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Sustainability and green practices:

The role of stakeholder power in fast-food franchise chains

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Version 3
Submitted to International Journal of Contemporary Hospitality Management
30 June 2021

Acknowledgments: The authors thank the Center in Franchising, Retail & Service Chains, at the Graduate School of Management – University of Rennes 1 for the assistance provided by trainees and students in the data collection.

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Abstract

Purpose - This paper explores how the power of salient stakeholders involved in the green waste management of franchise chains can impact the ability of the chains to change their green practices.

Design/methodology/approach - This qualitative study is based on interview data from 19 franchisors and their head office staff operating in the fast-food sector in France where franchise chains have been 'named and shamed' as continuing to ignore waste management regulation.

Findings - Our findings suggest that both the form and bases of power of different stakeholder groups have important implications for the implementation of green practices, even those required by law. We find that the franchisees' central network position alters the ability of franchisors to directly engage in dialog, consult with, and educate key stakeholders, creating additional challenges for franchisors in the implementation process.

Research implications/limitations - The qualitative nature of our study limits our ability to generalize our findings. Future studies could develop an instrument to assess franchisor perceptions of stakeholder power.

Practical implications - Our findings suggest that franchisors should consider carefully how they communicate changes to green practices to their franchisees in order to ensure not only their compliance, but also their motivation to engage with those stakeholders with whom they have regular interactions. Our findings can also help governments to better understand how to involve other stakeholders to ensure effective environmental legislation.

Originality - Our study is the first, to our knowledge, to consider the role of stakeholders in the implementation of green practices in franchise chains. By examining franchise chains, we provide new insights into the role of an additional stakeholder, the franchisee, and enrich the literature on green practices in the hospitality sector.

Keywords Green practices, Waste management, Stakeholder power, Franchising, Fast-food

Paper type - Research

Introduction

The increasing concern over environmental issues means that firms are subject to ever greater scrutiny of their green practices (Baah *et al.*, 2020). This is not only limited to industrial sectors historically associated with pollution, but also service sector organizations such as hospitality firms (Chan and Hsu, 2016). The public as well as regulators have become increasingly aware of the environmental impacts of the hospitality industry with respect to issues such as energy use, generation of waste, and water usage (Aragon-Correa *et al.*, 2015). Perhaps in response to the increasing scrutiny the sector is experiencing, we have seen an increase in hospitality studies exploring sustainability issues, from sustainable development approaches and implementation (Ertuna *et al.*, 2019; Filimonau *et al.*, 2019a; Prud'homme and Raymond, 2016), motivations for sustainable practices and environmental management engagement (Khatter *et al*., 2019; Novacka *et al.*, 2019), green marketing (Jones *et al.*, 2014; Rivera-Camino, 2007), and outcomes associated with greening activities (Kularatne *et al.*, 2019; Park *et al.*, 2017).

Despite the acknowledged importance of stakeholders in environmental strategy formation and implementation (Hart, 1995), the role of stakeholders in environmental management has received less interest from hospitality researchers (Chan and Hsu, 2016). It is this key role of stakeholders which our paper seeks to explore. We do so in the context of franchise organizations, where even less is known about how stakeholders influence green practice implementation. Franchising introduces additional stakeholders, most notably franchisees, as well as employees of franchisees, local communities, and the local governments where franchisees operate their units (Kim and Lee, 2020). Franchise chains, therefore, may be subject to potentially different types and intensity of stakeholder responses and pressures compared to other types of organization. Whilst franchisees, as residual agents, may be believed to have interests more closely aligned with their franchisors compared to employee managers (Combs *et al.*, 2009), which could potentially facilitate green practice implementation (Hörisch *et al.*, 2014), such alignment cannot be assumed, as franchisees may be primarily concerned with the short-term profitability of their own units, rather than the longer-term sustainability of the chain (Barthélemy, 2011). Furthermore, the pivotal position franchisees hold within their networks, given their interactions with employees, customers, and other stakeholders, means that franchisors may find it more challenging to manage their relationships with other stakeholders who are instrumental in greening activities.

The aim of our paper is, therefore, to explore how key stakeholders can impact the ability of franchisors to implement green practices in their chain restaurants. The empirical study deals with the specific green practice of waste management within the context of the French market. Waste management is of considerable importance in the fast-food sector, with an estimated 1 kg of waste produced daily by an average consumer of hospitality services within Europe (Bohdanowicz, 2006). It is also subject to regulation within Europe. We focus on fast-food franchise chains operating in France, given the French government's recent 'naming and shaming' of major fast-food chains, who three years after its introduction were still not in compliance with a governmental decree obliging companies that generate more than 1,100 litres of waste per week to sort and recycle according to five streams ('Tri 5 Flux'): paper, plastic, metal, glass, and wood. In addition, companies which produce more than 10 tons of biodegradable waste or more than 60 litres of edible oil waste per year must separate biodegradable waste from all other waste (ADEME, 2017). In early 2019, the French Secretary of State for the Ecological and Inclusive Transition (Brune Poirson) summoned the executives of all the major fast-food chains operating in France to discuss their waste management, asserting that there had been "…zero effort in terms of sorting non-food waste" (Gérard, 2019). Following this meeting, the government introduced a three-year compliance plan for fast-food chains, where at least 70% of restaurants had to be compliant by 31 December 2019, 90% by 31 December 2020, and 100% must be by 31 December 2021 (Gouvernement, 2020). Whilst there are no available statistics as to whether fast-food companies have met this requirement, a study by '#ZerodéchetauMcDo' (Zero Waste McDonalds) found that just 36% of McDonald's outlets had sorting facilities in their restaurants (Actu-Environnement, 2020). Thus, the French market is a particularly interesting context in which to explore waste management practices and regulation effects within franchise chains.

From the French experience, it would seem that despite regulatory obligations, fast-food franchise chains have been either unwilling or unable to change their waste management practices, which leads us to question why this might be the case. What role do different stakeholders play in enabling/inhibiting the implementation of green waste management practices? To address these questions, we undertook a qualitative study which comprised 19 interviews with franchisors and their head office staff operating in the fast-food sector in France. As stakeholder theory puts "people at the center of the story" (Freeman *et al.*, 2020, p. 224), a qualitative approach was believed to be most appropriate as it enables the researcher "to gather richer data that is grounded in the real-life experiences of people" (Altinay *et al.*, 2013, p. 178). We focus on franchisor perspectives given they represent the focal organization that are ultimately responsible for the implementation of waste management practices and answerable to the government. It is their perception of the situation that drives their behaviors and responses in relation to their stakeholders and implementation activities.

Our findings suggest that the achievement of green waste management depends on the commitment of various stakeholders: local government, suppliers, franchisees, franchisee employees, and customers. Franchisees through their network position play a critical role. We found that both the source of power and forms of power vary between different stakeholder groups, with the government primarily relying on coercive authority to compel franchisors to improve their waste management, whilst other stakeholders, through their competence and legitimate authority are able to inhibit, or at least slow implementation due to their positions within the network.

Our research makes several contributions. Firstly, we enrich the stream of literature on green practices in franchise organizations. Research which considers green management practices within franchise chains is limited, despite their important economic contribution particularly within the hospitality sector (Combs *et al.*, 2004). There are some studies on Corporate Social Responsibility (CSR) activities in franchise chains (Choi and Lee, 2018; Jell-Ojobor, 2019, Meiseberg and Ehrmann, 2012; Perrigot *et al.*, 2015), but these have tended to focus on CSR outcomes, rather than the processes used to implement CSR strategy. Thus, little is known about how different stakeholders contribute to the implementation of CSR practices within franchised systems. We believe this is important given the findings of Meiseberg and Ehrmann (2012) and Perrigot *et al.* (2015) that CSR activities/disclosures diminish as the proportion of franchise outlets rises. By exploring the role of franchise stakeholders in the implementation process, we seek to provide new insights into how and why franchising may impact CSR outcomes.

Secondly, we contribute to stakeholder theory, and more specifically stakeholder identification and salience theory, by focusing on its most influential attribute, that of power (Mitchell *et al.*, 1997; Parent and Deephouse, 2007) and how it might influence implementation of green practices. Whilst prior literature has explored how stakeholders may contribute to green strategy development (Lyon *et al.*, 2017; Polonsky, 1995; Rivera-Camino, 2007), how stakeholder power affects implementation has received less attention (Bondy, 2008; Raub and Martin-Rios, 2019), especially where the green practices being adopted have largely been imposed upon the sector through regulation rather than voluntary initiatives. Further, as identified by Kim *et al.* (2017) and Sharma *et al*. (2020), the role of different stakeholders in implementing green practices in the hospitality sector is under researched, particularly within the context of franchising where additional stakeholders are involved. Given the increasing scrutiny hospitality firms are under in relation to their environmental performance, this is an important area of study.

Finally, our research also contributes to practice and policy. The study can help franchisors to better assess the multiplicity and respective powers of stakeholders required to achieve better waste management. For governments, it can enable understanding of how to involve other stakeholders to ensure effective environmental legislation.

Stakeholder Theory and Sustainability

Stakeholder theory is one of the key approaches used in social, environmental, and sustainability management research (Dmytriyev *et al.,* 2021; Hörisch *et al.*, 2014). Garvare and Johansson (2010) propose that to achieve organizational sustainability, the organization must satisfy or exceed the demands of its stakeholders. Indeed, the complexity of sustainability problems necessitates multi-stakeholder collaboration in order for sustainable solutions to be developed (Freudenreich *et al.,* 2020). However, given the multiplicity of stakeholder interests, managers have to prioritize, reject, support, or meet their demands (Fischer *et al.*, 2020). In this regard, balancing stakeholder interests is critical, yet it is an under researched area (Fischer *et al.*, 2020). Whilst stakeholder theory proposes that a firm may be affected by or, conversely, affect stakeholders, the majority of studies drawing on stakeholder theory have focused on how pressure from various stakeholder groups may motivate organizations to engage in green activities (Buysse and Verbeke, 2003; Raub and Martin-Rios, 2019; Sulkowski *et al.*, 2018). This perhaps reflects an interpretation of sustainability management more aligned with CSR, given these two concepts are often referred to interchangeably (Bansal and Song, 2017). Sustainability management is defined as "the formulation, implementation, and evaluation of both environmental and socioeconomic sustainability-related decisions and actions" (Starik and Kanashiro, 2013, p. 12), whilst CSR explicitly refers to the firm's consideration of, and response to, social responsibility beyond that required by law (Montiel, 2008). The voluntariness explicit in CSR has provoked an interest in why some firms are more proactive in their search for solutions to social and environmental problems than others, and the influence of stakeholders in this.

Our focus is thus somewhat different, given we consider the case of a sustainability practice required by law. We seek to understand how stakeholder relationships impact organizational responses to the regulation, focusing on the relative power of different stakeholders and the extent to which this impacts their cooperation and the organization's ability (and willingness) to comply. Stakeholders are "any group or individual who can affect or is affected by the achievement of the organization's objectives" (Freeman, 1984, p. 46), and, therefore, are not homogenous in their values, objectives, or influence (Polonsky, 1995). As such, it is important to understand how managers determine which stakeholders are salient for achieving sustainability.

Mitchell *et al.* (1997, p. 854) propose that stakeholder salience can be determined by their "possession of one, two, or all three of the following attributes: (1) the stakeholder's power to influence the firm, (2) the legitimacy of the stakeholder's relationship with the firm, and (3) the urgency of the stakeholder's claim on the firm". Of these three attributes, our focus in this paper is on how stakeholder power influences waste management strategy implementation. We do so for several reasons. Firstly, organizations are assumed to manage their stakeholder relationships with an emphasis on stakeholder power (Rasi *et al.*, 2014) and this attribute has been deemed to be the most influential by various authors (Mitchell *et al.*, 1997; Parent and Deephouse, 2007). Secondly, urgency of claims by different stakeholders can be presumed here, given that fast-food chains have been subject to waste management regulation for almost five years and are now under considerable pressure to comply. Thirdly, we do not attempt to consider how all stakeholders may influence waste management implementation, but rather explore how those stakeholders identified by franchise chains as being influential have played a role in the implementation of waste management practices. We thus presume franchisors will only identify those stakeholders whom they consider to be legitimate.

Whilst power has several definitions (Mitchell *et al.*, 1997), it is socially constituted and can broadly be defined in terms of influence (French and Raven, 1959). It is the "relationship among social actors in which one social actor, A, can get another social actor, B, to do something that B would not otherwise have done" (Pfeffer, 1981, p. 3). Stakeholders have varying degrees of power to influence other stakeholders to act in a way that they otherwise would not or, indeed, to prevent them from acting in a way which they would otherwise wish to do. The extent to which a stakeholder holds power has been explained in reference to two key sources of power: (1) the resources that a stakeholder possesses that are critical to the focal organization (Pfeffer, 1992), that is resource dependency; and (2) their network position (Rowley, 1997).

Resource dependency theory explores how the possession of tangible (e.g., money or infrastructure) or intangible (e.g., knowledge or skills) critical resources can provide stakeholders with power if they are able to regulate or control access, possession, allocation, and use of such resources (Tiew *et al.*, 2015). Whilst resource dependency focuses on the nature of the resource relationship, the network perspective of power suggests that the position of the stakeholder (with respect to other stakeholders and the focal organization) also has implications for the power a stakeholder possesses (Pajunen, 2006). Thus, network power "refers to power obtained through the network's structure, as opposed to power gained through individual attributes" (Rowley, 1997, p. 898). Although network centrality (or power) is determined from three components (Freeman, 1979; Rowley, 1997): degree (number of direct links to other network members), closeness (independent access to others), and betweenness (the position of a stakeholder positioned between other stakeholders), we focus on betweenness centrality, given it is the most appropriate component for measuring the ability to control resources and information across a network (Pajunen, 2006). Several studies have suggested that to fully understand the power position of a stakeholder, a dual analysis of both resource dependency and network centrality, is the most appropriate (Hazra *et al.*, 2017; Pajunen, 2006; Tiew *et al.*, 2015). We, therefore, consider both resource and network-based sources of power in order to explore the influence of different stakeholder groups on the implementation of green practices.

In addition to considering source of power, there have been several categorizations of forms of power (e.g., Etzioni, 1961; Raven and French, 1958). We draw on the typology developed by Wrong (1979), as this is the most common in tourism and hospitality contexts (e.g., Beritelli and Laesser, 2011; Marzano and Scott, 2009; Saito and Ruhanen, 2017). Wrong (1979) suggests that power can be conceptualized in four ways: force, manipulation, persuasion, and authority. Force refers to "the creation of physical obstacles restricting the freedom of another" (Wrong, 1979, p. 24). Manipulation is defined as "acts of negotiation that involve a measure of distortion, deception or exploitation" (Few, 2002, p. 35). Persuasion is similar to manipulation, but lacks negative connotations (Marzano and Scott, 2009) and includes advertising rhetoric (Wrong, 1979). Authority refers to the "institutional code within which the use of power is organized and legitimized" (Parsons, 1963, p. 243). Authority is a particularly apposite form of power as it is deemed the relevant mechanism for "exercising intended influence in an inter-institutional context" (Beritelli and Laesser, 2011, p. 1300).

Authority has been further conceptualized as comprising four components – coercive, induced, legitimate, and competent authority. Coercive authority refers to the extent to which an agent is believed to have authority to punish another stakeholder if they fail to conform to the influence attempt (French and Raven, 1959). Induced authority can be seen as the opposite of coercion and involves one stakeholder's use of material rewards to entice another stakeholder to comply (Wrong, 1979). Under legitimate authority, "the power holder possesses an acknowledged right to command and the power subject and acknowledged obligation to obey" (Wrong, 1979, p. 49) and is associated with a feeling of 'oughtness' (French and Raven, 1959). Competence authority is exerted when one stakeholder uses their expertise to influence other actors (Saito and Ruhanen, 2017).

In examining the influence of different stakeholder groups on the implementation of green waste management practices, we consider the role of both the source and form of power that different stakeholder groups possess on the implementation process. We thus extend previous studies, which focus on either source (Hein *et al.*, 2017; Lin *et al.*, 2018) or form (Harness *et al.*, 2018; Lin *et al.*, 2019; Roome and Wijen, 2006). Furthermore, there is little research that considers how organizations respond to regulations which require a change in green practices. Perhaps there is an assumption that organizations will comply. The recent case in France, however, suggests that franchise chains are either unwilling or unable to do so. In either case, this might mean that fast-food franchise chains believe their salient stakeholders do not have the power or inclination to punish them for non-compliance, or the stakeholders are using their power to inhibit the franchisors' ability to implement the necessary changes. This becomes even more complex as franchising leads to the creation of further groups of stakeholders, as emphasized by Kim and Lee (2020).

Methodology

Our research was guided by a constructivism paradigm where reality is socially constructed and thus context is deemed to have an important role in theory development (Bogna *et al.*, 2020). A qualitative approach was adopted, based on in-depth interviews with fast-food chain franchisors and their head office staff operating in France. Qualitative approaches are increasingly being used in franchising studies (e.g., Doherty, 2009; Watson *et al.*, 2020) and studies of green practices (Bondy, 2008; Lin *et al.*, 2019; Roome and Wijen, 2006). A qualitative research method was believed to be the most appropriate, as it enables data to be gathered that is grounded in the real-life experiences of people (Altinay *et al.*, 2013). The subjective nature of qualitative research methods "allows researchers to better understand and interpret the depth of responses and respondents' opinions about creating and maintaining their social realities" (Grünhagen *et al.*, 2020, p. 6). In this regard, we limited our sample to franchisors, given it is they who are ultimately responsible for compliance with green waste regulation and, therefore, it is their social reality which is our concern. Their perceptions may not reflect an objective reality, but it is what drives their actions. Thus, a qualitative research approach enables us to build an in-depth understanding of how and why organizational members view an issue as they do and the ways they behave as a result (Walsh, 2003).

France was chosen as a particularly relevant context for several reasons. Firstly, the government's public 'naming and shaming' of fast-food chains who have not complied with waste sorting regulation highlights that regulation alone does not necessarily create change in environmental practice. This provided an opportunity to explore why this might be the case and the potential influence of different stakeholder groups. Secondly, France is one of the leading markets for franchising in the world, with 1,927 franchisors, 78,032 franchised units, sales of 63.88 billion euros, and 668,837 direct and indirect jobs (French Franchise Federation, 2021). Thirdly, franchising is particularly developed in the fast-food sector both internationally, but also within France, with 208 domestic and foreign (mainly US) chains operating within France, represented by 6,658 franchised restaurant outlets and revenues of 5.42 billion euros (French Franchise Federation, 2021).

Data Collection

Our sample of 19 franchisors and their head office staff (representing 17 different chains) was selected through a combination of purposive and snowball sampling, an approach often used in qualitative franchise studies (Doherty, 2009; Watson *et al.*, 2020). Respondents were selected based on their positions within the network affording them insights into the implementation of waste management practices and the role of different stakeholder groups. Recruitment of participants ceased when no new themes were emerging from the data collected – i.e., when data saturation was achieved. Boddy (2016) suggests that saturation is typically achieved by 12 interviews and that samples over 30 are likely to be too unwieldly to analyze. Our sample size was of similar magnitude to other hospitality studies (e.g., Filimonau *et al.*, 2019b, Crawford, 2013) and stakeholder research (e.g., Tiew *et al.*, 2015, Lin *et al.*, 2018). The respondents, on average, had been in post for five years (tenure ranged from 1-16 years). The sample included representatives from chains of various sizes and fast-food sectors (cuisines).

The interviews were semi-structured in nature and began by asking the respondents about their current waste management practices and how their chain had responded to the five-stream sorting mandated by the French government. We then asked questions designed to explore the role of both internal as well as external stakeholders in the waste management process and the impact of green waste management practices on their business. Table 1 provides the interview guide.

Most interviews were conducted by phone, for reasons of geographical distance, and all were audio-recorded. The interviews were conducted in French and then transcribed. The total length of the interviews was 14 hours 34 minutes, for an average of 48 minutes. Details of the participants are provided in Table 2.

<<Insert Tables 1 and 2>>

Data Analysis

To interpret the data, we used an abductive analytical approach, such that the analytical process moved back and forth between theory and data (Hahn and Ince, 2016). We analyzed the data in three key stages, using an approach proposed by Corley and Gioia (2004). In the first stage, an open coding approach was used, where initial concepts were identified, and grouped into categories using descriptive coding under the broad themes of the interview questions. We focused on identifying the stakeholder involved, the nature of their involvement, and their influence. The data was initially analyzed in French, before being translated, and the codes reviewed by a second coder. In the second stage (axial coding), we searched for relationships between and among these categories to create higher order themes, navigating between the data-driven codes and the theory (Timmermans and Tavory, 2012). This stage was conducted by the first coder in French, and then reviewed using the translated text by a second coder (after back translation checks). The creation of a dataset in both languages (French and English) increased reliability and construct validity (Altinay *et al.*, 2013). In the final stage (dimensional coding), the themes were gathered into overarching dimensions. Table 3 provides some examples of this process. This three-stage approach was undertaken to enhance internal validity (Altinay *et al.*, 2013). Furthermore, by having one author code in the native language, with checks made by the second coder from the translated data, this meant that where disagreements existed, translation issues could be easily identified and validity enhanced. The examination of data by two coders also helped alleviate inductive bias (Miles and Huberman, 1994). Test for interrater reliability found Cohen's Kappa at 0.8, indicating substantial agreement between coders (McHugh, 2012). Where disagreements existed, inconsistencies were resolved by discussion between the two coders.

<<Insert Table 3>>

Findings

External Stakeholders

National Government

The prime source of the government's power comes from its resource power and its degree of centrality (number of links to other stakeholders). Whilst the government does not necessarily possess resources required by franchise chains, it does possess the capacity to remove critical resource (through fines) from franchise chains who do not comply with its regulatory requirements. The government can use coercive authority to ensure that organizations act in the manner they wish. However, whilst the introduction of the law in 2016 for waste sorting suggests the use of coercive authority, the absence of sanctions on those chains who are not compliant suggests the French government is reluctant to wield this form of power. It was not until 2019 that the fast-food operators were confronted and, despite a lack of compliance for three years, chains have been granted further time to introduce appropriate waste management practices before they will be penalized. It would seem, however, that the threat of the use of coercive authority has sharpened the focus of franchisors who now see this as an imperative.

The French government has also used its position in the network to exert pressure on the franchisors through other stakeholder groups, most notably consumers, by publicizing the shortcomings of major fast-food chains in national media, even naming the non-compliant chains. One franchisor commented: "…I think she's [Brune Poirson] putting pressure on us, not necessarily with sanctions but rather with the media, in fact" (#10). This 'naming and shaming' of franchise chains within the media is a form of persuasive power.

Local Government

Whilst the national government has imposed requirements for fast-food chains to introduce green waste management practices, our findings suggest that local governments also have the power to help ensure fast-food chains implement better practices. Local governments' key source of power relates to the infrastructure resources and facilities they possess for waste collection and disposal. Whilst some local municipalities have invested heavily in waste collection services, in others the provision is seen by franchisors as substantially lacking. In particular, frequency of collection over busy periods like weekends means that outlets face difficulty in storing waste. For example, "[City name] has commissioned a truck that goes from Tuesday to Friday. They stay there for half an hour, and we have to put out all the rubbish and all the boxes. The problem is that we're open 7 days a week, every Friday, Saturday and Sunday, which are our busiest days, which makes it a bit complicated because we end up with all our waste" (#17). The amount of sorting supported also varies, with some municipalities supporting five stream sorting and others only offering two or three stream sorting. Some respondents explained that sorting at their restaurant was futile, as everything is placed in a single bin by the municipal collection services. As a franchisor said, "…we can sort it out on our side, and at the end, they take all the bags, they put them in the same bin…there's no logic at all. What's the point?" (#4). This perception of variability in local authority commitment to waste management is supported by statistics, with recycling rates of solid waste varying between 28% and 55% across different regions of France (European Environment Agency, 2016), perhaps reflecting differences in budget allocation for waste management, as well as differences in how national policies have been applied.

Local authorities can thus be seen as possessing inducement authority with respect to the franchise chains – the provision of waste collection and disposal services by local authorities facilitates the adoption of green waste management practices by franchise chains. In some cases, local authorities also use coercive authority to help promote sorting practices by imposing fines on restaurants which do not comply with local regulations.

Customers

The customers of the fast-food chains were found to be powerful stakeholders. The customers' source of power comes from the resources they possess: financial and human capital. Customers have the power to withdraw their custom from chains who do not meet their expectations of appropriate waste management practice (coercive power). Thus, for some chains, customers were a strong driving force behind decisions to change waste management practices, due to their increasing green expectations. As one franchisor commented: "I think it's the consumer behavior that impacts businesses […] I think it's not necessarily because a restaurant is going to start sorting that customers are going to start sorting. I think it's because consumers are going to start wanting to sort that restaurants in general are going to do the same..." (#18). Even in the context of government regulation and potential sanctions, it is the economic power of the customers that appears to motivate changes in practice. However, several systems are not convinced that the environmental performance of the chain is important to consumers' patronage decisions. As a franchisor remarked, "I don't know if we gain customers because we recycle. I don't know if we can lose customers because we don't recycle… it's true that it's possible, but I don't know…" (#19).

For those systems which are wishing to change their practices in order to comply with government regulation, consumers were felt to be an impediment to compliance. Consumers hold an important resource – human capital – that franchise chains are dependent upon for the successful implementation of waste sorting. As one franchisor commented, "…they put everything in the same bin. That's what's quite surprising because today's consumers are extremely demanding when it comes to brands in terms of their environmental commitments. But in their consumption habits, they don't sort waste. A few do, but the vast majority, over 90%, do not do so…" (#3). The lack of cooperation of customers was certainly felt to inhibit the chains' ability to comply with regulation. One franchisor said, "We want to do well, we want it to work, we want to sort, but it's not necessarily the case for the customer […] It's not a question of putting a trash in the garbage and saying that is 'sorting'! That's not how it works…" (#10). Franchisors seem to lack legitimate authority over their customers and, therefore, simply obliging consumers to participate in sorting of their waste within the restaurant is not sufficient to induce the desired behavior.

Whilst some chains feel that consumers have little concern about environmental issues, and impede their ability to comply with regulations, other chains believe consumers are concerned with the brand environmental performance. Unsurprisingly, those chains who feel their consumers are influenced by environmental factors are the most proactive in improving their waste management practices.

Suppliers

Our findings showed that suppliers have the power to facilitate or inhibit the implementation of green waste practices in fast-food restaurants. Primarily, this is because some suppliers have valuable resources in the form of knowledge and facilities which can be used to help improve waste management. Suppliers are able to assist franchisors in the implementation of green waste practices in several ways. Firstly, many franchisors are able to work with their suppliers in the development of more ecological materials (e.g., organic cutlery, or recyclable packaging). Suppliers seem to be more advanced than the franchise chains in the development of more ecological materials, making suggestions to the chains as to how they can improve their practices. One franchisor said, "We work with [name of the supplier] who provides us with … all of our packaging […] They're the ones who first suggested we use paper straws" (#5).

Secondly, suppliers play an important role in waste recovery. A franchisor explained, "… Our logistics provider comes each week to deliver one to four pallets of dry or cold products. …When they make the delivery, they take the cardboard boxes and plastic waste which we generated during the week, and then we enter into a much more virtuous circle, a much better win-win situation" (#3).

Many franchise chains have developed partnerships to reduce and recover waste. Some chains work with a social enterprise to recover their food waste, with unsold items sold at a lower price through an online platform. Other partnerships concern organic waste, coffee grounds, and oils. For example, one franchisor said, "We have a partner who retrieves all our organic waste to make fertilizers for agriculture around Paris. […] We also have [another partner] […] and, in fact, it's a company that grows mushrooms and retrieves our coffee grounds […] They reclaim our coffee grounds to make fertilizers for their mushrooms. So, in fact, it revalorizes our waste […] 90% of our organic waste is coffee, so it's huge!" (#18). As new and existing suppliers have developed ecological initiatives to help improve waste practices, this has persuaded franchisors to adopt better practices. In this regard, suppliers use authority power, in the form of competence (expert) authority, to influence franchise chains' waste practices. Many suppliers seem to have reacted to the changes mandated by government more rapidly, developing new materials to protect their business in the long run, and identifying new market opportunities in offering waste solutions.

Whilst generally suppliers seem to be enabling franchise fast-food chains to develop greener waste management practices and comply with regulation, a few franchisors have experienced difficulties with their suppliers. As one franchisor explained, "We have a lot of trouble because our suppliers give us wooden crates for the vegetables, and we can't put the wood in any garbage cans" (#17). However, franchisors have the power to delist suppliers (coercive authority) who do not offer packaging or materials that meet their requirements. Overall, we found that suppliers, through their competence authority, have created improvements in the waste management practices of the fast-food sector.

Internal Stakeholders

Franchisees

According to the literature, both internal and external stakeholders play a role in the development and implementation of green practices (Lin *et al.*, 2019). For franchise systems, they have an additional and potentially powerful stakeholder: their franchisees. Whilst a franchisor is usually considered the more powerful partner in the franchisor-franchisee relationship, we found that franchisees are not without power when it comes to the successful implementation of waste management practices. Similar to consumers, franchisees' power is derived from both their resources (particularly human capital) and network position (proximity to final consumer).

For many chains, franchisees are required to follow the waste management practices stipulated by the franchisors (in the same way they are required to follow all operational processes stipulated by the franchisors). Although the franchisors have the potential to use legitimate or coercive authority to influence franchisee behavior, the extent to which franchisees adhere to, or are required to adhere to, franchisor instructions with respect to waste practices varies. One franchisor commented that franchisees are given a certain amount of latitude: "…the franchisees are independent, so we strongly advise them, but we can't force them, so they are free. Now, in our own stores [company-owned stores], we don't leave them any choice" (#11). For other systems, waste practices are mandated, and checks are made to ensure compliance. As one franchisor stated, "The franchisees are bound by the franchise contract […]. It will become an obligation […] and there will be repercussions if they don't" (#14). Of course, whilst franchisors can make checks that franchisees are following instructions, and potentially impose sanctions if they do not (use coercive authority), ultimately franchisees have considerable operational power with respect to sorting. The franchisees' network position affords them power to impede the franchisors' ability to comply with the regulations.

The variability of local municipalities in the provision of services they offer also creates additional challenges for franchisors to establish chain-wide sorting practices that can be mandated, as they have to tailor the processes for franchisees located in different territories. For other aspects of waste management, such as the use of packaging materials, franchisors have greater sway (coercive authority), given they control the supplies. As one franchisor commented, "they [franchisees] are dependent on the packaging we offer as they are not able to buy packaging anywhere else" (#13). In this regard, the resources of the franchisors can be used to afford coercive authority over their franchisees.

Although the franchisor-franchisee relationship is usually characterized as one where the franchisor has greater power, it is not subject to the same types of hierarchical controls typical in employer-employee relationships (Combs *et al.*, 2004), and this means that some franchisors do not feel they have the power to introduce changes without consultation or, at least, are more reluctant to introduce changes without considering the potential impacts on franchisees. In such cases, franchisees themselves have some legitimate authority, primarily obtained from their position within the network. As one franchisor commented, "…negotiation is important" (#13). Several franchisors stressed how they had to explain the need for change to their franchisees. For example, "…our approach is to try to explain on the one hand that in terms of brand image for a network, continuing to make 100% plastic … is in the long run quite suicidal. What we are advocating to them is that integrating an environmental approach to packaging is a question of survival for restaurant groups" (#13). In this regard, franchisors use competence authority to influence their franchisees' behavior. Such an approach may be preferred over coercive methods to ensure maintenance of good franchisee-franchisor relationships. Whilst the need to consult with franchisees about proposed changes does potentially slow some franchisors implementation of green waste management practices, for other systems franchisees are driving the changes, encouraging the franchisors to adopt greener practices and proposing potential initiatives or solutions. As one franchisor explained, "sometimes there are franchisees who have good ideas, good practices and we will take this information to the company-owned stores and listen to the franchisees" (#14). In this regard, it is the legitimate authority of the franchisees which leads to changes in waste management practices.

Franchisees' key source of power is their betweenness with respect to different stakeholder groups; their position in the network means they, unlike the franchisors, have direct interactions with both employees and customers. Several franchisors commented on their reliance on franchisees to train and motivate employees appropriately, as well as educate consumers. Of course, this means that franchisors are relying on franchisees to be motivated and provide their human capital to support effective implementation of green waste management practices. As a franchisor said, "… they have to be motivated on their own because otherwise a manager who is not motivated can't pass on the motivation of sorting to his/her teams and show them that it's not that complicated" (#18). Motivation notwithstanding, some franchisors felt that because they are reliant on franchisees to convey information to employees, employee training will not be as effective. As a franchisor stated, "We're going to teach the franchisee who will then teach the employee and the manager. So, at the end of the day, there is always a loss of information…" (#5).

In addition to their legitimate authority over employee behavior, franchisees were also seen to be in a position of power when it came to educating consumers. As a franchisor commented, "…it's up to them [each franchisee] to put in place, at least at the customer level, a member of staff who can explain to customers how to sort, which bin to put it in and how to do that for sure" (#6). Thus, franchisees have persuasive power with respect to consumers, afforded to them by their network position.

Restaurant Employees

Just as franchisees have power as a result of their position in the network, employees too have power afforded to them because of their betweenness and can use coercive power to withhold their human capital that is required to implement green waste management practices as set out by the franchisors. Whilst employees are generally believed to follow procedures, some franchisors mentioned that this is not always the case. Franchisors are reliant on franchisees to train and enforce appropriate behaviors among their employees, and thus franchisors have no direct legitimate or coercive authority over employees in franchised outlets.

Further evidence of the power afforded to employees, through their network position, was found in the relationship with the chains' customers. Since employees are the ones who directly interact with consumers, it provides them with persuasive power in their relations with consumers. As one franchisor commented, "…they [employees] have an educational role vis-à-vis the customers. Today as a small business and a restaurant, you are the leader of your customers, it is up to you to demonstrate that the implementation of sorting is important. So, we are going to ask you to be an educator…" (#1). However, because it is the franchisees who are responsible for managing employees, ultimately the franchisors have only an indirect relationship with employees, which leaves them with little ability to control their behaviors with respect to this important informational role. In other words, the franchisors lack coercive or legitimate authority with respect to employees in franchise outlets.

Although employees do appear to have power to influence the implementation of green waste practices, they did not appear to have power to influence the development of the waste management strategy. The power employees hold, with respect to implementation, comes from the relationship with the customer, rather than their interactions with the franchisors.

Discussion and Conclusions

Conclusions

Whilst the important role stakeholders play in the development of green strategies has been highlighted in several studies (Baah *et al.*, 2020; Harness *et al.*, 2018; Lin *et al.*, 2018; Prud'homme and Raymond, 2016), little attention has been given to how stakeholders influence the implementation of environmental practices mandated by governments through regulation. Although it might be expected that regulatory powers bestow governments with the greater power compared with other stakeholders, our findings suggest that the presence of regulation is not in itself sufficient to induce change within the franchise sector without the co-operation of several stakeholders.

We find that for franchise chains, the stakeholders with the greatest power are the franchisees. Indeed, their network position – their betweenness – provides them with substantive persuasive power and coercive and legitimate authority in relation to employees and customers. Their network position also fundamentally alters the ability of franchisors to directly engage in dialog, consult with, and educate these two key stakeholders. Thus, whilst franchisors can potentially mandate franchisees to comply with the operational processes they develop, they are reliant on their franchisees' motivation and co-operation in engaging other stakeholders, most notably the customer, to ensure a mutuality of sustainability interests and knowledge and skills development. For example, customers must follow waste sorting instructions, and thus franchisees and their employees have an important role to play in educating them (ensuring customers have the knowledge of how to sort) and convincing them of the benefits of co-operation (mutuality of interests). Thus, for implementation to be successful, franchisees are required to do more than simply follow processes mandated by franchisors but be proactive in their engagement with those stakeholders with whom they have regular interactions. In this respect, franchisors cannot rely on coercive authority to force franchisees to cooperate – such an approach is only likely to have sway in relation to operational aspects. Rather they should use persuasion, competence, and legitimate authority in order to motivate franchisees, and convince them of the potential benefits of improved environmental practices for their businesses.

As with other types of organizations, consumers were found to be a highly influential stakeholder group. Many franchisors do not believe that the environmental performance of fast-food chains is important in most consumers' decision-making. In the absence of consumers using their persuasive power or coercive authority to influence franchisors (or indeed franchisees) to improve their waste management practices, many franchisors do not view compliance with regulations as an urgent issue. The franchisors' detachment from their customers means they are heavily reliant on their franchisees for customer insights and engagement, given it is they who sit at the coalface of customer centric activities (Watson *et al*., 2020), making it more challenging for franchisors to understand how to approach and implement sustainable practices. Whilst most franchisors believe that the majority of consumers are not significantly motivated by environmental issues, of course for some consumers this is a concern. Chains that target environmentally concerned consumers were found to be (or at least claimed to be) compliant with the regulations. This highlights the important role of consumers in changing organizational practices.

Our findings thus show that the possession of various forms and bases of power by different stakeholder groups has important implications for the implementation of green management practices, even those required by law. Figure 1 illustrates the network of inter-stakeholder power relationships and the central position of franchisees. It highlights how the existence of different bases and forms of power create a complex web of often opposing forces. Whilst franchisors have coercive power over their franchisees, franchisees have substantive legitimate and competence authority (due to their local market knowledge) over their franchisors. Franchisees have persuasive power over their customers, yet customers have coercive authority as they may boycott restaurants and can refuse to co-operate with waste sorting. This intertwining of power, along with the reciprocity, makes the implementation of green practices within franchised fast-food chains, even those that are regulated, highly challenging.

<<Insert Figure 1>>

Theoretical Implications

Our research contributes to the literature on green practices and franchising in several ways. Firstly, we enrich the stream of literature on green practices in the tourism and hospitality sector (Kim *et al.*, 2017) by examining the question of stakeholder power in the specific case of the restaurant sector. As Chan and Hsu (2016) note, the hotel sector is the dominant context for hospitality sustainability studies (see, for instance, recent studies by Balaji *et al.* (2019), González-Rodríguez *et al.* (2020), Khatter *et al.* (2019)), with food service outlets receiving little attention, despite their important role within the hospitality industry. Moreover, the number of studies which include franchise organizations in exploring green practices is scant (Kim and Lee, 2020).

Secondly, whilst within the franchising literature a few studies have explored CSR (Choi and Lee, 2018; Jell-Ojobor, 2019; Meiseberg and Ehrmann, 2012; Perrigot *et al.*, 2015), these have not focused on environmental practices in particular, nor the role of different stakeholder groups in their implementation. The presence of franchisees can slow implementation, as franchisors must persuade franchisees of the potential benefits to their business of any changes in practice in order to maintain positive franchisee-franchisor relationships and ensure their co-operation in educating and training employees and customers in new green practices. This may explain the negative relationship identified by Meiseberg and Ehrmann (2012) and Perrigot *et al.* (2015) between the proportion of franchise outlets and CSR activities.

Thirdly, we contribute to stakeholder theory by focusing on how stakeholder power contributes to the implementation of green practices. Our study is one of the first, to our knowledge, to consider how organizations respond to regulatory changes, unlike the extant literature where the focus has been on voluntary actions. It responds to the recent call of Sharma *et al.* (2020) for more research on the relevance of key stakeholders in the implementation of environmental practices. This study, therefore, broadens and deepens our understanding of the role of different stakeholders in ensuring that regulations are effective in changing organizational practice.

Moreover, whilst power has long been recognized as determining the salience of different stakeholders to environmental strategy development (Harvey and Schaefer, 2001; Rivera-

Camino, 2007), its role in the implementation phase is less researched. However, as Lin *et al.* (2017, p. 319) comment, “understanding the distribution of stakeholder power is important for the clarification of different roles and responsibilities on implementing social responsibility”. We consider both the bases and form of power that different stakeholders possess, extending previous studies which have focused on either the source (Hazra *et al.*, 2017; Pajunen, 2006; Tiew *et al.*, 2015) or form (Beritelli and Laesser, 2011; Marzano and Scott, 2009; Saito and Ruhanen, 2017) of power.

Practical Implications

Our research also contributes to practice and policy. For franchisors, our findings may help them to better understand the role of different stakeholders in achieving improved green practices. Given the powerful role of franchisees in ensuring successful implementation, franchisors should consider carefully how they communicate changes within the system to ensure that franchisees not only adopt the necessary processes but are motivated to promote these changes to their employees and consumers and recruit employees who are environmentally sensitive. Using coercive power alone over franchisees is unlikely to be successful – rather they have to use their legitimate and competence authority to persuade franchisees of the benefits of their involvement. Franchisors can codify their know-how on waste management practices in their operational manuals, and transfer this set of know-how to their franchisees through initial and continuous training sessions, including webinars on their intranet system for franchisees’ employees. Knowledge-sharing structures which encourage social exchanges (such as Franchisee Advisory Councils) and regional and national meetings could be used to promote social capital (Watson *et al.*, 2020), given its importance in mobilizing stakeholder engagement in sustainability activities (Maak, 2007).

For governments, we highlight that without co-operation of several stakeholder groups, their coercive power may not be sufficient to ensure effective regulation. Regulators need to consider how different stakeholder groups will respond to any proposed changes and how other forms of power, for example persuasive power, can be used over different stakeholder groups to ensure organizations are motivated and able to respond to changes in legislation. Approaches which seek to align the interests and values of stakeholders and provide incentives for stakeholders to cooperate on advancing sustainable practices may be more fruitful in comparison with coercive approaches alone (Hörisch *et al.*, 2014).

Limitations and Future Research

Our research is not without limitations. Firstly, the qualitative approach based on a series of 19 in-depth interviews with franchisors and senior head office staff limits our ability to generalize our findings. Whilst a qualitative approach was deemed appropriate in understanding the power of stakeholders, as it enables an understanding of behavior to be developed "from the point of view of those being studied" (Bryman, 1988, p. 46), we need to be cautious in generalizing to other contexts. A quantitative study could help overcome limitations of generalizability, and it could be used to assess the influence of franchisor perceptions of stakeholder power in the implementation process. Secondly, our study only considers the views of franchisors and their head office staff. Whilst we believe their perceptions are critical to understanding the implementation process, particularly in a context where changes have been mandated through regulation, it could be interesting in future research to explore the perceptions of other stakeholders, e.g., franchisees, franchisee employees and customers to determine how well franchisors truly understand the issues. Such an approach could enable more practical insights for franchisors. Thirdly, our study deals with the French market only. Given that all European member states are subject to the EU Waste Framework Directive, it could be of interest to conduct a multi-country study within Europe in order to explore the potential effects of cultural or institutional factors. Fourthly, another direction for future research could consist of studying the green practices of chains that operate internationally to determine if/how differences in stakeholder influences in different markets affect implementation in those markets.

Due to the need for ever greener practices, not just in the fast-food sector but other sectors where franchising is prevalent, we hope our findings will encourage further research on green practices in franchise chains.

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Section	Topic
Introduction	Background information of respondent (name, affiliation, position) Sensitivity to environmental issues
Waste management practices	Waste sorting practices
	Understanding of current regulations
	Impressions and responses to recent intervention by government
	Waste production in restaurants (food, non-food)
	Use of ecological materials
Franchisee role	Franchisee involvement in strategy and implementation (e.g., piloting, roll-out)
	Communication approaches and knowledge management
	Franchisee autonomy
	Variability of waste sorting practices across network
	Conflicts and challenges
Other stakeholder involvement (for each stakeholder: employees, suppliers, customers, local authorities, other service providers)	Stakeholder sensitivity to environmental issues and motivations
	Communication approaches, education/knowledge management
	Stakeholder role in implementation and enforcement
	Stakeholder responses, conflicts, and challenges
Impacts	Costs (including for stakeholders, especially franchisees)
	Restaurant performance
	Pricing
	Customer attitudes and behavior
Respondent reflections	Any other thoughts/comments on issues discussed

Table 1: Interview Guide

Interviewee	Category	Chain size in number of units	Interviewee position at the chain headquarters (gender* and age category**)	Interview mode
#1	Bakery products	201-300	Project Coordinator (M, 40-45)	Phone
#2	Bakery products	101-200	Chain Development Manager (M, 45-50)	Phone
#3	Bakery products	401-500	Regional Director (M, 50-55)	Face-to-face
#4	Burger	1-50	Head of Communication, Marketing and Development (F, 25-30)	Phone
#5	Bakery products	51-100	Head of Marketing (F, 25-30)	Phone
#6	Burger	201-300	Field Manager (M, 45-50)	Phone
#7	Burger	1-50	Field Manager (F, 25-30)	Phone
#8	Burger	1-50	Field Manager (M, 20-25)	Phone
#9	Bakery products	201-300	Head of Marketing and Communication (F, 25-30)	Phone
#10	Bakery products	501-600	Sustainability Development Officer (F, 30-35)	Face-to-face
#11	Bakery products	201-300	Director of Chain Development (M, 55-60)	Face-to-face
#12	Pizza	1-50	Head of CSR (F, 30-35)	Phone
#13	Asian food	1-50	Director of Quality (F, 50-55)	Phone
#14	Asian food	1-50	Head of Field Consulting and Development (F, 30-35)	Phone
#15	Middle Eastern food	1-50	President/Master Franchisee (M, 55-60)	Skype
#16	Latin American food	201-300	Head of Development (M, 30-35)	Phone
#17	Other food	1-50	Franchisor Associate (M, 30-35)	Phone
#18	Bakery products	1-50	CSR Officer (F, 25-30)	Phone
#19	Other food	1-50	Executive Director (M, 45-50)	Phone

Table 2: Profile of interviewees

Gender: F = female; M = male; Age category in years

Descriptive theme	Indicative quotes (relevant stakeholder shown in brackets)	Axial code	Aggregate dimension
Statements about stakeholder resource contributions through provision of resources	The good ideas of the franchisees always come back to us (franchisees) We have annual meetings where we listen to each other because we don't have the knowledge – they [the franchisees] are the ones in the field (franchisees) The town hall has a much more advanced recycling system (local authority) Most of the time it's the city that takes care of the collection (local authority)	Resource dependency	Source of power
Statements about stakeholders withholding resources and impeding implementation	There must be interaction between the business and the municipality. If the municipality doesn't play the game and collect the waste, that's a problem (local government) …for example, in the city of X, they don't take, well, …they take the garbage bags, but everything is mixed (local government) A few, but the vast majority, over 90%, do not do so [sort waste] (customers)		
Statements about the role of one stakeholder group in relation to another	It's up to the franchisee to transcribe these words [regarding waste sorting to employees] (franchisees) It's up to them to put in place …people who can explain to customers how to sort (franchisees)	Network position	
Statements about responses to non-compliance	So, we'll be issuing instructions to the teams for waste sorting. After that, we will go as far as sanctions [against franchisees who do not comply] (franchisees) If they [franchisees and employees] don't sort, we [franchisors] are taken to the town hall and we have to pay an additional tax (local authority) We have to make reports on our progress [with respect to implementation of waste sorting] every six months to Brune Poirson and so we are saying to ourselves that we must avoid the sanctions as much as possible (national government)	Coercive authority	Form of power
Statements about how the need for improved waste management is communicated	Through our actions and enthusiasm, we try to show that it's important [environment] (franchisees) Our approach is to try to explain on the one hand that in terms of brand image for a network, continuing to make 100% plastic, … is in the long run quite suicidal. What we are advocating to them is that integrating an environmental approach to packaging is a question of survival (franchisees) I made the decision and I explained to my franchisees why. They believed me, they trusted me and nobody is complaining about it (franchisees)	Competence authority	
Statements about authority	They are told they have no choice (franchisees) We have to make it clear. All the rules are mandatory (franchisees)	Legitimate authority	

Table 3: Example of analytical coding process with indicative quotes

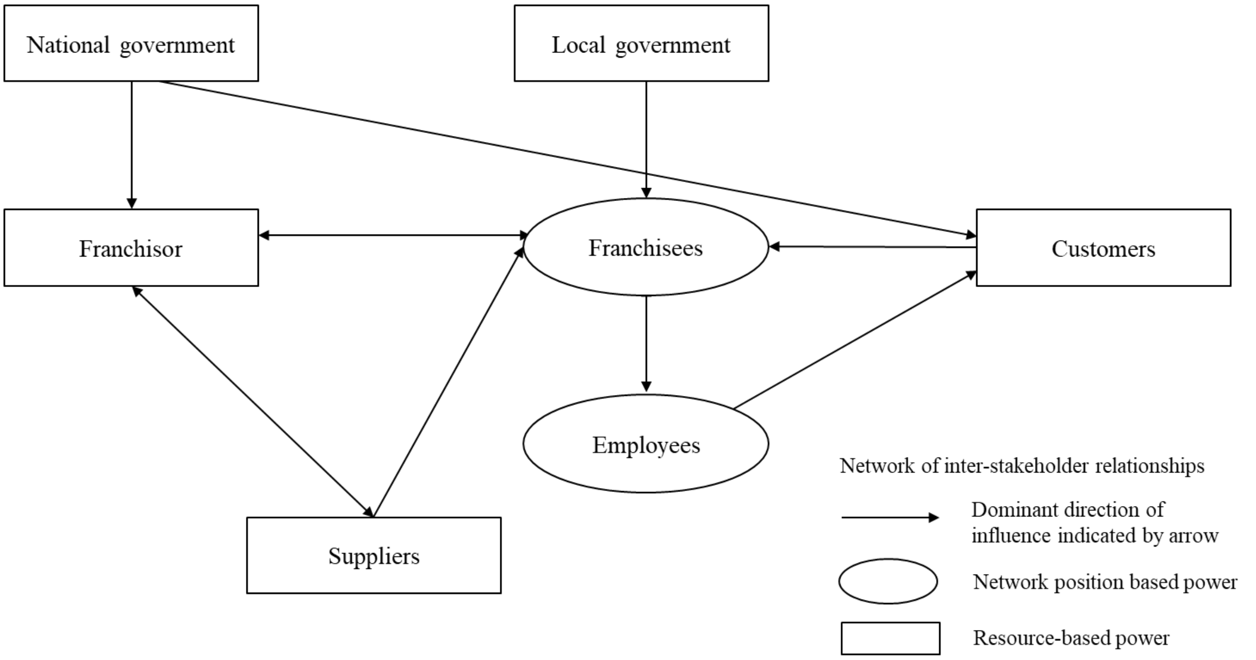

Figure 1: Network of inter-stakeholder relationships