Institutional Environments and the Internationalization of Franchise Chains:

the Contrasting Cases of North African Countries

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Franchising has become a dominant model of retailing in the Western world and is also developing in emerging countries, with the internationalization of franchisors. The paper is an attempt at explaining the significant differences in the development of franchise between Morocco, Algeria and Tunisia. Explanations can be found in the general institutional environment in these countries (country risk, capital export control) as well as in the governments' willingness to modernize the distribution structures and the specific institutional environment of franchising: franchising law, the development of federations that serve to legitimize franchise partners with resource providers, banks and prospective franchisees. The analytical framework is that of institutional theory (DiMaggio and Powell, 1983) that provides new insight on approaches based on economic efficiency (agency theory and the resource scarcity perspective). From an analysis of the documents in the major public databases in the three countries, supplemented with field research, we propose an analysis grid of the institutional environment specific to franchising. Our analysis grid is used to explain the contrasting development of franchises in the North African countries. This development is also explained through the institutional theories renewing the approaches based on economic efficiency (agency theory and the resource scarcity perspective).

**Key words:** Institutional environment, institutional theory, analysis grid, international expansion, Maghreb.