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Negotiating agency in mitigating franchisee failure: A critical discourse analysis

Abstract
This study examines how asymmetries of agential power in franchisor-franchisee relationships contribute to franchisee failure, and how franchisees can negotiate agential power to mitigate failure. Based on a critical discourse analysis, the research findings establish that franchisor dominance during three core stages of the franchisee lifecycle – notably at the pre-launch, inauguration and operation phases – influences franchisee failure. Supporting a theorization based on the agencing framework, this paper presents a nuanced understanding of how agential power is attributed and negotiated in franchise relationships, and portrays franchisees as proactive actors capable of negotiating a stronger, counteractive, agential power position. We introduce the agencing framework as an important governance mechanism for franchise relations and raise implications for managing power-imbalances in franchise relationships.

Keywords
Franchising, franchisee failure, asymmetrical power, agencing framework, critical discourse analysis.

1. Introduction

Franchising has emerged as a permanent feature of modern economies (Combs et al., 2004), with franchise organizations demonstrating robust growth globally across industries (Kretinin et al., 2019). As a marketing strategy, franchisors encourage prospective franchisees to buy franchises as a means to operate lower-risk businesses relative to launching new ventures (Zachary et al., 2011). Therefore, franchising represents an important growth strategy for the franchisor, who identifies an opportunity and manages its distribution and image across geographically dispersed locations, while at the same time, it is also a risk-alleviation strategy for franchisees who locally exploit the opportunity (Gillis et al., 2020; Jang and Park, 2019). Despite the growth of franchising worldwide, it has been found that franchising does not substantially increase the survival rates of franchised businesses (Lafontaine et al., 2019). More specifically, the literature reports on widespread occurrences of hostile conflicts, disputes and lawsuits in the franchisor-franchisee relationship (Jang and Park, 2019; Grünhagen et al., 2017;

Antia et al., 2013; Frazer et al., 2012; Winsor et al., 2012; Azoulay and Shane, 2001). These serious conflicts often culminate in the premature termination of the franchise contract (López-Bayón and López-Fernández, 2016), indicating franchisee failure, i.e., situations where franchisees leave franchise organizations due to adverse reasons, such as disagreement with the franchisor (Frazer and Winzar, 2005). Research on franchisee failure, and specifically on the factors causing serious conflicts and franchise relationship terminations, remain underexplored (López-Fernández and López-Bayón, 2017).

As noted by Combs et al. (2011), existing research suggests that there are steps the franchisor can take to minimize franchisee failure. However, not much is known about how the franchisee can mitigate the likelihood of failure. Hence, this study focuses on the dynamics of the franchisor-franchisee relationship, directing attention to franchisees and what they can do to reduce the risk of franchisee failure, addressing an important gap in the franchising literature. Furthermore, as noted by several scholars (e.g. Badrinarayanan et al., 2016; Doherty et al., 2014; Dant, 2008), franchising studies have focused mostly on franchisor-based research. Dant (2008) emphasized that the frequent exclusion of the franchisee perspective needs scholarly attention, including addressing research gaps on franchise failure from the franchisee's viewpoint; this is a call that we respond to in this paper.

Prior research suggests that the franchisee's desire for greater independence is a major cause of franchisee failure and exit (Frazer et al., 2007; Clarkin and Rosa, 2005). But it is unclear how the franchisor's power, perceived as "one firm's potential to influence another firm's beliefs, attitudes, and behavior" (Kim, 2000: 239), interactively influences franchisee failure. From a power-dependency perspective, franchisees are viewed as the more dependent party in franchise relationships (cf. Rehme et al., 2016). This calls for a deeper understanding of how asymmetrical power relations emerge, and can be addressed, in franchise relationships.

This study draws on the 'agencing' framework (Cochoy, 2014) to explore asymmetrical power relations in franchise settings. The agencing framework considers agential power (or an actor's capacity to act) as an ongoing outcome (Çalışkan and Callon, 2010). This permits inquiry into franchisee actions vis-à-vis those of other entities – notably, individuals (e.g. franchisors, other franchisees and employees), technical devices (e.g. equipment and computer software) and textual materials (e.g. franchise contracts and franchise operations manuals) – to strengthen their position in the franchise relationship. Accordingly, this paper examines the following research questions: (1) How do the asymmetries of agential power in franchisor-franchisee relationships influence franchisee failure? (2) How can franchisees negotiate agential power in franchisor-franchisee relationships to mitigate franchisee failure?

We recognize the need to build a theoretical foundation to explain the consequences of franchising for franchisees (Combs et al., 2011). Primarily, this paper draws on the agencing framework to contribute to the franchising and power-dependency literature to: portray franchisees as proactively powerful actors in a literature dominated by views on franchisor-attributed power; provide a comprehensive view of how power is attributed and negotiated in franchise contexts; and depict agential power as an outcome of interactive, micro-level practices performed in franchise contexts. This is the first known study to apply the agencing framework to franchising research.

The second contribution of this study relates to the application of a critical discourse analysis (CDA) methodology. CDA is concerned with analyzing structural relationships of dominance, inequality, bias, power and control as manifested in language (Lyon et al., 2017; Wodak and Meyer, 2001). The notion of CDA is based on the assumption that power relations are discursive, i.e., the transmission and practice of power occur through discourse (Machin and Mayr, 2012). Language is an integral part of control in highly structured organizations (Bloor and Bloor, 2007), where franchise organizations are no exception. The franchise sector is dominated with power-focused discourses in the franchisor-franchisee relationship, which make CDA a highly appropriate methodology for examining questions associated with unevenness of agential power in franchising and the links with franchisee failure. The use of CDA methodology thus enables us to uncover complex social dynamics in the franchisor-franchisee relationship, which extend beyond the formal relations suggested by power-dependency theorists. CDA facilitates a qualitative critique of discourses about the unevenness of power in franchising and its relationship with franchisee failure. This critical approach allowed us to demonstrate how more symmetrical agency arrangements can contribute towards minimizing franchisee failure. In other words, by utilizing CDA, we are able to provide new insights that were previously lacking in the literature.

In the next section, we review prior studies on the asymmetrical power relations in franchising. This foregrounds the agencing framework adopted in this study which follows. After this, the CDA methodology employed in this study is discussed. Next, the research findings are presented, followed by the discussion – theoretical and empirical contributions; practical implications; limitations and future research directions. Finally, the conclusion is highlighted.

2. Asymmetrical power relations in franchising

Franchising is based on a business format model (comprising operations, marketing, products/services, trade name and trademark) developed by the franchisor, and contractually granted to the franchisee to utilize over a period of time, in return for fees and royalties. It recognizes the franchisee as adding value to the franchisor-initiated brand and systems by developing a presence and an expertise in the local market (Flint-Hartle and De Bruin, 2011). The franchisor is also able to develop the franchise organization rapidly because new outlets are funded, managed and operated by franchisees (Combs et al., 2011).[1] Consequently, the franchisor's long-run viability depends on the ongoing operations of their franchisees (Antia et al., 2017). With many franchise contracts spanning periods of 10 to 20 years (Dant et al., 2011), franchising, at the onset, may look like a relationship between business parties that is built to last overtime, with the added potential for renewal. However, many franchisor-franchisee relationships fail to reach the maturity date of the contracts agreed by both parties, let alone achieve franchise renewal (Grünhagen et al., 2017; López-Bayón and López-Fernández, 2016).

A common cause of breakdown in the franchisor-franchisee relationship is franchisee failure, i.e., situations where franchisees leave franchise organizations due to adverse reasons (Frazer and Winzar, 2005). Franchisee failure is a complex research area, with varying definitions and approaches (Holmberg and Morgan, 2007). The focus of this study is on franchisee failure that is attributable to franchisor power; hence, franchisee failure is hereby defined as the termination of the contract between the franchisor and the franchisee before the originally agreed duration of the franchise, due to disagreement between both parties arising from franchisors' stronger agential power. Prior studies suggest that the franchisee's resistance to issues associated with franchisor power (Brand et al., 2016; Croonen and Brand, 2015) and the franchisee's desire for greater independence (Frazer et al., 2007; Clarkin and Rosa, 2005) are major sources of franchisee failure and exit.

However, rather than approach franchisee failure from an agency theory perspective – a dominant standpoint in the franchising literature (Barthélemy, 2011), which emphasizes franchisor control over franchisees (see e.g. Croonen and Brand, 2015; Hodge et al., 2013; Paik and Choi, 2007), we direct attention to agential power in franchise relationships. That is, the attribution of agency (or the power/capacity to act) to franchisors and franchisees.

[1] For consistency, throughout this paper, 'franchise organization' refers to the franchise system, franchise chain and franchise network. These comprise both company-owned (i.e. franchisor-owned) outlets and franchised (i.e. franchisee-owned) outlets.

Power-dependency theory appositely draws attention to power relations, a notion of particular interest in this study. The theory is premised on the “proposition that power derives from the other's dependency” (Emerson, 1964: 297), and on the understanding that power resides “implicitly in the other’s dependency” (Emerson, 1962: 32). Power in this context relates to “one firm’s potential to influence another firm’s beliefs, attitudes, and behavior” (Kim, 2000: 389). Hence, power imbalances arise when one actor is more dependent on its counterpart than the other is (Rehme et al., 2016). For example, according to Spencer (2013: 43):

> “A franchisee’s business is thus predicated on its franchisor having a degree of control over and providing support for a franchisee’s business operations, marketing, lines of supply, and the IP.”

Power-dependency theory has been widely used to explain business-to-business (B2B) relationships (Altinay and Brookes, 2012; Altinay et al., 2014), and specifically, inter-firm dependency, the use of power, and resource dependence in B2B relationships (Altinay et al., 2014). Much of this research has focused on power asymmetries (see e.g., Altinay et al., 2014; Rehme et al., 2016). In fact, concerns about how relative power balance can be transformed are not new to *Industrial Marketing Management* research (cf. Rehme et al., 2016), with strategies proposed to address power imbalances, e.g. the creation of coalitions among weaker members (Emerson, 1962, 1964).

In this study, power-dependency theory draws attention to relationship dynamics of interest – specifically, to power as a “property of the social relation…not an attribute of the actor” (Emerson, 1962: 32); and to franchise relationships as outcomes of inter-firm dependence (Altinay and Brookes, 2012). Following Emerson (1962), we discount the view that franchisors and franchisees are imbued with characteristics that are likely to affect franchisee exit (see, e.g., Combs et al., 2011), and consider power-dependency and asymmetrical agential power in franchise relationships as outcomes of interactive practices.

However, power-dependency theorists privilege views on the attribution of franchisor power at the neglect of those on the attribution and negotiation of franchisee power. In fact, franchisees are largely portrayed at the receiving end of franchisors' superior actions and not as proactively powerful actors (see e.g. Frazer et al., 2007). Thus, this study calls, firstly, for a comprehensive view of how power is attributed and negotiated in franchise contexts, including perspectives of franchisees as proactive actors; and secondly, for an understanding of franchisor/franchisee power as an outcome of micro-level processes performed interactively in franchise contexts. The latter call is expounded further in the subsequent discussion on the agencing framework guiding this study.

3. The agencing framework

Painter-Morland (2013) suggests that instead of thinking in terms of individual subjects when considering agency, there should be a shift towards understanding 'agencing' (the verb form of agency). This conceptualization departs from the agency theory perspective which emphasizes the contractual principal-agent obligations of franchisors and franchisees (Pizanti and Lerner, 2003; Grünhagen et al. 2017). Instead, Painter-Morland (2013: 7) asserts: "We need to think about agency as a verb, something that is always … taking place". Likewise, Çalışkan and Callon (2010: 10) consider agency and agential power for that matter as "a finishing point, not a starting point of investigation." Our interest, after Latour (2005), is in tracing what constitutes agential power in franchise relationships, and how power asymmetries co-evolve in such relationships.

Based on Michel Callon's contributions to organizational knowledge and practice, Cochoy (2014) proposed an agencing framework to highlight the efforts aimed at finding the means to give constrained people a surplus of agency. In this framework, agency is characterized as deliberative, adaptive and reflective (Çalışkan and Callon, 2010).

The agencing concept has its roots in agencement research that postulates a collective, interactive and emergent approach to agency. An agencement refers to a collective constituted by heterogeneous elements including individuals, objects, textual materials and arrangements (Çalışkan and Callon, 2010). Cochoy (2014) posits that entities within agencements extend beyond the consideration of individual subjects. In franchise contexts, agencements comprise of individuals (e.g. the franchisor, the franchisee, other franchisees in the franchise organization and employees), objects (e.g. computer software and production equipment), and textual materials (e.g. franchise contract and franchise operations manual). Arrangements "endowed with the capacity to act in different ways, depending on their configuration" (Çalışkan and Callon, 2010: 9) are of specific interest in agencement research. Examples of arrangements in franchise settings include franchise modes (such as master franchise, multi-unit or single-unit franchises), supplier-agreements, and arrangements with landlords.

Beyond highlighting practices that arrange or produce specific agencements, agencing sets processes in motion and accordingly enacts agencies (Cochoy e al., 2016). Agencing focuses on the dynamic processes involved in acquiring the capacity to act through continuously arranging and adjusting entities in relation to each other (Romestant, 2019; Araujo and Kjellberg, 2016; Hagberg, 2016). Agencing research attends to micro-level practices (Kjellberg and Helgesson, 2006) and bases on the premise that entities adjust to one another and act as a whole, generating diverse forms of outcomes (Hagberg, 2016; Çalışkan and Callon, 2010). According to Calvignac and Cochoy (2016), it is the agential configuration (and not the people in the configuration, nor the things the configuration is made of) that drive the course of action. Painter-Morland and Deslandes (2014) argue that social and material patterning is what shapes individuals and develops their agencing capacity. As Painter-Morland (2011: 91-92) explains:

> "Individuals are in and of themselves multiplicities of force, and as such, they are capable of "agencing" that is unique and surprising. But this only becomes possible

> if we can allow individuals to find creative escapes from the corporate territories that may have created axiomatic patterns and paths shaping the passive syntheses that inform their *agencing"*.

The agencing approach proves relevant to this study, particularly in the light of Cholez and Trompette's (2016: 158) assertion that understanding the agencing process requires "observing the coordination mechanisms negotiated, modified, and transformed in the course of action, as the conditions of exchange are constantly readjusted". Moreover, Cochoy et al. (2016) stress that emphasis should be on the collective and open procedures of agencing activities and the processes they set in motion. The agencing activities of actors enable interactions to enhance the actors' identities (Ramaswamy and Ozcan, 2018).

Exploration of agencing is emerging in different contexts in the literature. For example, Courpasson and Younes (2018) reveal an occupational group developing processes of agencing resources; Hopkinson (2017) applies agencing to understand how markets were made and shaped; and Onyas and Ryan (2015) unveil the agencing efforts involved in bringing about market innovation. The present study is the first known attempt to introduce agencing to the franchising literature. Here, the franchisee's capacity to act, achieved interactively through associations with the franchisor, other franchisees, employees and production/operation processes, is explored.

The preceding literature review examines power-dependency theory, a framework relevant in investigating B2B relationships and the power asymmetries enacted therein (Rehme et al., 2016; Emerson, 1962). Power-dependency theory privileges views on the attribution of franchisor power over those on the attribution and negotiation of power by franchisees; and does not attend to the interactive, micro-level processes that produce agential power asymmetries in franchise contexts. The agencing framework adopted allows us to investigate how agential power asymmetries in franchisor-franchisee relationships influence franchisee failure; and how franchisees can negotiate agential power to mitigate franchisee failure. In the next section, we present the methodological approach employed in this study.

4. Research methodology

4.1 Critical discourse analysis

A qualitative research design involving critical discourse analysis (CDA) was employed to address the research questions. CDA is ingrained in a radical critique of social relations and it involves analyzing texts with a critical eye by examining what people say and why they say these things (Lyon et al., 2017; Dunn and Eble, 2015; Billig, 2003). CDA methodology has been used in a variety of contexts, e.g. to explore social construction (Abdelnour and Branzei, 2010), to analyze repositioning (Johns and English, 2016), to examine crisis communication (Dunn and Eble, 2015), and to understand active stakeholder perspectives (Lyon et al., 2017). Generally, CDA considers discourses that testify to evident relations of struggle and conflict (Wodak and Meyer, 2001).

The CDA methodology, however, is not without criticisms. Breeze (2011: 519) encapsulates CDA's shortcomings across multiple disciplines, including its: questionable founding assumptions and presumed lack of rigor in the collection and interpretation of data; focus on the macro rather than immediate contexts of study; leaning towards negative deconstructions of phenomena; disjointed views on what is considered critical; and "lack of reflexivity and internal dialogue".

We follow Breeze's (2011) recommendations on addressing these concerns by: (1) Emphasizing the authors' apolitical leaning in conducting this study, which guards against biased interpretations of our findings; (2) Clarifying the agencing framework guiding this study, which directs readers to an object/a theory (i.e., agencing) to which they can adopt a critical stance towards; (3) Providing a disciplined systematic analysis of the text through the methodical outline of our findings on “Franchisors’ stronger agential power and its influence on franchisee failure”, and “Developing franchisees’ agential capacity to mitigate franchisee failure”; (4) Presenting well-grounded interpretations of data based on the research questions asked; (5) Attending to the immediate franchising context researched and providing appropriate interpretations relevant to the concerns of participants. These interpretations are attested by the recommendations for practice proposed; (6) Adopting a positive, transformative discourse aimed at addressing power asymmetries in the franchise relationship.

4.2 Data collection and sampling

Frazer (2001) notes that the analysis of business failure in franchising is problematic in terms of data collection, as it is difficult to access failed franchisors and franchisees. Since franchisee failure is characterized by an emotive outlook, it is not a topic that affected individuals may readily wish to discuss. Therefore, relying on purposeful sampling for data collection, we contacted franchising practitioners in the U.K. known to have experienced or witnessed franchisee failure to participate in semi-structured, in-depth interviews. Challenges were experienced in accessing participants, given the niche population of interest (i.e. failed franchisees), the sensitivity of the topic, and the extreme difficulty in getting franchisors that would agree to provide contact details that could enable access to franchisees that have failed in their franchise networks. Thus, secondary research, as explained later, was conducted to complement the primary data obtained from the semi-structured, in-depth interviews.

The interview questions pertained to six main areas: (1) Background information (e.g. What is the nature of the franchise business? What is the duration of the franchise? What is the initial investment? What is the royalty?); (2) The exit (e.g. What factors contributed to franchisees’ decision to exit the franchise?); (3) Relationship with other franchisees (e.g. Do other franchisees, both internal and external, play a part in their peers’ decision to exit? Do franchisees maintain relations with their peers, i.e. other franchisees, after they have exited? Do non-exiting franchisees know of franchisees that have exited or that are just in the process of exiting? Are there similar grievances amongst franchisees that are exiting or amongst those that have exited?); (4) In retrospect (e.g. What if done differently would have made the outcome different on the franchisee's part?); (5) Termination of the franchise (e.g. Who initiated the termination of the franchise? What processes are involved when franchisees are exiting the franchise?); (6) After the exit (e.g. What are franchisees next moves after they have terminated the franchise relationship? What motivated these moves?). The U.K. is an appropriate context for this study, as there is no government regulation of the franchise sector.

The composition of the interviews is shown in Table 1. Eight interviewees – from 15 different franchise organizations, totaling 13 franchising stakeholder roles – participated in the interviews. According to Guest et al. (2006), 6-12 interviews can achieve a desired research objective. Moreover, a small sample permits the capture of "explicit, concrete issues" in the data (Hennink et al., 2017: 606), which was our goal in this study.

During the research design, it was obvious that the research topic to be studied was clear and the information needed will be easily obtained with interviews, implying that fewer participants will be required (Morse, 2000). Studies in *Industrial Marketing Management* have also relied on small samples to investigate new dimensions of research (Lindström and Polsa, 2016), extend theory in a new context (Wang et al., 2016), and develop theory/ promote analytical generalization (Mäläskä et al., 2011).

Sample adequacy and data saturation were reached, given the purposive selection of a relatively homogeneous sample of participants with similar characteristics (Hennink et al., 2017; Guest et al., 2006), i.e. franchise practitioners in the U.K. who have experienced or witnessed franchisee failure. The use of semi-structured interviews, and similar set of interview questions, further contributed to attainment of data saturation (Guest et al., 2006).[2] All the interviewees were fully committed to participating in the study in terms of time, attention, and articulating and sharing experiences – these led to obtaining rich and experiential data, which enabled reaching data saturation with fewer participants (Morse, 2000). Data saturation was reached at interview 6. At this stage, no new information/themes/codes were found in the data analysis (Braun and Clarke, 2019; Faulkner and Trotter, 2017). Nevertheless, all 8 interviews were analyzed and included in the study, and no changes were found in terms of the signals of data saturation that had been reached. Therefore, the study sample was sufficient in obtaining in-depth insights into "common perceptions and experiences among a group of relatively homogeneous individuals" (Guest et al., 2006: 79).

Some of the interviewees have held multiple stakeholder roles in more than one franchise organization. The interviewees' experience in franchising range from 3-35 years, with operations in the following sectors: food; retail; education; business-to-business; parcel delivery and courier; signs, printing and copying. The interviewees that are (current or ex-) franchisees own between 1-10 outlets, with annual sales approximately up to £4 million; they employ up to 900 people; the duration of their franchise contracts is up to 20 years; and they have franchisors in international and domestic markets. The interviewees that are franchisors (or representatives of the franchisors) have individually managed up to 260 outlets. The headquarters of the franchisors have up to more than 10,500 outlets in over 75 countries. Each in-depth interview lasted between 1 hour – 1 hour and 45 minutes. Digital recording and note taking were used for the interviews. The recordings were later transcribed for analysis.

INSERT TABLE 1 HERE

[2] Slight variations were added to account for the responses from interviewees with multiple stakeholder roles (Guest et al., 2006).

Consistent with the strategies adopted by Dunn and Eble (2015) for minimizing bias and avoiding reliance on a single set of data when using CDA, the data collection for this research was extended beyond the above interviewees. Relevant data about the franchise organizations of the interviewees, which focused around the issues addressed in this study, were collected from 49 secondary sources; these consisted of newspapers, franchise magazines, annual reports of the franchise organizations and webpages (Table 2). The use of multiple sources of data enabled us to show the multidisciplinary nature of CDA, and its requirements of "an account of intricate relationships between text, talk, social cognition, power, society and culture" (Van Dijk, 1993: 253). In all, the data obtained for this study were more than 100,000 words, consistent with the amount of words used in prior research that has employed CDA, e.g. Lyon et al. (2017).

INSERT TABLE 2 HERE

With the study focusing on franchisee failure, the unit of analysis was the franchised outlet. To analyze the data from the interviews and secondary sources, we used Fairclough's (2001: 125) CDA analytical framework, depicted in Figure 1. This framework has been used in prior research; e.g., Dunn and Eble (2015) used the framework to analyze various documents and interviews (in a study involving six interviews).

INSERT FIGURE 1 HERE

4.3 Data analysis

Guided by Fairclough's (2001) framework, the data analysis was undertaken in the present research as follows. In stage 1, we focused on the asymmetrical agential power of the franchisor over the franchisee as the social problem that has a semiotic aspect.[3] We examined manifestations of this in the discourses from the interviews and the secondary data.

In stage 2, we identified the obstacle to tackling the social problem stated above as the intraorganizational context of franchising. We investigated manifestations of this context in the discourses from the interviews and the secondary data. From these discourses, the context is apparent in: (i) the network of practices (namely, the franchise contract and the franchise operations manual) in which the problem is institutionalized; (ii) the relationship of semiosis to other elements in the network of practices (namely, franchisor power and the franchise format); and (iii) in franchising discourses (in terms of the level of uniformity expected in franchised outlets).

By scrutinizing the discourses from the interviews and the secondary data, in stage 3, we considered whether the franchise organization structure needs the asymmetrical agential power of the franchisor (since it contributes to franchisee failure).

In stage 4, by examining the discourses from the interviews and the secondary data, we identified alternative ways to incorporate changes, beyond the obstacles of the intraorganizational context of franchising.

Finally, in stage 5, we assessed the effectiveness of the critical analysis undertaken, evaluating how it contributes to mitigating franchisee failure risks. The ultimate success of CDA is measured by its effectiveness and relevance in terms of its contribution to change (Van Dijk, 1993).

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[3] This is apparent in both academic and sector discourses on franchising, and is summarized by a Chairman and CEO of a well-established, household name franchise organization, as "Franchising is ... conforming, following set procedures ..." (Dada et al., 2012: 560). It suggests that the dominance of the franchisor is unalterable, and that franchisees have to accept it. These representations show that alternative ways of addressing this power imbalance, which might not influence turbulence in franchising and franchisee failure, as the current emphasis on franchisor dominance does, are often omitted.

5. Findings

This section outlines the findings obtained from the critical discourse analysis (CDA). Directing attention to the entire franchisor-franchisee relationship and its constituent elements (e.g. the franchisor, franchisees and textual materials) as an agencement, we demonstrate how the stronger power of franchisors contributes to franchisee failure and how franchisees can negotiate a stronger agential position in the relationship to mitigate failure.

5.1. Franchisors' stronger agential power and its influence on franchisee failure

The findings show that franchisors develop a stronger agency, which contributes to franchisee failure, owing to the preconfigured arrangements favoring their dominance in the franchisor-franchisee relationship. As a result, the unfolding arrangements in the franchise agencement attribute stronger agential power to franchisors at three core stages of the franchisee lifecycle – notably at the pre-launch, inauguration and operation stages[4].

5.1.1. At the pre-launch stage

During partner selection, franchisors have already created an agencement consisting of operational and marketing arrangements, trade name, brand, existing franchisees, et cetera, that they wish to enrol the candidate franchisee into. It is evident that the franchisee on the other hand enters the relationship (and agencement) from a weaker agential position, with many franchisees joining franchises as external candidates seeking employment alternatives. This is exemplified by an interviewee as follows:

"…most people [external prospective franchisees] who are looking at franchising are in a state of flux … They … either … were made redundant, they can't find a job …. or they decide [that they] have not enjoyed [their current] job for the last [e.g.] 20 years, [so, they] want to change [it] … Franchisors will take on franchisees … to get the cheque off and increase the network. Generally, it will [result into problems] in some way …"

[4] The pre-launch stage precedes the establishment of the franchised outlet; the inauguration stage leads to an activation of the franchise agreement; and the operation stage involves an evolution of the franchise partnership.

Richard (Interviewee: ex-franchisee, ex-franchisor and current franchise consultant; Multiple sectors).

The literature shows that actors with a stronger agency often possess the relevant technical knowledge and experience (Çalışkan and Callon, 2010). However, it was apparent that for the candidate franchisee, this is not usually the case, as they often possess limited franchising knowledge and experience.

Additionally, it was found that some franchisors send prospective franchisees to pre-selected existing franchisees (chosen by franchisors) to obtain independent information about the franchise. These lead to discrepancies between the information received at the pre-launch stage (such as the expected annual turnover per franchised outlet) and the reality encountered upon commencement of franchisee operations. As an interviewee explained:

"… before [we] started working [as franchisees] you [the soon-to-be franchisee] went for training at some of the branches and then they painted a rosy, beautiful picture for you that things work out so well, and even the franchisor, … when we were doing the business plan, she estimated [we] were going to get this amount every week, and then [we] realized when the shop started that [the turnover was] way below [expected]"
Cynthia (Interviewee: ex-franchisee; Food sector).

Moreover, it was noted that franchisee orientation can be insufficient, as the initial training for franchisees tends to be over a short period (2–4 weeks) in some franchise organizations.

It is apparent that franchisors acquire a stronger position in the franchise relationship due to their role in creating and preconfiguring the arrangement (the agencement) in which to enrol prospective franchisees. Franchisees, on the other hand, often assume that they have very limited or no room to negotiate a stronger agency in the franchise relationship at the pre-launch stage. However, franchisee reflections at the inauguration and operation stages of the franchise relationship show that there are opportunities to strengthen the franchisee's agency to mitigate failure, as we demonstrate later in the section on **Developing franchisees' agential capacity to mitigate franchisee failure**.

5.1.2. At the inauguration stage

It is evident that franchisors are asymmetrically equipped to develop a stronger position at the inauguration stage through their control of the central, textual content of the franchise agencement (i.e., the franchise agreement), which can contribute to franchisee failure. Asymmetrical agential power in the franchisor-franchisee relationship is further demonstrated in the franchise agreement through the franchisor's control over the suppliers, financial charges, human resource (HR) policies and the franchised outlet location. In terms of suppliers, the stronger franchisor position is shown in the tying agreement imposed, which can have an adverse consequence on franchisees' finances and create a lack of trust in the franchisor.[5] An interviewee highlighted that:

"They [the franchisor] were also lying about the support that they were giving us … one of the big things … is that the buying power of a franchise is huge ... But what [the franchisor] was doing was, they weren't making sure we've got a good deal on what we bought. They were getting backhanders from our suppliers. So they were getting tens of thousands of pounds, and lying to us …"
Joanna (Interviewee: ex-franchisee; Signs, printing and copying sector).

Also, it was found that the franchisor's control over the franchisees' financial charges (e.g. rent) can have a negative impact on the franchisee's income and the franchise relationship. Furthermore, it was emphasized that HR centralization can create excessive staffing costs for franchisees and can instigate lack of trust in the franchisor. As an illustration, it was found in a franchise organization that the franchisor's centralized HR policies imply that the franchisor recruits employees on the franchisee's behalf, which leads to the franchisor hiring an excessive number of staff beyond what is required in franchised outlets. The franchisor also creates an unnecessary managerial position that requires the staff filling the position to report to the

[5] A tying agreement refers to obligatory central purchasing, i.e., the placing of restrictions by franchisors on the source of supplies or services purchased by their franchisees (Nijmeijer et al., 2014; Hunt and Nevin, 1975).

franchisor, despite the franchisee paying the wages and fulfilling exactly the same role as the staff. Furthermore, emphasis was placed on the franchisor's control over the franchised outlet location, which can impose inflexible arrangements on the franchisee, and create conflict between the franchisor and the franchisee. As an interviewee explained:

"… when … signing … franchise agreements, they [the franchisor] give territories and then they give exclusivity to those territories. [But] the franchisor on seeing that this is a new Shopping Mall decided to bend the rules and persuade the other franchisee into accepting another franchisee in that territory...the franchisee on the other side was not really happy, and actually that put them [the franchisee and the franchisor] at loggerheads"
Chris (Interviewee: ex-franchisee; Food sector).

The findings demonstrate that the franchisor's control over the constituents of a core element of the franchise agencement (i.e., the franchise agreement) contributes to franchisee failure by presenting an unconducive environment for franchisees to develop their agential power.

5.1.3. At the operation stage

Unlike the asymmetrical franchisor position at the pre-launch and inauguration stages (which is attributed to a preconfigured agencement and franchisor control of human and non-human actors in the franchise agencement), a stronger franchisor position at the operation stage is demonstrated in the franchisor's control over franchisee operations. This occurs through franchisor-imposed constraints on franchisee expansion, inadequate franchisee support systems, and changes in franchisor ownership through a reconfiguration of the franchisor's position (i.e., the replacement of a superior actor by an inferior actor in the agencement).

Franchisors' reluctance to approve franchisee requests to expand and own multiple units was demotivating to franchisees, as owning multiple units would be more lucrative. This is exemplified in the following:

"... as costs have gone up, e.g. labor costs, food costs, it is very, very difficult to make one [franchised outlet] work as a ... business, you need a group [of outlets] ... a minimum of probably 4 [outlets] are needed [per each franchisee] to make it a viable business ... Another situation that happened ... was people's frustration at not being expanded into their 2nd or 3rd restaurant. [When franchisees joined the franchise system] they thought that maybe after 3 years they would be running 4 restaurants. And after 3 years, they were still running 1 restaurant. And then the relationship between the franchisee and the franchisor breaks down. Once it is broken, it is difficult to put it back together. So, some franchisees left the system because they felt they should have moved up much further up the ladder than what they were [at] ... So, that certainly was an issue"
Andrew (Interviewee: ex-franchisor staff and current franchisee; Food sector).

Additionally, weak franchisee support and changes in franchisor ownership introduce new dynamics into the franchisor-franchisee relationship, affecting the franchisee's confidence in the system. These factors highlight that the franchisor's stronger agency at the operation stage is acquired through franchisor control over one actor in the agencement– i.e., the franchisee – creating tensions in the franchise relationship. As explained by an interviewee:

"... that's where the argument is about whether you are your own boss or not really because it didn't feel like it because everything was geared around satisfying their [the franchisor's] needs. So, it felt like you were answering to them [the franchisor] all the time"
Julie (Interviewee: ex-franchisee; Food sector).

So far, the findings have shown that, at all stages of the franchisee lifecycle, franchisors' possession of a stronger position in the agencement relative to franchisees contributes to franchisee failure. See Table 3 for further exemplar quotes. Therefore, based on the CDA, we propose that:

P1: Franchisors' stronger agential power influences franchisee failure due to: (i) franchisor-created and preconfigured agencement (at the franchisee pre-launch phase), (ii) franchisor control of the core element of the franchise agencement, i.e., the franchise agreement (at the franchisee inauguration phase), and (iii) franchisor control of franchisee operations (at the franchisee operation phase).

In the next section we present how a stronger franchisee agency can be developed to mitigate failure.

INSERT TABLE 3 HERE

5.2. Developing franchisees' agential capacity to mitigate franchisee failure

The findings show that in order to develop franchisees' agential capacity to mitigate failure attributable to franchisor control, franchisees should acquire knowledge and experience in the relevant franchising industry, develop the capacity to negotiate, and negotiate a stronger franchisee position.

5.2.1. Gaining knowledge and experience in the relevant franchising industry

As seen in the earlier section ***at the pre-launch stage***, franchisees' weaker agency is attributed to the subordinate position assumed at the outset, and to the limited knowledge possessed. However, the findings reveal that it is possible for franchisees to overcome this weakness, especially if the franchisee has previously been an employee of the franchisor (in the franchise organization). Research has virtually overlooked the transitioning of franchisor-employees into franchisees, with prospective franchisees often assumed to be external to the franchise organization. The findings, however, indicate that franchisee agential capacity develops through the franchisee's initial embeddedness into the franchise agencement, either as an employee or as a franchisee who has undergone a long period of initial training with the franchisor. Having accumulated substantial tacit and explicit knowledge, and understood both the franchisor and the franchisee perspectives before taking on the franchised outlet[6], the individual's agency is transformed from a *franchisor-employee* configuration into a *fully-fledged franchisee* configuration, capable of running the franchised outlets. Experience in the

[6] As highlighted by Zack (1999: 46), knowledge can be categorized as tacit or explicit – "Tacit knowledge is subconsciously understood and applied, difficult to articulate, developed from direct experience and action, and usually shared through highly interactive conversation, storytelling, and shared experience. In contrast, explicit knowledge is more precisely and formally articulated…".

agencement as a franchisor-employee also contributes towards developing the franchisee's negotiating ability.

5.2.2. Developing franchisees' capacity to negotiate

The findings further reveal that franchisees must take a proactive role to develop their negotiating capability in order to strengthen their agential capacity. As highlighted by an interviewee:

"... all that time [i.e. the time lag (of 8 months) between signing the franchise agreement and opening the franchised outlet], it was pulling and pushing, adjusting and ..., negotiating, and trying to bend the rules here and there"
Chris (Interviewee: ex-franchisee; Food sector).

Specific negotiation mechanisms contribute towards this goal, with emphasis placed on mutual communication and trust between the franchisee and the franchisor. As highlighted in the earlier section ***at the inauguration stage***, restrictive franchising agreements (such as clauses regarding the rent) weaken franchisees' agential power. The findings show that with appropriate negotiation mechanisms, notably mutual communication and trust between the franchisee and the franchisor, franchisees can turn around the situation. Some franchisees perceive that the franchisor is aware if the franchisee has strong negotiating ability. This, coupled with the trust developed with the franchisor, allow the franchisee to negotiate better payment terms.

5.2.3. Negotiating a stronger franchisee position

Linked to the finding on developing franchisees' capacity to negotiate, the results reveal five key areas of negotiation that contribute towards the development of franchisee agency to mitigate franchisee failure: (1) decentralized HR management, (2) lease control, (3) financial rates, (4) ownership of multiple franchise outlets, and (5) entering into non-tying supplier agreements. As franchising is set on standardized contracts, most studies disregard the extent to which franchisees can successfully attain favorable deals with the franchisor. It is often assumed that most franchise agreements and operations manuals are non-negotiable, and are offered to prospective franchisees on a 'take it or leave it' basis. However, the findings show that negotiations at this level empowers franchisees to counteract the asymmetries encountered at the operation stage of the franchise relationship, allowing them to achieve substantive autonomy.

Decentralized franchisee HR management. Reflecting on the negative experience arising from centralized HR management, some of the franchisees agreed that it is important to negotiate for decentralization of HR management with the franchisor. This ensures that franchisees can control the numbers, quality and performance of the recruited staff within their outlets.

Franchisee lease control. Some franchisors insist on maintaining control over the leases of their franchisees, where under this arrangement, a property owner leases property to the franchisor who in turn sublets it to the franchisee (Dnes, 1993). Conversely, the findings demonstrate that franchisees ought to take control of the lease to avoid failure, as franchisor lease control was found to result in the failure of the franchised outlet. It was also highlighted that if franchisees take control of the lease, they can negotiate substantial rent reductions directly with the landlord.

Financial rates. Some interviewees emphasized that franchisees should avoid franchisor 'misleads' by ensuring that they negotiate financial deals that will guarantee optimal profit for the duration of the franchise contract. For example, instances were found where the rental rates vary for different franchisees within the same franchise organization, even though they have the same business contexts.

Franchisee ownership of multiple outlets. Multiple ownership by the franchisee was found to create better franchisor-franchisee relationships, and it enables the franchisee to develop a stronger identity and more rewarding business. The franchisee's ownership of multiple outlets also places them in a stronger position to negotiate favorable conditions from the franchisor.

Entering into non-tying supplier agreement. Another negotiable area identified as a source of franchisee power creation in mitigating failure, associated with franchisor control, relates to franchisees entering into non-tying agreement. This can be realized through franchisee persistence with the franchisor on preferred supplies.

By acquiring control over the factors above (the HR function, lease, financial rates, the number of outlets and the supplier agreement), which can be accomplished via franchisor-franchisee interactions, franchisees acquire a stronger agency, creating a more level playing field in the franchise agencement, where franchisees are able to minimize franchisee failure attributable to franchisor control. See Table 4 for further exemplar quotes. According to Callon (2008), agential power can be strengthened when actors are capable of developing their own projects and openly associate with other actors.

5.2.4. Developing franchisees' agential capacity through coalition

The findings also show that networking with franchisee peers is vital, especially during adverse times, such as when franchisor dominance is apparent. It was found that franchisees acting collectively are able to develop a stronger agency, allowing them to create a fairer and more favorable franchising environment. The communal efforts by franchisees contribute to strengthen their collective agencies (cf. Çalişkan and Callon's (2010) discussions on collective agencies) within the franchise agencement, and in some cases, these efforts contribute to enhance franchisees' capacity to engage in business outside the franchise agencement. For example, instances were found where the franchisee forum in a franchise organization enabled franchisees to band together, and successfully exit the franchise, with many continuing their operations in the same sector as independent businesses. This process eventually pushed the franchisor into administration, and the forum continues to provide ongoing support for the independent businesses by acting as a replacement for the franchisor's functions. See Table 4 for an exemplar quote.

The results show that despite the stronger agential power of franchisors at three core stages of the franchisee lifecycle (the pre-launch, inauguration and operation phases), which contributes to franchisee failure, franchisees can negotiate a stronger agential position in the relationship to mitigate franchisee failure, as depicted in Figure 2. However, academic literature has virtually ignored the potentials for franchisee negotiation to counteract franchisee failure attributable to franchisor control. Therefore, we propose that:

P2: Franchisees can develop agential capacity to mitigate franchisee failure attributable to franchisor control through: (i) franchisee-franchisor interactions (to enable franchisee embeddedness, negotiation, control and deal-making), and (ii) franchisee-franchisee collaboration (to enable franchisee coalition).

INSERT TABLE 4 HERE

INSERT FIGURE 2 HERE

6. Discussion

By drawing on the agencing framework, this research shows how business failure risks can be mitigated in franchise organizations, with a specific focus on the franchisee's business. The findings show that both the franchisor and franchisee have to play important roles in negotiations that can influence the success of franchise outlets. In particular, we demonstrate that: (1) depending on their agential capacity, both franchisees and franchisors contribute to shape the franchise agencement in diverse ways; (2) franchise agencements are preconfigured to favor franchisors, which creates an agential power imbalance in the franchisor-franchisee relationship; (3) franchisee agency is enhanced through the acquisition of industry knowledge and experience, the negotiation of favorable deals with franchisors, and networking with peers; and (4) enhanced franchisee power can mitigate franchisee failure risks, which are attributable to franchisor control.

6.1. Theoretical contributions

The asymmetrically powerful agency of franchisors is widely recognized (Spencer, 2013) and has been examined by power-dependency theorists (e.g. Rehme et al., 2016; Altinay et al., 2014; Emerson, 1962). These studies privilege views on the attribution of power to franchisors at the neglect of those relating to franchisee-attributed power, and largely portraying franchisees at the receiving end of franchisors' superior actions (see, e.g., Frazer et al., 2007).

This study presents a first known attempt at applying the agencing framework to explain franchisee failure and its mitigation, and contributes to the franchising and power-dependency literature in three ways. Foremost, we portray franchisees as proactive actors capable of negotiating a stronger agential power position. In so doing, we tackle a gap in the extant literature – which predominantly focuses on franchisor-based research (cf. Badrinarayanan et al., 2016; Doherty et al., 2014) and on franchisees as responsive to franchisor-attributed power – to provide a comprehensive understanding of how agential power is attributed and negotiated in franchise settings.

Second, this study proposes a nuanced understanding of how agential power in-the-making unfolds in franchise relationships. It highlights the micro-level processes set in motion (Cochoy et al., 2016; Kjellberg and Helgesson, 2006) in franchise agencements, which attribute agency (or agential power) to franchisors/franchisees. Franchisor/franchisee agential power, we demonstrate, is an outcome accomplished associatively (and not unilaterally) through ongoing franchise interactions. For the franchisees examined in this study, the negotiated agential power co-evolved in a reconfigured franchise agencement where franchisors, (groups of) franchisees, negotiated arrangements (e.g. not-tying supplier agreements), and knowledge and experience interacted.

Lastly, we advance the notion that a stronger franchisee agency attenuates the franchisee's power-dependent position and creates a reconfigured agencement (including rearranged elements and relationships) that is more favorable to franchisees. Thus, a level playing franchise environment (albeit not necessarily balanced) is negotiated wherein franchisees can capably counteract the franchisor's powerful agency. Relatedly, we argue that the franchise agencement's transformative and generative capacity (cf. Onyas and Ryan, 2015; McFall, 2009) determines a franchisee agency's capacity to grow. A stronger franchisee agency can mitigate the risk of franchisee failure, as we have shown in this study, however this agency remains constrained within the limits of the franchise agencement and what the agencement can achieve.

Altogether, the three-fold contribution demonstrates that franchisor and franchisee agency can be adaptable and reflective (cf. Çalışkan and Callon, 2010); and that the associative agential power balance between the franchisor and the franchisee is central to mitigating franchisee failure risks, which are attributable to franchisor control.

Thus, the present study has implications for corporate governance in franchise organizations, suggesting that a focus on franchisor power provides an incomplete perspective for minimizing business failure in franchised outlets. An agencing understanding of franchisee failure (and its mitigation) on the other hand, brings to light the dynamics involved in constructing the franchise agencement that reconciles the competing agency of franchisors versus franchisees.

6.2. Empirical contributions

Combs et al. (2011: 102) stressed that “franchising research continues a long-running trend in the literature—far more inquiry centers on franchisors than on franchisees”. Research on franchisee failure appears to have followed this trend. Although studies on franchisee failure are limited, it tends to be examined from the franchisor’s perspective (see e.g. López-Bayón and López-Fernández, 2016; Michael and Combs, 2008). This paper addresses this imbalance by drawing on evidence from stakeholders occupying multiple roles in the franchise sector, notably ex-franchisee, ex-franchisor, current franchisee, current franchisor and current franchise consultant.

While there have been studies on franchisee failure utilizing quantitative methodologies (e.g. Antia et al., 2017; López-Bayón and López-Fernández, 2016; Michael and Combs, 2008), the use of a CDA methodology in this study enabled us to qualitatively critique discourses about franchisee failure. The critical approach proved effective in showing how a more symmetrical power structure can contribute towards minimizing the likelihood of failure in franchised outlets. This methodology exposed interrelated notions of context, power and ideology (Lyon et al., 2017) in the franchise organization. It unraveled complex social dynamics that enable an in-depth understanding of business failure risks in franchising. Extant literature suggests that franchisor power is invaluable for franchise organizations. But there is not much knowledge on its impact on franchisees’ business failure. This study closes this gap in the literature by showing that franchisor power and control (of the arrangements in franchise settings, the franchise agreement, and franchisee operations) influence franchisee failure.

The findings from this research enabled the identification of a lifecycle model of how franchisor power influences franchisee failure risks. Less is known about the franchisee lifecycle in general, although there have been studies on the franchisor lifecycle (e.g. Frazer, 2001; Lillis et al., 1976). The model arising from this study, which consists of three stages – namely pre-launch, inauguration and operation – complements the model of the franchisee lifecycle presented by Blut et al. (2011) that comprises: (i) the honeymoon stage; (ii) the routine stage; (iii) the crossroad stage; and (iv) the stabilization stage. The model developed here does not only concentrate on the operations of franchisees, but also incorporates the intricacies of the franchisee's evolution process prior to actually taking on the franchise. It thus increases awareness of the need to include an *ex-ante* analysis on franchisor-franchisee relations, and not solely an *ex-post* analysis, when investigating business failure in franchised outlets.

6.3. Practical implications

The research findings have implications for managing power asymmetries in franchisor-franchisee relationships. As noted by Blut et al. (2011), sustaining quality relationships is an important antecedent of both franchisee and franchisor success, and franchisors should make every effort to attain stable relationships with franchisees. Conflict in franchise relations, as a result of franchisor dominance, is not uncommon in franchising. This study suggests that by granting franchisees some degree of autonomy, franchisors may reduce the tendencies for conflict in the franchise organization. As noted by Kidwell et al. (2007: 527), "[t]he very structure of franchising involves a quasi-independent entrepreneur who runs his or her own business. The entrepreneur did not enter business to be a franchisor's management thrall, carrying out the dictates of a central authority. If a franchisee perceives a lack of trust due to high vertical control, the wrong behavioral norms are established, and the probability of free riding is enhanced". This research thus supports the emerging theorization on the phenomena of franchisee entrepreneurship and franchisee entrepreneurial autonomy (Dada, 2018; Dada et al., 2012). If franchisees are enabled to enhance their agential capacity in the franchise organization structure, this will converge with their desires for independence, and may positively influence their relationship with the franchisor. Indeed, research by Dada and Watson (2013) found that entrepreneurial orientation has a significant and positive impact on the franchisor-franchisee relationship quality (as perceived by the franchisor).

This study suggests that franchisor-franchisee agreements required to mitigate franchisee failure risks should involve some flexibility in respect of franchisees' local market activities. The franchisee has been regarded as "the supplier of local market assets (i.e., local knowledge assets in the form of informational and managerial resources, and financial assets)" (Windsperger and Dant, 2006: 263). Hence, franchisees should be granted more decision making power in their local markets. For example, evidence from the CDA suggests that tying agreements are prevalent in franchising. It has been argued that tying agreements prevent franchisees from making purchases at the lowest prices and on the best available terms (Hunt and Nevin, 1975), and tying appears to increase litigation (Michael, 2000). In a systematic review of the franchising literature, Nijmeijer et al. (2014) reported that tying agreements are not important to the success of franchising.

Figure 2 presents strategies that can be applied by franchisees to mitigate franchisee failure attributable to asymmetries of power in the franchisor-franchisee relationship. However, some of the suggested mitigation strategies might involve adaptation of the franchisor's business model, and subsequently create additional costs for the franchisor. The franchisor can introduce tactics to reduce potential franchisor costs that might be associated with such adaptations. These can involve franchisor strategies to ensure that franchisees agree to uphold franchisor standards, where franchisees are bestowed some degree of control of HR, lease and suppliers. Furthermore, to aid reaching consensus with franchisees' attempts to negotiate financial rates, franchisors can work closely with franchisees to undertake short-, medium- and long-term assessments of franchise outlets' financial scenarios that can be optimal for both parties. Franchisors can also minimize adverse costs that might be attributable to franchisee ownership of multiple outlets, by proactively identifying in advance those franchisees that have the potential to become higher performers – this can be a strategy for profiling franchisees that will be considered for additional outlets. Having franchisor representatives at franchisee forums can also enable more realistic negotiations to be put forward by franchisees for franchisor consideration. To make these franchisor tactics binding, relevant terms can be included in the contract.

For franchisees, this study shows how they can drive 'in-house' processes to boost their chances of running successful business ventures, processes that should commence ideally well before the inception of the franchise operations. López-Bayón and López-Fernández (2016) note that explicit knowledge is easy to codify and to transfer through franchise operations manual, while the transmission of tacit practices to franchisees is difficult and must be acquired through experience or face-to-face training. The research findings in the present study suggest that prospective franchisees should seek opportunities to increase their tacit and explicit knowledge of the relevant franchise organizations through having a long training period or taking up an employee role. Prospective franchisees can indicate their desire for these at the initial stage, before opening the franchise outlet. They may be able to do this by accepting the franchise agreement, as a means of assuring the franchisor of their commitment to ultimately becoming a franchisee, following the knowledge acquisition period. The franchisor can ensure the inclusion of the appropriate terms for these in the franchise agreement. These imply that franchisees' capacity to negotiate with the franchisor can be developed at the onset of the franchisor-franchisee relationship. The franchisor's potential resistance to franchisees' attempts to develop the capacity to negotiate can be managed through franchisee perseverance and provision of evidence to support their propositions.

This research is based on the U.K. context, where there is no government regulation of the franchise sector. Nevertheless, the findings are applicable to more regulated franchise contexts, such as the U.S. and Australia. Antia et al. (2013) note that regulation of franchising has always been a controversial issue; while some support the transparency that accompanies it, others emphasize the high costs associated with ensuring compliance. Countries where franchise regulations are in place could ensure the inclusion of franchisee embeddedness, negotiation, control, deal-making and coalition in franchise laws in order to reduce the likelihood and costs of franchisee failure.

6.4. Limitations and future research directions

A key strength of this paper is its application of a CDA methodology, which uncovered in-depth insights on agential power asymmetries in franchise relationships. However, the small sample size of the interviewees could create limitations in terms of the generalizability and external validity of the findings. Future studies can develop measurement instruments for the new variables that emerged from this study, which can be used in quantitative research. The first new variable is *franchisee agential capacity*. Scholars can create measurement items to capture its novel dimensions, as revealed in the findings of this research, notably: franchisee embeddedness, franchisee negotiation, franchisee control, franchisee deal-making and franchisee coalition. The second new variable identified in this research is *franchisor power driven franchisee failure*. To further understanding of this central, franchisor agential power-based variable, future research can develop measurement items for its dimensions, as shown in the findings from this study, by capturing the likelihood of franchisee failure due to franchisor control in: the created and preconfigured franchise agencement, the core element of the franchise agencement (i.e., the franchise agreement), and the franchisee operations. Additionally, this research reveals three distinct dimensions that can be used to capture the *franchisee lifecycle* variable, notably: franchisee pre-launch, franchisee inauguration and franchisee operation phases. Future studies can create measurement items to capture broad indicators of these dimensions based on the insights from the research findings. In all, the new variables, together with the variable dimensions arising from this research, can be employed in large scale quantitative studies by framing hypotheses to test relationships around the propositions developed from the research findings. This can also include the use of longitudinal data to examine the effects of franchisee agential capacity (in terms of franchisee embeddedness, franchisee negotiation, franchisee control, franchisee deal-making and franchisee coalition) across the phases of the franchisee lifecycle. Furthermore, comparative quantitative studies on the effects of franchisee agential capacity on the franchisor-franchisee relationship can be conducted in domestic and international franchising contexts. Indeed, it has been argued that without an understanding of the dynamics of franchise relationships, franchisors will encounter difficulties in determining which stage of the relationship is most critical for the long-term success of the franchise organization (Blut et al., 2011).

This research also shows how franchisees can initiate empowerment to minimize their chances of failure. The approach enabled us to complement prior studies that have focused on how franchisors can reduce franchisee failure (e.g. Michael and Combs, 2008). To extend the approach of the present study, future research can investigate how franchisor empowerment of franchisees can be used as a strategy for minimizing franchisee failure.

The notion of agencement employed in this study presents a flexible analytical framework (Çalişkan and Callon, 2010), which allowed us to investigate the dynamics of franchise relationships. However, the research findings mainly revealed some elements of the franchise agencement (such as the franchisor, franchisees and franchise agreement) and not others, e.g. franchise brands. Future research could specifically look into a broader range of actors in the franchise agencement, to examine their influence on franchise relationships and franchisee failure. The literature would also benefit from the development of measurement instruments for ideal franchise agencements that can mitigate the likelihood of franchisee failure in different forms of franchise partnerships, such as single unit and multi-unit franchising.

7. Conclusion

This study sets out to address two research questions: “How do the asymmetries of agential power in franchisor-franchisee relationships influence franchisee failure?” and “How can franchisees negotiate agential power in franchisor-franchisee relationships to mitigate franchisee failure?” Based on a critical discourse analysis (CDA), this study first establishes that franchisors’ stronger agential capacity contributes to franchisee failure during the franchisee lifecycle due to: franchisor-created and preconfigured agencement (at the franchisee pre-launch phase), franchisor control of the core element of the franchise agencement, i.e., the franchise agreement (at the franchisee inauguration phase), and franchisor control of franchisee operations (at the franchisee operation phase). Secondly, this study establishes that franchisees can negotiate agential power to mitigate failure by developing their agential capacity through: franchisee-franchisor interactions, and franchisee-franchisee collaborations. We introduce agencing as a new perspective in franchising research; an important governance mechanism for franchisee success.

Theoretically, this paper addresses a gap in the franchising and power-dependency literature, which privileges views on franchisor power. We present a nuanced understanding of how agential power is attributed and negotiated in franchise relationships; and portray franchisees as proactive actors capable of negotiating a stronger, counteractive agential power position. The franchisee is thus empowered to mitigate franchisee failure attributable to franchisor dominance. Empirically, we present a three-stage lifecycle model of how franchisor power influences franchisee failure risks at the prelaunch, inauguration and operation stages of franchise outlets.

We draw implications for practice in managing power imbalances in franchisor-franchisee relationships, calling for greater autonomy, flexibility and decision making power for franchisees in local markets, and for concerted efforts to build franchisee capacity to negotiate with franchisors at the onset of franchisor-franchisee relationships.

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Table 1. Composition of the interviews.

	Franchising stakeholder roles	**Franchise organizations**
Franchisee	7	4
Franchisor	5	8
Franchising consultant	1	3
Total	**13**	**15**

Table 2. Secondary sources of data.

	Newspapers	**Franchise Magazines**	**Reports**	**Webpages**
	The Daily Express (2013, 2015, 2017, 2019) The Daily Mail (2018, 2019) The Guardian (2013, 2015, 2016, 2017, 2019) The Telegraph (2015, 2016, 2017, 2019) The Times (2018, 2019)	Business Franchise – The Official Magazine of the British Franchise Association (2012, 2017, 2018) FranchiseWorld (2018) The Franchise Magazine (2017, 2018)	Annual Reports (13 anonymized franchise organizations' Annual Reports from 2011 to 2019)	Franchise organizations' webpages (7 anonymized webpages) www.entrepreneur.com www.forbes.com www.franchise.org www.franchisedirect.co.uk www.thebfa.org www.whichfranchise.com
Total	**17**	**6**	**13**	**13**

Table 3. How asymmetries of power in the franchisor-franchisee relationship contribute to franchisee failure.

PRE-LAUNCH STAGE		
Franchisor dominance	**Contribution to franchisee failure**	**Exemplar quote**
During franchise partner selection	The franchisee often starts from a position of weakness, when s/he joins a franchise partnership as an external candidate	*"… we were quite naïve in terms of how you run a business"* Mark (Interviewee: ex-franchisee; Food sector). *"…generally, from the world point of view, people are very naïve about what it [franchising] means. Nobody really knows … until you get involved in one [franchise]. We go into them, we don't really know what they are, and what is involved"* Julie (Interviewee: ex-franchisee; Food sector).
Franchisee analogy	The predetermined disclosures provided to model what the franchisee should expect can misguide the franchisee	*"And those stores [visited] were chosen for you [the franchisee] as well. Quite clearly the evangelism thing. They were chosen people [by the franchisor] … Yes. So, it's like if you go and see some building work, they are going to give you people that will tell a good story, aren't they? They are not going to tell you the ones that hated them, you know"* Julie (Interviewee: ex-franchisee; Food sector). *"… it [my actual annual turnover] didn't meet my expectations because I was expecting [an annual] turnover [that was double my actual turnover]"* Chris (Interviewee: ex-franchisee; Food sector).
Initial franchisee training	Franchisee orientation is mostly insufficient	*"I don't know many … franchisors that would put people [franchisees] through [a long and rigorous, initial training programme]. It [the initial training] is usually 2 weeks or 4 weeks"* Andrew (Interviewee: ex-franchisor staff and current franchisee; Food sector).
INAUGURATION STAGE		
Franchisor dominance	**Contribution to franchisee failure**	**Exemplar quote**

Franchise agreement	Franchisor control of the franchise agreement limits the franchisee's power	*"… the franchise agreement is so restrictive … So, [we, the franchisees] are in a … zone that is naturally very uncomfortable"* Joanna (Interviewee: ex-franchisee; Signs, printing and copying sector).
Suppliers of goods/services	Tying agreements can have an adverse consequence on franchisees' finances and can also instigate lack of trust in the franchisor	*"…she [the franchisor] had set up the [suppliers]; they bring a lot of milk which you pour [away], they bring sandwiches which you throw [away], they give you a lot of stuff which you don't need … a lot of money [goes] down the drain"* Chris (Interviewee: ex-franchisee; Food sector).
Financial charges	Franchisor's control over the franchisees' financial charges can have a negative impact on the franchisee's income and the franchise relationship	*"Where the problem comes is with some of the charges, commission, that is the problem. From the finance side of it, it is [the fact] that [franchisees] have been squeezed. You know, [they] are earning [an] amount [of money], [and] they [franchisors] are taking so much off"* Richard (Interviewee: ex-franchisee, ex-franchisor and current franchise consultant; Multiple sectors). *"Some franchisees get very hung up on the finances of their business … the deals are done on projected cash flows over a 20-year period. Well, over 20 years a lot of things can change. So, they fix a rental figure of, say, 10% or 15% or 18%, and that rental figure obviously is [the franchisor's] income stream. But it obviously affects quite dramatically how much income flows for the franchisee … [the franchisee's] profit …eats away, it really does, it really gets to people [franchisees]. And we had … people who got very, very angry"* Andrew (Interviewee: ex-franchisor staff and current franchisee; Food sector).
HR policies	Centralization of HRM can create excessive staffing costs for franchisees and can also instigate lack of trust in the franchisor	*"… she [the franchisor] employed so many staff in the beginning [and this cost the business] a lot of money …"* Chris (Interviewee: ex-franchisee; Food sector). *"The franchisor… wanted to maintain control of the business … she advised me to sign up with certain accountants, and [these were the franchisor's] accountants, [as] I later discovered. … [for] every expenditure … they would question [it] and they would even threaten [that] 'don't do this', 'don't spend on this', 'if you spend on this it must be like this'"* Chris (Interviewee: ex-franchisee; Food sector).
Franchised outlet location	The franchisor's determination of franchised outlet location can diminish the franchisee's authority and can also damage the franchise relationship	*"We didn't find a suitable location, they found it for us. There was no control on our part as to where we were located, … choices like that were made by them [the franchisor] …"* Julie (Interviewee: ex-franchisee; Food sector).
OPERATION STAGE		
Franchisor dominance	**Contribution to franchisee failure**	**Exemplar quote**

Control over franchisee operations	Franchisor control of the franchised outlet operations creates confusion over the franchisee role	*"... the realization that you were essentially ... being controlled by a franchisor; you were not actually working for yourself"* Cynthia (Interviewee: ex-franchisee; Food sector). *"[We] were given 'lip service' to be [creative] ... but, no! Realistically, no! [We were not able to implement our creativity]"* Mark (Interviewee: ex-franchisee; Food sector). *"The restrictions on the owner of the business [the franchisee] are so strict. There is very little room to manoeuvre"* Ben (Interviewee: franchisor; Multiple sectors).
Number of outlets owned by franchisees	Franchisor reluctance to approve franchisee expansion, i.e. shifting from being single unit franchisees to multiunit franchisees, can be detrimental to the franchise relationship	*"Well, we have obviously done [a] lot of thinking about this [franchisee failure] and to make [our franchisor's] model work, you need to kind of have at least 2 or 3 units [outlets] opened in pretty quick succession ... You know, with [our franchisor's] model if you get 2, may be 3, stores then actually it does start to become self-financing. We now know of people who have up to 10, 11 stores. [We had just one]"* Mark (Interviewee: ex-franchisee; Food sector).
Support systems and changes in franchisor ownership	Inadequate support systems and changes in franchisor ownership have an adverse effect on the franchisee's confidence in the franchise relationship	*"[My franchise organization] was bought and sold ... a few times, which was the whole problem with it. So ... they .... had a management buyout, which worked ... really well. Then they were bought out again ... the thing about franchising is that [if] you buy a franchise, or you are a franchisor, it doesn't matter how bad you are, ..., or how good you are, you still get that money [royalties from franchisees] each month. So, franchising can make a franchisee very vulnerable to being run by a bad franchisor. ... and then they were bought out by another company ... So that undermined straight away our confidence with our franchisor ... They then sold us on to ... a private equity company, that milked it [the franchise organization] for every single penny they could get out of it. ... they then started cutting back on the support staff. So, there was no IT support, there was no property support, there was no buying support, there was virtually no support at all. But we were still having to pay ... per month for nothing ..."* Joanna (Interviewee: ex-franchisee; Signs, printing and copying sector).

Pseudonyms are used for all interviewee names to ensure confidentiality and anonymity.

Table 4. How franchisees can develop agential capacity to mitigate franchisee failure.

Franchisor-franchisee interactions	**Developing franchisee agential capacity to mitigate franchisee failure**	**Exemplar quote**
Franchisee embeddedness	Through prospective franchisee transformation from franchisor-employee to franchisee and having extended initial training	*"Generally, what happens is … interesting …, [it] is [the fact] that, people [franchisees], when they get their first restaurant they are very good. When they get their second restaurant, they really struggle on how to divide their time. And it is a real barrier for them … That is where the failure comes in. And it has … with [my franchise organization]. The people, like myself, who have worked for [my franchise organization as an employee before becoming a franchisee], obviously, have been through that process already, it is a lot easier because you know mentally how you are going to deal with 2 and 3 and 4 restaurants. Whereas, for an outside person [external candidate becoming a franchisee], they often struggle, they struggle to replicate the result in their first restaurant, in their second restaurant. And then they see the result in their first restaurant starting to go down because they are not there all the time. They then get frustrated …"* Andrew (Interviewee: ex-franchisor staff and current franchisee; Food sector). *"… if, say, somebody [external prospective franchisee] wanted to become a franchisee, [the franchisor] would put [that individual] through what I consider to be the most rigorous training programme that any franchisor would do, both in terms of time and commitment. It's roughly 10 months. 9-12months, but 10 months is the average"* Andrew (Interviewee: ex-franchisor staff and current franchisee; Food sector).
Franchisee negotiation	Through mutual communication and trust between the franchisee and the franchisor	*"… I knew what she [the franchisor] was capable of and what she was not capable of. And, then, for her also, she knew beyond doubt [what I was capable of] … So, when I told her 'no, just hold on let us first halt this [payment that I am required to give you]'; she would hold it. She would say 'I know you would pay …'. So, whenever I [have] a problem, I will tell her, 'let us first hold on a bit, I will pay next time'. She will accept [my proposition] because … she knew [that I will pay. This was the franchisor's perception of me from the beginning]"* Chris (Interviewee: ex-franchisee; Food sector).
Franchisee control and deal-making	Through HR decentralization Through franchisee lease control	*"[The franchisor] recruited on my behalf … But because I did not know much [at the time] I just took what she [did] for granted … But in the first 2 months I had fired … more than 10 … I had to [get] rid of all those that were not good in the first 2 months … Actually, when I [later] asked her that 'why did you do that in the beginning'? … She [said] 'no, you see, I wasn't sure, so I had to take a lot of staff'"* Chris (Interviewee: ex-franchisee; Food sector). *"The main factor that … contributed to me exiting was the franchisor … [who went out of business] … [as] the franchisor had the master lease for [my] business … and that legally meant that she was obliged to pay the rent and the other outgoings like service fee … for the unit [franchised outlet]. Now that left me in a position whereby*

		I ... couldn't run the business, but [instead] depended on her ... She had to continue paying the rent for me to … continue [running my outlet]" Chris (Interviewee: ex-franchisee; Food sector). *"...the problem was that … she [the franchisor] controlled the strong part which was the lease, because … if you have the lease you really own the business"* Chris (Interviewee: ex-franchisee; Food sector). *"[Speaking now of another franchisee in my franchise organization], her rent was [high too] and once she [the franchisee] exited from that lease with [the franchisor], she re-negotiated with the landlord [directly] and the landlord agreed to reduce [the rent substantially] … [The franchisee can] get the landlord to really lower the rate … [The franchisee can negotiate with the] landlord"* Chris (Interviewee: ex-franchisee; Food sector).
	Through negotiating financial rates	*"In my case, with my [many] restaurants, I've got some … good deals. I've got one or two deals that are particularly good. But, overall, across my [many] restaurants, it's a fair deal"* Andrew (Interviewee: ex-franchisor staff and current franchisee; Food sector).
	Through multi-unit ownership	*"...with one restaurant, it doesn't work. You know, 10, 15 years ago, two [outlets] or probably three, would have been ok. But now, it's four or five because profit margins have just shrunk ... People think that you make lots and lots of money. Well, you make very, very small amounts of money on lots of transactions ... Not thousands of pounds"* Andrew (Interviewee: ex-franchisor staff and current franchisee; Food sector). *"As a franchisee … I started … with 4 restaurants. … I had the choice when I started to either become a conventional franchisee, which will start with 1 or 2 [outlets], or to start as a joint venture partner. I took the view that I would actually get the chance to run 4 restaurants, rather than 2 ... So, it worked very well for me ...I am keen to expand, but only on the right terms ... when you [haven't got many franchised outlets], you literarily have to buy what [the franchisor] prepares to sell to you. Whereas, now with 10 [outlets], I can be a little more discerning. [Currently, the franchisor] wants to sell me one [outlet], and there are issues. And I am saying unless you sort those issues out I'm not going to buy it ... In the past, [the franchisor has] not faced that. They've pretty much been able to say, you've got to buy it ... as if, if you don't buy this one, you are not going to get any more in the future. And if you [haven't got many outlets], that is a worry. When you've got 10 stores, it's like, well, ok. So, the relationship in terms of buying and selling has changed ... because there are more franchisees now with more restaurants ... So, it is interesting how the relationship has changed now"* Andrew (Interviewee: ex-franchisor staff and current franchisee; Food sector).
	Through non-tying supplier agreement	*"We chose the coffee beans … We just said that we are having that coffee"* Mark (Interviewee: ex-franchisee; Food sector).

		"We insisted on it being decent coffee … It fitted in with the costings anyway. So, it wasn't something that was going to knock anything out of the kilt I'll say" Julie (Interviewee: ex-franchisee; Food sector).
Franchisee-franchisee collaboration	**Developing franchisee agential capacity to mitigate franchisee failure**	**Exemplar quote**
Franchisee coalition	Through franchisee ties and franchisee forum	*"… we [my husband and I] started an online forum because amongst a multitude of things, what was happening was that … all they [the franchisor] were doing was milking the profits, ... they didn't have the know-how to expand the franchise because that is why you buy a franchise. You buy a franchise for the branding and the know-how ... what [the franchisor] was doing was dividing and ruling. So, because we [franchisees] were dotted [present] all over the country, and we weren't talking to each other, we were being mis-sold ... And what the forum allowed the franchisees to do was to start talking to each other. And once they started talking to each other, very, very quickly on, people [franchisees] realized that it wasn't just them that was being mis-sold, that was paying a lot of money and getting nothing in return. A lot of the businesses [franchisees] were going out of business, people were losing their homes, they were losing everything ... But it is interesting because the franchise is now metamorphosed ... [People] have more support now than they had in the franchise as it was [back then], and they are very happy, and it's working. So, I think it had to explode, it metamorphosed into something that was more legitimate, that was fairer, and people [are] getting value for money …, and it has worked all round … I mean [the franchisor's other franchisees] were as unhappy as we were … we contacted franchisees to find out whether they felt the same as us. It was a big mutiny if you like …"* Joanna (Interviewee: ex-franchisee; Signs, printing and copying sector).

Pseudonyms are used for all interviewee names to ensure confidentiality and anonymity.

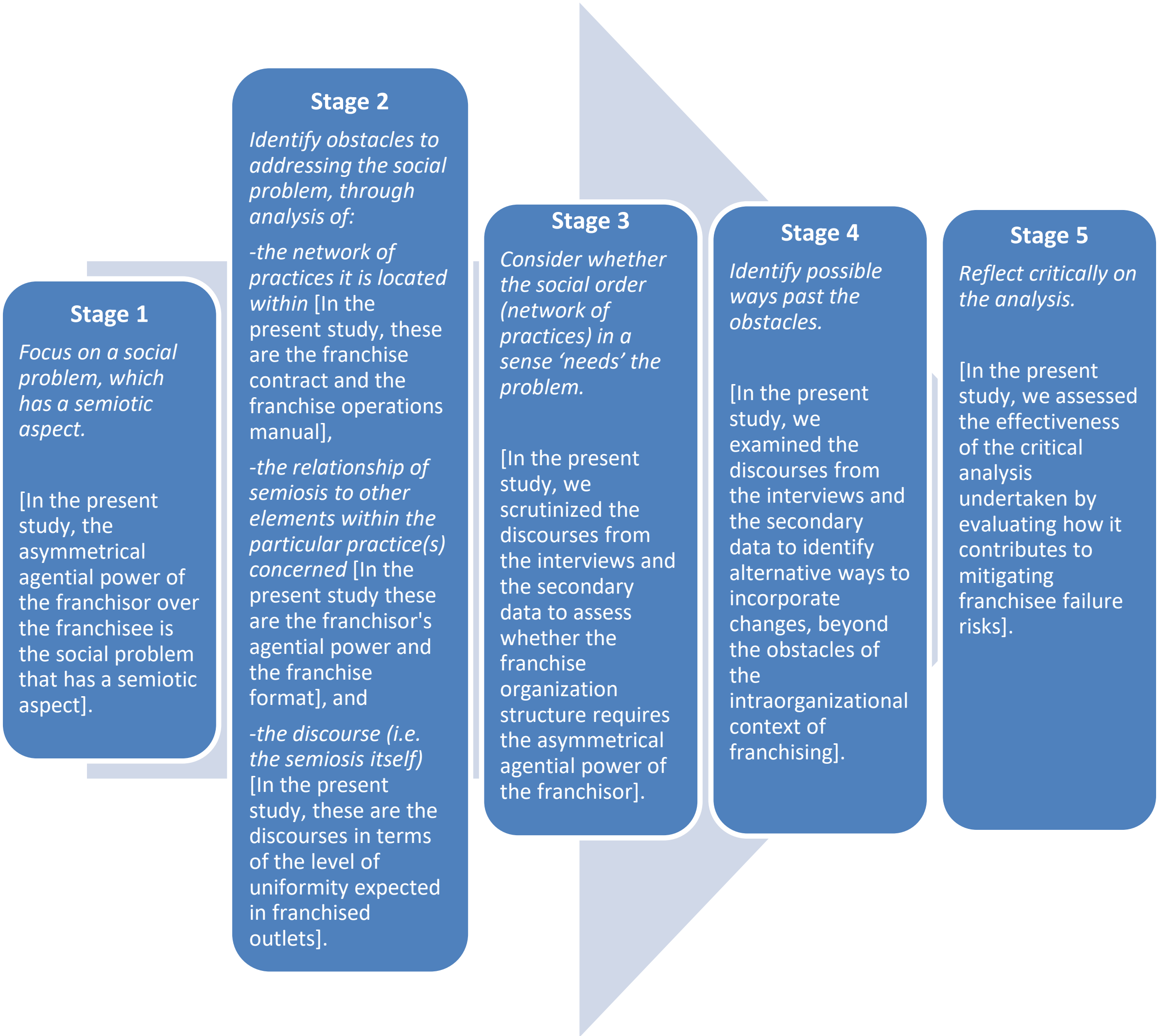

Figure 1. A-five stage analytical framework for CDA.

Source: Adapted from Fairclough (2001)

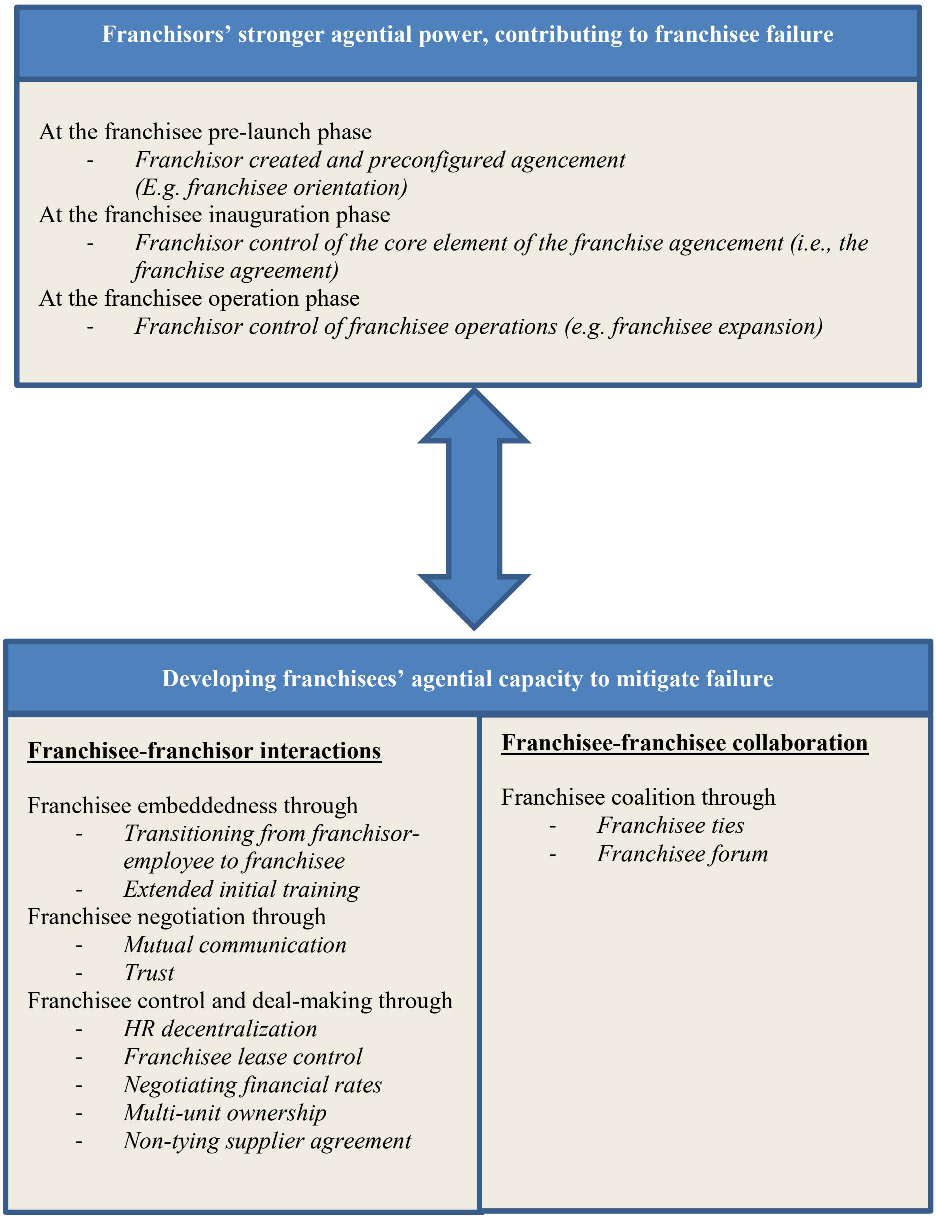

Figure 2. Mitigating franchisee failure attributable to asymmetries of power in the franchisor-franchisee relationship.