
How franchiser and franchisee relationships affect franchisees' satisfaction? The importance of fairness, communication and trust as ethical bases of relationship marketing

Nathalie Dubost

Faculté de Droit, Economie et Gestion
LOG, Rue de Blois – B.P. 6739, 45067
Orléans Cedex 2, France
Fax: (33).2.38.49.48.16
E-mail: nathalie.dubost@univ-orleans.fr

Véronique Guilloux*

University Paris XII, LEA, IRG
80 avenue du Général de Gaulle
La Pyramide, 94 009 Créteil Cedex, France
E-mail: veronique.guilloux@univ-paris12.fr
*Corresponding author

Michel Kalika

University Paris Dauphine, CREPA
75775 Paris Cedex 16, France
Fax: (33)1 44 05 40 84
E-mail: michel.kalika@dauphine.fr

Claire Gauzente

University of Angers, LARGO
UFR de Droit, Economie et Gestion
13 allée F. Mitterrand, 49036 Angers cx 01, France
E-mail: claire.gauzente@univ-angers.fr

Abstract: Few empirical studies cover the theme of franchisees' satisfaction. This paper investigates the impact of the nature of relationship between franchisers and franchisees on franchisees' satisfaction. Research data have been collected by surveying 400 French franchisees. Surprisingly, this analysis shows that intangible factors in a franchise system are as important as the franchiser's support or even more important than the support. The article discusses implications of the study's results for future research and for managers. The results suggest how to create a positive environment (fairness, communication, trust) which is related to ethical marketing.

Keywords: fairness; communication; trust; franchisees' work environment perception; financial and job satisfaction perception; ethical approach.

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Biographical notes: Dr. Nathalie Dubost is an Assistant Professor in Management at the Faculté de Droit, Economie et Gestion.

Dr. Véronique Guilloux is an Assistant Professor of International Marketing and Organisation at the University Paris.

Professor Michel Kalika is a Professor, CREPA Director and Master E-management at the University Paris.

Dr. Claire Gauzente is an Assistant Professor of Marketing and Organization at the University of Angers.

The authors have worked together on several research budget sponsored by the French Franchise Federation. They have written several articles on the theme of franchising (see for example Guilloux *et al.*, 2004).

1 Introduction

In 2004, the annual turnover in the franchise industry in France reached 41 billion euros – a significant percentage of the overall figure for retail goods and services. France is a leader in Europe in switching to this form of distribution: 40% of Europe's franchise networks are French. Only 10% of active franchisers in France are foreign; this fact attests to the vitality and dynamism of French franchisers, who develop their own networks. Today in France, there are 765 franchisers and 34 745 franchisees.¹

Franchising stimulates numerous studies in disciplines as diverse as marketing, strategy, economy and law. Paradoxically, whereas many handbooks stress the important contribution of franchisees to the success of a network, few studies have so far attempted to understand their motivation, their behaviour within a network, or again the parameters that define their satisfaction (or, conversely, their dissatisfaction). Few Anglo-Saxon studies have been carried out on this problem and so far no scientific study has been devoted to French franchisees. Indeed, such rarity must justify the significant empirical approach that we have taken. In this paper, we set out to demonstrate that the nature of their relationships with their franchisers offers an explanation of franchisees' satisfaction.

The nature of the relationship between franchiser and franchisees is analysed. First we adopt an explanatory perspective. The purpose here is to isolate the most relevant variables enabling one to predict the franchisees' level of satisfaction once they have joined the network. Then scales are chosen in the literature and adapted to the franchise context.

Based on these conclusions, the article includes recommendations on management to franchisers. More particularly, the article shows why fairness, communication and trust could be considered as ethical bases of relationship marketing. It also suggests several themes for future research.

2 The nature of relationship between franchiser and franchisees and the relationship's impact on satisfaction

Few empirical studies have been written on the theme of franchisees' satisfaction. The lack of systematic investigation makes it difficult to understand the antecedents of the franchisee's satisfaction. As a result, a qualitative study has been done to select the reasons that affect the satisfaction of the retailer. Twenty interviews were carried out in different sectors (property, fast food, optics, food distribution, automobiles, clothing textiles, hairdressing, wines and spirits, soft furnishings and shoes). The choice of variables was guided in two ways: by conceptualising the comments made by franchisees during our exploratory interviews on the one hand, and, by referring to previous research on the other hand.

Franchisers' initial and ongoing support, trust in the franchiser, communication with franchisers and fairness of the franchisers are the different variables that were made operational for a questionnaire.

2.1 Franchisers' initial and ongoing support

Franchiser-provided services is the chief method of contract fulfilment. Franchises of various types exist and are often distinguished by the modalities of the contract. Franchisees pay an entry fee and royalties. In return, the franchiser offers a package (franchiser's guidance and support). The franchiser–franchisee relationship is a partnership conducted as a part of a relational exchange (Heide and John, 1990; Heide and John, 1992; Macneil, 1981).

Some research does show the impact of this support on franchisees' satisfaction. In a study based on a sample of 127 Australian franchisees in the restaurant sector, Hing (1995; 1997) shows that the better they judge the quality of initial and ongoing support to be, the more satisfied they are, and the more willing they are to recommend their franchise system to potential franchisees.

Morrison (1996) suggests that franchisees have a range of expectations in the area of franchiser support. Her hypothesis is that the more these expectations are rewarded, the more satisfied the franchisees will be. This leading idea is tested on a sample of 307 franchisees in four sectors (restaurants, business aids and services, automotive products and non-food retailing). Morrison makes no distinction here between initial and ongoing support: one single scale measures franchiser support.

Working in a similar field, Lewis and Lambert (1991) surveyed 229 franchisees in the fast food sector: they showed that satisfied franchisees consider their franchisers as successful. Even though the franchisers' performance is estimated on many different levels, one may infer that the quality of support provided to franchisees makes a significant contribution.

Finally Chiou *et al.* (2004) show that service assistance (operational guidelines, training) has an impact on satisfaction and intention to remain in the franchise system.

These studies as a whole, together with the exploratory interviews carried out at the start of our investigation, lead us to the following hypothesis:

H1 The more franchisees judge their franchisers to be providing firm initial and ongoing support, the more satisfied they will be.

Measure

We have drawn our inspiration mainly from Hing, making a clear distinction between initial and ongoing support. Yet, Hing's scales have been adapted to the French context by including items mentioned by our franchisees (Appendix). Thus, for initial support, it was considered useful to evaluate franchisers' help by studying the market before the opening of the franchised outlet. Similarly, providing the outlet with computer technology is an important aspect of franchisers' ongoing support for franchisees.

2.2 Trust in the franchiser

Authors specialised in interorganisational marketing (Andaleeb, 1996; Anderson and Narus, 1990; Ganesan, 1994; Kumar *et al.*, 1995a; Kumar *et al.*, 1995b) identify two essential elements that make up the trust felt by A in B:

- 1 trust in B's *honesty*, that is to say, that A believes that B will keep his promises and will fulfil his obligations.
- 2 trust in B's *goodwill*, namely, that A believes that B seeks A's well-being, and that B will not do anything to harm him. Well-being is understood here as financial well-being, growth or development.

These two aspects of trust are obviously linked: one could hardly imagine that A might feel confident in B's honesty while believing him to be malevolent, or vice versa (Doney and Cannon, 1997). Even so, in our exploratory survey, satisfied franchisees emphasised numerous factors that stemmed from their franchisers' goodwill – the second element of trust. In concrete terms, a benevolent franchiser selects his franchisees carefully; he is keen to see the network develop and to nurture the original concept, the better to respond to the evolution of the market. Similarly, a benevolent franchiser is alert to his franchisees' difficulties – which does not, however, relieve him of the duty of having to take painful decisions sometimes, in order to maintain the prosperity and reputation of the network. Conversely, some franchisees who were disappointed with their franchise system depicted their franchisers as interested only in the royalties, rather than in the network's future: their trust in the franchisers' goodwill had become very thin.

Research projects focused specifically on franchising do not refer directly to the impact of franchisees' trust on their satisfaction. However, they use variables that reflect that impact. Hing (1995; 1997), in her studies quoted earlier, shows that the range of selection methods used by franchisers (psychological tests, field tests) has a positive effect on franchisees' satisfaction: one can easily see that a franchiser who uses several methods to select his/her franchisees is plainly anxious not to harm the network's reputation by bad appointments, and that he/she is thus giving evidence of goodwill towards the existing members of his/her network. A wider selection of books and articles, including research into the relationships between suppliers and their clients, seems to show that the trust built up between the two parties helps to explain their satisfaction (Andaleeb, 1996; Mohr and Spekman, 1994) and their positive attitude to each other, as demonstrated by their willingness to maintain a long-term relationship (Doney and Cannon, 1997; Ganesan, 1994). In sum, we propose the following hypothesis:

H2 The more franchisees place confidence in their franchisers' goodwill, the more satisfied they will be.

Measure

The scale proposed by Kumar *et al.* seemed to us the most rigorous: the researchers specifically measure trust by goodwill, where other studies do not distinguish goodwill from other dimensions of trust; moreover, the statistical treatment carried out on the scale attests to the good quality of this measuring tool. As with the support variable, the items have been adapted to the needs of our research (Appendix).

2.3 Communication with franchisers

Mohr and Spekman (1994) develop this idea of efficient communication by distinguishing:

- the quality of the information, namely, the accuracy, the relevance and the credibility of the information exchanged (Daft and Lengel, 1986)
- the sharing of the information, by which is meant the degree to which sensitive, even confidential information is exchanged between partners; the sharing of information corresponds to a relational norm that characterises a partnership (Macneil, 1981; Noordewier *et al.*, 1990)
- participation, which will be high if the partners decide their objectives together and if they plan their actions together. Conversely, participation will be low if one of the two allies imposes his/her views unilaterally and if he/she does not bear in mind the other ally's comments (Anderson *et al.*, 1987; Dwyer and Oh, 1988). This last dimension seems particularly helpful in explaining the franchisees' satisfaction.

The participation variable is not often included in the previous franchising investigation models. Yet, we can mention the research by Schul *et al.* (1985), using a sample of 349 franchisees in the property sector in which the concept of franchisers' consideration for franchisees can be found. This concept is close to participation, since consideration is defined as 'a concern for franchisees' well-being and the creation of a friendly environment that enables franchisees to influence the decisions that affect them. One can see, then, that a franchiser who shows consideration for his franchisees encourages their participation. In the above-mentioned study, Schul *et al.* show that the more franchisees feel that their franchisers have consideration for them, the more satisfied they are. Similarly, research into partnerships reveals a positive relationship between participation and communication: Chiou *et al.* (2004) in their observation of 118 franchisees in a major store chain in Taiwan, and Mohr and Spekman (1994) in their study based on 124 distributors of microcomputers, show that the more satisfied distributors are, the more participatory they are in their relations with suppliers. Accordingly, we propose the following hypothesis:

H3 The more franchisees enjoy participation in their communication with franchisers, the more satisfied they will be.

Measure

This scale was inspired by Mohr and Spekman (1994): indeed, while many investigations measure the exchange of information, few that we know of have taken a specific interest in participation. Let us point out once again that this is the dimension of communication that we seek to measure (Appendix).

2.4 Fairness of the franchisers

Researchers distinguish between two types of fairness (Bettencourt and Brown, 1997; Frazier, 1983; Kumar *et al.*, 1995a):

- 1 *Fairness or distributive justice* – the sense of justice is felt by an individual when he compares all the effort he puts into his work with the result obtained. If he considers that the result does not measure up to his effort, this seems unfair to him. Conversely, if this individual thinks that he is being rewarded according to his contribution, he will feel he is being treated completely fairly.
- 2 *Fairness or procedural justice* – in that case, the individual assesses the process used in determining the above-mentioned reward. This process will seem more or less fair to him. We now propose to bring the aforesaid concepts into our investigation of the relationships between franchisers and franchisees, and to concentrate more especially on procedural justice. A franchisee's performance does not depend solely on his own efforts: the franchiser's attitude towards him is also crucial. Thus, at some point, the franchisee will make a judgement on whether his franchiser is fair by respecting the franchise agreement, or by calculating the amount of money required in terms of royalties, *etc.* If his franchiser is considered honest in his dealings, then we may speak of a high level of procedural justice or fairness. Conversely, if the franchisee considers that the franchiser has reneged on his commitments, or that he makes somewhat arbitrary decisions, the level of procedural justice perceived by the franchiser will be low.

As far as we know, only one study (Morrison, 1996) dealing specifically with franchising introduces a concept similar to procedural fairness. Morrison uses the term 'perceived justice in relation to franchisers' restrictions': this variable measures to what extent franchisees consider their franchisers fair in interpreting the agreement, renewing this agreement and applying some of the clauses. She brings to light a significant relationship between this variable and the franchisees' satisfaction.

Kumar *et al.* (1995a) examine relationships between car manufacturers and their dealers in the USA and Holland. They show that when dealers perceive their suppliers to exhibit a high degree of procedural justice, they consider that the quality of the relationship is good. A good quality relationship is characterised by a low level of conflict, heightened trust, strong involvement and the will to maintain the relationship. Similarly, the role of fairness in developing effective exchange relationships is emphasised by many researchers in interorganisational marketing (Anderson and Weitz, 1992).

In the context of relationships between employees and their employers, the link between fairness in the workplace, job satisfaction, and satisfaction with remuneration is also confirmed by several studies (Bettencourt and Brown, 1997). Thus, in a survey of

232 people working in customer relations in the banking sector, Bettencourt and Brown (1997) show that when employees consider that the regulations governing pay rises and promotions are fair, their job satisfaction is high. We propose the following hypothesis:

H4 The more franchisees perceive their franchisers to be procedurally fair, the more satisfied they will be.

Measure

We set the items in the measurement scale with the help of our own exploratory interviews as well as with an adaptation of Kumar *et al.*'s (1995b) scale (see Appendix).

2.5 Satisfaction

The approach that we have preferred in the present study takes several considerations into account. Firstly, in conformity with earlier theoretical developments, *job satisfaction* is measured through facets. Generally speaking, the MSQ (Weiss and Dawis, 1967) is one of the most widely used studies that was also used in Morrison's research. Moreover, in the French context, a reliable translation of this scale is available. Secondly, nevertheless, as a result of our exploratory interviews, we felt that not all the items in the short version (20 items) were applicable to the franchising context. Accordingly, our team selected and adapted items to suit the aims and the context of our research. The resulting scale for the franchisee's job satisfaction comprises nine items (Appendix).

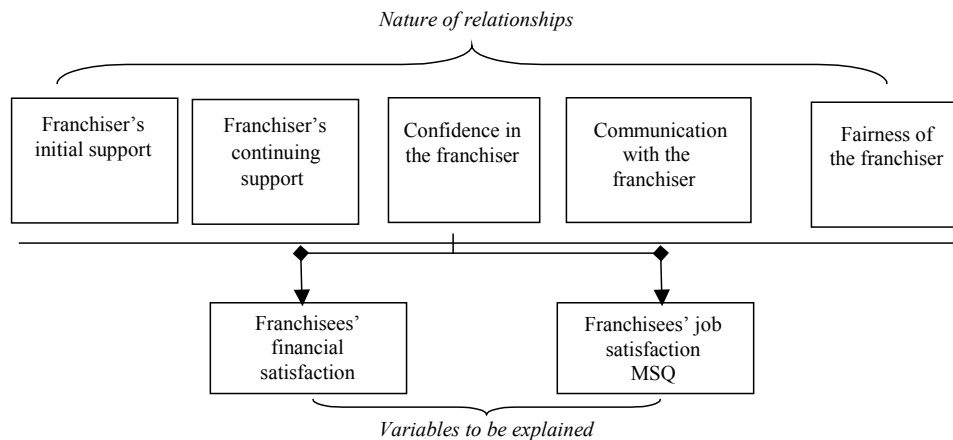
2.5.1 Financial satisfaction

As regards remuneration, we thought it was important to distinguish between several levels: Remuneration as payment for the work done, which is an integral part of the MSQ and thus of job satisfaction. Remuneration arising from efficient management of the franchised outlet, with two distinctions: turnover and profitability of the franchised outlet (Appendix).

The following diagram summarises the explicative variables (nature of relationships with franchisers) and the variables to be explained.

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Figure 1



3 The study

3.1 Sample of franchisees

The aim was to acquire a representative sample of franchisees. Defining the research quotas was achieved in four phases:

- 1 Calculating the percentages of franchises in each sector with the help of the Franchise Yearbook.
- 2 Requesting 240 franchises to supply a list of their franchisees.
- 3 Receiving 40 lists comprising 4659 franchisees.
- 4 Calculating the quotas of franchisees to question, bearing in mind that our aim is to collect 400 valid questionnaires.

Table 1 Sample population

<i>Sectors</i>	<i>Number of franchisers</i>	<i>Number of franchisees</i>	<i>% franchisers</i>	<i>% franchisees</i>
1 Specialised food trade	30	982	8.26	3.98
2 Non-specialised food trade	8	2873	2.20	11.63
3 Personal equipment	71	4396	19.56	17.80
4 Household equipment	47	2410	12.95	9.76
5 Other non-food specialised businesses	48	2878	13.22	11.65
6 Services	101	8619	27.82	34.90
7 Hotels and restaurants	46	2198	12.67	8.90
8 Building	12	342	3.31	1.38
<i>Total</i>	363	24 698	100.00	100.00

Table 2 Response obtained from the franchisers

<i>Sectors</i>	<i>Number of franchisers</i>	<i>Number of franchisees</i>	<i>% franchisers</i>	<i>% franchisees</i>
1 Specialised food trade	5	270	12.50	5.80
2 Non-specialised food trade	3	1491	7.50	32.00
3 Personal equipment	7	358	17.50	7.68
4 Household equipment	3	299	7.50	6.42
5 Other specialised non-food businesses	7	535	17.50	11.48
6 Services	11	1364	27.50	29.28
7 Hotels and restaurants	3	332	7.50	7.13
8 Building	1	10	2.50	0.21
<i>Total</i>	40	4659 ¹	100.00	100.00

Note: ¹That is, 18.86% of the base population.

Table 3 The make-up of research quotas

<i>Sectors</i>	<i>Number of franchisees to be questioned¹</i>	<i>Percentage of contacts available² (%)</i>
1 Specialised food trade	16	5.89
2 Non-specialised food trade	47	3.12
3 Personal equipment	71	19.89
4 Household equipment	39	13.05
5 Other specialised non-food businesses	47	8.71
6 Services	140	10.23
7 Hotels and restaurants	36	10.72
8 Building	0	0.00
<i>Total</i>	400	8.56

Notes: ¹ The number of franchisees in each sector is calculated by multiplying the total number of the sample by the percentage of franchisees in the sector in question in the base population. For example, in the specialised food trade, the statistics of the base population show that the franchisees of that sector represent 3.98% of all French franchisees. Thus, in our survey we must question 3.98% of 400, that is, 16 franchisees.

² This percentage is obtained by dividing the number of franchisees to be questioned (preceding column) by the number of franchisees contacted through franchisers. For example, in the specialised food trade, we have 270 franchisees whose details were supplied by franchisers and we must obtain 16 questionnaires, hence the percentage equal to 16 out of 270.

Questioning was carried out on the telephone by GfK² in May 1999. Four hundred valid franchisees' questionnaires were obtained and used, in order to test our model for researching into the level of satisfaction among franchisees.

3.2 Results

The various Cronbach's reliability coefficients alpha are presented in Appendix and show good reliability. Table 4 recapitulates our hypotheses on how franchisees' satisfaction – both financial and job satisfaction – are affected by the nature of their relationship with franchisers.

Table 4 Research hypotheses on the link between the nature of the franchiser–franchisee relationship and franchisees' satisfaction

<i>Hypotheses</i>	<i>Result of the test</i>
H1 The more franchisees judge their franchisers to be providing firm initial and ongoing support, the more satisfied they will be.	Confirmed (p<0.01)
H2 The more franchisees place confidence in their franchisers' goodwill, the more satisfied they will be.	Confirmed (p<0.01)
H3 The more franchisees enjoy participation in their communication with franchisers, the more satisfied they will be.	Confirmed (p<0.01)
H4 The more franchisees perceive their franchisers to be procedurally fair, the more satisfied they will be.	Confirmed (p<0.01)

All the hypotheses were confirmed. We may refine our interpretation of the results by observing the values of the correlation coefficients we obtained:

Table 5 Correlations between the nature of the franchiser–franchisee relationship and franchisees’ satisfaction

<i>Franchise relationship</i>	<i>Financial satisfaction</i>	<i>Job satisfaction</i>
Initial support	0.284	0.318
Ongoing support	0.395	0.439
Trust	0.434	0.588
Communication	0.454	0.584
Fairness	0.455	0.615

3.2.1 Effect on satisfaction: the franchisee–franchiser relationship has a more significant effect on franchisees’ job satisfaction than on their financial satisfaction

On examining Table 5, various comments can be made. In fact, it can be observed that for each dimension of the relationship, the value of the correlation coefficient is higher for job satisfaction than for financial satisfaction. Moreover, no descriptive variable of the relationship has any impact above 0.5 on financial satisfaction. This tends to prove that, in the franchisees’ eyes, even though the nature of their relationships with franchisers definitely has an effect on their financial results, the effect is not crippling. By contrast, the dynamism of the networks has a greater effect on franchisees’ financial satisfaction (a coefficient equal to 0.507, $p < 0.01$): if franchisees consider that the prospects for growth are good, that their networks are dynamic (opening new franchised outlets every year, giving them confidence in the networks’ future), they are satisfied with their financial results.³ In the end, the franchisees’ financial satisfaction is more influenced by the networks’ economic environment than by the nature of their relationship with the franchisers.

Conversely, this relationship has an important role to play in increasing job satisfaction: if the franchisee trusts his franchiser, if he thinks he is fair and if he considers that communication is good, the franchisee will feel a high level of job satisfaction (coefficients all above 0.5: 0.588, 0.615, and 0.504, respectively). The network’s dynamism also has a lot of influence on job satisfaction (0.603, $p < 0.01$), which shows once again the importance of the role played by the network’s economic environment.

3.2.2 The effect of fairness, communication and trust: the three variables of the relationship that make the greatest impact on satisfaction

By arranging the values of the correlation coefficients in descending order, we can observe that when it comes to explaining franchisees’ satisfaction, financially and at work, three dimensions of the relationship rank among the first. In terms of financial satisfaction, fairness has the greatest impact, closely followed by communication and then by trust. The order is slightly different for job satisfaction, with trust ranking second and communication third.

Ongoing and initial supports have the lowest impact on both types of satisfaction. We may note that initial support is the variable having the least impact on satisfaction: this can be explained by the fact that the great majority of the franchisees questioned (88%) had been in franchising for more than a year, so that the support they received right at the start was no longer considered as a determining factor.

Surprisingly, this analysis shows that intangible factors in a franchise system are as important as the franchiser's support or even more important than the support. To sum up, apparently, over and above the support and advice provided by franchisers, the 'climate' of the relationship, as perceived by franchisees, plays a very important part in franchisees' satisfaction. This climate is characterised by three dimensions: franchisees' trust in their franchisers, communication and franchisers' fairness. The three are interdependent, as shown in the following table.

Table 6 Correlation coefficients of the three dimensions of the relationship

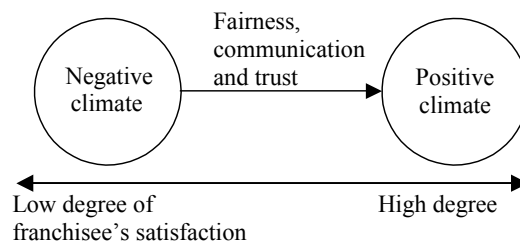
<i>Relationship</i>	<i>Communication</i>	<i>Fairness</i>
Fairness	0.668 (p<0.01)	
Trust	0.738 (p<0.01)	0.711 (p<0.01)

In the diagram form, we may distinguish between two types of climates that prevail in the relationship between a franchisee and the franchiser:

- A positive climate: the franchisee considers his franchiser to be fair, he trusts him, and he has the feeling that communication between him and the franchiser is good.
- Conversely, a negative climate: the franchisee considers that his franchiser is unfair and untrustworthy, and that communication between them is non-existent.

Quite obviously, on the ground, each franchisee will perceive a climate that approximates more or less these extremes. And this climate will have an influence on job satisfaction and, to a lesser extent, on financial satisfaction, as is illustrated by the following figure.

Figure 2 The climate of the relationship and the satisfaction of the franchisee



Since the climate of the relationship does affect franchisees' satisfaction, the following question is raised: are franchisers in a position to modify the climate, if they wish to do so in order to increase the satisfaction of their franchisees? At first sight, it might appear difficult to act upon the dimensions of the climate. In fact, trust and fairness are intangible concepts, unlike initial and ongoing support, which are expressed by positive actions, such as training, advertising and the operation of the network.

Campbell or Cambell?

The term climate can be found in various books and articles. Climate is associated with perceptions of the work environment. This could give ideas for franchisers to develop the climate of the relationship in a positive direction to improve on franchisees' satisfaction (Swift and Campbell, 1998). In their review of past research, Parker *et al.* (2003), remember different fields of work environment perceptions: job characteristics (*e.g.*, autonomy, challenge), role characteristics (*e.g.*, ambiguity, conflict), leadership characteristics (*e.g.*, goal emphasis), work group and social environment characteristics (*e.g.*, cooperation), and organisational and subsystem attributes (*e.g.*, openness of information).

4 Conclusion and discussion

4.1 Limitations

The study has some limitations that should be borne in mind in interpreting the findings. At that time, two difficulties presented themselves in attempting to describe the relationship between franchisers and their franchisees. Choosing the variables to be applied in measuring the relationship was the first difficulty. The problem is not so much aiming at an exhaustive selection (which is anyway impossible to achieve because of the various aspects of any relationship) but rather the problem of relevance inherent to the specificity of the franchiser–franchisee relationship.

The second difficulty is linked to the choice of the moment at which the relationships is to be described. The relationship between franchiser and franchisee includes the notions of temporality and length. Doherty and Alexander (2004) use the marriage metaphor to understand the franchise-partnership process. Time is an essential parameter to understand how such a relationship works. Thus franchisees' satisfaction at any given moment depends not only on the present state of their relationships but also on the history of that relationship's ups and downs.

4.2 Implications for management

Beyond the research results, franchisers could focus on:

- Justifying the total sum demanded in royalties in terms of the benefits a franchisee will receive: in our exploratory interviews, discontented franchisees complained, not about paying royalties, but about paying them without any real return as far as they could see.
- Seeking quality among new franchisees, rather than quantity: franchisees who are already working in the network are afraid that all their efforts to develop the image and the reputation of the network are nullified by lack of professionalism among new recruits; if the franchiser pays attention to these factors, franchisees' trust will increase.
- Creating an easy and regular flow of information from franchisees to head office. Franchisees and their staff are in direct contact with clients or customers, and they can acquire precious information about their products (strengths and weaknesses, and the evolution of consumers' demand). Thus, they have the feeling

of being well placed to contribute to the success of their network, if only they are listened to by franchisers. This flow of information can also concern the organisation of the network – for instance, the organisation of purchasing, advertising and information technology.

- Staying close to the ground, so that they can understand the daily constraints of the franchisees. A halfway point has to be found between the development aims of the franchiser's network and the concerns of the franchisees. This is the real problem with the relationship between the parent company and subsidiaries: the difficulty of applying on the ground the strategic plan worked out at headquarters.
- Negotiating with ailing franchises: this does not mean keeping lame ducks within the network, but identifying those franchisees who are having problems in developing their business and who need more time to reach their goals.

These few examples show how the franchiser may, in a practical way, increase the satisfaction of his franchisees by maintaining a favourable climate in his relations with them, developing fairness, communication and trust.

4.3 Franchise ethics and relationship marketing

Although fairness, communication and trust are considered by several authors as part of a framework of franchiser–franchisee solidarity, within a psychological climate analysis (Strutton *et al.*, 1993; Strutton *et al.*, 1995), some authors such as Jaramillo *et al.* (2006) insist on the role of *ethical* climate on salespersons' job attitudes, turnover and job performance. Recasting the franchise in terms of business-to-business relationship marketing in particular points us towards a virtue ethics approach (*e.g.*, Storholm and Scheuing, 1994; Murphy *et al.*, 2007). Accordingly Table 7 links ethics with some further managerial implications (*e.g.*, Kavali *et al.*, 1999) at the international, national, local or individuals levels.

Table 7 Ethical practices and franchisee satisfaction

		<i>Individual-level franchisee</i>	<i>Local-level franchise network</i>	<i>National and international</i>	
Factors affecting climate in the franchiser–franchisee relationship	<i>Fairness</i>	Justified Royalties	Honour his commitments	Deontology and ethics codes in franchise associations	=>Satisfaction
	<i>Communication</i>	Consultation committees	Participative management		
	<i>Trust</i>	Professionalism among new recruitment	Good image of the network		

5 Future research

The present study attempted to improve the understanding of the impact of the nature of the relationship between franchiser and franchisee on franchisee's satisfaction. This study shows that *intangible factors* in a franchise system are important in a franchise network.

The current results also provide future research opportunities. One worthwhile research endeavour is to go deeper into the concept of climate perception. Boundaries of the climate perception concept are not clear-cut. Several terms tied to the perceptions of work environment can be found in the academic literature: psychological climate, collective climate, organisational climate, social climate, company climate and organisational culture. Future research should attempt to better specify the process through which a favourable climate (developed through fairness, communication, trust) might affect work outcome (satisfaction, commitment, performance) at an individual level (psychological) and collective level (organisation). The project has now reached the stage where theory and practice can both be informed by philosophical ethics.

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Notes

- 1 <http://www.franchise-fff.com/>
- 2 Europe's leading market research Institute (<http://www.gfk.fr/>).
- 3 Four items were used to measure how a franchisee perceives the dynamism of a network ('new franchised outlets are opened every year', 'the network is dynamic', 'the prospects for growth are good', and 'confidence in the network's future is strong'). A mark between 0 and 10 is awarded for each item, and the four items are added together. The accuracy of the scale is satisfactory (0.85).

Appendix

Measures

Initial and ongoing support, in our research

<i>Variable</i>	<i>Items</i>
Initial support	'Looking back, how do you rate the support your franchiser gave you with:
Cronbach's alpha 0.85	<ol style="list-style-type: none"> 1 Studying the market before the business opened? 2 Training when you opened? 3 Researching your outlet? 4 Building work on your outlet? 5 Buying the necessary equipment? 6 Obtaining financing from the bank? 7 Following up your progress during the early months after opening? 8 Local publicity for the launch?'
Ongoing support	'How would you now rate the support your franchiser gives you in the following areas:
Cronbach's alpha 0.83	<ol style="list-style-type: none"> 1 Local advertising? 2 Training? 3 Supplies? 4 Getting to know your clients? 5 Managing your client database? 6 Running the network? 7 Using computer technology in your outlet? 8 National advertising?'

Trust in the goodwill of the franchiser

<i>Variable</i>	<i>Items</i>
Trust in the franchiser's goodwill	'In your franchise network, say whether you agree or do not agree with the following statements:
Kumar <i>et al.</i>	<ol style="list-style-type: none"> 1 Your franchiser knows your constraints and understands them. 2 Your franchiser develops his concept to assure the future of the network.
Cronbach's alpha 0.78	<ol style="list-style-type: none"> 3 In case of trouble, your franchiser is ready to help you. 4 Your franchiser takes care with the selection of franchisees, to maintain the good image of the network.'

Participation in communication

<i>Variable</i>	<i>Items</i>
Franchisee's participation in communication	'In your franchise network, say whether you agree or do not agree with the following statements:
Cronbach's alpha 0.85	1 Your franchiser takes franchisees' suggestions into account.
	2 Your franchiser encourages franchisees to make suggestions.
	3 Franchisees take part in consultation committees.
	4 Franchisees are kept informed about the franchiser's strategy.'

Fairness

<i>Variable</i>	<i>Items</i>
Franchiser's procedural fairness	'Say whether you agree or do not agree with the following statements about your franchise network:
Cronbach's alpha 0.77	1 The royalties that you pay seem justified to you.
	2 Your franchise agreement is fair.
	3 Your franchiser leaves you sufficient autonomy.
	4 The franchiser honours his commitments.'

Job satisfaction applied to franchisees

	Are you satisfied:	
Job satisfaction applied to franchisees	1 with your working conditions?	
	2 with the social status that your work gives you?	
	3 with the security of your job?	
	Cronbach's alpha 0.87	4 that you can use your personal qualities?
		5 that you can take decisions on your own initiative?
		6 with your occupation during the working day?
		7 that you can put into practice your own working methods?
		8 with the feeling of achievement that your work offers you?
		9 with your income in relation to the work you do?
	In your present franchise, are you satisfied:	
Financial satisfaction	10 with the annual turnover you have achieved over the past three years?	
Cronbach's alpha 0.88	11 with the profitability you have achieved over the past three years?	