

**Unnatural Relationship Dissolution in Franchising:
A Dual-Agency Perspective**

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Abstract

This study conceptually distinguishes unnatural relationship dissolution (URD) from dissolution resulting from completed transactions and mutual agreements. Taking a dual-agency perspective, we offer a set of propositions on the comparative effects of adverse selection and different forms of moral hazard (i.e., active vs. passive) on URD. We also propose franchise system and institution-level factors as moderators. Finally, we argue that the unnatural dissolution of a dyadic relationship between franchisor and its individual franchisees may go beyond the dyadic level and cumulatively impact the franchisor's pursuit of system growth objectives in the long-run.