Governance of Franchising Networks

Comparison of Research Results and Future Research Strategy

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Abstract

The aim of this study is to present an overview and comparison of major research results on the governance structure of franchise firms, based on various theoretical perspectives. In addition, we focus on the question which contribution the property rights theory can make to the franchise literature. Most studies have focused on the explanation of the incentive structure (fees, royalties, and other contractual restrictions) and the proportion of company-owned outlets without investigating the governance structure of the franchise firm as an institutional entity that consists of decision rights and ownership rights. We present major research results based on the property rights theory and compare them with results based on agency-theoretical, transaction cost and resource scarcity explanations. Finally, this study addresses the question about how to apply the property rights view and other theoretical perspectives in organizational economics and strategic management to new research questions in franchising.