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Abstract

This article uses an in-depth case study of two franchisor imposed change processes in one franchise system to generate propositions on the antecedents of franchisee responses to franchisor-initiated strategic change. The results point to the importance of the level of standardisation in the franchise system on franchisee responses to changes introduced by the franchisor. The franchise system's standardisation level, as perceived and expected by franchisees, determines the number, nature and level of importance of antecedents of franchisee responses to change. Overall, franchisee expected profitability and trust are the most important antecedents. Additionally, non-economic motivations for running a franchise influence decisions to take-up alternative opportunities and diminish the importance of switching costs. Finally, actions of parties outside the existing franchise relationship may influence franchisee decisions to switch systems.

Keywords

Franchisee responses, franchisor-initiated change, standardisation

Introduction

In business format franchising, a franchisor enters into contractual relationships with franchisees – typically small business owners – who pay to use the business format and agree to conform to franchisor standards (Davies et al., 2011; Stanworth et al., 2004). Franchising accounts for a major share of business in many countries: for example, it comprises between 32 and 52 percent respectively of retailing sales in Australia, Germany and the USA (Dant et al., 2011). Franchising has received growing attention in the small business, entrepreneurship and management literatures (Combs et al., 2011; Dada et al., 2012; Dant et al., 2011), with a key theme exploring the difficulties of managing franchise relationships. Specifically, a major issue for franchisors is maintaining system standardisation while dealing with franchisee desire for entrepreneurial autonomy (Dada and Watson, 2013; Paik and Choi, 2007; Pizanti and Lerner, 2003). As a result, several studies have

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explained franchisee compliance, non-cooperative behaviours or conflict in day-to-day franchise relationships (Davies et al., 2011; Kidwell et al., 2007; Winsor et al., 2012). However, there is little empirical research on how franchisees respond when they have to adopt major franchisor-initiated strategic changes. This lack of research is surprising, since market saturation and increasing competition have led to a growing importance of change and business format adaptation by franchisors to respond to new threats and opportunities (Bradach, 1998; Dada and Watson, 2013). The present study combines different theoretical approaches and in-depth qualitative data to understand why franchisees react in certain ways when confronted with franchisor-initiated change.

Change is critical for the sustained performance of organisations. However, the success of implementation largely depends on the response to the suggested change (Piderit, 2000). Recent studies estimate that only one-third of the change efforts in organisations are successful (Armenakis and Harris, 2009). Empirical evidence on the effectiveness of change implementation in franchise systems is limited. For example, Parsa (1999) referred to destructive franchisee responses to a new breakfast programme at Wendy's, and Clarkin and Rosa (2005) discuss examples of franchisee resistance to adopting franchisor-initiated product innovations. Implementing change in franchise systems may be even more difficult than in hierarchical organisations because as independent small business owners, franchisees have to be persuaded to implement change in their own units (Bradach, 1998; Dada and Watson, 2013; Parsa, 1999); particularly as franchisees are required to make major financial investments in their businesses and/or adjustments in trade practices without any guarantee of positive benefits (Lusch et al., 2003). In such a context, the aforementioned tension between franchisor standardisation and franchisee entrepreneurial autonomy is likely to become even more pressing and visible.

Franchisees can adopt various behavioural responses to franchisor-initiated changes. Some act in a constructive way: for example, by adopting or even advocating change; whereas others may adopt destructive responses, such as neglecting, or fighting the changes, or even leaving the franchise system. These destructive responses may harm the franchise system. Hence, franchisors need to have knowledge on how to promote and prevent constructive and destructive responses, respectively. Thus, the present lack of understanding about the factors affecting franchisee responses to change represents an important knowledge gap in the literature. The main contribution of this article is to address this gap by presenting an in-depth case study of real-life change processes in a large Dutch franchise system. This will allow us to generate propositions on the antecedents of franchisee behavioural responses during the implementation of franchisor-initiated change.

This article responds to calls in the franchising literature to adopt new perspectives in obtaining a more in-depth, qualitative understanding of franchisee behaviours, given the complex and dynamic nature of franchise relationships where franchisors have to deal with the tension between standardisation and franchisee entrepreneurial autonomy (Clarkin and Rosa, 2005; Dada and Watson, 2013). By combining an agency perspective with literature explaining individual responses to change, and literature explaining individual responses to problematic events (the so-called 'Exit, Voice, Loyalty, Neglect' or EVLN literature), the present study goes beyond the formal aspects of franchise relationships in explaining franchisee behaviours (Pizanti and Lerner, 2003; Kidwell et al., 2007). In doing so, this study article aims to provide researchers with a better understanding of the complexities of franchise system change, and suggest testable propositions that researchers can use to develop knowledge on franchising in future studies.

Theoretical framework

Building on an agency perspective

Franchising research has been mainly published in small business and entrepreneurship journals and in general management journals. Both these literatures build on the argument that franchising solves certain agency problems; since franchisees are legally independent small business owners who have considerable financial investments at stake and receive unit profits, often they are assumed to be more motivated than company managers (Combs et al., 2011; Dada et al., 2012). However, other agency problems and potential conflicts may arise in the franchisor–franchisee relationship due to franchisee desire for entrepreneurial autonomy and unit profit maximisation (Pizanti and Lerner, 2003; Kidwell et al., 2007). A high level of franchisor control and the resulting loss of franchisee entrepreneurial autonomy may lead to dissatisfaction and uncooperative behaviours in franchisees (Dada and Watson, 2013; Pizanti and Lerner, 2003). Therefore, many franchising researchers have used an agency perspective and identified different instruments that franchisors can use for controlling franchisee behaviours and to achieve standardisation (Paik and Choi, 2007 and Cox and Mason, 2007 for discussions). Common conceptualisations of franchisor control are the extent of centralised decision-making (Mumdzhev and Windsperger, 2011), the level of formalisation (Kidwell et al., 2007), and the strictness of contractual clauses (Chauvey and Fadaïro, 2008). The present study builds on Kaufmann and Eroglu (1998), Paik and Choi (2007) and Cox and Mason (2007) by defining a franchise system's standardisation level as that of the obligations that franchisees have in running their units, and the degree to which the franchisor monitors and enforces franchisee compliance with these obligations. The concept of standardisation is related to the concepts of centralisation and formalisation; a high standardisation level implies that the franchisor has considerable decision-making authority in multiple business domains (cf. centralisation), and that the franchisor imposes many formal rules, policies and procedures on its franchisees (cf. formalisation). The study explicitly includes the level of franchisor monitoring and enforcement in the definition, since Clarkin and Rosa (2005) found that even though franchisee obligations can be prescribed and detailed, the extent to which franchisors enforce franchisee compliance with these obligations varies largely in practice.

From an agency perspective, it can be assumed that franchisees in a standardised system perceive relatively high levels of franchisor control and thus, low entrepreneurial autonomy in situations requiring franchisee adoption of franchisor-initiated changes. In other words, it can be assumed that franchisees will adopt changes because they are required to do so. However, in recent years, researchers have acknowledged that there are reasons beyond formal franchisor control that cause franchisees either to comply, or not, with franchisor rules (Davies et al., 2011; Kidwell et al., 2007; Phan et al., 1996). Franchise relationships are more complex and dynamic, and franchisees more heterogeneous than often is suggested (Clarkin and Rosa, 2005; Pizanti and Lerner, 2003). Therefore, an increasing number of franchising researchers aim to explain franchisee behaviours by adopting other theoretical perspectives (either in combination with an agency perspective or not), such as social exchange theory (Davies et al., 2011) or conflict theory (Winsor et al., 2012).

In order to explain franchisee behavioural responses to major franchisor-initiated changes, this study combines the agency perspective with change and the exit, voice, loyalty or neglect (EVLN) literature to develop its theoretical framework. An important topic in the change literature is how change recipients respond to changes that are implemented by a change agent within hierarchical organisations. Although franchisees are independent business owners, franchisors can impose

changes and thus, act as a change agent. In such a context, the change literature posits that recipient assessments of satisfaction after the changes and perceptions of the change implementation process are important antecedents of responses. These types of antecedents complement the agency-based antecedents that emphasise the formal aspects of franchise relationships (Kidwell et al., 2007).

The EVLN literature aims to understand the antecedents of individual responses to 'problematic events' in a range of relationships: it provides a clear and useful classification of responses on the basis of two dimensions – the constructiveness and the activeness of the response. Additionally, the response antecedents are broadly defined that so they can be easily applied to other contexts. These include contexts in which small business owners or entrepreneurs have to respond to events that occur in relationships with important external stakeholders. EVLN research typically assumes that individual perceptions of relationships, alternatives and switching costs determine these responses to 'events' in their relationships (Geyskens and Steenkamp, 2000; Mishra and Spreitzer, 1998). In addition, these types of antecedents are complementary to the agency-based antecedents that focus on formal control.

However, the change and EVLN literatures have not yet been used in the franchise relationship context. This context may require some adaptations compared with the conventional use of these literatures (employer–employee or buyer–supplier relationships). Similar to many small business owners, franchisees have a clear desire for entrepreneurial autonomy, have concerns about the profitability of the business and face important resource constraints (Jones et al., 2014; Walker and Brown, 2004). These characteristics could very well cause franchisees to respond differently to changes than the individual actors traditionally studied in the change and EVLN literatures.

Insights from a change perspective

The knowledge base on change in organisations remains fragmented as change research uses a variety of conceptualisations of responses, and distinguishes a large number of potentially relevant response antecedents. Therefore, several researchers call for a more in-depth understanding of such responses and their antecedents (Bouckennooghe, 2010; Piderit, 2000; Rafferty and Restubog, 2010).

Change researchers point at various antecedents of recipient responses to change (Bouckennooghe, 2010; Rafferty and Restubog, 2010), which can be classified into two major complementary groups (Armenakis and Bedeian, 1999). The first reflects how recipients evaluate the impact that change is likely to have on satisfaction; for example, in terms of expected job satisfaction and satisfaction with job status (Armenakis and Bedeian, 1999; Erwin and Garman, 2010). Franchisees also perceive and expect a certain level of satisfaction before and after the change process. The higher a franchisee's expected satisfaction level, the higher the likelihood of a constructive response. The franchising literature distinguishes a wide range of dimensions affecting franchisee satisfaction, such as the relationship's monetary and emotional value (Grace and Weaven, 2011), met expectations on franchisor support or operational characteristics (Morrison, 1996). Since a common understanding of these dimensions is still lacking (see Combs et al., 2011), the present study also aims to develop an appropriate conceptualisation of franchisee satisfaction during change.

The second group of antecedents comprises recipient trust in the change agent and perception of the fairness of the implementation process (Mishra and Spreitzer, 1998; Oreg and Sverlick, 2011). Similarly, it can be expected that franchisees need to have trust in franchisors, and the implementation process as fair; the higher a franchisee's trust and fairness perception, the higher

the probability of a constructive response. Previous franchising studies have pointed at the positive effect of franchisee trust on franchisee behaviours in their day-to-day franchise relationships (Davies et al., 2011); however, it is not clear yet how franchisee trust affects franchisee behaviours when franchisees are confronted with major changes.

Insights from an exit, voice, loyalty or neglect perspective

A sizeable stream of research investigates responses to problematic situations in different types of relationships, applying the so-called EVLN typology (Hirschman, 1970; Parhankangas and Landström, 2006; Ping, 1997, 1999). This EVLN literature generally classifies responses along two dimensions:

1. the intent of the response – distinguishing between constructive responses aimed at reviving or maintaining the relationship (i.e. loyalty and voice), and destructive responses aimed at ending or destroying the relationship (i.e. exit and neglect);
2. the form of the response – whether one takes initiatives to deal actively with the problematic situation (i.e. voice and exit) or not (i.e. loyalty and neglect) (see Hagedoorn et al., 1999 for the most extensive typology).

This article focuses on the constructive–destructive dimension as this reflects a franchisee's main intention regarding the change process, which ultimately also affects the franchise relationship.

The article makes some adaptations in conceptualisation and research method compared with extant EVLN studies. First, the EVLN literature tends to analyse individuals behavioural *intentions* regarding unspecified hypothetical problematic events in a survey setting. Mishra and Spreitzer (1998) suggest applying the EVLN approach to actual behaviour in specific real-life situations; which in the present study means specific change processes. Our focus on real-life changes may recognise hitherto unidentified EVLN response antecedents. Second, the EVLN approach is basically a static approach, and some calling for a process approach by including response switches and the triggers for such (Mishra and Spreitzer, 1998; Withey and Cooper, 1989). However, few studies have developed this idea, conceptually or empirically (an exception is Dyck and Starke, 1999). The present article includes an empirical investigation of switches between franchisee constructive and destructive responses as franchisor-initiated changes unfold, which may yield valuable insights into the antecedents of these responses.

The EVLN literature often points at satisfaction, the attractiveness of alternatives and switching costs as major response antecedents for the constructive–destructive dimension (Ping, 1997, 1999). As regards satisfaction, EVLN researchers typically view this as a multidimensional construct where the research context determines the dimensions studied. For example, Geyskens and Steenkamp (2000) differentiate between economic and social satisfaction in marketing channels. As another adaptation of the extant EVLN literature to the context of this study, a multidimensional conceptualisation of franchisee satisfaction during change is developed.

Key variables

This subsection summarises the relevant key variables within the theoretical framework. From an agency perspective, the first key variable in understanding franchisee responses is a franchisee

system's standardisation level. A high standardisation level implies a high level of franchisor control and thus, a strong likelihood that franchisees will adopt franchisor-initiated changes. Additionally, on the basis of the change and EVLN perspectives, three main groups of antecedents of franchisee responses and response switches during franchisor-initiated change are identified:

1. different dimensions of expected franchisee satisfaction (cf. change and EVLN);
2. a franchisee's trust in the franchisor and the perception of fairness of the change process (cf. change and Mishra and Spreitzer, 1998 on EVLN); and
3. the franchisee's perception of alternative attractiveness and switching costs (cf. EVLN).

As regards the key outcome variables, this study builds on the EVLN literature by focusing on the constructive or destructive character of franchisee responses.

Method

Case study approach

Since little is known about the antecedents of franchisee responses to franchisor-initiated changes, and researchers in the relatively established change and EVLN literatures have called for a more in-depth and qualitative understanding of response antecedents in different contexts, this study used a case study to generate propositions (Eisenhardt and Graebner, 2007; Yin, 2009). In order to enhance internal validity, first a theoretical framework was developed on the basis of different theoretical perspectives (Gibbert et al., 2008; Yin, 2009). Subsequently, the study investigated the extent to which the elements of the theoretical framework are relevant in a franchise context, and whether new elements can be identified; then appropriate franchise specific conceptualisations of these elements were developed. An abduction approach (Van de Ven and Poole, 2005) was used by combining the agency, change and EVLN perspectives to guide observations, in order to generate theory in a new empirical context.

Research context

Beauty & Care (B&C; pseudonyms are used for the names of the system and all those involved) is a large, established Dutch retail franchise system with mostly single-unit franchisees and no company-owned units. During the Second World War, B&C started as a cooperation between five independent druggists¹ in the field of purchasing and marketing, and in the decades that followed the group expanded rapidly and broadened its scope of activities. The number of franchisees grew from 500 in 1960 to more than 1000 in 1992. In its lifetime, B&C has undergone major changes, to which franchisees adopted both constructive and destructive responses. Due to the destructive responses, the number of franchisees decreased to approximately 700 in 2002–2003, and 400 franchisees in 2009. Thus, B&C demonstrates the characteristics of an extreme case in which phenomena and relationships between variables become more observable (Eisenhardt and Graebner, 2007).

The case study focused on two consecutive strategic change processes (SCPs, i.e. SCP1 and SCP2), which began in 1992 and 2003 respectively. These processes originated in the 1980s when competition in the Dutch pharmacy industry grew and B&C management reacted by adapting the system's market positioning and increasing its standardisation level. In 1992 a new management introduced similar but more radical plans to change B&C's market positioning and standardisation level in the form of SCP1. This management only partly achieved the goals of

SCP1. In 2003, a different management team introduced SCP2 to continue and intensify the intended changes. These developments imply that the standardisation level at SCP1 was lower than at SCP2, which provided the necessary variation in data to analyse the influence of the franchise system's standardisation level on franchisee responses. Both SCPs required the franchisees to make major financial investments and adjustments to trade practices and therefore, both can be classified as transformational rather than fine-tuning changes (Lusch et al., 2003; Rafferty and Simons, 2006).

Data collection and measurement

Data collection took place during the time of SCP2, resulting in a dual methodology including a retrospective of SCP1 and a contemporary SCP thus, combining the advantages and overcoming the limitations of both (Eisenhardt and Graebner, 2007; Leonard-Barton, 1990). Contemporary data are typically richer and finer-grained, but may require a certain distancing to separate out what is really important; while retrospective data are typically sparse and synthetic, but there are potential problems due to respondent forgetting and/or reinterpretation of events (Huber, 1985; Miller et al., 1997). However, Huber (1985) demonstrates that respondents are able to accurately recall events of personal importance. Since this study's SCPs are transformational changes, the franchisees vividly recalled how and why they responded to the retrospective SCP1. Additionally, the study used the suggestions of Miller et al. (1997) to improve the reliability and validity of retrospective data. First, a free reporting strategy was used by conducting interviews with partly open-ended questions, so that franchisees had room to sketch the context of their responses. Second, since a focus on facts leads to fewer cognitive biases, the interview questions focused on how the franchisees actually behaved and why, as opposed to more abstract concepts and feelings. Third, other data sources enabled the study to refresh memories when necessary, and helped in checking the recall of events. (These data sources are discussed below and included, for example, interviews with B&C's representatives, strategic plans and trade journal articles.)

Both SCPs followed the same protocol in data collection and measurement, which increases reliability (Gibbert et al., 2008; Yin, 2009). For each SCP the data collection consisted of interviews with franchisees and (former) representatives of B&C (i.e. CEOs and managers), and a study of written documents such as strategic plans, franchise contracts, the format handbook, year reports and trade journal articles. This data triangulation increases validity by enabling a sketch of the context in which the franchisee responses occurred (Gibbert et al., 2008; Yin, 2009).

The franchisee interviewees consisted of both constructive and destructive franchisees (theoretical or purposeful sampling; Eisenhardt and Graebner, 2007; Yin, 2009). Former representatives of B&C provided an initial list of names of constructive and destructive franchisees for each SCP. These names were used to contact franchisees for interview appointments and achieve an adequate number of respondents. During the interviews, questions were asked to determine each franchisee's behavioural response (see the questions in Table 1). The franchisees interviewed provided additional names of potentially interesting franchisee respondents (snowballing). The data collection was finalised when a theoretical saturation point was reached and no new information or themes were observed in the data (Yin, 2009). Eventually, 13 franchisees and three franchisor representatives were interviewed for SCP1, and 12 franchisees and two franchisor representatives for SCP2. Six of these franchisees were interviewed for both SCPs because they operated in the system under both SCPs. This provided insight into the developments of these franchise relationships over time, and increased understanding of the context in which franchisees adopted their

Table 1. Main interview questions and measurement of key variables.

Variables	Franchisee interview question(s) ^a	Measurement
Background variables	Several introductory open questions to sketch the context of the franchisee in terms of length of franchise relationship in years, number of B&C units, reasons for becoming a B&C franchisee, alternatives at the time of becoming a B&C franchisee, and how the franchisee was informed about the changes	
Initial response preceding and subsequent responses	Open question about the franchisee's actual behaviour when the change was introduced: 'As you first learned about this particular strategic change, how would you describe your reaction?' Closed target questions to position the response in the constructive/destructive and active/passive dimension: ^b ✓ Active/passive: Did you contact the franchisor? ✓ Constructive/destructive: If you contacted the franchisor, what did you say or do and why? If you did not contact the franchisor, why not? <i>[Questions repeated for preceding and subsequent responses]</i>	Destructive or constructive
Satisfaction	How would you rate your overall satisfaction with your franchisor and its franchise system? Why? <i>['Why' questions posed to determine dimensions of franchisee satisfaction]</i> How has your satisfaction with the franchisor before the change process developed over time? Why?	Five-point scale ^c Three-point scale: -1 = decrease 0 = no change +1 = increase
Expected satisfaction	What is your expectation regarding this satisfaction level after the change process? Why?	Three-point scale: -1 = decrease 0 = no change +1 = increase
Trust in the franchisor and fairness of implementation	What is your level of trust in the franchisor? Why? What do you think about the way the franchisor introduced the changes? Why?	Five-point scale
Attractiveness of alternatives	If you should decide to exit your present franchise system, how attractive would you deem the available alternatives? Why?	Five-point scale
Switching costs	If you should decide to exit your present franchise system and choose an alternative, how high do you expect your switching costs to be? Why?	Five-point scale
System characteristics: Franchise system standardisation	<i>Dimensions:</i> Standardisation level at the start of the SCP on the basis of: 1) obligations related to the shared identity towards customers; 2) obligations related to internal procedures; 3) enforcement of the obligations	Coded on a five-point scale on the basis of franchisor interviews and additional data sources ^d

Table 1. (Continued)

Variables	Franchisee interview question(s) ^a	Measurement
Market positioning of the franchise system	Market positioning at the start of the SCP on the basis of: 1) composition of the product assortment; 2) service level; 3) price level; 4) store appearance (interior and exterior); 5) type of promotion activities	Coded on a five-point scale on the basis of franchisor interviews and additional data sources ^d

^aThe exact phrasing of the franchisee interview questions depended on whether the interview was about the past (SCP1) or contemporary SCP (SCP2). This table presents the questions for the contemporary SCP.

^bAlthough this study focuses on the constructive/destructive dimension, data also were collected about active and passive responses.

^cAll five-point scales are anchored very low = 1 to very high = 5.

^dFollowing Miles and Huberman (1994), the researchers check-coded these codes to increase internal consistency.

responses. However, such an understanding was not always possible since the other franchisees either were not yet B&C franchisees during SCP1, or had already left when SCP2 was introduced.

All interviews were face-to-face with open-ended and some closed questions, which were recorded and transcribed. Table 1 presents the main franchisee interview questions and the measurement of key variables. Franchisees had to elaborate on their answers to the closed questions. Each interview took between 70 and 90 minutes.

Data analysis

Each SCP followed the same three-step analysis protocol. The first step was developing a narrative for each SCP to carefully sketch the context in which all franchisee responses under study occurred (Eisenhardt and Graebner, 2007; Langley, 1999). To facilitate the analysis, each franchisee was numbered (also see Table 2). The second step was developing detailed data displays for each SCP. Table 2 is an aggregate and simplified version of these data displays summarising the reasons for specific responses as mentioned by the franchisees. The third step consisted of a comparison of the empirical observations with the theoretical framework. This pattern matching contributed to the study's internal validity (Gibbert et al., 2008; Yin, 2009). Two academic peers reviewed the analyses, which further increased the study's internal and construct validity (cf. Gibbert et al., 2008).

Results

SCP1: Adapting B&C's positioning and standardisation level – the first attempt

The B&C franchisees had always been a heterogeneous group of small business owners who undertook some joint purchasing and marketing. Although the B&C franchisor was allowed to impose obligations formally, the actual level of franchisee obligations had historically been very low. However, during the 1980s management gradually changed B&C's market positioning and started to increase the number of obligations in response to increasing competition.

Table 2. Overview of reasons for franchisees' initial responses and response switches for SCPI and SCP2^{a,b}.

		SCP 1	SCP 2
Reasons for initial responses	Constructive	<ul style="list-style-type: none"> › Higher expected profitability due to increasing turnover levels (1–9) › Close contact with management, resulting in a high trust level and fairness perception (1–5) 	<ul style="list-style-type: none"> › Higher expected profitability due to increasing turnover levels (1–5) › Higher expected satisfaction regarding market positioning and autonomy (1–5) › Close contact with management, resulting in a high trust level and fairness perception (1–5) › Franchisee 6 expected lower profitability and satisfaction on autonomy and market positioning, but he first tried to impede the changes by talking to the franchisor in a constructive way (6)
	Ambiguous ^c	<ul style="list-style-type: none"> › Lower expected profitability due to increasing costs (10–11) 	<ul style="list-style-type: none"> › Low level of trust in the franchisor's organisation (7) › High expected satisfaction in profitability, market positioning and autonomy, but franchisee was not sure if franchisor would really enforce the changes (7)
	Destructive	<ul style="list-style-type: none"> › Lower expected profitability due to increasing costs (12–13) › Low level of trust in the franchise system became a problem due to expected increase in centralisation (12–13) 	<ul style="list-style-type: none"> › Lower expected profitability due to increasing costs (8–12) › Lower expected satisfaction on autonomy (8, 9) › Low level of trust in the franchisor's organisation (8, 9) › Change is unfair because of the increasing franchisee cost levels (8) › Low expected satisfaction in market positioning (8) › Low satisfaction in franchisor support services such as automation, purchasing. This became more problematic due to increasing centralisation level (8) › Availability of an alternative with higher expected satisfaction on profitability, autonomy and market positioning (10)
Triggers for response switches ^c	From constructive to destructive responses	<ul style="list-style-type: none"> › Decreased satisfaction in profitability due to increased cost levels (6, 7, 8, 9, 10, 11, 12) › Low level of trust in the franchise system became a problem due to increased centralisation level (12, 13) 	<ul style="list-style-type: none"> › Lower (expected) satisfaction in profitability due to high costs levels (6, 8, 9, 10, 11, 12). › Lower (expected) satisfaction in autonomy (6, 8, 9)

Table 2. (Continued)

	SCP 1	SCP 2
	<ul style="list-style-type: none"> › Availability of an alternative with higher expected satisfaction on profitability, autonomy and market positioning (8, 12) › Low level of satisfaction on market positioning became a problem due to increased centralisation level (11) 	<ul style="list-style-type: none"> › Low level of trust in the franchisor's organisation (6, 8,9) › Low (expected) satisfaction in positioning and franchisor support (6, 8)
From destructive to constructive responses	<ul style="list-style-type: none"> › Expectation that the franchisor could be convinced of reducing cost levels and thus profitability could be maintained or even increased (10) 	<ul style="list-style-type: none"> › Franchisor offered part-time position at the franchisor's organisation so the franchisee had influence on changes and resulting profitability, autonomy and positioning (8; one of the largest B&C franchisees at the time)

^aThe reasons are listed in a descending order of importance.

^bEvery franchisee is numbered separately for each SCP, so the numbers of the franchisees interviewed for both SCPs do not correspond. The numbers in brackets refer to the franchisees that referred to these reasons.

^cThe ambiguous response is positioned between the constructive and destructive response in terms of level of constructiveness.

SCP1 commenced in 1992 when new management started at B&C which aimed to continue and intensify the changes introduced during the 1980s. Competitive threats led management to adapt B&C's market positioning by giving it a cheaper image (from score 4 to 3 on a five-point scale, see Table 1), and increase B&C's standardisation level (from score 2 to 3.5 on a five-point scale, see Table 1). Regarding B&C's market positioning, management aimed to introduce lower margin pharmacy and non-pharmacy products. These 'traffic builders' were presented regularly in promotional brochures and television advertisements, often in cooperation with suppliers. These products needed to be prominently displayed in the B&C stores and therefore, were sent automatically to the franchisees, thereby increasing B&C's standardisation level. Finally, management wanted a new and cheaper look for all the B&C stores, with fresh colours and tiled floors instead of luxury carpeting, again imposing an increase in B&C's standardisation level. Management presented the changes in a written strategic plan and introduced them during regional meetings with the franchisees in 1992.

Antecedents of franchisee responses during SCP 1

Table 2 provides an overview of the reasons that the franchisees gave for their initial responses, and the reasons for switching between constructive to destructive responses before, during and after the introduction of the SCP. Table 2 also shows that there was a group of franchisees whose response could be classified as ambiguous: they just did not know how to respond to the changes and waited to see what would happen before adopting further responses.

Table 2 also shows that expected satisfaction in profitability after the changes; this was the most important reason for franchisees to adopt a constructive or destructive response and to switch

between them. This finding is consistent with the franchise relationship being a business relationship, and the franchisee being a small business owner. The case data also point to differences in the way that franchisees approach profitability. The constructive franchisees (1–9 in Table 2) expected higher profitability due to increasing turnover levels. As franchisee 3 pointed out: ‘I thought these price promotions were good because, even though the products have lower profit margins, if your turnover levels increase then it is ok.’ Conversely, the ambiguous and destructive franchisees (franchisees 10–13) just expected higher cost levels and ultimately lower profitability. For example, franchisee 12 pointed out:

Being a B&C franchisee became increasingly expensive ... My store is located in an ageing neighbourhood, and the pressure from the automatically supplied products was too big. I did not know where to store these, and I could not sell them.

This difference in strategic orientation between franchisees is related to store location and levels of competition. The ambiguous and destructive franchisees were located in small villages or suburbs, where they felt it impossible to attract more customers and thus, attain higher turnover levels; whereas the franchisees that expected higher turnover levels were located in city centres, where they expected to attract more customers at the expense of their competitors.

Table 2 also shows that reasons relating to trust ranked second in the impact on franchisee responses, and that the levels of trust differed considerably between the response groups. The constructive and ambiguous franchisees (franchisees 1–11) had high to medium levels of trust in the B&C organisation, whereas the destructive franchisees (franchisees 12 and 13) did not trust the organisation even before SCP1 was introduced. Franchisee 13 was shocked by the way SCP1 was introduced, which further decreased his trust level:

I will never forget what Johnson [CEO] said. He was standing at the stage and we all sat there and then he said: ‘If you do not agree with us, then you’d better leave. So be it.’ I was really shocked by that. If we treated our customers like that, our business would be in a very bad shape.

Franchisees 12 and 13 both expected that as a result of increasing standardisation they would become more dependent on B&C and low levels of trust in the franchisor’s organisation would become a problem. Thus, the introduction of SCP1 triggered a switch to destructive responses.

Franchisees 12 and 13 also provided insight into specific causes of low trust levels in a franchise context. First, these franchisees felt that in the years before SCP1, the franchisor’s organisation had gradually introduced more obligations leading to higher store sales levels and so, more fees for the franchisor – but not necessarily higher franchisee profitability. Second, they felt that B&C received extra royalties by charging higher prices on franchisor services, such as purchasing and rental of store locations, in order to finance ‘too expensive cars’ and ‘a too luxurious headquarters’. The franchisees considered the charges very unclear; they did not know the real costs of the services, what the additional charges were, and how the franchisor spent the money. Third, they felt that the change process was unfair because the franchisor did not listen to them and only to the ‘old boys’ network’ of the Franchisee Council. Franchisees 1 to 5 were all council members, who perceived a high level of trust and fairness, and who even helped the management in speeding up changes (see Table 2). These council members, who often had been appointed by management, had been members for a long time, and other franchisees felt that they were favoured by the franchisor.

Relatedly, the case data demonstrate different dimensions of trust that changed in importance when standardisation increased. Franchisees 12 and 13 indicated that they trusted specific franchisor representatives, but due to increasing standardisation they would become more dependent on the B&C organisation eroding such trust. Franchisees 12 and 13 felt these representatives did not have the power to change the situation, and that perhaps they would leave the organisation (which indeed frequently occurred). As Franchisee 12 pointed out:

Mr. Forrester [the franchise manager during SCP1] was a good guy; with him you could have a good conversation ... However, the B&C organisation only had one interest – their own.

The franchisees wanted to trust in the fair and effective functioning of the franchise system and not just in its representatives: they felt that certain procedures needed to be institutionalised at B&C, such as better procedures for the Franchisee Council to prevent favouritism and more transparent and fairer fee structures.

Table 2 shows that reasons other than expected profitability and trust, were considered of minor importance. Franchisees rarely mentioned alternatives and switching costs as reasons for adopting constructive or destructive responses, or switching between them. The constructive franchisees perceived a low level of alternative attractiveness, and several of them said that they were not even aware of possible alternatives or switching costs. For example, franchisee 3 pointed out: 'I did not actively search for alternatives because B&C offered me value for money.' Switching costs was not relevant because they did not feel the need to switch; only the franchisees who were dissatisfied, or expected to become dissatisfied after the implementation of SCP1, evaluated the alternatives. During SCP1, several viable alternatives became available as a number of other pharmacy franchise systems actively approached B&C franchisees. Franchisee 12 considered one of these systems quite attractive and decided to exit. However, franchisees 10, 11 and 13, who did not consider these alternatives attractive still adopted a destructive response and switched to a competing system due to dissatisfaction and levels of distrust with B&C. These franchisees wanted to punish the franchisor for the harm they experienced. Switching costs, which the franchisees often considered to be high due to their emotional bonds with the system and the strength of the B&C brand name, did not prevent dissatisfied franchisees from adopting a destructive response.

Finally, the results show that as B&C's standardisation level began to increase, some franchisees began to take additional dimensions of satisfaction into account. Franchisees 8 and 11 expected their satisfaction regarding market positioning and entrepreneurial autonomy to decrease and adopted a destructive response (see Table 2). Ultimately, management feared losing too many franchisees, and did not enforce all the desired changes; as a result, the impact of these additional dimensions remained relatively small during SCP1.

SCP2: Adapting B&C's positioning and standardisation level – the second attempt

During SCP1 multiple franchisees adopted destructive responses, which negatively affected B&C. First, the number of B&C stores decreased from more than 1000 in 1992, to approximately 700, in 2002–2003. Second, since management had not enforced all the changes during SCP1, a group of franchisees had not adopted the required changes; therefore, B&C's positioning was still

relatively high (score 3.5 on a five-point scale, see Table 1) and its standardisation had remained below target (score 3 on a five-point scale, the aim during SCP1 was 3.5).

In 2003, new management took over at B&C who aimed to decrease their positioning further (from score 3.5 to 3 on a five-point scale) by extending low-margin pharmacy and non-pharmacy products, and initiating a new promotion campaign. All stores had to be restyled with pink and purple metal elements giving a cheaper image. Additionally, the franchisees had to sign a new franchise contract, with more obligations and a duration of three years. Management required the standardisation level to increase from a score 3 to a 4 on a five-point scale (see Table 1) and introduced SCP2 through regional meetings in spring 2003.

Antecedents of franchisee responses during SCP2

Table 2 shows that again, expected satisfaction regarding profitability and trust in the franchise system (next to trust in specific franchisor representatives) were the most important reasons for franchisees to adopt a constructive or destructive response and to switch between them. Since SCP2 entailed a new franchise contract with more obligations, the franchisees felt that B&C's standardisation level would increase considerably, and that they really would become more dependent on B&C. This increasing dependence was a trigger for franchisees who expected to become (even more) dissatisfied to switch to destructive responses. As franchisee 12 put it:

We always had a very good relationship with B&C, but over time our satisfaction had decreased. We did not fit in the system anymore ... and at that point [at the introduction of SCP2], we realised that signing a new contract with B&C would really be a lost cause.

During SCP2, other satisfaction dimensions besides profitability took a more important role. During SCP1 many franchisees still felt that they had sufficient entrepreneurial autonomy due to low enforcement of obligations; however, during SCP2 franchisees 6, 8 and 9 felt that they would not be independent business owners after signing the new contract; they expected to become dissatisfied with their level of entrepreneurial autonomy. Since the new franchise contract also entailed many obligations regarding unit market positioning and franchisor support, the franchisees took expectations into account more in their responses regarding satisfaction on these dimensions. Several B&C franchisees considered themselves craftspeople with specialist knowledge in health and beauty products and felt that price promotions and selling non-pharmacy products did not fit this image. Regarding franchisor support, such as automation systems and purchasing, several destructive franchisees were dissatisfied and/or expected to become dissatisfied. In the past, there had been serious problems with costly automation systems and high purchasing prices. Since these support services had not been obligatory in the past, the franchisees had never considered them in their responses, but this changed as the increasing standardisation level also entailed obligations regarding franchisor support. However, these support services remained of relatively minor importance to the franchisees, since they expected that these services would not be better if arranged by another party.

As with SCP1, franchisees rarely mentioned alternatives and switching costs as major reasons for adopting constructive or destructive responses. Again, dissatisfied franchisees were willing to join a less attractive alternative as long as they could leave B&C. Franchisee 8 seemed to leave B&C to punish the franchisor. Franchisees 6 and 12 switched to a competing drugstore

system (Beauty Inc.), which they considered only moderately attractive. The Beauty Inc. franchisor had approached the B&C franchisees promising they would be actively involved in strategic decision-making. In a few cases, some B&C franchisees switched to Beauty Inc. because their colleagues had done so. Finally, the dissatisfied franchisees considered switching costs to be medium or even high, but this prevented the adoption of destructive responses.

Propositions

Antecedents of franchisee responses to franchisor-initiated strategic change

This section outlines the descriptive findings within the theoretical framework to generate propositions on antecedents of constructive and destructive franchisee responses to franchisor-initiated change. The main findings are threefold. First, the level of system standardisation not only directly influences franchisee behaviours, as is often suggested from an agency perspective (Kidwell et al., 2007; Pizanti and Lerner, 2003); it also influences the *number* and *nature* of relevant antecedents of franchisee response behaviour. On a general level, we find that a franchisee's satisfaction and trust are important antecedents of franchisee response behaviour. However, the exact dimensions of satisfaction and trust depend on the franchisee perceptions and expectations regarding their franchise system's standardisation level. Second, the impact of alternative attractiveness and switching costs as antecedents of franchisee responses, as expected on the basis of an EVLN perspective, turns out to be very limited. Third, the actions of third parties outside the focal franchisor–franchisee relationship may impact upon franchisee responses, which has not yet been recognised in either the agency, change or EVLN perspectives. This section discusses these results in more detail and develops propositions summarising the article's main findings.

The impact of system standardisation

Several franchising researchers have adopted an agency perspective to study how franchisors deal with the trade-off between maintaining control and franchise system standardisation, on the one hand, and dealing with franchisee desires for entrepreneurial autonomy, on the other (Kidwell et al., 2007; Paik and Choi, 2007; Pizanti and Lerner, 2003). These researchers point at the (potential) direct impact of franchise system standardisation on franchisee behaviours. The results confirm that these direct effects take place. However, the analysis also identifies an important standardisation effect: franchisees who perceive and expect to be in a standardised system evaluate their franchisor and franchise system more carefully and therefore, take more dimensions of satisfaction and of trust into account than franchisees who perceive lower standardisation levels.

In determining their responses, franchisees in less standardised systems only account for satisfaction regarding profitability and trust in specific franchisor representatives (personal trust). Franchisees in standardised systems, however, look at other factors: namely, their trust in the procedures that enable a fair and effective functioning of their franchise system (franchise system trust), and satisfaction regarding market positioning, entrepreneurial autonomy and franchisor support. The following paragraphs discuss the relevance of each antecedent in more detail.

The first response – the finding that satisfaction regarding profitability is the most important antecedent of franchisee responses in both less standardised and standardised franchise systems – it

reflects the business nature of franchise relationships. Both the franchising (Davies et al., 2011; Frazer and Winzar, 2005) and EVLN literatures (Geyskens and Steenkamp, 2000; Ping, 2003) point at profitability or economic satisfaction as relevant factors. However, as with other small business owners, franchisees within one franchise system can have very different strategic orientations for their businesses, leading to different views on how to reach profitability (Morris et al., 2001). Depending on location and competitive circumstances, franchisees focus more on the effects of change on either cost or turnover levels, which in turn, influences responses. More than a decade ago, Dant and Gundlach (1998) noted the relevance of including local business environments in understanding franchisee behaviours; however, few studies have adopted this approach (one exception is Kidwell et al., 2007).

The second response antecedent is trust. This study found a difference between the impact of a franchisee's personal trust and franchise system trust. Personal trust in specific franchisor representatives is deemed relevant in both standardised and less standardised franchise systems. However, franchisees in standardised systems feel more dependent on their franchisor and attach relatively more importance to franchise system trust. This results from the franchise system's institutionalised procedures and processes, and how the franchisor enacts these procedures (Searle et al., 2011; Zaheer et al., 1998). Even though several researchers point at this distinction between personal and organisational trust in other organisational contexts (Zaheer et al., 1998), franchisee trust is generally considered to be a one-dimensional construct (see Davies et al., 2011 for a discussion).

The third response antecedent is franchisee satisfaction regarding the franchise system's market positioning. This dimension only becomes relevant when a franchise system's present or expected standardisation level in the area of market positioning is high. The extant literature on franchisee satisfaction (see Combs et al., 2011 for a discussion) does not always explicitly discuss the role of market positioning, although positioning is one of the central elements of a business format (Kaufmann and Eroglu, 1998).

The fourth antecedent relates to satisfaction regarding entrepreneurial autonomy, an important consideration for franchisees (Dada and Watson, 2013; Tuunanen and Hyrsky, 2001). Franchisors have to deal with the tension between maintaining system uniformity and franchisee desire for entrepreneurial autonomy. Franchisees may have a strong desire for autonomy because franchises are often sold on the platform of being one's own boss and it attracts individuals with self-employment histories (Dant and Gundlach, 1998). In this study, a less standardised system became more standardised, and franchisees felt that they would lose autonomy and their own identity resulting in emotional and often destructive responses.

The fifth antecedent is satisfaction of franchisor support (e.g. purchasing and automation). Franchisees only take into account the quality of franchisor support in their responses when these support services are, or are to become, obligatory. However, the findings also demonstrate that franchisees consider these support services to be less important compared to other dimensions of franchisee satisfaction. The franchising literature often points at franchisor operational support as an important element of franchisee satisfaction (Combs et al., 2011), but this study shows that other dimensions of satisfaction may well be more relevant.

The above mentioned standardisation effects lead to the following proposition:

P1: A franchise system's standardisation level as perceived and expected by franchisees determines the number, nature and level of importance of antecedents of franchisee responses to franchisor-initiated change.

The impact of alternative attractiveness and switching costs on franchisee responses

The results point at a relatively minor role of alternative attractiveness and switching costs as antecedents of franchisee responses to change. Franchisees seem to be more driven by non-economic motivations in behavioural responses to change, rather than by a careful evaluation of alternatives and (financial) switching costs, which the EVLN literature (implicitly) suggests (Ping, 1997, 1999). These non-economic motivations are influential in different ways. First, the results indicate that franchisees may be hardly aware of alternatives and switching costs, as long as they expect to remain satisfied and have a high level of trust. Economic agent satisficing behaviours (Kaufman, 1990) form a plausible explanation for these findings; individuals aim at an acceptable level of income and/or profit, and once this level is attained, higher-order needs or personal goals are prioritised. For small business owners (including franchisees), these personal goals may be entrepreneurial independence or autonomy, or intrinsic rewards (Carsrud and Brännback, 2011; Walker and Brown, 2004).

Second, franchisees who expect to become dissatisfied, or who have a low level of trust, only account for the attractiveness of alternatives and switching costs to a certain degree. In particular, when franchisees expect to become very dissatisfied or have a very low trust level and fairness perception, emotional motivations (so, the desire to punish the franchisor) seem to be influential. Thus, franchisees may chose a less attractive alternative with high switching costs. These results confirm calls to focus on the social aspects of franchise relationships ones (Clarkin and Rosa, 2005; Kidwell et al., 2007; Pizanti and Lerner, 2003). The following proposition summarises the above discussion:

P2: Satisficing motivations will drive franchisees who expect to remain or become satisfied and who perceive a high level of trust and fairness, *not* to take alternatives or switching costs into account in their responses to franchisor-initiated change.

P3: Emotional motivations will drive franchisees who expect to become dissatisfied or perceive a low level of trust and fairness to take alternatives and switching costs into account only to a *limited* extent in their responses to franchisor-initiated change. The lower the satisfaction and/or perceived trust and fairness, the stronger the influence of emotional motivations.

The impact of third-party triggers on franchisee responses

We found that certain events, or process-related variables, triggered changes in franchisee responses. Such triggers have not yet been identified in the agency, change or EVLN perspectives. However, different types of third-party triggers were observed. As such, some franchisees initially adopted ambiguous responses to the changes, only to imitate the choice of peer franchisees later as the changes unfolded. A possible explanation for this behaviour could be the contagion effects that occur in social networks (Iyengar et al., 2011), or mimetic behaviours among (small) firms (Delerue and Lejeune, 2012). Furthermore, the results demonstrate that competing franchise systems may react to changes actively approaching franchisees and persuading them to join their system. The above findings lead to the following proposition:

P4: During the implementation of franchisor-initiated changes, the actions of other parties outside the focal franchisor–franchisee relationship may directly influence the franchisees' responses.

Discussion and conclusion

Implications of the study

This article provides an in-depth, qualitative understanding of franchisee responses to franchisor-initiated change where franchisors have to address tensions between franchise system standardization and desires for entrepreneurial autonomy. This tension becomes even more pressing when a franchisor aims to impose transformational changes that require franchisees to make major financial investments in their businesses and/or to adapt their trade practices.

By combining agency, EVLN and change perspectives, this article generates propositions on the antecedents of constructive and destructive franchisee responses to franchisor-initiated changes to the business format. The main implications of the analysis being that there is an important standardisation effect that impacts upon franchisee behavioural responses to change. The higher the franchise system's standardisation level, as perceived and expected by franchisees, the more dimensions of satisfaction and trust are taken into account in responses towards franchisors. However, we reveal a gap between the system's formal standardisation level, as desired by the franchisor, and the actual standardisation level, as perceived by franchisees. In this study, lack of enforcement by the franchisor led to an actual standardisation level that was much lower than the formal level. As Clarkin and Rosa (2005) argue, researchers should recognise that the actual level of standardisation, not the formal level, influences franchisee behaviour.

We also identify the relevance of viewing both franchisee satisfaction and franchisee trust as multidimensional constructs. Even though researchers have considered multiple dimensions of franchisee satisfaction (Combs et al., 2011; Grace and Weaven, 2011), most still view trust as a one-dimensional construct. The analysis shows that researchers should distinguish between a franchisee's personal trust and franchise system trust. Viewing franchisee trust as a multidimensional construct reflects recent suggestions by Combs et al. (2011) and Davies et al. (2011). The findings also indicate the importance of non-economic motivations in understanding franchisee behaviours. Franchising researchers have recently begun to recognise the importance of franchisee motivations in understanding their behaviours (Grünhagen and Mittelsteadt, 2005; Tuunanen and Hyrsky, 2001), whereas the small business and entrepreneurship literature has a much longer tradition of focusing upon such motivations and behaviours (Carsrud and Brännback, 2011; Walker and Brown, 2004). Additionally, franchising researchers should take into account that franchisees – as with other types of small businesses – may imitate or mimic peer behaviour (Delerue and Lejeune, 2012).

Finally, we demonstrate that interactions occur between the franchisee as a change recipient and actors outside the focal franchisor–franchisee relationship. During the change process, third-party triggers directly influence the choices of individual franchisees. This points towards the relevance of using longitudinal research methods and dynamic and multi-level perspectives, such as a co-evolutionary stance (Volberda and Lewin, 2003).

Limitations of the study

This analysis has some limitations. We used a case study within one franchise system to control for country, industry and franchise system differences. This was a deliberate choice, because

such an approach improves internal and construct validity and hence, the rigour of the case study, even though this may have been at the expense of the ability to generalise (Davies et al., 2011; Gibbert et al., 2008). Given the lack of knowledge on antecedents of franchisee responses, emphasis was placed deliberately on the rigour of the case study. In doing so, a dual methodology was used by integrating contemporary and retrospective data (Eisenhardt and Graebner, 2007; Leonard-Barton, 1990). Even though several measures were taken to overcome potential problems with retrospective data (Miller et al., 1997), future research would benefit from a longitudinal approach.

Several issues regarding the generalisability of the results should be acknowledged. First, the empirical setting for this study is the Netherlands, a country that has several franchise systems with low standardisation levels (Burgers et al., 2010). Since cross-country comparisons of franchise system standardisation levels are lacking, the literature does not provide insight into how similar or different Dutch franchise systems are from systems in other countries. However, several empirical studies demonstrate that at least Austria and Germany have a number of franchise systems that may not be fully standardised (Mumdžiev and Windsperger, 2011; Windsperger, 2004). There is no reason to expect that low standardisation levels are restricted to such countries, so the results may be relevant to other regions.

Second, the selection of a specific industry and franchise system is an issue. Pharmacy is an important retailing industry in the Netherlands and is similar to other retailing industries within and outside the Netherlands in terms of franchise system size and age, investments required, franchisee heterogeneity and franchise system standardisation. Thus, the findings may be generalisable to similar industries. B&C is a franchise system that experienced a large number of franchisees adopting active destructive responses by leaving the franchise system thus, it is an example of an extreme case that enables researchers to study a certain phenomenon more thoroughly (Eisenhardt and Graebner, 2007). Although the phenomenon is more prevalent in an extreme case, in its essence it remains identical to that of other situations.

Finally, given the fact that B&C consists mostly of single-unit franchisees and does not have any directly-owned units, the ability to generalise the findings to systems with different structural characteristics (i.e. systems with a sizeable group of multi-unit franchisees and/or company-owned units) is limited. At the time of data collection, multi-unit franchising was still relatively uncommon in the Netherlands. Future research should take into account whether a franchisee is a single-unit or a multi-unit franchisee, because they may differ in their considerations regarding the adoption of franchisor-initiated changes (Grünhagen and Mittelstaedt, 2005; Kaufmann and Dant, 1996). Additionally, future research on franchisee responses to change should include franchise systems with company-owned units, because as Bradach (1998) demonstrates, the presence of company-owned units may influence adoption of system-wide adaptations.

Currently, many organisations are facing competitive and dynamic environments. In this context, business format franchising experiences continuous growth and has become an important form of entrepreneurial wealth creation in many countries. This study lays a foundation for understanding why franchisees support or hinder the attempts of franchise systems to adapt to these changing environments; knowledge that helps franchisors to manage their franchise systems more effectively.

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Note

1. Within the Netherlands, the term ‘druggist’ denotes an outlet which sells non-prescription medication and beauty products as opposed to a ‘pharmacist’ who in addition to selling such products, is also licensed to dispense prescription drugs.

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