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PSYCHOLOGICAL ASPECTS IN INTERNATIONAL FRANCHISING

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Abstract

National and international chains emerge using franchising as a convenient base to expand with relatively low risk and entering new and also unknown markets. In international business, franchising has granted easy and fast access to entrepreneurs helping them to start their own business, with guidance from professionals. For a franchise system to be successful many aspects play a role. However, one fact stays the same: There will always be at least two parties involved. Even before the parties are legally bound, power relationships evolve and form the stage for short, medium or long-term agreement, which can or cannot be mutually benefitting. Emotions resulting from power distributions, pressure and possible may lead to unsatisfied business exits and can happen due to non-equilibrated partnerships. In most cases it is the franchisor that is in the position of giving out the rules. The spirit of individualism and creativity is held to a minimum, since franchising roots in a branded concept, nationally as well as internationally. In today's global world, cultural differences at the work place can be the source of many problems but also the key to success. The paper examines the power distribution, locus of control in the context of franchisee/franchisor relationships. Within this focus, the research looks at Hofstede's factors of cultural dimensions and hopes to find out patterns to enhance successful international expansions and improved franchise partnerships.

Franchise Definition

Franchising systems have developed over time and adapted to specific needs of franchisors, who are eager to expand and grow their businesses. Franchising also allows them to earn more money with their business ideas by giving out access to certain sources of knowledge, technicalities, or other resources. The root of the word franchise is based in the ancient French language: "franche, meaning free or exempt".[1] 'In the past it referred to a trading privilege or a collecting privilege given to someone by a sovereign or ruling institution. In exchange for the right, the franchisee had to pay a royalty fee to the one giving out the right, meaning the franchisor. One of the largest institutions for franchise opportunities is the government, still; e.g.

[1] Lafontaine et al. 2008, p. 1.

cable television and highway construction. When talking about franchising it usually refers to contractual relationships of firms who buy the right to use the franchisor's brand or sell the product. Time and location are fixed in the contract.'[2] This general definition sums up the fundamental theory of franchising, which can be implemented with small differences for goods and service industries alike. Advanced economies show a large portion of franchise business, which resembles a legally agreed form of vertical integration. In the United States of America, franchising is a very common way of expanding business, as figures show. In praxis, franchising has developed quickly and its initial, basic form has adapted to many different business sectors. Due to its popularity one can say that companies see many benefits of selling their very own business ideas to others, who then further commercialize the initial business thought, while paying fees to the headquarter.[3] Without mentioning fees and legal aspects Norton sums up the details in a short and practical definition: "Franchisors, typically offer managerial assistance – for example, site selection, training programs, standard operating procedures, design of physical layout, and advertising – to the franchisee, and the franchisee agrees to run the business according to the franchisor's stipulations".[4] According to the IFA President & CEO Steve Caldeira franchising means starting and running a business for oneself but not by oneself.[5] Continuous support is part of the package one buys in a franchise.

Two basic types exist: traditional franchising and business format franchising. 'Traditional franchising emphasizes the manufacturing sector and the right to distribute their products through franchisees, which are licensed to do so. Examples are automobiles, soft-drink bottling, beer, and gasoline.'[6] Vertical integration is the question in this case rather than any other: Should the manufacturer take over distribution himself through an employee or shall distribution be done by another company, in this case the franchisee? 'Business format franchising differs from that by emphasizing the trade dress, the franchisor's brand, and the supply of goods and services to customers. This type of franchising is rather seen in the service sectors, such as hospitality, health, accounting, and real estates. Typical for business format franchising is that the franchisee receives a package with a concept containing a valuable brand name and guidelines for a special way of doing business for exact this company he/she franchises from.'[7] Due to the flexibility of franchising models several different business sectors have the chance to offer suitable expansion solutions.

It is important to not only see the process advantages of the business itself but also the economic activities created by it. For the US this means as of 2010, that franchising activities economically supported over 11% of all nonfarm work and about 10% of nonfarm GDP.[8] Nearly 765,700 establishments employed over 7.6 million people and had an estimated output of 706 billion dollars.[9] In Germany about 1.000 franchisors plus their 65.000 franchisees

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[2] Lafontaine et al. 2008, p. 1.
[3] Blair & Haynes 2009, p. 1.
[4] Norton 1988, p. 199.
[5] Harrison & Haller 2011, p. 1.
[6] Blair & Haynes 2009, p. 1.
[7] Blair & Haynes 2009, p. 2.
[8] International Franchise Association 2011, p. 2.
[9] PricewaterhouseCoopers LLP 2011, p. 3.

employed around 463.000 people and had a turnover of about 55 billion Euro in 2010.[10] Compared to 2000 the turnover was only 22 billion Euro. 'Over 200 new franchisors opened between 2000 and 2010 in Germany. Services have the most franchising presence with 46%, followed by retailers with 32%, hotel and food and beverage with 15%, and craftsmen 7%.'[11] In general, 20% of all franchisees own 50% of all franchises, which shows the tendency to multi-unit ownership.[12] The purpose of this paper is to investigate different franchise ideas, its threats and the need of adaptation for an internationally functioning franchising system. The author's goal is to contribute to the ideas of franchising and to collect new angles to look at the system.

Critical Thoughts about Franchising

Since the beginning of franchising this business form has significantly been gaining importance. Entrepreneurs decide to be franchisees due to a certain level of security,[13] while belonging to a large chain,[14] and to take advantage of the support structure. These are the key elements to opt for franchising. However, franchising is also a topic for critical thoughts and gives many opportunities to reflect several aspects together with their pros and cons. For example, one study examines franchising in the light of ethnicity. Black minorities in the US are a group which may run a potentially higher risk due to lack of education and adequate work experience to successfully evaluate a given franchise contract of their interest.[15] However, especially minorities and other potentially disadvantaged groups, such as women, might gain easier access to entrepreneurial experience. They do not have to re-invent the business idea and further are safely placed in a network with professional experience at hand. According to a report compiled by the International Franchising Association, within the United States in 2007, minorities own about 20% of all franchised business. This number is higher by 6% than minorities owning non-franchised businesses.[16] Resulting from these numbers, one can see the support franchising gives to rather disadvantaged society groups. These groups get the chance to turn into successful entrepreneurs and at the same time increase their society standing, earn higher income and offer jobs to people of their environment.

Nevertheless, Udell points out that contracts are sometimes rip offs for the franchisee and contain unreasonable expectations, as well as favorable contracts for franchisors.[17] According to the economic model of self-interest, franchisors will take advantage of franchisees, if the opportunity arises.[18] Although, it is important to mention that this is only a model and does not reflect the general business ethics of individual franchisors around the world. Opportunistic franchisor thinking might also vary for example in family owned franchising systems, or between large and small franchising operations, or national versus international operations. The influence of franchisees might grow when one franchisee owns several franchise units. Academia often does

[10] Kaolbe 2011, p. 3.
[11] Deutscher Franchise Verband 2010.
[12] Dhruv Grewal et al. 2011, p. 537.
[13] Frazer et al. 2007, p. 1038 cited after Williams 1998.
[14] Frazer et al. 2007, p. 1038 cited after Hunt 1977.
[15] Udell 1973, p. 32 cited from Cameron 1970.
[16]. Harrison & Haller 2011, p. 1.
[17] Udell 1973, p. 34.
[18] Harrison & Haller 2011, p. 33.

not distinguish between multi-unit owners and considers these cases as one individual entrepreneur.[19] Franchisors however do distinguish, since the power relations between single und multi-unit owners can play a role in decision making for franchisors. When owning several units efficiencies can be created and resources can be multi-used. This tends to result in higher profits and therefore higher return for the headquarters – a win-win situation. Research shows that multi-unit franchisees' motivation to own more than one unit is rather due to entrepreneurial thinking than pure investment motivation. Represented in the service field based on research in restaurants, a franchised outlet compared to a non-franchised outlet triggers more demand and therefore creates higher turnover.[20] Higher turnover and a well working relationship with few discrepancies is the goal of any business relationship. A balanced dependence leads to mutual interdependence in the long-run.[21] Interdependence in franchising nurtures better communication, as in quality, amount and frequency and forms a win-win strategy. Well working relationships usually enjoy a successful communication pattern. With an improved communication system, challenges are overcome easier and the co-operation spurs trust building.[22] Combining these references, it shows that adequate communication between related parties leads to better understanding, less frictions, and higher qualitative relevant outcome. The author recommends to establish standardized communication paths, that are easy to follow and keep them up also under difficult circumstances to allow for less miscommunication and a constant helping hand for everyone in need.

According to Grewal dependence triggers maintaining the relationship,[23] interdependence triggers improved franchise performance[24] and a strong relationship increases sales performance, decreases cost, and increases innovations.[25] This combination influences the relationship between franchisee and franchisor is the key to sustainable success for both parties. In general, any relationship lives of giving and taking. Nevertheless, franchisor and franchisee might have developed power relationships over each other. While the franchisor owns the brand, the system, and the idea of the processes, the franchisee has the market knowledge and heads the operations.[26] Power streams may generate disequilibrium, less satisfaction and may lead to lower productivity and a higher propensity to leave, if the motivation keeping the business decreases.

Many discussions also arise about the entrepreneurial aspect of franchisees and whether franchisees can be seen as "real" entrepreneurs. It is to distinguish: franchisor entrepreneurship, meaning corporate entrepreneurship and franchisee entrepreneurship, meaning organizational entrepreneurship. 'On the one hand, arguments against franchisees reflecting the entrepreneurial spirit are that general legal issues mostly happen on the franchisor level and the franchisee only follows the given paths of the franchisor. Another argument is, that the risk of a new market entry is shared between franchisor and franchisee; therefore opportunities are normally identified by the franchisor. Others critique that franchisees simply manage their franchised

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[19] Grewal et al. 2011, p. 537.
[20] Steven C. Michael 1999, p. 319.
[21] Grewal et al. 2011, p. 539 cited from Heide & John 1988.
[22] Grewal et al. 2011, p. 543 cited from Mohr et al. 1996.
[23] Grewal et al. 2011, p. 549 cited from Ganesan 1994.
[24] Grewal et al. 2011, p. 549 cited from Hibbard et al. 2001.
[25] Grewal et al. 2011, p. 549-550 cited from Palmatier et al. 2006.
[26] Frazer et al. 2007, p. 1039.

units but do not pursue a significant growth strategy.'[27] Franchisees might not be seen as entrepreneurs because they do not invent the business idea, they may even take over an existing franchiseship, and enjoy stability of an existing network system.[28] On the other hand, franchisees have knowledge about local markets and are the ones improving and solving operational challenges. In addition, a franchisee has to deal with marketing issues, financial aspects and market information. Another argument for considering franchisees as entrepreneurs is that many of them operate as family run business and tend to have a strong collective entrepreneurial spirit, with the desire to control businesses themselves instead of being controlled. They put in the necessary effort to be successful.'[29] Despite these valid arguments, counter arguments exist for all named aspects. The author is convinced that franchisees are entrepreneurs, however makes a distinction of "first degree" and "second degree" entrepreneurs, while classifying franchisees as entrepreneurs of "second degree", due to the fact that some challenges are already cancelled out, such as developing, establishing and testing a business idea. The author recommends treating franchisees as entrepreneurs, because then they feel responsible for their acts and live the job rather than simply do the job necessary.

Elements of Successful Franchising

One component in the framework of franchising is learning. 'Learning defined by Wang & Altinay distinguishes two categories: exploratory and exploitative. Exploratory learning builds on an external aspect, on new things, its outcome is less certain. Exploitative learning builds on and improves the existing to reach efficiencies.'[30] Both forms of learning influence the franchising partner selection and the resulting relationship.[31] Therefore decision-making is influenced by learning. Different departments within an organization at the franchisor level might have distinct opinions on decision-making due to non-mutual learning processes and different information. Decision-making also depends on the quality and quantity of information given. Based on the information available learning can take different paths and lead to distinct outcomes of decision-making.

Another component of successful franchising is branding. According to research results in Germany, publicized in 2007, 'the top three candidates were McDonald's (fast food), Fressnapf (animal food), and Town & Country Haus (house construction). These companies share numerous key elements: They all operate under successful brands on which franchisees build their own company. They receive a ready to implement business concept with continuous support, which guides the franchisees to develop their own company.'[32] Here it is to say, that some franchiships are new on the market and have less experience, which then can lead to less support or less professional support. It is important for all potential franchisees to check that the system in place is well developed and that help from the mother company is available in all relevant business areas.

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[27] Ketchen Jr. et al. 2011, p. 585-588.
[28] Chlosta & Kissel 2011, p. 947, 966.
[29] Combs et al. 2011, p. 419-421.
[30] Wang & Altinay 2008, p. 226 cited from Sorenson & Sørensen 2001.
[31] Wang & Altinay 2008, p. 228.
[32] Jansen & Plüskov von 2007, p. 2.

The most important element though, is the entrepreneurial attitude of the franchisee who, should not believe in automatic success. The will to work hard and to spend a lot of time and energy in the start up phase starts the path of success. McDonald's is a renowned brand and offers a franchise system around the world. 'With a presence in over 100 countries and a relatively long business history, which started 1937, McDonald's often is used as benchmark for developing and existing franchise companies. A high degree of standardization, which leads to economies of scale, an aggressive international expansion strategy, and an innovative mind behind continuous development and growth, guide the way. Quality, service, cleanliness and value were and are vital aspects, which lead the business idea to grow.'[33] Moreover a well thought out real estate strategy gives McDonald's the competitive edge to top other fast food chains financially. McDonald's generates a large amount of cash flow from renting out real estate to its franchisees. 'With a planning time of two to three years, the potential restaurant locations are examined, rented or bought and then built on to be handed over as turn key business.'[34] Taking advantage of a favorable marketing mix helps franchisees to establish and grow within their brand system. The franchisor should be in the situation to have developed an ideal product, price, promotion, and place, which he improves constantly and permanently. If the franchisor is in the position to hand on a sophisticated marketing mix, operations for the franchisee are significantly easier. Although franchisees should be granted a degree of individualism, well-communicated and mutually favorable rules should be part of the franchisee-franchisor agreement. In this context the right branding strategy is the key to success. Mutual marketing efforts are advantageous due to one brand and multiple franchise units within a region, or one country. The value of a brand can be monetary and non-monetary, therefore these figures reflect estimated values. Figure 1 shows the top brands in the world according to Interbrand estimates: 'Coca-Cola, IBM and Microsoft with an estimated brand value of around 72 billion dollars, 70 dollars, and 59 billion dollars respectively. McDonalds in 6th place with 36 billion dollars brand value.[35] The top 15 brands can be divided into four groups with Coca-Cola and IBM being the leaders with little difference in estimated value. Microsoft and Google come in second, GE forms the third group by itself and all other companies mentioned are relatively close together between about 25 and 35 billion dollars. The list shows that the top brands offer rather services than good. It arises the question whether services offer more potential for building strong brands compared to companies producing hardware or whether service oriented companies put more emphasis on a stronger brand. Most brands show improved brand value over the past 5 years, only four brands were rather challenged in improving their reputation. Brands stand for a certain image. Images can be directed to a certain believe. For example Coca-Cola is a master of avoiding scandals connected with its brand. Being a popular and global franchisor for bottling beverages, Coca-Cola has developed diplomatic strategies to avert unfavorable reputation from its brand. Due to its organizational structure the firm is able to disperse negative information into its widely branched system, which places small bottling franchisees with private character at the end of the line, the franchisee. Those bottlers then are not operating directly under the control of the mother company but rather independently[36] and

[33] Schneider 2007, p. 32.
[34] Schneider 2007, p. 87.
[35] Interbrand 2011 website.
[36] Tobis 1977, p. 72-73.

therefore the headquarters of Coca-Cola intelligently stays out of any destructive image moves coming its way.

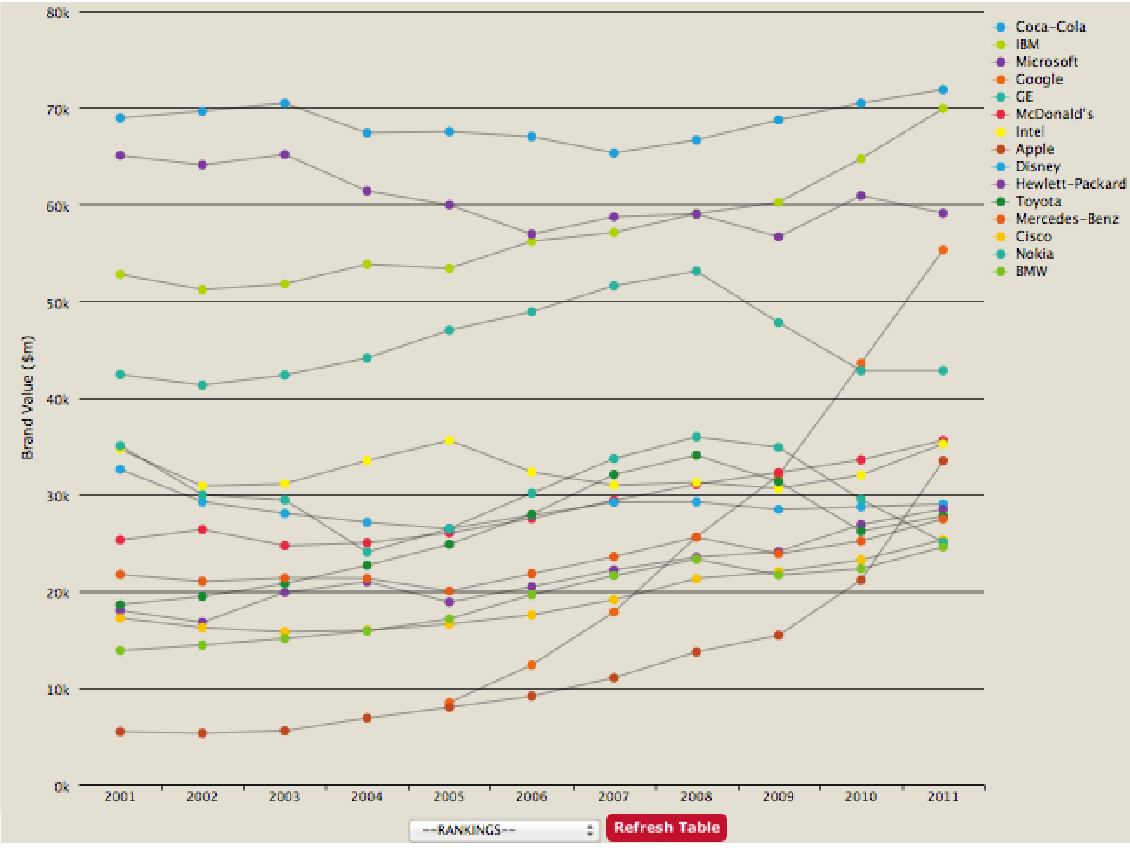

Figure 1. Best Global Brands

Source: Interbrand in 2011[37]

A good partnership is nurtured by effective communication and is a vital part of any relationship, as mentioned already. In the sense of franchising this means dialogue and interaction between partners to grow and maintain a mutually benefitting business career. Lack of communication increases the propensity to leave most partnerships, independent of their nature. Communication and commitment are two aspects that go hand in hand in a determined partnership. Three dimensions of commitment can be categorized: affective (emotions), normative (obligations),[38] and continuance (recognition cost when leaving).[39] Linking these commitments with social exchange theory, it implies that these dimensions

[37] Interbrand 2011 website.
[38] Meek et al. 2011, p. 562 cited from J. P. Meyer & Allen 1984.
[39] Meek et al. 2011, p. 562 cited from J. P. Meyer et al. 1993.

explain the existence or non-existence of a franchiseship[40] and are proven to be the essential base of working together successfully. 'Commitment, as described in these dimensions, classifies whether the franchisee has a strong will to stay, the need to stay, or the obligation to stay. Affective commitment lowers absenteeism, increases the sense of belonging to the partnership, and therefore results in the desire to stay in the interactive partnership.'[41] In contrast to other researchers Meek found out that the propensity to leave the franchiseship depends mostly on continuance commitment.[42] Nevertheless, researchers agree to the point that communication on a "frequent, rational, and reciprocal basis" triggers emotions of belonging.[43] These finding are not difficult to relate to since all our lives are paved with relationships, some more intensive than others, however already personal experience in everyday life confirms these theories. Once a partnership has lost trust or understanding, parties may think about leaving the agreement. Relating to customer loyalty methods, also franchise loyalty has to be kept up and invested in on a regular basis to spur the symbiosis of benefits. Taking into consideration leaving the franchiseship and actually leaving the franchiseship are two levels of ideas – this distinction should come easy to all of us, since it is human nature to critically think of topics before maybe executing them. Arguments that trigger dissatisfaction are for example lack of promised support, which might be due to the lack of resources at the headquarter. Lack of support for the franchisees is reflected in the resource scarcity theory. Franchising allows access to financial and human capital,[44] which without franchiseships would be significantly more difficult. 'This theory shows that missing resources for expanding the business are tried to be overcome by finding a partner with whom to co-operate. Also first mover advantages can be gained and new markets can be tapped relatively easy.'[45] Considering that 'many franchisors are small and medium size firms, with some incompetence, lack of resources, and missing experience in guiding franchiseships professionally there could be enough room for dissatisfaction. Missing and vital input for franchisees can then lead to the theory that franchisees may adapt quickly to the given – badly organized – situation and lead to a decreasing co-operation benefit, which in the next step possibly emphasizes the propensity to leave.'[46] A combination of social and demographic factors give additional input about the attitude towards a relationship. Higher age, family duties, and gender are factors, which influence a person's evaluation of arguments for or against leaving the relationship.[47] Emotions influence situations stronger than legal commitments can. A saying displays: Hope is that last thing that vanishes. Emotions are very strong, not always rational and may unfold unknown sources of positive and negative energy. In contrast, Combs et al argue that there is a higher chance for franchisees to stay in a franchiseship rather when economically, but not emotionally, locked in.[48] Money apparently

[40] Meek et al. 2011, p. 562 cited from J. P. Meyre & Herscovith 2001.
[41] Meek et al. 2011, p. 565.
[42] Meek et al. 2011, p. 572.
[43] Meek et al. 2011, p. 572.
[44] Meek et al. 2011, p. 559 cited from Kaufmann & Dant 2001.
[45] Wang & Altinay 2008, p. 227 cited from S. C. Michael 2003.
[46] Dormann & Ehrmann 2007, p. 655.
[47] Dormann & Ehrmann 2007, p. 662 cited from Bashaw & Gant 1994.
[48] Combs et al. 2011, p. 420.

seems one of the few elements that makes individuals leave emotions aside. The author believes that in the case of money being the only motivation to accomplish tasks makes people lose their sensibility for the job and their sensibility for their environment.

Another example for growing dissatisfaction is a continuous limitation of entrepreneurial freedom for franchisees, which need space in their decision taking and business acting.[49] Once too many parameters are set regarding how business decisions have to be taken, partnerships have a higher potential to cause disharmony and eventually break. Communication can also be seen as the key to trust. Trust together with commitment lead to satisfaction and then lead to the intention to stay in the relationship, as described in figure 2. Therefore short-term and long-term relationships have different weights on each element as displayed in the model below. The franchising model has a time factor and displays that with time the relationship is likely to grow. The left two blocks symbolize communication and behavior while form the first step and base for future commitments. Others argue whether co-operation is the step before or after trust. The author believes that it depends on the level of co-operation to determine the party's position in this model. Further it is suggested that small steps of co-operation come early and larger steps of co-operation come after a certain level trust. First trust has to be gained and only low risk is taken to explore the new situation. Then loyalty comes into play. It is the result of satisfaction and implies the intention to stay. It can be seen as the final level of determined commitment. According to this model the intention or decision to stay is dependent on many previously occurring factors and their combination. However they form one stream of influences. It is important to mention that different people react distinct in situations and therefore personality traits, cultural aspects and external, non-franchise influences might be equally important for a franchisee to come to the conclusion to stay in the relationship.

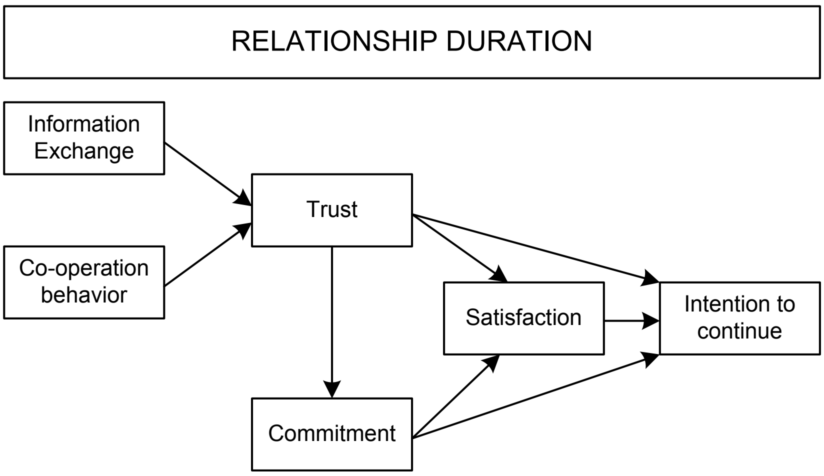

Figure 2. Effect on Intention to Continue a Franchise Relationship

Source: Bordonaba-Juste & Polo-Redondo 2008[50]

[49] Dormann & Ehrmann 2007, p. 667.
[50] Bordonaba-Juste & Polo-Redondo 2008, p. 330.

In order to evaluate potential franchise partnerships, decision-making processes are vital for future success or failure. Several stakeholders with distinct human dynamics interact and different models of decision making apply in various situations. Further, different cultures display a variety of values and backgrounds, which then influence the organizational structure and in that context they influence the decision making process. Altinay and Okumus mention five decision-making models: rational decision-making approach, bounded rationality model, process model, garbage can model, and the political model.[51] Each model bears advantages and disadvantages for specific situations and moments when the decision has to be prepared and taken. How, when, why decisions are taken and the way they are actually taken is often misinterpreted. Therefore, 'organizations need to make clear to everyone involved how certain parameters in the franchisee selection process interact and influence each other. In this sense different mindsets of participating individuals should be taken into account'[52] and practices from different countries should be acknowledged to harmonize the process and pave the way for the future. Since international franchising intensively deals with connections of businessmen and businesswomen around the world, it is important to recognize the cultural differences. Potential, existing and sometimes past, franchiseships should be examined and most times accepted in the light of cultural diversity. "Culture is about the way people understand their world and make sense of it".[53] Culture is very personal and differs from one group of people to other groups. Sometimes the differences are understandable but sometimes they conflict with our way of thinking and our values. Geert Hofstede, a specialist in international cultural studies, developed five cultural dimensions, which represent a framework for better and mutual understanding in private but also in business relationships. The five parameter are: Power Distance (PDI), Individualism (IDV), Masculinity (MAS), Uncertainty Avoidance (UAI), Long-Term Orientation (LTO) to describe a nation's behavior in distinct settings. For this study, Geert Hofstede examined over 70 countries between 1967 and 1973.[54] Power Distance describes extend to which power is divided among powerful members of a group. Individualism shows the extent of individuals being part of a group. Masculinity represents the degree to which women values differ from men values. Uncertainty Avoidance (UAI) reflects the level of tolerance for uncertainty and avoidance. Long Term Orientation (LTO) includes values such as perseverance, virtue, tradition and social obligations.[55] 'Cultural distance, a described by Altinay and Okumus in figure 3, is the head element in the decision making process for accepting new franchisees. Following cultural distance, three stages define the selection. The first stage is *initial lead* and this stage is an information gathering process about opportunities. In the second and graphically central position is the level of stage, *selection*, proposals are screened and matched with own brand strategy. In the third stage, *committee approval*, often financial aspects guide the non-emotional decision making process.[56] Altinay and Okumus therefore see culture as the first and foremost influence on selection partners or projects over alternatives. This implies that culture prefers the work with culture, which is attractive to either

[51] Altinay & Okumus 2010, p. 930-931.
[52] Altinay & Okumus 2010, p. 944.
[53] Hoecklin 1995, p. 21.
[54] Hofstede 1973.
[55] Hofstede 1991.
[56] Altinay & Okumus 2010, p. 939-941.

the business task that has to be performed, or the business cooperation. Depending on what is worth more to the one who selects the partner, this should then be the weighted criteria for decision-making.

Figure 3. Franchise Partner Selection Decision Making

Source: Altinay and Okumus[57]

This idea is shared with Hofstede's critical analysis on culture and its dimensions. In the context of organizations Hofstede further argues that strategic alliances are less risky and generally more beneficial than mergers.[58] The author believes that an international expansion considering franchising can be seen rather as a strategic alliance. If the company expands abroad with its own resources, then the international unit could be seen as marriage and in the context of cultural differences it can be more difficult. With the cultural dimension framework it is possible to categorize and make use of the large quantity of data, however the information gained is only an approximate guide to group and classify.

[57] Altinay & Okumus 2010, p. 935.
[58] Hofstede & Hodgetts 1993, p. 57.

Conclusion

This paper discusses general and psychological aspects of international franchising. The mentioned elements show clearly that this business concept is advantageous for everyone involved, if executed seriously. Establishing a brand name, which is recognized internationally requires joint effort but as the graphs showed an investment in the years to come. International co-operation can be achieved, when understanding and adapting to the local environment where necessary. In the author's view brand name and adaptation should be considered carefully since the name stands for brand and the brand itself should reflect the same values everywhere. Evaluating the aspects discussed above, power relationships turned out not to be one-way, but rather two ways, if respect towards the partner prevails. No franchisor will be likely to give up a franchisee, if the issues can be fixed, since the process of finding another franchisee to take over the unit is costly and time consuming for the franchisee and the franchisor. As a result from this fact, the author recommends to intensively examine the franchisee before choosing, so reach a higher degree of certainty that this party fits the needs for the franchiseship. In addition, concerns about the entrepreneurial spirit were raised. The author considers franchisees as entrepreneurs, since they are the ones operating the business and take day to day business decisions with their own money at risk. Further, they can give important input to the headquarters, which could even be of benefit for the whole system. Finally, the author would like to emphasize that the skeleton of franchiseships is similar to the basics of human relationships, which are lived everyday and therefore references and solutions could be corresponding. Analyzing the discussed sources, the author recommends that successful bonding for a mutual and lasting co-operation comes from working jointly together, having the motivation to grow, and respecting the other party while meeting obligations.

Further research is recommended in the area of which franchisor incentives trigger most beneficial franchisee development to ensure uniform procedures across the franchise network and therefore support brand image and brand recognition. Additional research should examine how incentives differ across industries and countries to obtain a guideline for franchisors of which tools to use for additional success. Moreover, the potential of minorities in franchising should be tapped since especially this group seems to be in need of facilitated business entries, of which franchising is an option.

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