which can be supported by standardization (Young et al., 2007). Adaptability and flexibility need to be carefully considered. Once franchisees are allowed to deploy their intangible resources, which is equally important for the brands to succeed, then inconsistencies prevail. The intangible assets need to be shared and transferred between the franchisee and the franchisor. The business needs to adapt some of the systems according to the environment it operates in. In some instances, this translates to brands deciding which core elements of the system are not open to adaption. According to this study, service experience is core in the franchise system and, with customers visiting various units of the chain, consistency breeds familiarity in terms of the overall offering. This creates a challenge for the service brands in this business model.

3) To achieve the first two criteria for achieving consistency, organizations need to ensure that common values are shared for brand identity. Current franchise literature provides a narrow perspective around the reciprocal relationship between the franchisor, franchisee and the service employee for consistent brand experience, hence the need for this research. While De Chernatony (2003) has indicated the importance of the service employees as one of the characteristics of service brand experience, little empirical research has explored their role of service employees in this context.

To grow and strengthen service brands, behavioural responses from customers stimulated by the franchisor tangible brand touchpoints can be metaphorically seen as the tip of the iceberg constituting 15% of the brand. The remaining 85% consists of what De Chernatony (2001) refers to as culture, competencies, personality and positioning strategies. In the franchise system, the franchisee is responsible for this.

This study aims to explore the way in which the 85% of the iceberg that is beneath the surface, and vital in driving differentiation for the franchise systems, is achieved through franchisees. The complexity of the franchisees and the franchisor as legal independent businesses, challenges the characteristic and criteria of successful service brands. This research is important in exploring these aspects in a particular context.

CHAPTER 3: RESEARCH QUESTION

While franchising is a well-known business model, the solutions to the tensions that exist between the franchisor and the franchisee are less known. The major source of conflict between these two parties is how they benefit and how they are compensated and incentivised in this partnership (Brown, 2014).

There is little understanding of how franchisors effectively grow a business from a service brand perspective in a systematic standardized manner using their franchisees. The following specific research questions attempt to explore this:

Question 1: *What are the drivers of success in a franchise system?*

All parties are profit driven and in the business of making money. It is important to consider how the franchisees measure their business success, where their focus is in the business and whether they see this aligned with the franchisors' success measures for business growth. Quality control of the systems and processes needs to be considered and the relative importance of these for franchisees in terms of growing and sustaining their businesses.

Question 2: *What are the franchisee's expectations of the franchisor?*

This question will explore the extent to which the franchisee's expectations of the franchisor are met. It will further explore the perceived relationship using various literature and control modes. Finally, the question considers how important the relational factors are to the franchisee and how they affect the quality of the relationship between the franchisee and the franchisor thus affecting consistency and standardization in the system.

Question 3: *What are the franchisees' needs in delivering standardized and consistent brand service experience?*

In achieving the franchise system's promise to the customers, this question considers the specific needs of the franchisees which will ensure success in the co-creation and execution of the brand service experience repeatedly. The importance of shared value in the reciprocal relationship between the franchisee and their employees in this system is also considered. Finally, the question explores knowledge sharing which affects the competency and attitude between the two parties and ultimately affects the customer.

Overall, this study investigates the complexity of the franchise system in the way that standards need to be achieved consistently for customers to be satisfied. The franchisees' perception of the way in which the franchisor achieves this is critical to ensure sustainable achievement of the business strategies for differentiation in the market.

This research aims to contribute to ensuring that the brand executors are on the same footing as the franchisor, even though the relationship does not favour them from a contractual and agent point of view. A conceptual framework (see Figure 4) has been developed from the literature review to ensure that all the constructs and tenets of this relationship in relation to the brand service experience are explored for insights and findings that will add value to the academic literature and future research.

Based on the literature service focus, consistency and values need to be shared by both the franchisees and the franchisor for the success of the brand (De Chernatony & Segal-Horn, 2003). The franchisees' employees need to be in agreement too, based on the fact that when the franchisee is satisfied and has bought into these, employees will automatically buy into them as well (Skaalsvik & Olsen, 2014). Through the service employees this will be translated to the customers as the active actor in co-creating the customer experience, building a relationship with the brand, satisfying their expectations through repeated positive experiences.

Figure 4: Conceptual model of consistency and standardization in the franchise model

Service Brands in the Franchise System

Intangible Resources

Franchisor

Franchisee

SERVICE BRAND

Intangible Resources

Service Focus
Consistency
Shared Values

Employees

Customers

Consistency and standardization
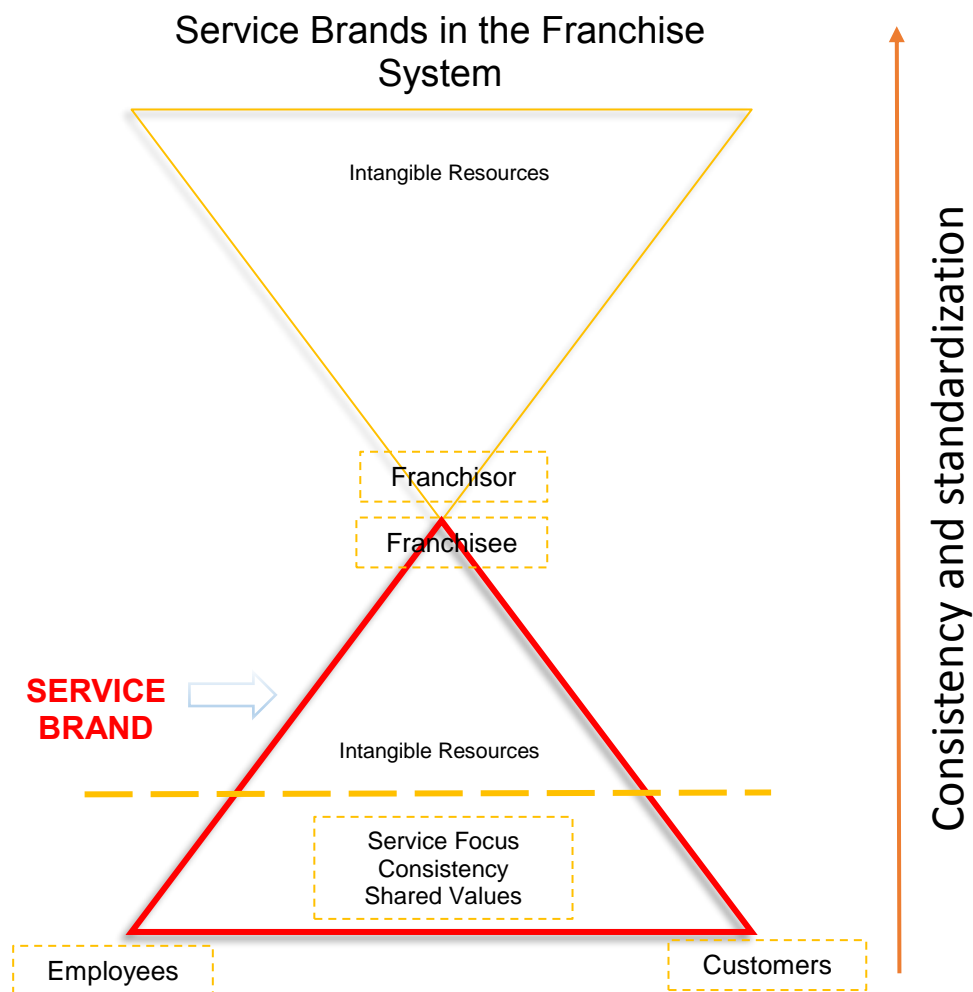
Considering franchisees in the QSR industry, several elements were identified in this partnership to drive the success of service brands in this model. The conceptual model (Figure 4) is based on the literature and begins with the franchisor providing its intangible resources (brand, standards and procedures) to the franchisee for a fee. The franchisee is expected to uphold the consistency of systems and processes of the brand through its intangible resources. This partnership also requires them to achieve and maintain the requirements of service brands. Most importantly a relationship with employees and customers because the brand is made up of the company, employees and the customer.

CHAPTER 4: RESEARCH METHODOLOGY

In this section, the researcher outlines the techniques used to explore the research objectives in order to understand how franchisors can drive brand service standardization and consistency through their franchisees. Based on the nature of the research problem, this section describes the research philosophy that informed the methodology. It identifies the population, the sampling method, as well as the unit of analysis. The researcher describes how data was collected and validated for reliability. In conclusion, the chapter considers possible research limitations.

4.1 Research design

In order to understand the role that franchisees play in standardising and driving consistency of the brand service experience, an exploratory research strategy was used. The choice of the research design was guided by one of four major philosophical worldviews: post-positivism, constructivism, advocacy and pragmatism. To explore the research questions, the researcher required an understanding of participants' views, interactions and life settings; thus a social constructivist view was deployed (Creswell, 2014).

Based on the importance of understanding the meaning that franchisees assign to the process – which involves feelings, behaviours, beliefs, values and assumptions – the most appropriate method of research was qualitative. Interpretative methods were used to diagnose situations, screen alternatives and to discover new ideas (Jankowicz, 2005).

A method was needed, not to survey, but to place the researcher in a particular social context to understand how people create and maintain their social realities. The qualitative goal was to understand the meaning of other people's worldviews and to make sense of the subject matter at hand (Denzin & Lincoln, 2011). Qualitative methods were used to explore how standardization and consistency of brand service can be achieved in the franchise system.

The research process was deductive, which allowed for the discovery of interrelationships and patterns, to understand franchisees' context and frame of reference (Saunders & Lewis, 2012). This implied the researcher being open to subjectivity and ambiguity in observing behaviours that were interpreted differently by different actors in the study. This helped in gaining insight into the set of questions toward achieving a standardized and consistent brand service experience (Saunders & Lewis, 2012; Skaalsvik & Olsen, 2014).

In considering this philosophical view, the resources and the research period, the study was cross sectional in nature. This was influenced by the collection of data at a specific point in time (Saunders & Lewis, 2012).

4.2   Population

The research population was franchisees with a contractual partnership with franchisors. A sample of this population was drawn from a QSR organization in Gauteng. This organization was chosen as it was representative and relatively dominant in this industry. Franchisees were from the same franchise system in order to exclude other business concerns which may have complicated the research.

4.2.1 Unit of analysis

The unit of analysis for the standardization and consistency of the brand service experience was the franchisee community.

4.2.2 Sampling frame

The research population consisted of franchisees with a contractual partnership with franchisors. The researcher drew a sample of franchisees from a QSR organization in Gauteng. Eighty percent of the population in the QSR organization was selected for the sample. This area is dominant in this industry and is representative of the franchise model. This sample was purposive because they were the only franchisees of this specific brand in Gauteng. Below is the table with arbitrary definitions used for this study.

Table 6: Population Definitions

Franchisor tenure	Old	More than 5 years in the system
	New	Less than 5 years in the system
Store size	Big	20 or more stores
	Medium	Between 10 to 20 stores
	Small	10 or less stores
Type of store	Township	50% Drive Thru and 50% counter service stores
	Urban	60-70% Drive Thru and 30% front counter service
	Mall / CBD	No Drive Thu

4.2.3 Type of sampling and reason for choice

Qualitative research involves understanding a particular phenomenon. A sample of 12 franchisees was chosen to help explore the questions outlined in the previous chapter.

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Purposive sampling was used with a non-probability method as the population and a sampling frame of franchisees occurred in a particular geographical area (Jankowicz, 2005).

4.5 Survey instrument

The data collection method, based on the non-numeric nature of the research, was the interview and information was collected via a set of questions about behaviour and attitudes. This was achieved by means of face-to-face, semi-structured interviews in which individuals were encouraged to talk openly about the research topic.

The semi-structured interview, which involves participants being allowed to respond to questions openly and with little direction from the interviewer, is recognised as a key method of data collection for qualitative research. It allows for the exhaustive exploration of the nature of relationships, detailed descriptions of events, interactions between people and situations. It also allows the interviewer to explore answers in detail.

To guide interviewees to re-visit past experiences as a franchisee, an interview guide was used, with the main topics as the three research questions. A matrix of questions helped with probing and gathering information. These were developed from the themes that were derived from the literature.

Due to the nature of the subject, trust and affinity had to be developed. Thus, the following guidelines, as outlined by Saunders and Lewis (2012), were followed:

- Interviewees were allowed to choose a convenient location;
- The researcher was cognisant of body language and used listening skills;
- An interview guide was developed – see Appendix A;
- A consent form in supporting the ethical responsibility and accountability as a researcher was used – see Appendix B;
- Data was recorded during the interview, with notes taken to ensure that the main points were not missed and to allow for interpretation, coding and editing; and
- The recorded interviews were transcribed at a later stage.

4.6 Data collection

Participant invitations were distributed by means of e-mail and telephonically. The invitations included the consent form, with a foreword providing context of the research, information on the interview and proposed dates.

In order to collect and access data for this exploratory study, face-to-face interviews were conducted with interviewees, who were franchisees from a multinational brand in the Gauteng Province. A total of 12 interviews were conducted in two phases. Interviewing both single and multi-unit franchisees, old (more than eight years) and new (less than two years) made it possible to explore the research questions in depth. With the franchisees' permission, the interviews were recorded and later transcribed.

4.7   Pilot studies

The first phase was a pilot study, which was conducted to identify any issues that might arise with the data collection methods. The pilot study played an important role in terms of determining:

- If the chosen research method was correct (relevant);
- If correct wording had been used in the interview guide;
- The estimated time needed to conduct interviews; and
- The constructs from the flow, themes and patterns of particular behaviour as related to the research (Collis & Hussey, 2013).

The pilot study was completed with two franchisee groups in Gauteng, which were also part of the population and results analysis. Based on the pilot outcomes, the interview questions were simplified and the time allocated for the interview was adjusted (by pacing the questioning).

4.8   Data analysis

In constructivist approaches, content analysis is regarded as a core activity in data analysis and it has been widely used in recent years. There are three content analysis approaches:

- Direct content analysis, which is built on supporting or extending an existing theory; coding is done before and during data analysis;
- Summative analysis that is based on concentrating and discovering underlying meanings of specific words; and
- Conventional nature analysis, which is used to understand a phenomenon, behaviours and emotional reactions (Hsieh & Shannon, 2005).

The direct content analysis approach was used for this study: names of categories were derived directly from the flow of data and were not preconceived. The researcher gained a deeper understanding of this topic through data analysis in a form of verbal descriptions and explanations (Hsieh & Shannon, 2005). As qualitative research is not linear, the researcher

moved between the design and implementation stages to ensure that there was congruency between data collection strategies and questions that needed to be answered and analysed.

As data was collected, initial insights were followed and several necessary changes were made to ensure that the study do not reach a saturation point prematurely. The valuable insights from the transcripts were analysed by using the Atlas.ti 6.2 software, a computer aided qualitative data analysis programme. For meaningful results, the researcher ensured that the transcripts were analysed in a methodological manner. Firstly, words were coded thematically. Secondly, they were grouped into different families that formed themes, which will be discussed in the results section.

4.9   Ethical clearance

The researcher has an ethical obligation to protect the organization where the research was conducted. For this qualitative research, the researcher maintained a level of sensitivity regarding personal information and assured participants of confidentiality. The participants were given clear a description of the research objectives and scope by means of an informed consent letter (see Appendix B) (Jankowicz, 2005).

Confidentiality and anonymity have been respected and no individuals are named. If there were indications that the certain conclusions might put a respondent at a disadvantage, the researcher drew attention to this during the interview and reported as honestly as possible. These ethical principles, practices and expectations, based on the ethical clearance code, were applied throughout the research process.

4.10   Data validity and reliability

Data reliability refers to the extent to which the data collection and analysis methods produce the same or consistent findings, if the analysis were to be repeated (Saunders & Lewis, 2012). The validity of the research design and data collection is an important factor that determines the quality of the data. The researcher followed a thorough and critical process to ensure that the credibility of the research findings and conclusions (Saunders & Lewis, 2012).

Due to the non-numeric nature and the lack of hard numbers, reliability has been become a great concern in qualitative research over the years. To ensure that the research did not lose its reliability, considerable attention was paid to the validity and reliability of the methods. This was to ensure that the methods accurately measured what they were supposed to, that the findings were not threatened and that consistent results were produced (Morse et al., 2002).

Strategies that were used to ensure data validity involved member checks when coding and constant consultation with experts in qualitative research. This eliminated bias and ensured that important subjects were not lost in the research process. Verification methods helped with ensure that the research process was continuously modified, to achieve reliability and validity of the analysed data.

For reliability, the following verification strategies were deployed in the research design (Morse et al., 2002):

- Congruency between questions and the components of the method using the consistency matrix;
- Standardization of the interview guide;
- Sampling sufficiency: ensuring saturation of categories, the researcher interviewed 12 participants, which was an operative sampling number; and
- There was a clear relationship between data collection, sampling and analysis, because the pacing of data and analysis is the core of the validity and reliability of information.

For validity and reliability, the lenses provided by Creswell (2014) were applied where necessary. The interviews were recorded and sent through to the transcribers. When the interviews were returned, the researcher checked for accuracy. The interviews that were inaudible were checked and edited, based on the conversation.

4.11   Research limitations

Various limitations to the research have been identified below:

- In the cross-sectional studies of social behaviours, it becomes difficult to explain the system and process changes that one wishes to explore and it may be better to do this over a longer period;
- The sample involved Gauteng franchisees – there may be regional influences;
- Data was self-collected and reported; and
- The researcher works in the same industry thus there may be bias.

CHAPTER 5: RESULTS

5.1   Introduction

This chapter reports on the experiences, perceptions and beliefs of the franchisees. These experiences gave insights into how consistency and standardization of service brands play out in the franchise system. Themes drawn from the literature review, using direct content analysis, were used to structure the collection of information around the three research questions, as indicated in Chapter 3. The questions are listed below for ease of reference.

- **Research Question 1**: What are the success drivers in a franchise system?

- **Research Question 2**: What are the franchisees' expectations of the franchisor?

- **Research Question 3**: What are the franchisees' needs in delivering standardized and consistent brand service experience?

5.2   Data collection

Using the semi-structured interview methodology, the researcher interviewed 12 respondents over a period of a month. The first two interviews were pilots which gave the researcher an opportunity to amend the interview guide. The interview guide was then used in all subsequent interviews.

5.3   Interviews

Information gathered from the interviews gave context and understanding of the respondents. Respondents have been given alternate names to remain anonymous. The respondents were from different size businesses with a difference in tenure. Table 7 outlines these differences and contains a summary of the respondents.

Table 7: Table of interviews

Interview	Tenure as a franchise	Old/New	Small/Big	Allocated Name	Number of stores
1	40	Old	Big	Jenni	50
2	9	Old	Big	John	52
3	35	Old	Big	Paul	38
10	7 months	New	Big	Thabo	26
4	10	Old	Medium	Lebo	12
6	7	Old	Medium	Sammy	10
5	5	New	Medium	Abram	9
12	5	New	Medium	Mahlodi	8
7	2	New	Small	Sebo	3
8	3	New	Small	Patrick	3
11	40	Old	Small	Glen	5
9	4	New	Small	Ahmed	4

The conceptual framework that was developed in Chapter 3 was used to develop the codes and themes for analysis.

In coding the results, Atlas.ti software was used, according to the data analysis process outlined in Chapter 4. The themes were drawn from the literature, data was coded and then grouped into families. The families were used to report on the results and are presented at the beginning of each research question in this chapter.

Saturation point was reached after the eighth interview, but all twelve planned interviews were used for validity and to ensure that the results were saturated.

Table 8 illustrates the average time spent per interview: a total of 747 minutes, with an average of 62 minutes per interview. A total of 112 104 words, with an average of 9 342 per interview were recorded and transcribed for analysis.

Table 8: Interview duration and word count

Interview	Name	Number of stores	Length (min)	Word count
1	Jenni	50	59:51	7 989
2	John	52	55:46	7 953
3	Paul	38	83:12	11 843
10	Thabo	26	60:02	9 500
4	Lebo	12	42:77	7 812
6	Sammy	10	60:04	9 707
5	Abram	9	60:12	9 794
12	Mahlodi	8	49:15	7 915
7	Sebo	3	51:43	8 246
8	Patrick	3	80:20	12 487
11	Glen	5	70:30	13 786
9	Ahmed	4	75:18	12 987
Total			**747:30 min**	**112 104 words**
Average			**62.27 min**	**9 342 words**

5.4 Coding for Research Question 1

In this chapter results for the themes which emerged in Chapter 2 as criteria and characteristics for successful service brands will be presented based on the research questions as follows:

1. System focus through the cooperation of the franchisee and franchisor
   - Alignment as a driver for success
   - System and processes as a requirement for successes

2. Consistency of the control of quality measures
   - Operational support expected by franchisees
   - Franchisees' expectations of effective relations

3. Organizational shared values which drive the consistency of service experience
   - Shared values in driving consistency
   - Franchisor focus and involvement in standardized and consistent brand service experience

What are the drivers of success in the franchise business?

The results presented for this question helped to gain insight into how the franchisees measured their business success and how they were aligned with the franchisor on these measures. The aim was to understand the system focus on collaboration and coordination for success and explore how that was to be achieved.

5.4.1 Alignment as a driver for success

Table 9: Research Question 1 Key codes

Key Codes
Equity
Return on investment
Competitive advantage
Relevance
Growth

This question also looked at how the level of alignment was achieved in the whole system. Exploring the franchisees' context and experiences, determining why they were in the franchise business and how they measured their success helped with identifying their intentions and drive. Despite the difference in tenure and number of stores, the respondents were all generally looking at success factors through the same lens.

It was evident that there needs to be passion and love for the brand for maximum engagement and commitment, which was the dominant reason why the franchisees were partners in the business. Compared with their competitors, they knew they had a very strong brand equity.

> *Well, firstly brand equity: what sits in the brand? No one's been able to come close to duplicating it. You know, you've got different competitors that are very similar. We just got a recipe that no one can come close to. (Sammy)*

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We have such a strong brand that our customers love us, I think when other brands get it wrong, customers do not understand, but when we get it wrong, we are forgiven; they come back. (John)

So the point was it is a very easy way of growing a business quickly. If we had to look at doing something ourselves, it definitely wouldn't have been the restaurant business. It's a very easy place. You can make few mistakes, you've got a strong brand and it's purely for the systems and the brand equity as well. (Glen)

All participants mentioned that the brand has been in existence for such a long time and that it has proven its strength and sustainability in the industry; hence they believed in it and loved it and in addition, it was easy to finance.

Right now, the banks love our brand. They completely understand the business, you're not going to them with a new concept, so it's very easy to finance. (Patrick)

So, success from a business perspective would be on your return on investment. So there's a number of measures; I mean you can talk of GPs, you can talk of all of those fancy measures. At the end of the day, it's basically return on investments. (Ahmed)

Franchising is on making money: the big thing is money, bottom-line. So, you have got to look very carefully at the model and what model works. And, what models got branding and what models got, you know, stature. That's what it really is. (Abram)

Five franchisees, in considering the importance of customers to grow their businesses and make the brand strong, building its equity, spoke about listening to the customer's voice though their Guest Experience Survey, a tool used to get real time customer feedback. Their measure of success was an increase in the number of customers.

All franchisees agreed that the brand was built on its product; that is what all believed and trusted, which made it easy for the brand to remain consistent. They were clear that they had a product that stood the test of time and that was not replicable. They were convinced that that was the reason why customers keep returning and they used product consistency as a measure of how they were doing. Keeping the product compelling was seen as a competitive advantage.

Externally, people know and trust our product; so they know what to expect when they walk into our stores and they trust us. So, if you get to a strange place where you've never been, you know that, if you go in there, that's what you will get. (Lebo)

Our product. Our product is superb. Our operations are superb. Our product development, distribution and quality assurance. No one comes close. (Paul)

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In this highly competitive landscape influenced by unfavourable macro-economic factors, value for money, coupled with the accessibility of the stores for customer's convenience, are contributing factors for the growth in market share. Relevance in the South African market was also mentioned as an important factor.

> *A couple of reasons: value for money and so that is what makes us successful. I also think the number of outlets and internationally strong brand. Its good food, affordable food, but I think particularly chicken. I think it would be very different if we were selling fish or selling something else or selling burgers; beef burger you know. Chicken is what South Africans love. (Thabo)*

Because it is the product that puts the brand at the forefront, innovation becomes very important. Most respondents noted that despite the great product, there is a strong drive to keep innovative, as they need to move with the times and continue enticing customers through product innovation. They were aware of the risk involved in innovation and of things that could go wrong.

> *We have got to be innovative and, you see, we have been you know, we've never had breakfast; we've never had burgers and other products. We've never had delivery; so we've got to keep innovating. We've got to realise that in 40 years' time, our market is going to be people who aren't born yet or are five years old today. Now what are they going to want? So you've got to remain relevant, but I think we have done that. (Sammy)*

> *Well I think, I'm very impressed with menu innovation, new product innovation. Not all of them have been successful. (Paul)*

Some franchisees believed that, to be more competitive and in tune with the environmental needs and market relevance, local knowledge resources need to be used. They stressed that having a big workforce throughout the country puts them at an advantage and that they should leverage that to help with innovation, in that they know and understand customer preferences better.

> *Well, I think we can use our team members' knowledge better. When I want to do local store marketing, I'd rather send a message to my guys and say, "What about this promo? What do you think? Will it work?". And get their feedback, because when you start telling people "Do this! Do that! Do that! Mostly, there is no and it ends up unsuccessful without even knowing why. (Jenni)*

Growth and the brand representation in the country were seen by the franchisees as a competitive advantage because that has worked for them over the years.

Return on investment, driven by growth in the number of units, is a key determinant for success. To achieve this, the franchisor needs to ensure that franchisees keep on investing to ensure scalability and then use this as a defence strategy to create a high barrier of entry dominating the market.

Franchisors need to ensure that the brand promise is achieved in all the touchpoints of the brand to ensure consistent customer experience for the sustainability and equity of their brand. These seemed to align with how the franchisees measured the success of their businesses. To enable effective execution, there must be a strong alignment between the franchisee and the franchisor.

> *So, they worry about sales, we worry about profits and that is the biggest gap.*
>
> *(Sammy)*
>
> *I think there are gaps in a lot of operational procedures, and it's not just in one; its putting the whole picture together, it's easy to talk about a lot of the things we need to do, how to clean the floors, all those things are easy, but to coordinate them. That's where you fall short. That is the difficult part and I think we might be unique, but there is a lot of people who want to do it their own way. I believe we need some places a bit more standardization or a just bit more of the best practices. (Paul)*

Table 10: Research Question 1b Key Codes

Key Codes
Company owned stores
Size of the franchisee
Goals and values

The degree of alignment was a concern for the majority of the franchisees. They questioned whether the measures and indicators were the right ones and the intentionality of the franchisor in their implementation methods. Business measures were used as a form of diagnostic tool for understanding what affects the business. The information was used for business improvement, rather than for 'catching them out'. The biggest concern was linked to the amount of administration, the tick-the-box exercises that involved no learning from results.

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The degree of alignment was mostly driven by being closer to the franchisee and understanding their businesses better which seemed to be the problem.

> *I don't think our alignment is great, because I think the franchisor and the level at which I engage with them is not sufficient. I'm talking on the operations side. I think those people feel intimidated dealing with people like me, because I ask questions. (Abram)*

> *The use of the tools are prescribed. You have to use them and ensure you have them visible and understood by everyone in the restaurant, but what happens is every franchisee will use them according to their challenges? (Thabo)*

> *When you're involved in this brand as a franchisee, there are so many things I think you sort of forget some frameworks and you forget these stuff that the franchisor want from you. Perhaps, maybe the people at head office think of these frameworks and put things in place tell us to jump and we tell them we've jumped to get them off our backs. (Patrick)*

There were different views on the way things were done and the alignment with the franchisor. Implementation and importance were different for each franchisee.

> *I think we quite reasonably aligned, we actually a lot more aligned … our franchisor just started drawing their own stores a couple of years ago after they bought out their last franchisee, and since then we've been more aligned, they don't sit in their ivory tower and make judgement calls, jump to conclusions now they have got their own stores and a lot of the things we've been saying to them they can see them themselves so I think the alignment now is a lot closer. (Jenni)*

> *I think inconsistency is not because of what the brand necessarily offers us from a franchisor point of view, I think it's how it's implemented from a franchisee point of view in their own businesses. (Sammy)*

> *We came in and we were thrown in the deep end. And, they ended up being consumed by costs. Cost of sales, whatever pay in terms of driving the business; this is my opinion. If the new guys can be properly inducted in, I know people have to come and work in the store and understand but over and above that, there is another element that needs to be done, over and above working in the store. (Sebo)*

> *Then the franchisor bought their own stores, the equity stores. They had to go on this massive learning curve and I don't believe that it's being good to make your business not separated, because I think the lines between franchisor and running stores got a bit blurred and I think it wasn't good for them nor for the franchisees in*

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a sense, because you would have someone come in and say well, that would be a great thing for us. (Jenni)

That was a huge turning point when the franchisor bought those stores I think it opened the eyes to 'okay I think this isn't as easy to make money as we were thinking' and they started being results drivers. (Glen)

As much as there are mixed sentiments about the company owned stores, they also created a problem around their self-interest versus the franchisees, especially around great sites for growth.

We've grown fairly quick. But where I find, and I have to be honest, it really kicked in, the game really changed when the franchisor bought their own stores; the development team was split right down the middle. (Paul)

So my problem is, the franchisor have got the advantage of sitting in the investment committee and they get to know about the sites that are being presented, if they know that but this franchise is not expandable or this franchise has got financial problems, why don't they give this site to one of the franchisees and for their own equity business. (Lebo)

The company cherry picked all the nice sites. (Jenni)

As much as growth is one of the success measures for the franchisees, misalignment appeared to be how the franchisor went about driving this growth. New franchisees and small franchisees noted that the power of big franchisees affected how the decisions were taken in the brand, ultimately affecting how the franchising system did things. Franchisees saw growth as the most important to the franchisor and were of the opinion that it drives wrong behaviours in franchisees.

Many people appeared to become "bigger than the brand":

So a lot of people became bigger than the brand, because they know what opening stores is more important. They would do anything to maintain profitability and not necessarily brand equity. Rather than protecting the brand and making sure that you have a system that is consistent (Abram)

I think, if you're a bigger franchisee, you might get the leverage to maybe make a little more important decisions, maybe they will take you a little more seriously if you object to things. (Ahmed)

You can see the operation guys are there for your best interests, now the development guys you don't feel that, because it's about store units, how many of

them always asking you how many stores you've opened. Right, so when are you opening your other store. How many of them have asked you, after you open up the store, "How's the store trading? Is it doing well?" (Ahmed)

Smaller franchisees are in a completely different financial position to the big franchisees. Where franchisees were still in the growth phase, they did not think that the brand really understood their challenges from a financial and knowledge perspective.

It's very challenging. The playing fields are not the same. (Sammy)

But I think franchisees that have been in the system longer and larger franchisees seem to have a bigger voice and seem to be listened to more ... I consider myself a new franchisee in relative terms. (Sebo)

They're not listening to the little guy or they're not always listening to everything, they're just, it's this big train that's going and it hasn't got time to stop and pick up passengers. (Patrick)

This was not experienced by small franchisees only: even big franchisees were noticing it, which aggravated the misalignment with the franchisor, who was introducing new partners who were finding it difficult to grow.

I think we are getting to the point now where there's little space for smaller franchisees, this model works when you've got scale, when you've got capacity in your resources, that's where the risk is. (John)

You can't have poor standards because someone's taken leave which you will get in a small business. They can't afford to have all these structures. So with that in mind, will the franchisor ever be resourced to look after the little three to six? No I don't think they are. I don't think they want to be. (Jenni)

5.4.2   System and processes as a requirement for success
Table 11: Research Question 1b Key Codes

Key Codes
Measurement tools
Consistency in measurements
Belief in the systems
Adaption of tools
Flexibility of standards

Various measures were in place to define success. Common throughout the interviews were the systems, tools and processes that were provided by the franchisor. The general sentiments were that there were too many tick-the-box exercises and, in many instances, the franchisor did not even use these consistently. Of all the tools, three were highlighted and believed to be critical to the survival of the business.

> *First of all, to measure, we use the balance scorecard, our balance scorecard is divided into four sectors. That's people, customer's sales and profits and in each of those areas, we have got measures that we use to determine whether we are successful at that section of the business. (Paul)*

> *Success is not measured on one item only. For example, on customers, we look at two items: the Guest Experience Survey, which is a survey the customers fill in after they have visited the store, how happy they are with the visit that they have had so that's one measure. The second measure is ROCC, which is restaurant organization compliance, which actually measures how closely the restaurant is being managed according to the standards that we have subscribed for them and then third, there is a third one which is actually measuring the business PCR. (Ahmed)*

Franchisees believed that the tools were good. But when these tools were used to measure business expandability, they believed they often led to the wrong behaviour.

> *One of the great strengths in the brand, you know, they've got a number of measuring tools: how they assess and measure a franchisee on his performance. Obviously, first and foremost is ROCC. I still personally think there are some learnings in the ROCC as a new tool, it's not perfect at this stage, again whether there's consistency as well, it's very questionable. (Thabo)*

> *As a partner to the franchisor, they've got a number of tools to measure you, to consider you to be a brand builder or a brand destroyer, if you want to call it that, blunt as that, you either become, expandable or non-expandable franchisee which can also be quite controversial at times. (Mahlodi)*

It is critical for both customers and the business to ensure that these measuring tools (which influence and govern the business) are successfully cascaded down to the business. The internal customers are the custodians of the brand. They engage with customers, ensuring that the brand promise is delivered. If franchisees believed that these were the correct measures for driving their business, they needed to be replicated in the business. They believed that the one system approach is key to the business. What the researcher deduced

from the interviews is that the one system approach was also affected by the franchisees struggling to get that right.

> *That's difficult (laughs)*, *okay if you look at it we have to work through our ops people to get it right. We can't get it right by ourselves; so we need to engage and influence people in the stores and the ops managers. (Paul)*

> *So I think, because we have a … we've got a lot of standards and procedures that we got from the franchisor and then we have our own internal company fixed standards and procedures and ways of doing things and those two in tandem work together to get a store to deliver a standard service to a customer and that's what makes us successful. (Glen)*

> *Yeah that's probably our hardest job, because we can make some really clever decisions in here, but getting that into the team member's mind is difficult and it's only either through very, very clear communication with constant follow-up or very, very good training with constant follow up. (John)*

It was clear that the performance measuring tools, used to measure franchisee performance, were consistent. What differed was the way in which the franchisees executed these, for example, the rating system or the weighting of each of those components, which differed from franchisee to franchisee. This influenced the accomplishment of the one system approach. Inconsistency in how the franchisor used these tools was also raised by the majority of the franchisees. This has a definite impact on how franchisees cascade these to their businesses, driving and influencing them positively or negatively, thereby driving different behaviours in their organizations.

> *I think they tick boxes too much. Okay so, at the end of the day, you've got to understand that our fundamental operation is about selling chicken. I think we put too much emphasis on other stuff and not enough on food and service. So, our service, our attitude is not the best in the system. (Glen)*

> *I cannot fault the brand in that regard. It's absolutely phenomenal, but sometimes it's too much. It's too much clutter. You know, you almost forget to start doing the basics of running your business, because you get so caught up in this report and that report, this new obsession measure. I shouldn't criticise any obsession measures; they're all good. But, you know, it just, it becomes too cluttery. (Sammy)*

> *It's too much. You forget about the main goal sometimes. (Mahlodi)*

The respondents viewed their primary goal as selling chicken and regarded all these measures as good for the business, although they may distract them from their core business. This

means that it is important for the franchisor to ensure that these tools achieve the objectives for which they have been designed.

> *I find that a lot of people are worried about how they operate. You know, all their boxes get ticked. And I'll give you an example: all these ROCC reports are done. Are we taking the information that's coming back from them and highlighting areas where we can improve the business? I don't think so; it's not evident. (Mahlodi)*

> *People shouldn't be ticking boxes they should be looking at what is the real intent on making the business more. So, architecture should talk to design. ROCCs should talk to operations. (Jenni)*

> *We need those systems to grow businesses, but these guys have overcomplicated it in our current environment. (Ahmed)*

They agreed that there were inconsistencies in the businesses because franchisees are chasing different goals.

> *What I've realised is that we've got so many tools in ops, but then we still have challenges with ROCC and customer complaints, despite having those tools. (Lebo)*

> *I can implement as many tools, but if they are not going to be implemented, it's pointless, you know. (Sebo)*

> *So this thing works if everybody's consistent in terms of where you have inconsistency. It affects the whole of the country. (Ahmed)*

> *And franchisees have the different interest groups. So some guys are passionate about development and they can talk to you about the cost of putty on tiles, whereas some are only concerned about their bottom line. (John)*

Some of the franchisees claimed these measures were taking away the focus from the key aspects that drive the business model. Even a big franchise business was sometimes unable to cope with all the measures. There was a clear disconnection in some franchisees' understanding as to how these are supposed to be impacting their bottom line, which influences how they see the relevance or importance to the business. They questioned that no learning appeared to happen and that they continued not to improve in specific areas, even after execution of all the measures. What they passed on to their teams was critical for the success of these tools. This suggests it is important that the franchisor positions these effectively with the franchisees, if they are critical to the success of the business.

I'd like to see even more focus on the gross margin or the food and paper, whichever way you want to look at it, in getting that to a level where we can still further sustain cost increases, unexpected ones that won't mean for that year. Your business is making no money. (John)

I really battle to see how anyone can run a business that well and get that consistency when they have twenty stores plus. I do question (laughs), maybe wrongfully, I haven't been inside those businesses so I don't really know, but it's got to be challenging to run those big businesses. (Sammy)

So I think getting ops leaders, you know, people that are involved in the business on a daily basis, like the regional coaches are. That's the sort of people you want to be sharing those things. (John)

Consistency of quality measures and how franchisee perceived them as adding value to their overall business was very important. Most respondents claimed this appeared to be a continuous moving target with poor communication around it.

The measure changed. Why did the measures change? Is it because the results weren't good enough? Why wasn't it communicated? Then, by employing junior-juniors, the numbers are sometimes not calculated correctly, but it's their own tool, this is supposed to measure my performance. (Jenni)

The franchisor uses this carrot and stick approach. So for certain things that are required, they are going to use the stick. So it does not matter what you think anyway. (Patrick)

Based on the feedback, the franchisees did not trust the way in which the systems and processes were carried out inconsistently. Without their buy-in and common understanding, there will be no consistency.

For the system to be consistent, one needs to ensure that the goals are the same and that they are aligned. All respondents noted that the systems and tools were there, but that there was a lack of follow-up from the franchisees.

I think, when it impacts the customer, you need to have standards. What is important for the customers is that he gets the product when he wants, but at the same time, I have to manage waste, cause we have to make money. Now how we do that? (Thabo)

I suppose also they don't want to dictate to you what to do and what not to do. They leave it up to you to ask for as much assistance as you want. But at the

same time, when you're sometimes new, you don't necessarily know what you do not know. (Patrick)

The franchisees believed that it was the franchisor's responsibility to ensure that the customer gets the same service, no matter where they go, no matter which restaurant, what time of day. They also agreed there need to be standards to achieve this consistency. They questioned why there had to be franchisee intervention, if the franchisor believed in the quality of their systems and standards.

So there's stuff; there's a lot of areas where we try and improve on that the franchisor doesn't have in his system. There's areas, for example, that we have created a script for our cashiers. We've put down on a script, now you won't necessarily find that at the next franchisee, because it's up to the franchisee to introduce those kind of small innovations which is allowed in the brand. (Mahlodi)

I think, I think the policies are there and the tools are there. Whether the implementation is always there I don't think so, or the follow through is there. I question that sometimes. (Thabo)

For the interviewees, the defining factor was that, when a standard was given and was effectively executed and measured, then it should give them results and not be a 'tick the box'. If the system was not working, it should not be enforced.

The question will be, "But these people have ticked the box, everyone is complying but you still have challenges". (Abram)

Think globally but act locally. (Ahmed)

Depending on your location, our people are different. They are definitely different, that is why we need to localise how we talk to them. (Paul)

I'm sure there's ways where you use the collective intelligence of everyone and harness that. I'm sure there's the franchisors in the country that are not doing that. I think there's room for improvement to harness this intelligence of so many stores you have right. (Patrick)

All respondents believed that there are franchisees that know the market better than the franchisor and that their knowledge can add value to the system. They also believed that there are things from which the entire brand could benefit and, therefore, giving them a little bit more freedom could help in creating an environment of excellence to share. They emphasised that laptop systems may work well in the franchisor's office, but were often not practical in stores.

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Going back to an earlier point, is that I think we could have stores in malls that differ to stores in townships and stores in CBDs. That makes the investment suit the environment and I think our assets should be changed to suit our environment. (Thabo)

So, when its facing the customer, you're trying to sell a product and that product should be as standardized as possible, that's fine prescribe it, but don't tell me which bookkeeper I should use. I'm not saying the franchise does it, but frankly that not important. (Thabo)

Franchisors did not appear to allow franchisees to adapt certain standards according to the environment. The interviewed franchisees believed that the franchisors needed to look into that.

I think when you try and change things and prescribe things there, when it shouldn't be prescribed, then it has a negative impact again. (Paul)

It definitely should be localised, but there is another side to this. Stores, there's people on the one side but the thing is the franchisor standardises everything, but do they really understand our cultures? (Patrick)

I think in the franchisor, discipline, the training, LSM marketing and staff attitude. Those are the things that we can change and that's got nothing to do with an IFA. (Abram)

Flexibility with standards depending on what works for an individual business did not seem to be something that the franchisor was willing for the franchisees to exercise. There were mixed feelings from franchisees for different reasons.

It was compulsory to have those menu boards in all the stores, it costs millions of rands, but we have no freedom to use it. The music in the stores, how do we teach our people to say what is your customer profile that it doesn't offend anyone. (Mahlodi)

I'm two minds on that one, on the one side I love the control idea, I love the thought of these are the standards you don't have to think for yourself just do this and make sure this is being followed on the one side … everyone knows what's expected to do. The other side you know what there has to be flexibility there has to be place for 'betternise' if I can call it that on one side I love the control and on the other one I love the flexibility. (John)

I understand I can't change the product. I can't change the design on the store. I can't change, the only thing I can change, LSM marketing and attitude. I can change that. That's all I can change. (Abram)

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Respondents mostly felt that there was no platform to learn best practices from each other and to be able to implement them in their business.

5.5 Coding of Research Question 2

What are the franchisee's expectations of the franchisor?

To help understand the themes in question 2, the results were presented around the franchisees' expectations of the system and relationship with the franchisor. As part of the benefits and reasons for franchising, the transfer of knowledge is crucial for consistency and uniformity as required by customers. This section will also provide insight into the franchisees' perspective of the usage of their intangible resources for flexibility and adaptability.

5.5.1 Operational support expected by franchisees

Table 12: Research Question 2 Key Codes

Key Codes
Support
Franchisee capability
Departments working in silos
Franchisee leadership
Understanding franchisees' individual needs

People buy a franchise because there is an existing brand which has either proven itself or because there are strong systems and processes in place. Innovative entrepreneurs would not buy into this business format. This means that the franchisor needs to lead and set the direction. Respondents claimed the biggest contributing factor to business success was the type of leadership. Research questions were posed to gain insight into the expectations of the franchisees as agents.

> *Before the new leadership, team franchisees were actually almost in revolt, and I think at that point, it was bad management on the franchisor side that lead to a lot of it. If you want to go and find the root cause of it, it came from the guy at the top. (Paul)*

And what happened with the new leadership is they came in and said, look, well they got their own stores in the meantime and said we've got stores we can see what you saying we can see there is a concern and started doing something about it. (Jenny)

It comes back to talk is cheap. I think it comes back to what I said before, I don't think our levels are of acceptability and there is no change of direction or leading from the front. (Abram)

The main expectation was for the franchisor to support the franchisee in understanding the organizational structure, system, processes and values. There were instances where the current franchisees disinvested in other brands, because they were not led and they felt that they had no direction.

The main reason for selling is the franchisor didn't have proper structures and systems in place. He would just come and disfranchise people, based on his interaction. There was no proper governance process to know if you did this you fail, if you did this you will be breached. (Ahmed)

Franchisees buy into the system for structure; they come with different expectations and if those expectations are not met, there is a sense of disappointment and doubt, which will have a ripple effect in their level of engagement and what they do moving forward. All new franchisees agreed that there was no spoon-feeding of franchisees; they are thrown into the deep end and expected to swim.

See, I don't have much contact with the franchisor. I must be very honest with you, I can tell you that when I came into this system, first of all no one trained me. I trained myself. So, I spent six months. I never saw anybody from here, until I got a phone call saying, "Surely we can sign you off". (Abram)

How they induct or orientate new people to see and understand what the brand is trying to drive. Like, the new franchisees. I discovered that, with the few new franchisees that I have spoken to, they didn't know what was expected of them. (Patrick)

This does not only affect new franchisees, but also those that are already in the system, as this impacts the whole brand. This was also supported by the expectations of support from the franchisor.

Historically, we used to have store visits from the franchisee visiting the stores. Ahh, now they don't visit anymore. They used to add value. When last have I seen one of them in my store, I've never seen them. Unless we've got those planned visits, but that happens once in a while. Other than that, those surprise visit from them ... no. (Glen)

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From both franchisor and franchisee, there was no support when we took over our first store. Nobody told us the systems, the processes, nothing. Nobody told us what's this PCR thing. The first time we saw a PCR was when we were not expandable. Secondly, at that time when you want to go to the franchisor, they see you as a threat, especially as a person of colour, I will be up front. (Ahmed)

As a new franchisee, you expect more support, because that's what a franchise business is all about: it's a partnership. They're supposed to give you as much support as you want. And, meantime, they're just sitting back and waiting for you to ask, as opposed to telling you that this is how things are done and this is how I can help you. (Thabo)

Old franchisees spoke about the fact that there had been several people movements in the franchisor support centre and, in their minds, this affected the capability of the franchise consultant and how they supported franchisees. This also caused the support centre departments to work in silos, which was evident to the franchisees through the inability of their franchise consultant to answer questions or give support pertaining to some key business initiatives, which is a real concern. They believed that different departments were there to achieve their own separate goals and numbers.

When I spoke to one of the franchisor's resources about one of the standards they enforced, because there has been a lot of people movement at the franchisor, she answered me by saying "I don't know, I don't know about that. I will get back to you". (Jenni)

People generally don't know. They can't see, because we all got our own little path, and our own little page and own little deliverables. (Abram)

There was no single system approach expected from a franchise system. Franchisees dealt with different people to the franchisor and picked up different things from them.

The franchisor works in separate departments. It feels like supply chain does not know what marketing is doing. Marketing does not know what effect it has on operations. The integration part would help at store level for our customers. (Mahlodi)

The brand seemed to be good for its employees, who do well when moved around to get new positions for their personal development. This affected the quality of relationships with franchisors, all some could remember was the stability of the early days. They believed that, without retaining people, it was hard to form relationships and to understand their

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individual businesses well enough to support them adequately and effectively, which subsequently affected the capability of the franchisees in the system.

> *The problem is of late, what I've seen, is a lot of new people have come in. They don't know what the problems are with the business, and they don't know how to fix it. They don't have the experience and the knowledge. (John)*

> *I know the leadership sometimes appreciates feedback, but I don't deal with LT most of the time. I deal with people below them. Will they take my feedback as really an honest feedback? I don't know how my feedback will be taken back to the business, but I will feel safer to go to the leadership and give them feedback. (Sebo)*

Most of the franchisees spoke about franchisor understanding and the needs of individual businesses: that they are not all the same, they are in different growth stages and in different positions.

Where I was and I was a little bit upset with that, because I spoke to my franchisor in developments and he basically said to me, "If you not happy, then get out". So it was not a nice word. I don't feel I should have been treated like that for 40 years' service so on the franchise side. (Glen)

Franchisees saw growth as the most important to the franchisor and felt it created the wrong kind of behaviour in franchisees. As discussed, franchisees mentioned growth as a form of increasing their return on investment. If that expectation was not fulfilled it sometimes led to animosity.

> *We are not investing as heavily in the brand as the franchisor wants us to invest, because we are aware of challenges and risks and the returns and you have to put a lot of money into a store. So we very careful in where we invest and what we invest, but a couple of years ago, we basically stopped investing. (Paul)*

> *I think the problem came when the franchisor said, franchisees must be aggressive in opening stores. Like we were now opening like four stores in a radius of 10 kilometres. This led a huge misalignment. (Lebo)*

> *To be quite honest with you, where I sit today, I'm quite despondent right now because of how they are approaching their growth strategy. (Sammy)*

The business model is built around the number of customers visiting the brand and hence it is critical that customers repeat their visits often. That is the first thing that the franchisees expect: support from the franchisor and help to sweat their current assets before they expect new stores to be opened.

I feel sorry for the new franchisees, I don't know if they know what a marginal store is and if they understand the debt and if they assessing their sustainability, but I hope that someone at the franchisor would fuss about those things to protect the brand for the country. (Jenni)

Even big franchisees believed that for the franchisor to be more effective in growing the brand, there should only be franchisees with ten stores or more. This would also help the franchisee with ensuring that he used human capital effectively. Franchisees' concerns around this implied that there was no clear understanding of the deployment of franchise consultants and what they do. Franchise consultants could help in managing expectations and with more alignment around support.

It's very challenging. The playing fields are not the same. (Sammy)

But I think franchisees that have been in the system longer and larger franchisees seem to have a bigger voice and seem to be listened to more … I consider myself a new franchisee in relative terms. (Sebo)

They're not listening to the little guy or they're not always listening to everything, it's this big train that's going and it hasn't got time to stop and pick up passengers. (Patrick)

5.5.2   Franchisee expectation of effective relations

Table 13: Research Question 2b Key Codes

Key Codes
Effective communication
Inclusivity
Conflict resolution
Trust and integrity
Respect

One of the main contributors to business success for franchisees was the relationship between the franchisor and the franchisee. This influenced the effectiveness of the brand by affecting franchisees' behaviour and ultimately how the brand performs.

This was observed when respondents compared the old leadership team with the new one (when considering communication) and how that drove business performance. All

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interviewees were passionate about this and agreed that this should be a focus, as they believe that had an effect on all levels of the brand and what the brand stands for.

> *If we were to look at the business results, being better in terms of transactions and returns, there was a difference due to the franchisor opening to us. They actually realised a lot of the negatives were being thrown at them were actually not perceptions, they were realities and they got some intent to go and fix them. (John)*

> *That is why I say I'd hold on to the belief in the brand. I think the new leadership is great with communication and especially after the last leaders, I remember saying that, if the franchisor could not have someone that could communicate with franchisees effectively. (Jenni)*

Some of the franchisees felt that it was not only the responsibility of the franchisor, but also that of the franchisees. They acknowledged how important it was for both parties to 'be on the same page' for alignment and achievement of business goals.

> *The relationship of the franchisor has got as much to do with the franchisor as it has got to do with us. You can choose to be not involved, not communicate, not contact them and not do what they want you to do or give them feedback or you can choose to make the system better by becoming involved with the franchisor. (Paul)*

> *I feel like it's a double edged sword, to be honest with you, it really is. I do understand the position they're in but sometimes, you just feel there's not a good ear to listen, sometimes, when you need someone to listen. (Patrick)*

> *There's two ways of prescribing change by explaining the benefits and value and by forcing the matter sometimes it feels like we've had cases where the franchise manual gets used as a tool to actually make things happen. (Mahlodi)*

There were no specific communication platforms for the brand but a relationship had been built up between the franchisee and the franchisor over the years. The franchisor had not effectively dealt with communication which had affected the behaviour of franchisees and their perception of the franchisee.

> *In our communication forums it's still one way traffic because the franchise community just struggles, they just feel intimidated by the perceived power of the franchisor, don't know but that we haven't quite cracked. (Lebo)*

The communication problem was not only linked to leadership but also to business consultants as the face of the brand working with franchisees. This created a problem in

the system if franchisees could not voice their concerns through the franchise consultants with effective communication.

> *The leadership team is one voice, they're calibrated and, I believe I can go to them and I'll get the same answer from whoever which gives me confidence but the people below them…. No. (Sebo)*

> *It's very difficult to make sure that they're consistent because of the different people they hire ongoing. So, it's about getting the right individual into the business but also giving the franchisees an opportunity to build relationships before they are moved again. (Mahlodi)*

One of the biggest challenges in business is change and how this is handled. Diversity is always good in ensuring that the business is looked at from different multiple lenses in terms of achieving its goals. The franchise business has this by virtue of the number of business partners but this opportunity depends on how the franchisors handle conflicts.

> *A lot of people don't like change or like to be challenged. So, when I raise issues, the shutters come up. And, it's almost like, "Oh no, it's him again". (Abram)*

> *To be honest with you, conflict is not handled entirely well. I've raised one or two issues again and again I was told quite politely to put a lid on it and leave it as it is, you know. (Sammy)*

> *Whether it's a good serious conflict, the franchisor will just refer you to the legal department and it's not conflict resolution it's basically cut off the conversation. (John)*

In a big franchise business system with so many franchisees, inclusivity is important. The franchisor needs to make sure that all franchisees feel part of the brand because if that is not the case, it will be difficult to engage with them on different levels. The franchisees felt that certain key players (like the big franchisees) were listened to more than the rest of the community.

> *The inclusion is a bit difficult. The franchisors are very good at including people that want to participate and want to be included, it's kind of difficult when people either don't, or don't know, or are shy. Remember that if you are in the council, you are very included. (John)*

> *At the moment, the franchisees used to be a very tight knit group of probably ten guys, and if you were not in that ten you were just not, you weren't wanted in that ten and you couldn't get into that ten if you weren't that ten. (Sammy)*

So it took me ten years before you feel like you're part, it's a very long time. (John)

All this affects the Integrity and trust of the franchisor. Trust in the relationship has an impact on the big financial decisions that need to be taken in this system.

When it comes to integrity, it's like now you keep information to yourself. You're afraid. You don't know who you're talking to. It's a trust issue. (Lebo)

What was also evident was that trust and integrity had been lost due to previous encounters with the franchisor. Franchisees kept saying that this affected how they followed processes or how they were doing things.

Now what I have learned is that you've got to learn to say no, of which the first five years was not like, okay. They gave me this site, I'm going to open it. But then now after I've burnt my fingers, if the franchisor says come on there's a site, no. (Lebo)

If we know about a site we will not tell them about it because once you identify a site it will get put into the database of sites and then they will say okay are you going to develop it? And I say no we don't think it's ready and they say okay but we will ask somebody else and they go on and pass. (Paul)

I have no reason to question the integrity it's again we've, if you're here long enough, we've come from a very bad place where all those things were questionable. Those are the things that can always be improved. You never perfect but where we are now, it's better than it's been in 10 years. (Mahlodi)

Trust between the two parties has been jeopardised and this has affected the business as a whole. The opportunity for franchisees to share their knowledge and building know-how in the system was lost.

It comes back to what we discussed just now, about trust. So, you think that well, no one believes me. No one trusts me, you know what? Should I even be saying anything? Or would it just be better to shut up? (Patrick)

I trusted them and I know what they want. And I was always on the same page with them. But after what they did now, it was like, yeah I felt how other franchisees felt before. (Ahmed)

I don't trust the franchisor because of now if you present a site to them, it will be like, okay. No-no-no-no-no. It will be no-no-no don't look there. And then in the meantime you'll find that they are going to take it and give it to another franchisee. (Glen)

I will not tell the franchisor about every site that I think is viable because we have circumstances … cases where the wrong things we believe happen to sites that we've told them about. (Jenni)

General interest in their business and them as partners is one of the things that the franchisees felt was important.

With discussion around the quality of relationship and the perception of the franchisees about the franchise consultants, the issue of respect emerged and this was fuelled by the instability of the franchisor with regard to people changing all the time; this cultivated a level of disrespect.

Now if you have some little, little jerk that comes in and has no manners or doesn't say thank you and he comes in late and acts like your stores are his stores, what do you do? You say alright, this is not so great a representative of the franchisor and this brand. (Jenni)

People need to realise that when they speak to franchisees, they are there representing the franchisor and is this how the franchisor wants them to behave. (Sebo)

I think the bottom-line is communication, be transparent and have consultation and communication, and from my side that's one thing I feel sometimes, if you have a disagreement they will entertain it and listen and then they will tell you in any case that you shouldn't be doing it anyway. (Ahmed)

The majority of the franchisees had lost trust in the business over the years. This was either due to the conduct of the franchisor, how they get things done and in many instances, how arrogant they could be in most instances.

So right now, if I take a snapshot of everything, the most amazing brand. I love it, I'm in love with the brand and I want to grow the brand but I think there needs to be a little bit of a fairness and they need to look at the needs of individual franchisees. (Thabo)

Even developers, even suppliers, they know how our franchisor work. No-no-no-no please we know how they operate. Don't give them this site. Not yet. When we are ready, you'll tell them. (Glen)

All these experiences with the franchisor have fostered and affected the system and how the franchisees treat each other. The same distrust between the franchisee and the franchisor is also experienced between franchisees; actions might be taken not for the brand itself but for self-interest.

So you can see, you cannot even tell them about the sites that you want to, you know, you want to build because of the trust. And also with other franchisees as well, you cannot even share that, you know what, I want to open there. I want to do this. But then now it's as if there's competition amongst franchisees. (Ahmed)

And how do they make it better because that's a bit of a tough one, because some people come to us saying I have a problem, can somebody solve it for me? And it's still competition around franchisees, around areas and all that so I don't want to help you too much because it suits me if you're a bad operating because I might get your stores. (John)

A poor relationship with franchisees automatically resulted in continuous talk about the International Franchise Agreement. Based on previous experiences, the franchisees had learnt to ensure that were familiar with the agreement. They believed that it is the one thing that they could never change and they have learnt to be comfortable with that. Despite disagreeing with some aspects of the agreement, the franchisees generally wanted to avoid conflict.

It's either you want to be in this brand or not, don't forget your contractual obligation that is the language. (Glen)

I have got no issues with the IFA I think it's fantastic. Nothing whatsoever. I don't feel threatened its simple. I know where I stand. No problem. (Paul)

They must change the manner or things that they are looking at in the process of assisting a franchisee and not just say "You don't do this, I'm taking the stores away". (Sebo)

But I'm not sure that customers are really rushing to us because of our wooden table top that they can only see through the drive thru window. So I think that's where we've gone a little bit overboard with revamps making everything the same, who cares about the investment? You have signed the IFA you will do it. (Abram)

5.6   Coding for Research Question 3

What are the franchisees' needs in standardized and consistent brand service experience?

This research question aimed to understand the franchisees' perspective on shared values as an enabler for coordination, collaboration and compliance. This should give an awareness of the level of focus and involvement of the franchisor in the reciprocal relationship with

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customers. This should help in understanding the culture, competencies and the differentiation strategy of this system.

5.6.1 Shared values in driving consistency

Table 14: Research Question 3 Key Codes

Key Codes
How things are done (organizational culture)
Organizational structure
Employee competency
People framework
Franchisor in touch with the business

Organizational culture is important for effectiveness and efficiency, for achieving the best business results. Organizations consist of individuals and teams that should be competent and capable with capacity. The team should share the same mission and values. Based on the conceptual framework, there were specific requirements for franchisees to ensure that the relationship between the brand, employee and customers was maximised. When there was no alignment, discrepancies formed. There has to be a shared culture in the business. People must know and understand what the business stands for, in order to deliver the promise to their customers consistently.

> *I think people come in with whole different ideas. That's maybe why businesses are never the same. Franchise businesses try to take fresh people and we orientate them and train them properly to our standards. (Sammy)*

> *The franchisor needs to control and be maniacal about their culture. They need to say, "Alright we doing people promise, we doing service promise," not if you want to but that stuff they need to control. I think the thing is that they not controlling and I think they should. (Paul)*

> *I think some franchises are only there for the money and they brought their siblings along, and their siblings are not the right people. So, I think that's where opportunities arise. Those are the people that destroy the brand, because they do not take care of their business. (Ahmed)*

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> *You know, one thing that I have learned in business is that you must not just come into business because you are a good operator. You must be good in all aspects, including human resource management. (Lebo)*

Franchisees' background and experience were very important in this business. Respondents felt it was important to understand why these people processes are imperative to the business; otherwise they start deviating from the most critical things like people.

> *When you're a multiple franchisee, you become more corporate. You've got to rely on people and you've got to grow people. (Mahlodi)*

> *One has got to understand how good those people processes are and ensure that it gets to the last team member. One needs to ensure the message has gotten down very clearly and consistently. (Ahmed)*

Organizations need to ensure they are structured for growth. As already noted in the franchisee expectations, franchisors open more stores to ensure brand growth and dominance in the market. Success requires involving the right people in the business.

> *So you've got to open the right stores. You've got to have the right people. Not only rely on the franchisor but also yourself go and get the right people to do the job. (Lebo)*

Key to ensuring growth was a strong management team that can deliver the brand promise.

> *Management structure that is able to deal with what the brand is about. (Mahlodi).*

> *We've grown our RSC at a quicker rate than our stores. So we've always been very top heavy, but always been capable to grow. And its things like that ensure that we deliver. (Sammy)*

This is what was expected of the franchisees. They were led to believe that they had to have people capability, before they open the next store. However, some franchisees were allowed to grow and build despite not having the right people in place.

> *I know of franchisees very similar to my size, who have taken a slightly different route, not geared up for growth, still working from their garage with no proper structure. (Abram)If you don't have any structures, you're continually putting out fires. (Jenni)*

> Franchisees who are not properly trained need to figure out their own way around the system and training will be affected. If the franchisees do not understand the importance of proper training, their business and the system at large will be affected.

If we say we put people at the centre of everything, yet that's not there, I don't see it there in the training. So, it's yes you've got it from the top and you pushing it down but you do not take from the down up. (Ahmed)

So training should be centralised, like how some of our competitors do it. It's centralised at head office, you will pick up the cost for the people, just like we do with supply chain. (Jenni).

It's how important franchisees find it. You know, it goes to the head office of every franchisee, then from the office. It's obviously going to get filtered down to the area coaches and then to the stores themselves and so on. (Ahmed)

The franchisor was also responsible for making sure that the franchisee has the tools, processes and frameworks to execute the franchisor's expectation effectively. When this did not happen, franchisees become despondent and end up not taking other things seriously.

The franchisor advertised to the franchise system a new equipment and we went and bought some, because we've been waiting for these things for almost two years and now ,when we have them, we want to put them in, there is no guidelines on how to use them no training material. (Paul)

There's a problem with information when it's filtered down, just like Chinese whispers so get told one thing, so we need to go and tell our ops managers one thing, by the time it gets to RGMs you know a lot of the information is sort of filtered already. (Glen)

Even when systems were there to allow consistent messaging, when it came to training, it did not appear to be effective. Franchisees still managed to find ways around it, which created inconsistencies in how standards were cascaded to team members.

We might have online learning, but it's not that easy, unless you have a proper technological ability. So we've thought of a way around that, where we actually fiddle with the quality, get a little bit smaller and kind of loop it through, so people can sort of see it, otherwise it doesn't reach the team member. (John)

Employees are contracted to the franchisee; even with all the tools available, the responsibility still lay with the franchisee to ensure that the key business was executed according to the franchisor's standards. Franchisees did different things, based on the culture and structure of their own organization. There was a great deal of flexibility given to franchisees regarding their staff.

To say, "Act like an owner. You are an owner. But I must do it, despite the franchisor forcing me and driving me to do it. It's passion that should come from me. I must want to do it. It goes back to whoever the franchisor brings on-board as franchisees. (Sebo)

This has to be like this and that has to be like that. Me, I don't like telling my staff what to do. I like collectively discuss how we are going to get there. The franchisor is giving all the tools. Everything is there. The only thing you can change is mindset. You know, everybody is worried about ROCC, because that is what the franchisor is worried about. (Abram)

5.5.2 Franchisor focus and involvement in driving brand service experience

Table 15: Research Question 3b Key Codes

Key Codes
Customer experience
Customer expectation
Employee relationship
Training
Team empowerment

The franchisor measures business performance partly by using a customer experience measure. Although this had always been there, franchisees were uncertain as to how to use the tools to assess customer experience. They were not comfortable with the results from the tool, because, in general, that was not what they saw when they visited their stores. Most were still using the old tool, particularly the old franchisees, as they did not believe that the new tool was as effective.

The business of business is to make money for now and in the future and this was acknowledged by all franchisees when identifying and defining success. The belief in the brand was definitely a reason why they would continue investing and the reason why they were still in this partnership. Using the service focus as one of the criteria for service brands, less than half (five of the 12 interviewees) spoke about the importance of taking care of customers and brand affinity.

There are a lot of factors that customers look at: the stores ambiance, product and the look of the store and the way people compare against our competitors, you

know, but competitors are upping their game. So, the predictability of customers knowing what they are should get is higher. (Thabo)

It doesn't have to be very expensive table tops in the area. He never sits in (laughs). It's about our product. Yeah, I think those parts what will keep them coming back. (Sammy)

They just want the good food and the good price. (Glen)

I think then the customer is looking for excitement and innovation. You know, I think him coming in now and seeing we've moved from old, the menu boards are digital ones, he feels like we're going forward. (John)

At least, have perfect product but that service, service thing. It is a very hard one. (Glen)

That we are missing? I think it's great that we have the flexibility, but I think the system as a whole needs to be aligned, because we influenced by what everybody else does within the franchise. For me, it might be the best to do it my own way and I do better than other franchisees. (Paul)

If people get a bad experience at other stores, then they will also avoid me, because they don't know we faster, they just used to "that brand is slow". (John)

The franchisor included aspects like store cleanliness and the experience of the store in the audit. Even with the audits, the brand was not living up to customer experience expectations. One needs to consider the franchisees and how important they think a particular success measure is to their business. Some franchisees felt success was impossible because of the amount of customers, compared to their competitors.

We've got our own structures that go in and fix things. So yeah, if you have a great customer base mind-set within your organization, you'll get consistency of the product, but you would always need that follow-up to come and make sure. (Thabo)

Franchisees wanting to get the customer experience right, often developed their own programmes to drive this. The efficiency of the programmes was determined by the capability of the particular franchisee. The attitude with which this is translated to customers can come from within and it can also come from management, including the franchisor. Saying to team members in the franchise groups "You better do", which appeared to be the general experience among franchisees, is not necessarily going to guarantee a customer experience or a positive atmosphere.

We had our own programme, but I am sure another franchisee would have done something else. (Jenni)

I can answer for myself. We battle. We battle to get the message through and I think that's one of our biggest challenges. (Sebo)

An expensive new look for the brand experience, new image. It really falls down to service. Our staff have the wrong attitude all the time; that is where the brand should be concentrating more. (Thabo)

In this process, it is important that the store managers are aligned with the brand promise, that they are passionate and that they have the capability to drive it with their team, so that it is delivered to the customers, as promised.

If you talk about customer experience, the first to realise is that it comes from every employee, every team member and actually, the most important guy is your store manager. (Glen)

I think you, if the RGM becomes the most important person in the restaurant, not just said but done. (Thabo)

Recognition was paramount to this business. Giving to the team and celebrating their achievements with them were seen as positive. Some principal operators appeared too busy for this or unwilling to drive it from their level.

People are important in our business, you know. Once we started speaking openly, making them feel valued, the business changed. (Thabo)

When you're a multiple franchisee, you become more corporate. I suppose a bit of a learning curve for me when we started, becoming corporate and relying on people. So, I would say those are the key ingredients to be successful, certainly in this brand. (Sammy)

There were principal operators who believed that their jobs involved nothing more than overseeing and managing people properly. They believed they could empower people by treating them with respect.

Well, I suppose really it's employing the right people and believing in them and coaching and supporting them all the time. (Lebo)

What's sad is the franchisor still focuses a lot more on the customers than on the team member. (Paul)

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> *No. No, the franchisor will worry about all the technical issues. The franchisor will worry about what percent marketing etc. We must also worry about our brand ambassadors. (Lebo)*

It is obvious that the business came first, but generally it was important for people to know that their well-being was important by providing the minimum of what was stipulated by the Bargaining Council for Compliance. This became a problem, because in such a big brand, teams from different franchisees met in social settings and compared benefits.

> *To show that the franchisor care, I really do not remember when was the last time I was HR audited. (Mahlodi)*

> *What we are developing at the moment is sort of having someone in stores who are just there in sort of HR point of view, you know helping with recruitment and how the HR policies are being rolled out and how the heart styles being rolled out, because even that's getting too big for an area coach. (John)*

> *So, the bottom-line is you can have the most amazing systems, standards, procedures, checklists, observation checklists, tools in this world, but if you don't get the team member to want do what they are supposed to do, you never going to get anything to our customers. (Thabo)*

Some franchisees claimed that, with all these tools and measurements, all they wanted was to be expandable. Without empowering the team, the franchisor would sometimes simply tell them to do something. This affected the team members' understanding of why they were doing things.

> *So, and even with my managers and team members, I just say, just give the franchisor what they want. Just give it. If they say, do this, just do what they want. Give them what they want. (Lebo)*

CHAPTER 6: DISCUSSION OF RESULTS

6.1 Introduction

Chapter 5 has presented the results pertaining to the three research questions using the literature themes – which involve understanding from the franchisee perspective, the consistency and standardization of service brands in the franchise system. These results were from the unstructured interviews which were conducted with the franchisees of one of the South African QSR brands. In this chapter, the format of the research questions will be followed in discussing and analysing the results in relation to the literature represented in Chapter 2.

This chapter is constructed using a three-way process: data from Chapter 5 will be supported by the literature from Chapter 2 to determine the findings and how they relate to this study.

6.2 Discussion of Research Question 1

What are the drivers of success in the franchise business?

6.2.1 Alignment as a driver for success

Research Question 1 focused on what franchisees saw as a measure of their business success and their degree of alignment with the franchisor, as they are the executors of the brand. Different drivers of misalignment and the consistency of the quality of systems and processes were highlighted leading to the conclusion.

In trying to gain insight into standardization and consistency, the franchisees' general response on the drivers of the franchise system success was in line with the franchisor, which was for growth, survival, financial gains and superior performance.

The first and major misalignment between the franchisees and the franchisor related to the growth strategy of the franchisor. While both parties agreed on what made this business a success, it affected the business negatively – particularly the small franchisees because of the stage in the growth of their businesses. This proved to affect decisions and behaviours in the franchise system and, indirectly, it affected the values and vision. This proved that the brand was only consistent when it delivered according to its values, vision and strategy. When that is at risk, consistency across the system did not materialise as noted by Joharianzadeh et al. (2015).

All franchisees agreed with Akremi, Mignonac, and Perrigot (2011) that growth was a way of penetrating geographical areas in a franchise system and that their business was driven by transactions where number of customers determined the success of the model, but they did

not agree with the way in which the franchisor went about creating this growth. Extending the ideas of Brown (2015), the franchisor only concentrated on the internal views as per the economic theories, based on the financial footing of the firm and not the external factors, which puts pressure on the franchisee.

As per the economic theories, franchisees need to deliver financial capital in return for benefits. If there were no benefits or benefits were not communicated clearly, franchisees chose not to invest.

> *We are not investing as heavily in the brand as the franchisor wants us to invest, because we are aware of challenges and risks and the returns and you have to put a lot of money into a store. So we very careful in where we invest and what we invest, but a couple of years ago, we basically stopped investing. (Paul)*

Franchisees admitted that they were not investing as they used to, because they were not aligned with the franchisor. This supports the work of Grace, Frazer, and Weaven (2016) who claimed that if franchisees did not have faith in the direction of the franchisor, they would not invest the maximum.

Franchisees were forced to develop through the franchise agreement. If they were not prepared to, the franchisor made it clear that they would find another franchisee that would. From fear of someone taking over their areas, they built new stores, even if they believed that this did not make financial sense. This created challenges in the relationship, which contributed to inconsistency in the brand (Costello & Costello, 2013; Schlager et al., 2011).

As one of the solutions to the problem of incongruence with the strategy, the franchisor introduced incentives to motivate franchisees to build and develop the brand – this supports Gorovaia and Windsperger's (2013) contractual clauses study. The difference in this case is that these were not introduced for the intangible resources of franchisees, but only to entice them to build more stores, which did not support the growth strategy of franchisees. It appears that based on how the franchisee felt, that governance mechanisms did not work on their own.

It is critical for the franchisees to buy into the franchisor's strategy, as this shows their willingness to rely and trust in the leadership of the brand. It has been established that growing the number of stores without a strong franchise capability will result in the franchise system not performing well. This has created opportunistic behaviours in some franchisees, who were allowed to grow without the capacity and capability to achieve the developmental targets as per the strategy. Even if the business performance was not in the scope of this study, it is important to note that new franchisees felt that they were not orientated, trained and equipped well to grow the brand.

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Expectations and goals of small franchisees and big franchisees, as explained in Chapter 4, were noticeably different. While the big businesses could grow because of their financial status, the small franchisees felt that they were in a different financial state. These different phases influenced the goals and strategies of the group, mostly driving short sighted behaviour at the expense of business efficiencies and affecting the consistency and standardization. Decisions were driven through non-compliance and ticking the box of what had to be achieved as a system adding to the exciting literature (Barthélemy, 2011).

In line with Pardo-del-Val and Martínez-Fuentes (2014), the franchisor ensured that the product – as one of its core brand tenants – was standardized and not open to franchisees' adaption, thereby ensuring that consistency was achieved throughout the system. Product is definitely what puts the brand at the forefront and thus innovation becomes very important.

> *"Our product. Our product is superb. Our operations are superb. Our product development, distribution and quality assurance. No one comes close" (Paul)*

A sentiment that most shared was that despite having a great product, there was a strong drive to be innovative as they needed to move with the times and continue enticing customers through product innovation but this also involves risk. This emphasises the importance of the intangible knowledge transfer from the franchisee. (Mehic, 2014)

The franchisees were provided with systems and processes to execute as they saw fit, which granted them a form of flexibility. The difference was that most of the franchisees – predominantly new and small franchisees – were not interested in been given flexibility. They believed that they had bought into the franchise model because of the standardization.

The small franchisees group contradicted Evanschitzky et al. (2016) and Gillis and Castrogiovanni (2012), in claiming that the franchisees needed some sort of flexibility to feel as if they are on an equal footing with the franchisor.

The big franchisees agreed that the franchisor could take control of the core business, but also mentioned that they were independent enough to figure out some things on their own. They believed that they could do better than the franchisor's standards and processes. It was also evident that there was not clarity regarding roles, particularly with the small franchisees that were more dependent on the franchisor.

This research inconclusively extends the standardization versus the adaption for local needs debate, because the performance of this franchise system was beyond the scope of our research.

6.2.2 System and processes as a requirement for success

The franchisees agreed that the systems and processes were world class, with standards supporting their understanding of what they were supposed to do. The general view here revolved around the execution from the respective franchisees and the lack of follow-up from the franchisor.

> *One of the great strengths in the brand, you know, they've got a number of measuring tools: how they assess and measure a franchisee on his performance. Obviously, first and foremost is ROCC. I still personally think there are some learnings in the ROCC as a new tool, it's not perfect at this stage,*
>
> *and again whether there's consistency as well, it's very questionable. (Thabo)*

A competent franchisee should not only make the franchisee's job easier but also help them to save money. The franchisees did not think that their franchisor possessed expertise in what they were doing. They actually felt that they could do better, which is why they mostly figured out what they wanted to do by themselves (Jeon, Dant, & Gleiberman, 2014).

The brand is created on a basis of the company, customer and employees. There was a clear misunderstanding of what the franchisor was doing in terms of franchisee performance management. Whether it was the franchisor's intention or not, the franchisees' perception was that there was a strong focus on operational procedures and tools. There appeared to be no coordination and consolidation of learning in ensuring that the output contributed to improving the touch points of the brand, which will create a good overall customer experience (Paswan, D'Souza, & Rajamma, 2014).

Franchisees' misalignment with the franchisor's success measurements influenced the cooperation and coordination of both parties for success as per research by Schlager et al. (2011). This, in turn, influenced the franchisees' attitude, which directly affects the triangle of Skaalsvik and Olsen (2014), affecting employees and customers negatively in the system as a whole. Due to this failure of cooperation and coordination, the franchisor used the franchise agreement in influencing and monitoring the franchisees to ensure that firm goals were achieved minimising monitoring costs.

For the sustainability of business results, it was imperative for the franchisor to measure the performance of the franchisees and to protect the brand equity. As perceived by the franchisees, there were several measures they did not believe were necessary. Although they understood why these measures were in place, they believed that they were obstructing them from executing the core brand elements. The challenge involved with these tools was that, without support from the franchisor, they become an administrative

tick box exercise that the franchises are forced to do; if not done this would affect their chances for growth.

The franchisees believed that the franchisor's inconsistency and credibility in following up on the system tools, created a big gap in the system. As a result, the franchisees only used these tools to satisfy the franchisor and not for the benefit of the franchise system. This information led to the conclusion that the misalignment, lack of cooperation and coordination were affecting the standardization and consistency of the system measures (De Chernatony & Segal-Horn, 2001b).

Franchisee feedback proved that the franchisor's monitoring mechanisms were not effective in driving the goals. This supports the notion that, in order to enforce cooperation and discourage opportunism, the relational norms mechanisms have to be deployed to understand what drives franchisee's free riding behaviours (Pardo-del-Val & Martínez-Fuentes, 2014).

6.2.3   Summary of Research Question 1

The incongruence of the franchisee and the franchisor goals motivated this research question for better understanding the principal agent problem motive. More specifically, the question tried to determine whether the franchisees and the franchisor were aligned in their roles to ensure the brand growth and equity.

The fact that the franchisees were not aligned with the vision and goals in terms of the growth strategy affected the system in several ways. It drove the behaviours of franchisees and influenced how they consistently executed standards as expected of service brands.

Based on this information, it is possible to deduce that the external pressures created by the franchisor had a greater impact than they thought. Franchisee performance measurement was in place, but because it determined their business expandability, franchisees simply did what they were told – not intentionally for the good or sustainability of the brand but in order to keep the franchisor elated.

Although the franchisor had performance measurement tools in place (as the system required), there was a gap in follow-up and in ensuring that these frameworks were actually implemented effectively by the franchisees. These performance measurement tools, which had to be shared across the system, were supposed to address consistency and standardization. This was also driven by the fact that the franchisees did not have confidence in the franchisor, therefore there was resistance, thereby opening up opportunities for free riding.

Franchisees used the agency theory for economic reasons with monitoring costs not added to support their system and processes. The theory was evident when franchisees complained about follow-up consistency and competency with regard to the system and processes, including their own measuring tools. They were convinced that the franchisor was not supportive and not competent and that this was a contributing factor to brand consistency, as the franchisees were no longer being made brand champions.

One of the key themes that was identified in Chapter 1 was the importance of collaboration and coordination to drive the franchise system focus. Based on the discussion above, the franchisor misalignment with the franchisee regarding the vision, strategy and values affected the collaboration and drove opportunistic behaviours across the system, supporting De Chernatony & Segal-Horn (2001) and Schlager et al. (2011). This affected the standardization and consistency of execution across the entire system as expected in service brands

In support of Boulay (2010), the franchisor economic and contractual approach did not drive consistency and compliance suggesting that there is a need for collaboration in this system. A sentiment that all shared was the strength of their product in the market and how they all agreed that it was their competitive advantage agreeing with Pardo-del-Val & Martínez-Fuentes, (2014) that as a core element of the brand the franchisor needs to own it. This is clearly in contradiction with the service brands literature which has proven that all five dimensions of the service experience must be regarded as the core brand elements. Similarly, flexibility and adaptability of all brand touchpoints should not be allowed. In this brand, the franchisor major focus was on the product (Brakus et al., 2009)

6.3   Discussion of Research Question 2

What are the franchisee's expectations of the franchisor?

Relational constructs of power, support, trust and communication have not been essential factors in controlling franchisees as seen in the previous question. This has been a phenomenon that has been used to drive monitoring costs down. This research question highlighted the expectations and needs of franchisees with regard to operational support and their relationship with the franchisor in achieving business results.

6.3.1 Operational support expected by the franchisees

The way in which the franchisee and the franchisors are financially bonded is critical and has far reaching implications for the health and longevity of the system. Franchisees believed that their support from the franchisor must reflect the royalties that they pay. This influences

trustworthiness, which was noted in how they described the administrative tick box exercises that the franchisor was undertaking without system learnings (Grace et al., 2016).

Based on the smaller franchisees expecting more support, the franchisor as an agent needed to extend resources to ensure compliance. In this study, the franchise consultants basically ensured that administration was adequate, but did not execute compliance, as per the agency theory (Brown, 2014). As described in Chapter 5:

> *"See, I don't have much contact with the franchisor. I must be very honest with you, I can tell you that when I came into this system, first of all no one trained me. I trained myself. So, I spent six months. I never saw anybody from here, until I got a phone call saying, "Surely we can sign you off". (Abram)*

In agreement with Paswan and Cheng (2013), the role perceptions become critical, due to the weak institutions of developing countries like South Africa(A. Paswan & Cheng, 2013). The fact that both parties need to make similar efforts for the principal-agent relationship to work, influences the roles of both the principal and the agent, which is the case in this franchise sector. The agents expect the principal to support them more and put more into the relationship, which contradicts the agency and resource scarcity theories. Although there is a principal-agent problem, based on the role definitions, the reason for both in the relationship is congruent.

As Nijmeijer, Fabbricotti and Huijsman (2014) have proved, franchisees were in this system for better financial performance by means of growing the brand, a more supportive working environment and a higher survival chance than alternative models. This proved to be a major issue with these particular franchisees. They believed that they were not given the support that they needed to run their businesses effectively and efficiently, as per the business model.

This is supported by the knowledge transfer model, which stipulates that the transfer of knowledge from the franchisees and the franchisors (and vice versa) is crucial for enhancing the value preposition in delivering processes, as well as for the co-creation process (Paswan, D'Souza, & Rajamma, 2014).

The general opinion of the franchisees was that, as much as they were profit driven and part of the system because of the brand equity, they still needed more service and product and production support from their franchisor. Franchisees with different tenure and numbers of stores agreed with the brand goals with the only concern being around more operational support from the franchisor, thereby creating another principal-agent problem in this exchange relationship (Brown, 2014).

All respondents believed that part of the problem was the different point of contacts working in silos. They believed changes in the franchisor employees affected their own congruency when it came to strategy, vision and values. This was expressed mostly by franchise consultants who did not understand the organizational values affecting how they behaved and supported the franchisees.

Another reason behind misalignment, extending King et al. (2013), reiterated how institutional variables and pressures affected franchise decisions. The small franchisees felt unheard and dominated by the big franchisees and were not supported as much as they expected. Their dependency was much higher than the big franchisees (as noted by King et al., 2013), which affected and influenced the execution of brand standards, systems and processes of the franchise system.

This research extends an understanding on how less assurance for survival and critical needs for resources, creates greater dependency and need for support from the franchisor. Smaller franchisees felt it was unfair because their needs were different to those of the big franchisees.

6.3.2 Franchisee's expectations of effective relations

Based on all the historical encounters that might have impacted the relationship negatively, there is an opinion that this conflict has led to reduced levels of standardization and compliance, affecting the system consistency, extending the literature by Winsor et al. (2012).

The franchisees with more stores represent a dominant form of ownership in this system, with motivational differences between the small and the big franchisees. This aligns with the phenomenon of multiple franchisees increasing their power in the relationship with the franchisor, which contributes to the studies (very much in demand) around the power imbalances that are surfacing with the franchisors.

In order to achieve economic growth, it is important that the organizational strategy is communicated to and accepted by the franchisees: their commitment is of great importance to this model (King et al., 2013). They have to understand why things are done and how they fit in the system. In the interviews, all franchisees agreed that, historically, communication between them and the franchisor was non-existent: they were simply told what to do. Improvements were noticed after the leadership changed, but there was still a certain degree of lack of confidence in the leadership.

Conflict will inevitably arise between the franchisee and the franchisor; what is important is the way in which it is handled and in a timely manner. This is the reason why it is important to guarantee that the franchisor's business consultants are competent and knowledgeable. This is required for understanding what is happening in the system both from the operational side

and for franchisee well-being. They should be in a position where they can deal with franchisee problems. The general feeling of all the respondents were that there was no trust in the franchise consultants to drive the business strategy or to handle conflict. There were franchisees that trusted that the new leadership could deal with differences in opinions, but they also noted they were always reminded about the franchise agreement (King et al., 2013; Lee et al., 2015; Winsor et al., 2012).

Due to the franchisor being the concept innovator and the franchisee the concept executor, the social exchange aspect is important for the longevity and sustainability of this strategic relationship. Mutual trust is critical for its success. This study extends these studies, with franchisees expressing their need and expectations for relational constructs to strengthen their partnership as both parties depend on each other (Grace et al., 2016).

As proven by Chiou and Droge, (2015), trust and integrity should continuously be nurtured to ensure sustainable performance. In this franchise system, the absence of trust seemed to have a negative effect on the franchisees, which resulted in them continuously questioning the intention of the franchisor. The feeling of comradery is driven by integrity, which turn, drives the way in which the franchise system works together. This was not evident in the interviews: franchisees were not working together or had lost trust in the integrity of the franchisor and this contributes to the way in which the franchisees execute the standards and processes of the system.

> *"I don't trust the franchisor because of now if you present a site to them, it will be like, okay. No-no-no-no-no. It will be no-no-no don't look there. And then in the meantime you'll find that they are going to take it and give it to another franchisee" (Glen)*

Trust was seen as integral for both collaboration and mediation throughout the lifetime of this partnership. One of the things that was not achieved in this specific franchise context was franchisee engagement and confidence in the franchisor. Due to the number of changes in leadership and franchise consultants, the franchisees still believed that the franchisor did not have their best interest at heart.

In maximising profits and growth, the franchisor acquired company stores, which was also a contributing factor to the poor relationship with the franchisees. In a franchise business, one would assume that it is always good for the franchisee to have their own stores, so that they can:

- Decide how they want things done;
- Understand the practical operation of the business model; and
- Acquire the management capabilities required to operate in the system.

In the interviews, however, the franchisees had conflicting insights about this. Some felt that the franchisors used this for their own financial gains and not for the good of the brand, while others felt that it helped them to be realistic about their expectations. In many instances, it drove a feeling of distrust, as the franchisees were convinced that the franchisor made decisions that would benefit their businesses and not the system as a whole.

To monitor franchisees and should there be a divergence of interests between the two parties, the franchisor uses the franchise agreement. This was seen as an imperfect substitutes for influencing the franchisees, based on their trust and confidence in the brand, which would definitely reduce the agency costs in achieving the franchisor objective of growth through franchisees (Brown, 2015).

The franchisees' perception of unfairness led to tension, hostility and pressure on both sides. This contributed to the franchisees feeling disadvantaged by the franchisor, which affected compliance to standards. The relational factor of this partnership supported by different fields of literature (as shown in Table 3) helps the franchise system with understanding of this partnership.

6.3.3 Summary of Research Question 2

The central point of Research Question 2 is the understanding of the differences in the economical and relational theories in ensuring standardization in the franchise system, from the perspective of the franchisee. The expectations of operational support and effective relations have been supported by the respondents. Due to the importance of this partnership, working for a common understanding is needed.

The major elements required by the franchisees according to the interviews were clarity in communication, respect, trust and integrity and conflict resolution. These constructs are viewed according to the competency of the franchisor and clear leadership of the brand.

Chiou and Droge (2015) pointed out that standardization requirements and perceived trust for the franchisor affect the service performance of the franchisee supported by this study. Trust also played an important role as an essential aspect of this particular franchise system. Without trust, the success of the franchise system is affected, as verified by the majority of the franchisees (Young et al., 2007).

What seemed to be an opportunity missed, is the knowledge that individual franchisees acquire in their business that was not used in the system to co-create value. This is important because it may influence the customer as an end user. It may also impact on the different ways in which knowledge will be shared with employees, which creates different experiences for the customer (Paswan, D'Souza, & Rajamma, 2014).

Based on the fact that the franchisee did not understand the needs or intangibility levels of the franchisees it made it difficult to support them. This directly affected the partnership as franchisees expectations were not met.

6.4 Discussion of Research Question 3

What are the franchisee needs in delivering a standardized and consistent brand service experience?

There is enough support in the literature that proves the brand is created by the company, employees and customers. This implies that there needs to be cohesion between the three parties to ensure that the brand customer experience is consistently achieved across the system. For this cohesion to exist, there need to be shared values and knowledge transfer from all parties involved. Understanding the franchisee needs as brand executors is paramount in achieving consistency and standardization in this system.

6.4.1 Shared values in driving consistency

The success of this specific business model is built on the frequency of franchisees visiting the restaurants. The respondents believed that their source of competitive advantage was the product. Based on this they believed that it was through innovation and consistent product offerings, they were successful as described by De Chernatony and Segal-Horn (2001). Where the system was lacking, was the consistent focus and involvement from the franchisor in ensuring that the system was executing all brand touchpoints according to standard. In the feedback from the franchisees, standards around service were there but with less focus, more focus was on operations, specifically around products.

Franchisees struggling to get the customer experience right can be understood using the Skaalsvik and Olsen (2014) triangle. In this franchise system, it clearly showed that the employees were not correctly orientated to create a cookie cutter experience, as expected by customers. The values were not shared between the franchisor, the franchisees and the employees based on systems current framework. In the study of Young et al. (2007), it was proven that this affected the survival of the franchise system in the market place.

The flexibility around the people framework poses great risk when it comes to ensuring that the franchisees are keeping this 'top of mind' and that they are compliant. Nyadzayo, Matanda, and Ewing (2016) elaborated on the importance of employees understanding brand values to engage and deliver on the brand promise. Organizational culture in a system is affected by the complexity of different separate business entities. However, the concern is that different franchisees have different ways of ensuring that their employees are aligned to the brands

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values (Evanschitzky et al., 2011). Some franchisees are effective while others are not but with no consequences from the franchisor.

It is important to ensure that the employees understand the organizational values and goals and can do so in an enabling environment. For successful delivery of the customer service encounter across the system, all employees need to be on the same footing. The difficulty in this setting is that different franchisees will have different cultures that either enable this or not (De Chernatony & Segal-Horn, 2003).

The differentiation of the playing field is determined by the franchisees' understanding of and commitment to employee satisfaction, as well as the understanding that the internal customer experience can never exceed the experience of the external customer's.

One system is driven by ensuring that people receive the same training when it comes to systems and processes. Customer experience is affected by people having different competencies and skills training, in different cultures and different systems. Therefore, the expectation of customers having the same experience will not be effectively achieved, if this is not better understood. This emphasis on the brand is created on the basis of the company, customers and employees and, if this is not taken into consideration, as in the case of this study, the brand will definitely suffer (Brakus et al., 2009).

The knowledge exchange process looks at the common pool of knowledge: franchisors with their business model, the franchisee with the human and capital resources and customer's feedback of the experience. What is still critical is that the franchisee is represented by his people, who have to be capable enough to present the customers with the promise and who are also able to get feedback from the customers as they engage with the brand. This makes training and staff capability very important in ensuring that the brand service is delivered in a branded manner across the whole system. This remains a challenge in this system and the franchisor does not get very involved in ensuring that all is in place to achieve this (Paswan & D'Souza, 2014).

The key theory of service brands by De Chernatony and Segal Horn (2001) explains that the service brand factor is highly dependent on the staff's understanding of and commitment to the brand. It further extends to the brand values and the process by which the organization achieves it, which, in this study, is not evidence based on how the franchisee feels about the franchisor's people processes. This indicates the vulnerability of this franchise system to its competitors and to the market as a whole.

Several franchisees spoke about wanting the franchisor to centralise their people training to ensure that the same training, values and systems were cascaded in the same way across the system, thereby driving standardization and consistency.

In the system where there are multiple store owners, the respective business organizational structure is important. This means franchisees need to ensure that they get the right people to take care of their businesses. The employees need to believe that they make a difference and that they add value, in order for them to take care of the customers. Franchisees that understand the importance of people in the business spend one-on-one time with them. They believe they should know every level of the business and that they can only do so through their people. Franchisors should consider doing the same through the franchise consultants, so as to understand the needs of the franchisees and how they can be more aligned to the strategy. As it has been proven by Evanschitzky et al. (2011), frontline employee satisfaction is a direct result of franchisee satisfaction. Based on the negative feedback of the franchisees, it has become obvious that their employees are affected.

6.4.2   Franchisor focus and involvement in driving brand service experience

In this measure for success, only five franchisees spoke about listening to their customers. Considering the fact that chain stores are required to be consistent as noted by Young et al., (2007), this created a brand opportunity. Maumbe (2012) emphasised how important it was for service brands to entice their customers through a differentiated service experience. Therefore, it is possible to deduce that if most of the franchisees did not see the overall customer experience as a competitive advantage, it would affect the way they prioritise this in their business.

According to the interviewees, as much as the franchisor tried to ensure a positive and consistent overall customer experience throughout the system, the franchisees were still fixated on their great product. They did not see it as a holistic series of encounters, as suggested by Zomerdijk and Voss (2010). This further challenges the service brands characteristics and is driven by the involvement of the franchisor with regard to the franchisees' employees and their HR frameworks. This is believed to influence the inconsistency of the employees parameters that influence their job satisfaction as described by Gounaris and Boukis (2013).

The literature notes that consistency is one of the difficult factors in service brands. Franchisees claimed they were struggling to get this through to their employees. Nyadzayo et al. (2015) noted that brand service delivery was solely dependent on what the service employees believed and how they understood the brand service and the values attached to it. The research indicates that new franchisees are not orientated successfully and support is not provided as expected, which influences what gets cascaded in the business (Hwang, Han, & Kim, 2015; Kimpakorn & Tocquer, 2010).

This system requires a strong people framework and support from the franchisee, as it influences what gets achieved in the system as a whole. This is particularly important as franchisees often either do not have the know-how or do not comply when it comes to people issues. It requires a franchisor, who is in touch with what is happening in the business and the environment, to stress the importance of the capability to enhance the absorptive capacity to achieve the co-creation of value for future growth.

> Customers are the main reason for the brand being in business. Customers are enticed by using all the touch points and not only the product. Respondent franchisees still attributed customers coming back with their great product, discounting other factors of experience. There seems to be no understanding of the use of holistic brand touch points that result in a positive customer experience (Jaakkola et al., 2015; Nyadzayo et al., 2015; Schmitt et al., 2014).

The foundational literature of Dall'Olmo and De Chernatony (2001) on service branding research focuses on the customer brand relationship, and highlights the integrating role of the brand in the whole service process. This is a big challenge in this system, with franchisees failing to coordinate all the touchpoints of the customer experience and the franchisor not giving clear direction or service focus for creating the consistency required for a service brand.

6.4.3 Summary of Research Question 3

The involvement of the brand with the customer through the franchisees proves that utilising the five dimensions of the brand requires the social-psychological approaches between the franchisee and the franchisor. This will support what is needed in forming relationships with the employees, customers and the brand for a positive customer experience.

The knowledge-exchange framework's three important actors align with the customer experience and service brands literature. This emphasises that the franchisor is not the only value creator. This supports the franchisees' suggestion that, to be consistent and create a knowledge sharing environment across the whole system, the franchisor should centralise the training for all the franchisees. This challenges the economic theories, but supports consistency and standardization in the system.

One of the key opportunities in this system expressed by the franchisees is the capability, skills and consistent training of the customer-facing front employees (Evanschitzky et al., 2011). This is primarily driven by the fact that the franchisor is not involved in the franchisees' people framework with no evident support in that section of the business. This they believe has influenced how they want to differentiate their service experience.

As much as the franchisor has strict measures around operations, franchisees believe that they must also take control of how different franchisees drive their culture. There was an agreement from the respondents that the issues of people and their engagement needed to be achieved through the franchisees but with the franchisor's involvement. They believed this could be achieved through systems designed to help and train service employees to communicate the unique benefits of their brand to the customers.

> *"So training should be centralised, like how some of our competitors do it. It's centralised at head office, you will pick up the cost for the people, just like we do with supply chain "(Jenni)*

6.5 Conclusion

Due to the South African QSR competitive landscape to increase market share, franchise groups are driving and increasing their footprint in the market through opening more stores. This increases the complexity of franchising, as distinctive experiences need to be maintained to distinguish them from the rest of their competitors (Zomerdijk & Voss, 2010). This emphasises the importance of consistency in engaging with customers in a memorable way.

The strategy of the franchisor in understanding the business environment and its franchisees did not seem to satisfy what was needed to ensure the consistency and standardization of this brand as a service provider. This was brought about by the economic and contractual mechanisms that were used in driving compliance. This affected the collaboration and alignment in the system.

This driven by the misalignment in the strategy drove small franchisees to make short term decisions. System, tools and processes which is fundamental in ensuring standardization and consistency were compromised because of the capability and inconsistency of the franchisor. This resulted in franchisees doing their own thing or just ticking the box to make the franchisor content which extends Skaalsvik & Olsen, (2014) in that if there are organizational systems and processes in place consistency will be at risk.

This supports the literature of Doherty & Chen, (2014) on institutions of developing markets determining the need for the principal and agent role clarity. This affected the level on knowledge transfer that could be co-created in the system as per Paswan & D'Souza, (2014)

The study extends (King et al., 2013) from focusing on single unit and multiple unit franchisees in their study but by also including the small franchisees versus the big franchisees as experienced in this context. Due to the need to the assurance for survival from the small franchisees the support expectations are different. (Barthélemy, 2011).

Franchisee trust in the business proved to be one of the relational constructs that was important in ensuring that franchisees buy into the strategy and what is required. The level of incompetency, previous relationships and the franchisor attitude are the most prominent contributing factors in the franchisees' level of trust (Croonen, 2010). The absence of trust, ineffective communication, respect and integrity contributed to a lot incongruence and misalignment.

Shared values which are fundamental for organizational culture across the system is definitely missing. This helps in the service brands to ensure that the brands vision and promise is consistently reflected to the customer through the front-line employees. The involvement of the franchisor in the people framework or practices created gaps in their brand service management. This is in contradiction with Cao & Kim, (2015) and Nyadzayo et al., (2016).

A good service design needs to be owned by the franchisor as it is regarded as one of the intangible resources of the brand. That is not the case in this system which will affect the determines business excellence, customer satisfaction and employee engagement as per Calabrese & Corbò (2015) in their methodological study,

The franchisor concentrated more on the intellectual, sensory and effective dimensions of the five dimensions of the service experience. The behavioural and relational which has been proven necessary for a holistic customer experience were missing. This was seen in their focus on the development of their store, the look and feel and their operational systems and processes especially around products. This questions their survival in the service sector if they do not drive service as their differentiating factor.

In this brand not satisfying the criteria and characteristics of the service brands makes them vulnerable in terms of sustaining their growth in the QSR. This study corroborates that in growing and strengthening service brands, responses from both the franchisees' and the franchisors' intangible touchpoints needs to be collaborated to drive positioning strategies. This can be achieved through the consistency of system and process designed for consistency and standardization of the system with a shared common value across the system. Based on the results analyzed above, this is comprehended by this study and also indicated in Figure 5 – the adapted model below.

For ease of reference, the conceptual model is presented again below and, based on the literature review and the results of the data collected, the model was adapted, as shown in different colours in Figure 5.

The value add of the model is based on the understanding that the service focus and consistency needs to be achieved through shared value. What is different is the drive to ensure that these are achieved by both franchisees and the franchisor. This will help in ensuring alignment in what the system needs to achieve. This alignment will drive coordination and collaboration driving the consistency of systems and processes. This constitutes some of the criteria of service brands. This change will have a reciprocal effect on service employees and ultimately the customers.

Figure 5: Adapted Conceptual Model

Service Brands in the Franchise System
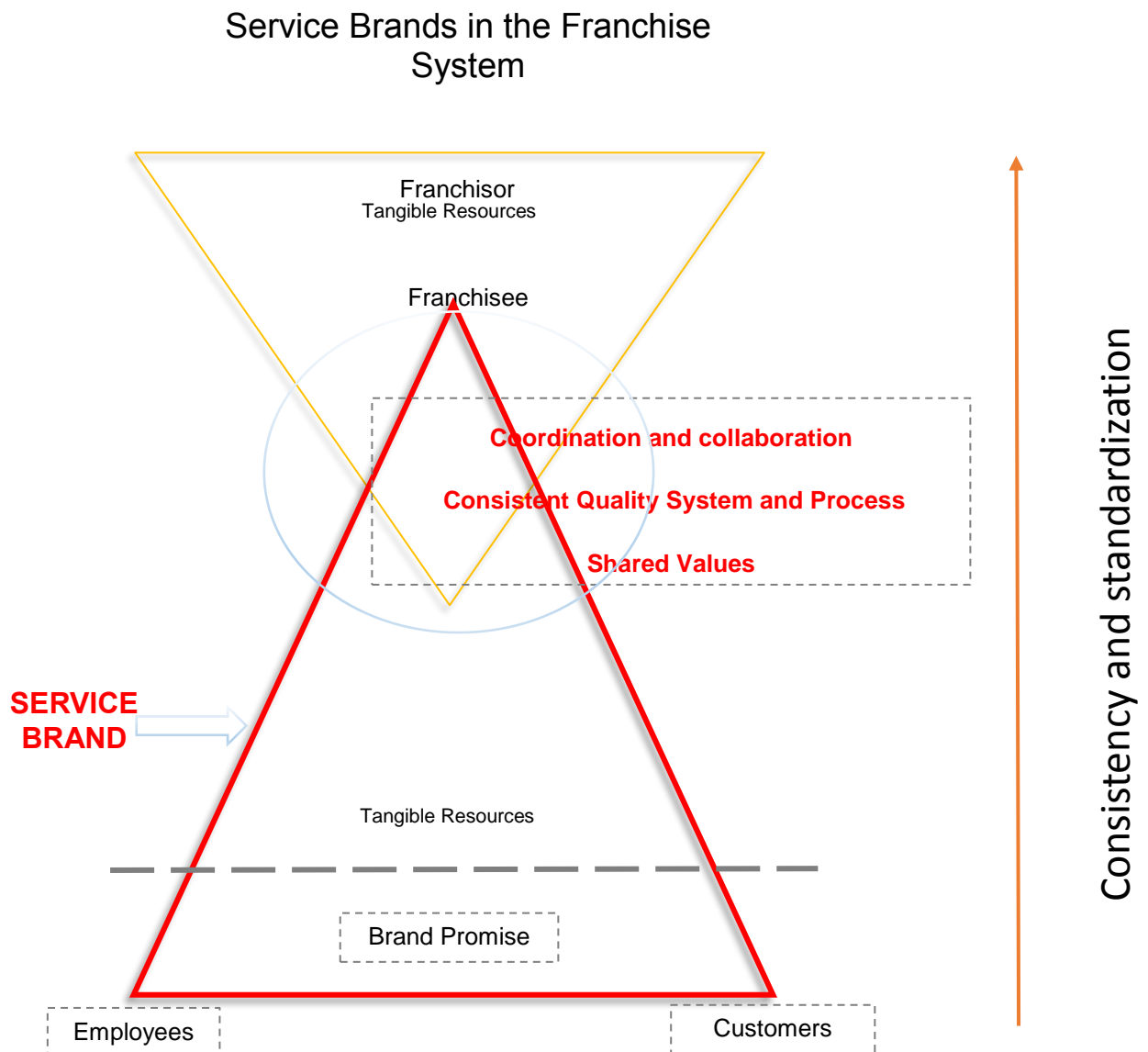
CHAPTER 7: RESEARCH CONCLUSION AND RECOMMENDATIONS

7.1 Introduction

The literature review helped with developing a conceptual model, which was used in developing objectives to answer the research question. Based on the contributions of the franchisees and the franchisor, the key themes of the research were:

- The coordination and collaboration of the franchisees and the franchisor
- Control of quality systems and processes through
- Organizational shared values; fulfilling the need for responsiveness in front line staff in enticing customers.

Questions for the interview guide were developed from the literature themes. The validity of the research design and reliability of the collected data, including the analysis methods, were continuously checked, with strategies mentioned in Chapter 4 deployed for credibility. Atlas.ti. software was used to analyse data from the sample of 12 franchisees from a QSR franchise system.

In this chapter, the key findings are highlighted according to the research questions outlined in Chapter 3. These findings were recorded in Chapter 5 and are linked to the theory in Chapter 6; conclusions are drawn in this chapter. The chapter concludes with the managerial implications for the franchise system. Limitations of the study as well as recommendations for future studies, based on Chapter 5 and 6, are outlined.

7.2 Principle findings

The focus of this research was the service brands in the QSR franchise system in South Africa. The aim was to gain insight into and understanding of standardization and consistency, based on these being regarded as key requirements for the success of both the service brands for future growth and survival of the franchise model. The study was motivated by the expanding competitive landscape of these service brands in the QSR sector and the need for consistency and standardization in achieving a positive customer experience as a differentiating strategy.

Franchisee and Franchisor Partnership

Although the purpose of the study was to understand the consistency and standardization of service brands in the franchise system in South Africa, it was important to understand the franchise environment in general. It was found that different mechanisms ensured that the franchisees operate according to the franchisors' needs or expectations of consistency. This

is what was used to coordinate and to drive collaboration with the franchisees These mechanisms are based on economic theories and the socio-psychological approaches to this relationship.

The study highlighted that, although it was important to view this partnership from the agency and resource scarcity theories as per Brown (2014), it is equally important for the franchisee and franchisor to be aligned in achieving these economic strategies as measures of success. This study has demonstrated that, in order to achieve this alignment between the franchisee and the franchisor, more than one mechanism is required (Boulay, 2010).

The franchisees' disagreement with the strategy negatively influenced the relationship and ultimately the unity and performance of the franchise system supports the notion that the intangible resources of the franchisor and the franchisee are the most important contributing factors to competitive advantage and superior performance.

It was found that, when franchisors drive their own agenda without aligning with the franchisees, be it with the control of quality of the system and processes or the level of engagement and support from the franchisees, it promotes behaviours that would have not necessarily materialised from the franchisees. This creates incongruence between the two parties (Brown, 2014), which negatively affects the consistency and standardization that is required for the success of the brand.

Consistency and Standardization

Furthermore, the importance of understanding the franchisees' businesses individually as they have different needs, as per Nijmeijer et al. (2014), proved to have been one of the reasons for small franchisees being forced to make decisions that may have led to free riding. The difference between the small and big franchisee has been proven to affect knowledge transfer in the system. This is driven by the franchisor using the agency theory and resource scarcity theory in reducing monitoring costs, by getting all three scarce resources of management, local market knowledge and financial capital from the franchisees. The franchisor did this without considering that not all their franchisees have the same capability of these scarce resources.

This, in return, results in the neglect of small franchisees and no knowledge transfer occurring between them and the system, as they do not posses the same level of the three scarce resources required as the resource scarcity theory. This challenges the assumption that the franchisees have all three resources for growth; being without these resources affects their growth and development (Gillis & Castrogiovanni, 2012).

This, on its own, has proved as a catalyst for other franchisees doing what they think is right in the absence of proper support from the franchisor, thereby affecting consistency and standardization across the system (Evanschitzky et al., 2016). It further extends the literature that without proper systems and principle design, achieving consistency in this environment will be difficult (Skaalsvik & Olsen, 2014).

The inconsistency of the franchisor in following up on the system and processes was noted as an important factor. The amount of unnecessary measures and the trust that the franchisee has for the franchisor also played a role.

The measurements that the franchisees are not in favour of, drives the lack of focus and clarity from the franchisor around the customer experience. This has left franchisees with the notion that the product is still their only competitive advantage and the key touch point of the brand. This puts the brand at a disadvantage, based on what is required for service brands and franchise systems to survive and be successful (De Chernatony & Segal-Horn (2003); Maumbe (2012); Nysveen et al., 2012).

This lack of clarity has a ripple effect in the system, based on the fact that the franchisee attitude is reciprocal and is reflected in their employees, who are supposed to respond to the brand shared values and goals, in order to deliver the brand promise to the customer (i.e. according to the conceptual framework) as explained by Evanschitzky et al. (2011). According to Skaalsvik and Olsen (2014), the brand is built up of the company, the employee and the customer.

Brand Service Experience

In these studies, employees are shown to be an integral part of the customer-to-brand interaction and a crucial factor for the success of brands delivering their brand service promise. Responsiveness of the frontline employees, based on their quality of training, people capability frameworks from the franchisor, the attitude of their respective franchisees and the shared values of the organization are an important contributing factor in the consistency and standardization of the customer experience as a service brand.

Much of the literature claims superior customer experience is the differentiator with the service brands; this has not been the case with this particular brand. The systems, tools and processes suggest that the franchisor considers this to be important, but the behaviour in cascading it to the franchisees suggests differently. The franchisees still believe that the product, which has built their brand equity historically, is the only thing that they need to ensure for consistent sustainability of the brand.

As per the literature, the franchisor gives no flexibility regarding their core elements of the brand, of which service is one of them, but, in this context, flexibility is given on the key things that influence customer experience, e.g. training and human resource compliance. The fact that such a big service franchise brand does not do what is needed to ensure that the relationship between the customer, employee and the brand is nurtured for competitiveness and sustainability, suggests that not all service brands see this as critical for survival.

This paper therefore inconclusively extends the standardization versus the adaption for local needs debate of many years, based on the fact that the performance of this franchise system is beyond the scope of our research.

The most significant insight was that without the social-psychological approaches in this partnership, the relational dimension driving customer experience would be very difficult to achieve. This is in line with Kimpakorn, & Tocquer, (2010). For front line employees to deliver the brand promise, the firms must engage them by means of social, psychological and emotional elements. The study shows that this will be dependent on the make-up of the relationship between the franchisee and the franchisor. This is due to the fact that the brand experience is reciprocal between the company, the employee and the customer. Without this relationship, it becomes very difficult for the franchisor to drive consistency and standardization, without using the governance approach.

7.3   Contribution to the literature

The study has contributed towards the understanding of the role that consistency and standardization play in the QSR service brands through the development of a conceptual model. A combination of existing literature on the relationship between the franchisee and the franchisor, including the studies in service brands experience, was considered to develop and adapt the model. As indicated in the adapted model, previous studies had not focused on the QSR service brands in the South African franchise system and how they keep the system consistent and standardized to ensure success and survival.

This conceptual model considered all three factors that constitute a brand, the franchise model format, the successful brand characteristics and the knowledge transfer constructs.

The following primary contributions to the literature have been identified in terms of consistency and standardization in the franchise system:

- The importance of the alignment of values, vision and strategy extending Joharianzadeh et al. (2015) has been critical. While there have been relational links in this partnership, the direct impact it has on customers has not been demonstrated in the QSR franchise system.

There has to be clear intention and understanding from the QSR franchise system to also ensure that the criteria and characteristics of the service brands are a brand focus to be in the same footing with other service brands for survival.

- Flexibility and adaptability depends on the strengths of the institution; in this study, franchisees still expect the franchisor to be there and support them (Evanschitzky et al., 2016). This influences the strategy of the franchisor in choosing which mechanisms with their franchisees depending on a specific business environment. If all the franchisees in this system wanted the brand to grow, the franchisor could leverage that through collaborating more with the franchisees.

- Extending the contribution above the different needs of the big and small franchisees have shown to influence how the franchisees view franchisor support to franchisees and the level of flexibility that they require. The study verifies socio-psychological approaches, challenging individual usages of the economic theories. This suggests that the franchisor deals with different franchisees differently based on the franchisees intangibility and specific needs.

- Franchisor competency in leading and driving the brand is also key in making this system work. There is a need for interdependent strategy where different departments from the franchisor will be elevated to work on all customer experience touch points based on their area of expertise. This will help franchisees in understanding what needs to be achieved and how.

- While customer service has been seen as a competitive advantage for service brands in the QSR sector (Maumbe, 2012), this study has proved that other franchise systems are still regarding product as a competitive advantage and believe that it is still working for their brand.

- For the consistent transfer of knowledge and the co-creation of value in driving the consistency and standardization of service brands in the franchise system, the franchisor needs to consider centralising the training centre. This will ensure that the franchisor has contact with frontline employees ensuring the development of ambassadors who share the same values, commitment and understanding of the vision and who can deliver the customer promise.

7.4   Implications for management

The research findings have identified a number of implications for franchisors, franchisees and different sectors. To be sustainable and to survive in this system through all, the stakeholders need to focus more on how they drive consistency and standardization to achieve their brand vision, strategy and value. They need to consider the following factors:

Franchisors

- Capability of both the franchisee and the franchise consultants is important to ensure that there is credible knowledge transfer between the franchisor, franchisees and their employees, for customers to receive the consistent service expected in franchise systems. This will also ensure that the quality of systems, tools and processes is maintained and supported in a consistent manner, with feedback analysed for franchisees to derive value driving buy-in.

- Franchisors need to understand the expectations for support, based on the size of the business, which implies that franchisee support cannot follow cookie cutter approach. This will automatically drive socio-psychological relations with franchisees, as each franchisee needs to be understood individually. This will help in ensuring uniformity in the vision, strategy and values across the system; how franchisors lead and relate to the franchisees will influence the system for consistency and standardization in executing a positive customer experience. It will also help the franchisors in knowing the skills, right capability and which designed processes are needed in supporting the franchisees.

- Franchisors should be clear on the vision, strategy and values across the system through the way in which they lead and relate to the franchisees to influence the system for consistency and standardization.

- Their understanding of what constitutes a successful service brand is important in the survival of brands in this sector. This is due to the complexity of the franchise model.

Franchisees

- Enabling culture for their employees is critical in delivering the brand promise. Understanding the reciprocal nature of this relationship as well as the parameters of service employees will help towards delivering a customer's experience differentiated from their competitors.

- Building their intangible resources for the success of their business is of importance especially in the QSR

Business and Entrepreneurs

- The results of this study will help entrepreneurs empowering them about the service brands in this business model in fuelling the economy. It will help the business as a whole to intentionally focus on the change in the landscape of the franchise system, specific sectors and partnering with the right stakeholders

7.5 Limitations for research

It is important that the researcher acknowledges potential biases that are driven by the subjectivity of the research method. This may influence the researcher's interpretation of the results. (Saunders & Lewis, 2012)

- This research was conducted in one QSR franchise system and thus may reflect a bias to that organization. For practical reasons, the study was conducted in Gauteng only.
- The nature of the constructs may have been subjective based on the qualitative design and objective measures could have yielded more representative findings.
- The researcher is experienced in this sector which may have created certain biases.

7.6 Suggestions for future research

The following research areas may be explored in future:

- Another study in the QSR service brands that still consider product as their competitive advantage and measure results to determine the sustainability of those brands.
- A longitudinal study of the way in which consistency and standardization affect the business performance of the whole system.
- Research on the phenomenon of multiple store owner franchisees increasing their power in the relationship with the franchisor, which has contributed to frequent requests for studies around power imbalances;
- A study that will model the optimal amount of control for both parties for consistency and standardization of intangible resources. When businesses establish a level of uniformity to realise its goal of scalability, they often disregard local adaptation leading to the standardization adaption tension. In markets with diverse needs, preferences and cultures, there might be a greater need for ambidexterity.

7.7 Conclusion

At the start of this research, three questions were asked regarding the consistency and standardization of service brands in the franchise system. First, what are the drivers of success in the franchise business? Second, what are the franchisee's expectations of the franchisor and lastly, what are the franchisee's needs in a standardized and consistent brand?

The key themes used throughout the study in answering these questions were the mechanisms that were used to ensure the coordination and collaboration between the franchisee and the franchisor in achieving the consistency and standardization required for

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service brands. It was important to consider the consistency of quality systems and processes to achieve this through shared values in this partnership.

Based on the literature and results in Chapter 5, this system does not comply with the criteria and characteristics of service brands. This was due to the misalignment between the franchisee and the franchisor. System and processes that are not appropriately supported and the shared values that are not strong due to the relationship of the franchisee and the franchisor that is not nurtured.

The franchisees' expectation of support was also relevant in the brand service management where the franchisor does not necessarily get involved. It was interesting that even with literature on consistent and differentiated customer experience for survival, in contradiction, this system still regarded product as their competitive advantage. This did not match the definition of Brakus et al. (2009) and Joharianzadeh et al. (2015) of the five dimensions of the service experience that the customer needs to experience consistently for brand success.

These insights are relevant for franchisors in understanding how they sustain consistency and standardization through their franchisees for the survival of the business model in the service sector. It is also important to question whether they will be able to survive if they are still not focusing on the holistic brand experience and focusing largely on the product as a differentiating factor.

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Appendices

Appendix A: Interview Guide	
Main Construct	**Prompt Questions**
Q1 What are the drivers of success in the system?	Why are you in business?
	How would you describe the manner in which you define, identify and evaluate success
	Is it a process, platform or framework?
	What I am hearing you say is? Design thinking of the experience?
	How important do you consider consistency to be as it related to your competitive advantage - Don't lead the conclusion of consistency
	What do you consider your competitive advantage?
	Explain what drives that competitive advantage?
	Describe to me what key performance measures of performance do you use to measure your competitive advantage?
	Share with me in detail how do you go about ensuring that these success measures are cascaded throughout the business?
	Given we have discussed your key measures of success explain your sentiments as it relates to the degree of alignment with the franchisors?
Q2 What are franchisee expectations of the franchisor?	How would you describe the extent to which your experience with your franchisor regarding your expectations as example is being matched?
	How important would you consider trust and fairness in your franchise system as drivers of success?
	How would you describe integrity as a determinant of quality in franchisor/franchisee relationship?
	Share with me in addition to integrity, openness, inclusiveness what other factors do you consider integral to the franchisor/ franchisee relationship?
	How would you describe manner in which conflict and differences are dealt with in the franchise system?
	To what extent are alternative opinions from the franchisees accommodated and how important do you consider this to be?
	Explain the support provided and in what manner?
	What value do you think the franchisees are adding to the system?
	What specific goals/ Values do you share with your franchisor?
	How is compatibility with the ethics and morals of the franchise system assessed?
	Describe and Explain What in the franchise agreement would you change and why?
	What in the agreement inhibits (does not allow you the space to) you to exercise discretion in how you run your business.(without interference)
	What are the requirements from the franchisees to ensure consistency and standardization across the board for business success? Explain how important you would consider consistency and standardization to be as it relates to the governance of performance and success within your business?
	How would you describe (What do you do when you feel that there are) unfair decisions made by the franchisor and what impact do you believe it to have on your performance? Can you provide some tangible examples?

Q3 What are the needs of franchisees in delivering standardized and consistent customer experience?	How do you engage your teams in systems and processes?
	How do you build skills and capability of your staff?
	Explain what you believe to constitute standardized operating instructions from the franchisor?
	How do you ensure that those are met consistently in your business?
	Explain How do you ensure that our customers are happy?
	Run me through how you drive managerial effectiveness in your organisation?
	How do you familiarise customer goals and expectations with your team?
	In addition to driving consistency of customer expectations in your organisation what additional factors do you consider pertinent to customer relationship management strategy?

Appendix B: Consent Form

To:

I am conducting research on standardization and consistency of brand service in the franchise system, and am trying to find out more about what franchisors can do to drive this as a means of a brands differentiation strategy. Our interview is expected to last about an hour, and will help us understand how this standardization and consistency can be driven through franchisees. Your participation is voluntary and you can withdraw at any time without penalty. Of course, all data will be kept confidential.

If you have any concerns, please contact my supervisor or me. Our details are

Provided below:

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Signature of participant: _____

Date: _____

Signature of researcher: _____

Date: _____