

AREA PERSPECTIVES: AFRICA

Franchising in African markets: Motivations and challenges from a Sub-Saharan African country perspective

Adelaide N. A. Kastner^{1,2} | Mahmoud A. Mahmoud¹  | Samuel C. K. Buame[†] |
Antoinette Y. B. Gbrah¹

¹Department of Marketing and Entrepreneurship, University of Ghana Business School, University of Ghana, Legon, Ghana

²Central Business School, Central University, Accra, Ghana

Correspondence

Dr. Mahmoud A. Mahmoud, Department of Marketing and Entrepreneurship, University of Ghana Business School, University of Ghana, Legon, Ghana.
Email: mamahmoud@ug.edu.gh

The purpose of this article is to explore and understand the motivations and challenges of franchising in an African economy. While interest in franchising is increasing in African markets, there is a paucity of research on franchising from the perspective of local African firms participating in these international relationships. The motivations and challenges of franchising from the perspective of African businesses have not been largely investigated so far. Using in-depth interviews, we allow motivations and challenges at play to emerge. Convenient and snowball sampling techniques were used for choosing the unit of analysis, which resulted in four respondent firms. A thematic approach was adopted for analyzing the data from the field. Support services, brand name, and franchisor's experience are identified to be the motivations for franchising. Financial assistance from the franchisor, demand, and competition also play a key role in an African firm's decision to franchise. Legal constraints and infrastructure constraints were the key challenges faced by franchisees in Ghana. The findings of this study may hold for franchisees in other African markets. However, contextual differences may be considered in the application of these findings.

KEYWORDS

African markets, franchising, internationalization, motivations and challenges

1 | INTRODUCTION

Scholars in international business have researched on several aspects of franchising covering cobranding, governance, modes of entry, gender, licensing, franchisee failures, risk, retailing in franchising, relationships in franchising, advertising effects, and many others (Baena, 2012; Canabal & White, 2008; Dalberg, 2009; Y. K. Lee, Kim, Seo, & Hight, 2015; Nijmeijer, Fabbriotti, & Huijsman, 2014; Petersen & Welch, 2000; Teegen, 2000). Although such studies have made valuable contributions to the international business literature, relatively few of them focus specifically on the motivations and challenges of expansion through franchising. Of the aforementioned studies, Teegen (2000) examines the strategic and economic development implications of globalizing through franchising and acknowledges the benefits of international franchising but further highlights the need for more studies to focus on the motives of the franchisee in cross-

border contracts. Baena (2012) in a similar study conducted on franchising in African markets, also reaffirms that the motivations and forms of franchising are key issues in international business that need to be focused on in future research.

Furthermore, Petersen and Welch (2000) and Canabal and White (2008) have established that there has been a shift from other modes of entry into franchising. Yet, there is relatively little knowledge about the motives for which firms are doing so. They, therefore, proposed there should be further research that concentrates on the reasons for franchising to broaden the scope of knowledge in the area. Nijmeijer et al. (2014), Combs, Ketchen, and Short (2011), and Altinay (2006) in reviewing the literature on franchising, indicated that issues such as the motivations for franchising and types of franchising have been underresearched in current times. Therefore, they advocated that studies must focus on addressing this gap within the franchising literature, which this study seeks to address.

In recent times, the global business environment has seen several franchising developments, and research indicates the triad nations

[†]We dedicate this work to the memory of the Late Dr. S. C. K. Buame who passed on before the final publication.

account for most of such franchising activities (Alon, Ni, & Wang, 2012; Forte & Carvalho, 2013; Rozenn & Cliquet, 2014; Wright & McAuley, 2012). Nonetheless, Ghana as an economy is noted to be among the few Sub-Saharan countries that have seen such developments over the past few decades (GIPC, 2014). For instance, the Ghanaian business environment has seen franchised companies such as KFC, Game, Mechanical Lloyd, and many others operating in Ghana. Many firms have invested into franchising knowing there may be certain risks and several challenges, some of which have led to the closure of some franchised companies around the world. For instance, CareShop, which is one of the largest drugstore franchises on the continent, closed down its operations in Ghana due to the lack of exclusivity in its supply chain, lack of organizational culture, and difficulty in establishing a viable product mix (McCabe et al., 2011; Segre & Tran, 2008). Consequently, this has facilitated the need to investigate what challenges businesses face when they choose franchising over the several other modes of entry outlined in the business literature. This, coupled with the call in the literature for further research into franchising and its associated motivations and challenges, has incited this study.

A review of the literature on franchising suggests most of the empirical studies tend to focus on developed economies, specifically on the triad nations, often with inconclusive results (Canabal & White, 2008; Cross, 2000; Weaven, 2009; Xiao, O'Neill, & Wang, 2008). Therefore, Baena (2012); Botti, Briec, and Cliquet (2009); and Canabal and White (2008) suggest studies should be conducted outside the triad nations, preferably with a focus on a single country. Again, Baena (2012) insists there should be studies to explore and deepen the understanding of the motivations and challenges of franchising in a different context. Moreover, there is a call for studies to be conducted in different industrial settings, as most of the studies on franchising are focused on the hospitality industry (Park and Jang, 2012). This is corroborated by Wright and McAuley (2012) who while reviewing the developments of franchising in Australia concluded that to enhance and broaden the knowledge base of franchising, cross-border studies must be undertaken. Therefore, this research seeks to investigate the motivations of franchising and the potential challenges of franchising that firms are likely to face in African markets like Ghana from the perspective of the franchisees.

2 | LITERATURE REVIEW

Franchising is a business arrangement wherein a firm (the franchisor) collects upfront and ongoing fees in exchange for allowing other firms (franchisees) to offer products and services under its brand name and using its processes (Combs, Ketchen, Shook, & Short, 2011). The franchisee has the obligation to pay the franchisor certain fees and royalties in exchange for these rights. The franchisor also has the obligation to provide rights and support to the franchisee. According to Badrinarayanan, Suh, and Kim (2016), franchising is a business format wherein a firm (i.e., the franchisee) enters a long-term contractual agreement with another firm (i.e., the franchisor) to market products or services under brand names and business practices idiosyncratic to the franchisor in return for a share of revenue, royalties, and/or fees.

Justis and Judd (2002) opined that franchising is a contractual business arrangement by which a firm grants an individual or a company the right to conduct business in a prescribed manner within a specified territory during an agreed time period in return for royalty contribution or other fee payment. Thus, a franchise is a business system in which private entrepreneurs purchase the rights to open and run a branch of a larger company. The franchising company, or a franchisor, signs a contractual agreement with the franchisee explaining in detail the company's rules for operating the franchise (Justis & Judd, 2002). E. Y. Roh and Yoon (2009) posit that franchising is a process where a franchisor sells the rights to use an established brand name and a business model to a franchisee who is legally independent; in exchange, the franchisor receives a share of the profits. By applying a complete and well-tested business concept, the franchisee thereby minimizes the risks associated with opening a business (E. Y. Roh & Yoon, 2009).

A review of the literature on franchising indicates there is relatively little work done in African markets (Baena, 2012). Although the academic literature has begun to address international expansion into developing markets, especially in Russia, India, Turkey, China, Malaysia, and Taiwan, there is not enough work conducted on franchising in African markets, as most empirical evidence focuses on developed markets despite the increasing transformation seen in African economies. Scholars such as Baena (2009, 2012, 2015) in international business have acknowledged that there has indeed been a shift in the activities of companies from well-developed markets, to newly developing markets in Africa in recent time. This is evidence of the significant attention presently being paid to African markets.

This shift in attention to African markets is due to the increasing opportunities sighted in such markets. Heung, Zhang, and Jiang (2008) opined that foreign franchisors are attracted to African markets due to the soaring middle class with increasing disposable incomes, and the continent's access to the most populated cities in the world. For instance, Baena (2012) found African markets to account for about 80% of the world's population. Hoffman and Preble (2004) reaffirmed this in their study, which identified African markets to have an increasing middle-class population, which influences franchise growth in such markets. Welsh, Alon, and Falbe (2006) also examined franchising in African markets. They discovered that African markets have become important to franchise companies especially those in the United States, because of market saturation and increased competition in their domestic market. Again, Welsh et al. (2006) cited high economic growth, economic development, and the market potential of African markets as reasons for the spread of franchise firms. Researchers such as Baena (2009, 2012) also claimed that domestic market saturation and stagnation in developed markets account for franchisors focusing on African markets. This is because African markets remain underexploited. This affirms that companies turn to African markets because of the size of its market, growth in its population's disposable income, and the low level of competition in its markets.

A study indicated that Latin America, Central Europe, and East Asia account for much of the international expansion through franchising in African markets (Alon, 2004). Alon (2014) and Baena (2012) also insisted that franchising is a tool for providing economic development and global integration in emerging and transition markets. A result from another study concluded that franchising is the best

strategy for internationalization in African markets (Paswan et al., 2004). This is because higher growth potential is expected from such markets. Additionally, African markets are said to constitute the largest and most dynamic market for franchisors to expand into (Baena, 2012). Conclusively, current growth trends in African markets have attracted franchisors to such markets. Alon (2006) and Baena (2012) recognized that companies usually choose joint ventureship and exporting through representatives as the main mode of entry to such markets. Nevertheless, there is now a diversion in the choice of modes of entry as most companies concentrate on franchising as the main international market entry mode across domestic borders. Baena (2012) established that the expansion of franchising across African markets positively relates to national cultures possessing low individualism and high uncertainty avoidance. This indicates that local businesses view this form of entry mode as a means, which reduces risk and increases profit in the long run. African markets have, therefore, attracted significant attention in recent times. Nonetheless, not much research has been done in the area of franchising; particularly in terms of motivations and challenges of franchising. Hence, the study fills this gap in the literature.

3 | MOTIVATIONS FOR FRANCHISING

There are several motivations underlying the decision for franchisors to expand through franchising. Extant literature identifies entrepreneurial characteristics (Evanschitzky, Caemmerer, & Backhaus, 2016), economic reasons (Aguar, Pauli, Yu, & Nascimento, 2016; Madanoglu, Alon, & Shoham, 2017), saturation in the domestic market (Elango, 2007), acquisition of additional capital, economies of scale, competitive advantage, opportunism (Doherty, Chen, & Alexander, 2014), and risk reduction (Sun & Lee, 2016) as some of the motivating factors for franchising. The agency theory, resource scarcity theory, and risk-reducing theory are some of the theoretical groundings that can explain motivations for franchisors to adopt a franchising strategy (Sun & Lee, 2016). However, little is known about the motivations that influence franchisees to embrace franchising as a business strategy.

The motivations that drive a franchisee to choose a specific franchising strategy can best be explained by the resource-based view and relationship-marketing (RM) theory. According to the resource-based view (Barney, 1991), firms who possess certain rare, valuable, and nonsubstitutable resources and skills which are difficult to imitate should perform better than average within their industry (Combs & Ketchen, 1999). This explains how franchisees and franchisors enter into franchising agreements with each other to improve their competitive advantage (Madhok, 2002). The resources the franchisor makes available to be used by the franchisee is a determining factor for franchisees to enter into franchising. For instance, in franchising, franchisors provide at least two important resources: brand (Jeng, 2011; Michael, 2000) and operational routines (Knott, 2003). All other opportunities that accrue to a franchisee resulting from the resources, experiences, and services of a franchisor may determine the franchising decision of the franchisee. This is the underlying principle of the resource-based theory applicable to the study of franchising.

RM theory spells out the competitive advantage that firms enjoy from the interfirm relational resources acquired through a relationship (Argyres, Bercovitz, & Zanarone, 2016; Dyer, 1997; Dyer & Singh, 1998). According to Wu (2015), RM theory explains how franchisees determine their franchise intention, due to the role of RM in making opportunities resulting from interfirm relations available.

Shin, Casidy, Yoon, and Yoon (2016) have discovered that the brand name and branding activities of a franchisor are strong motivators for a franchisee to engage in the franchise agreement. Brand name is a name given to products to distinguish them from other competing brands. It often goes beyond identifying a product to further indicate the manufacturer of such a brand. Strong brands offer businesses very attractive appeals to customers as well as the opportunity to increase profits. They also allow firms to charge premium prices (Keller, 2008; Kotler & Keller, 2009). Brand name is a key relational benefit that influences the franchise decision. Badrinarayanan et al. (2016), and Hodge, Oppewal, and Terawatanavong (2013) argued that access to a reputable name leads to increased profitability. Wu (2015) asserts that brand name and reputation have a determining influence on franchisees' decision to franchise. He investigated 246 franchisees across two industries in Taiwan, and the results concluded that brand name and reputation, as key resources of the franchisor, are antecedents of franchising from the franchisee's perspective. Alon et al. (2012) also concluded that brand name plays a role as a major motivation in franchising. In another empirical study that involved 853 US and French franchise companies, it was found brand name is an intangible resource that strongly affects franchise internationalization (Perrigot, López-Fernández, & Eroglu, 2013). Yet, Cho (2004) challenges this by emphasizing that brand name is not significant in determining antecedents of franchising. This has been contradicted by other researchers like Y. S. Roh (2002) who identify size, growth rate, brand name, and risk sharing as the main motivations for franchising in their pursuit to identify factors that affect the propensity to franchise in chain restaurants. This reveals mixed findings concerning brand name being an antecedent to franchising.

Support services entail all the services offered by the franchisor to the franchisee to aid the growth of the franchise business. Akremi, Perrigot, and Piot-Lepetit (2015) examined the drivers for franchise chain performance through the lens of the dynamic capabilities approach and discovered that the length of training given to a franchisee is a motivation for franchising. They observed that support services in the form of training given to a franchisee positively relates to the performance of franchise chains. A review of the antecedents and consequences of franchising by Combs, Ketchen, and Short (2011) also showed that advice and assistance, and the franchisor's support services to a franchisee positively relate to the franchisee's decision to franchise. In addition, some scholars have argued that the level of support given to a franchisee differs from market to market (Baena, 2009). Shane (2001), in identifying organizational incentives, concluded that there is a positive relationship between training, communication, services and assistance to franchisees, and the decision to franchise. Therefore, there is conclusive empirical evidence that, although support services offered to a franchisee are seen as a cost to the franchisor, it they positively relate to the decision to franchise.

Resources, particularly access to financial resources, are vital to the success of every company. This is because resources help firms to gain a competitive edge over their rivals. Weaven and Frazer (2007), in a study that aimed at examining the extent to which firm level factors influence the growth of franchisee-owned mini-chains within the Australian franchise sector, acknowledged that access to financial capital is a key motivation for franchising all over the world. Similarly, Alon, Wang, Shen, and Zhang (2014) and Alon (2006) also confirm that businesses make franchise decisions based on access to scarce resources such as capital and managerial resources. For instance, franchisees must have the ability to buy the franchise. However, some scholars such as Alon et al. (2012) and Heung et al. (2008) commented that access to resources may no longer be a motivation for franchising.

Frazer and Winzar (2005) in assessing the causes of franchisees' failure claimed that the experience of the franchisor is a major motivator for franchisees' choice of franchising. In addition, Combs, Ketchen, and Hoover (2003) and Alon (2001) stated that franchisor experience is vital to making the initial decision to franchise. This is because franchisees believe that this will affect their success rate in the market. In contrast, Doherty (2007) argues that franchisees opted for franchising because of the experience they themselves have had in terms of company restructuring, whereas others saw such an expansion as an opportunistic approach. This point of view suggests that franchisees' experience affects the decision to franchise rather than franchisor experience. Cross (2000) in a review of the international literature also argues that, the experience of the franchisor is not a necessary reason for choosing franchising over other modes of entry, but he attributes this to changes in the competitive business environment. Franchisees evaluate market conditions in terms of whether there is enough demand for such a franchisor's product or services and consider whether the demand is seasonal or not. They examine the current demand patterns as well as future demand growth (Hollensen, 2007). Perceived growth in the market causes the demand for products to grow, and this motivates franchisees to franchise (Hollensen, 2011). Aliouche (2015) also perceives demand to be the potential growth of the market and the purchasing power of consumers.

Another factor that influences the process of making a franchise decision is the competition. Franchisees prioritize how much competition is in the market, assessing the presence of other competing franchisees in a particular market and the likelihood of other franchise companies offering the same products at the same or lower prices. Franchisees often look for business opportunities that the franchise can offer them both in the short and long run; thus, they consider whether they can exploit that franchise as a niche or specialty before they select franchising as a business strategy (Forte & Carvalho, 2013; Hollensen, 2011).

4 | CHALLENGES OF FRANCHISING

Researchers argue that the psychic distance plays a part in internationalization through franchising (Hutzschenreuter & Horstkotte, 2013; Jong & Van Houten, 2014; Richardson, 2014). Past studies further indicate that the cultural distance increases management costs and creates difficulty in managing the marketing mix element. For example, Aliouche (2015) opines that differences in culture affect the

purchasing patterns of consumers as well as the behavior of other stakeholders including employees. They also negatively affect the cost of monitoring and logistical support to a franchisee. This emphasizes that perceptions of consumers in a host nation can become a challenge that must be dealt with to ensure growth. This is because markets are people not products, in that there may be "global products," but there are no "global people" (Hollensen, 2011). Therefore, it is prudent to say that differences in the culture of the host country can be a main challenge. Sanfelix and Puig (2018) also indicate that some of the limitations facing franchising arise from disagreements with regard to the tasks that each of the parties must assume, the duration of the contract, and the mechanisms for knowledge transfer. Ultimately, these factors can lead to situations in which undertakings under the franchise formula make the franchising option a riskier choice.

Zindiye (2016) cites economic challenges as one of the most important factors hampering the growth of franchising, especially in developing countries. He further denotes that the generic challenges faced by entrepreneurs in the economic environment include recession, inflation, and compliance with government monetary and fiscal policies. Shieh and Wu (2012) denote economic factors to be the depreciation of the nominal exchange rate and volatility of demand and market potential. Aliouche (2015) also notes that economic instability, including a high unemployment rate, debt defaulting, strikes, and currency instability, impacts the attractiveness of countries especially to franchise companies. Lee and Jang (2010) also assert that economic instability is a major threat to the survival of companies. They suggested currency issues, that is, currency convertibility and instability, to be the most risky challenges. Heung et al. (2008) specify that infrastructure consists of energy and transportation. They identified incomplete infrastructure as the main challenge faced in franchise business. Kistruck, Webb, Sutter, and Ireland (2011), in examining institutional challenges and adaptations to the franchise model, demonstrate that the lack of utilities, energy crisis, and undeveloped labor are key challenges of franchising. They conclude that the lack of such major operating requirements affect business activities negatively, and can even lead to the total collapse of businesses. This reveals that inadequate, and/or deterioration in, infrastructure can serve as a major business challenge to franchise firms. Watson (2008) classifies financial constraints as part of infrastructure. He postulates that financial constraints, or the inability to raise capital from external sources, are a challenge to most franchise businesses. He mentioned that limited financing poses a major threat to the survival and growth of firms. Alharbi (2014), in a related study, indicates that the lack of financial assistance from financial institutions to prospective franchisees is a major problem faced in franchising in most developing markets. Moreover, Binh and Terry (2011) add that poor infrastructure impedes the operations of franchise firms. They view infrastructure to consist of transporting facilities, training facilities, and the capital needed to make the franchise worthy of investment. Cheptegei and Yabs (2016) also observe that weak infrastructure is a main challenge to franchise firms. Lee and Jang (2010) had also made a similar proposal that limited financing, which is viewed as a component of infrastructure, negatively affects franchise decisions.

Internationalization strategies, especially franchising, require more special human resources (Ruzzier & Ruzzier, 2015). Nevertheless, this

requirement is not only about the quantity of human resources, but about the quality and availability of such resources (Ruzzier & Ruzzier, 2015). It is vital to note that human resources have a positive relationship with internationalization (Hitt, Bierman, Uhlenbruck, & Shimizu, 2006). This indicates that human resources are very vital to the survival of franchise firms. Hitt et al. (2006) further contend that although human resources are key to internationalization by giving firms competitive advantage, they must be effectively managed in order to achieve such an advantage. Despite the significance of human resources to firms' internationalization, it has been acknowledged that franchise firms face a problem of inadequate skilled labor (Alharbi, 2014; Altinay, Brookes, Madanoglu, & Aktas, 2014; Heung et al., 2008). This has forced researchers such as Heung et al. (2008) to assert that unskilled human resources are a major constraint to franchising. Altinay et al. (2014) also support the finding that unskilled human resources affect franchising activities negatively. Hoffman and Preble (2004) also state that qualified employees are needed to increase productivity in franchise firms. Kistruck et al. (2011) backed such an argument by opining that there is a lack of well-trained employees in franchise firms.

In addition, Hessels and Parker (2013) noted that a shortage of skilled labor is another challenge. Furthermore, McCabe et al. (2011) also note that insufficient skilled labor is a major problem faced in franchising as a business strategy in recent times. However, Westhead, Ucbasaran and Binks (2004) argue that human resource is not a barrier to franchising in any way. Another issue noted under human resources is the lack of ability to manage tensions between the franchisor and the franchisee as a key challenge of franchising (Altinay et al., 2014). This may hamper the smooth running of the company as well as frustrate the aims of both partners. Other scholars (Altinay et al., 2014; Kistruck et al., 2011; McCabe, et al., 2011) further observed the lack of control and communication as key challenges of franchising. They emphasize that the lack of skilled labor in specific markets affects the operations of franchise negatively. A research by Binh and Terry (2011) found that a lack of business experience as well as poor management and control ability are the main challenges of franchising. The Political and legal environment may also pose as a major challenge to franchising (Morschett, Schramm-Klein, & Zentes, 2015). This is because companies expand through franchising into several countries, but all these countries have laws that govern trade. These laws and other unfamiliar regulations in the host country, as well as political instability, unpredictable regulatory changes, government interferences, and ambiguous laws and regulations (Demirbag,

Tatoglu, & Glaister, 2009; Hoffman & Preble, 2004), may affect the operations of franchise chains (Aliouche, 2015).

5 | CONCEPTUALIZATIONS

It is important to note that this research will focus only on motivations and challenges from the franchisee's perspective. From the literature reviewed, it can be acknowledged there are five main motivations for franchising. It can be observed that support services, brand name, franchisor's experience, and financial assistance from the franchisor as well as market demand and competition are key factors that influence the franchise decision. Support services are operationalized as operational support, which consists of training, advertising, initial opening support, and product support (cost of supply of inventory). The brand name is also conceptualized as name recognition among consumers. Another factor is financial assistance from the franchisor and this is conceptualized as the initial capital gained by franchisees from their franchisors. Also, the experience of the franchisor is operationalized as the technical skills and operational efficiency of a franchisor. Finally, market demand and competition is also conceptualized in the present study as potential demand in the market, the level of consumers' purchasing power, and the existence of similar products in the market.

Furthermore, franchisees face certain challenges in their operations. The researchers identified five main variables that constitute challenges, namely: psychic distance (Horner, Baack, & Baack, 2016), political/legal factors (Hoffman, Munemo, & Watson, 2016), economic factors (Zindiye, 2016), human resource (Kellner, 2017), and finally infrastructure (Cheptegei & Yabs, 2016; Zindiye, 2016), as per the literature review. With respect to challenges, the following elaborates on how the various challenges are conceptualized in the current study. The psychic distance is conceptualized as a language barrier to negotiation and adaptation of products. Economic factors are observed as issues relating to GDP, inflation, and currency instability. Furthermore, infrastructure as a challenge is also operationalized as energy and transportation facilities in the country. Here, human resource factors are related to inadequate skilled labor in the country. Finally, political/legal factors are conceptualized as laws regulating franchise activities in the country and political stability in both political and legal environments. These conceptualizations are depicted in Figure 1.

6 | METHODOLOGY

6.1 | Research approach

A case-study research approach was adopted to explore the motivation and challenges of franchising in an African market. According to Eisenhardt (1989) and Yin (2009), the case study is one of the several ways that research is conducted in the area of social science. The comparative case study approach adopted for this study has been used in several other studies (see Gibbert, Nair, & Ruigrok, 2016; Guillotin & Mangematin, 2015; Nair & Gibbert, 2016; Xie, Fang, & Zeng, 2016).

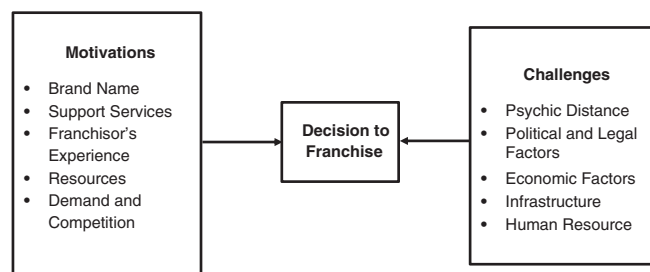


FIGURE 1 Conceptual framework—motivations and challenges of franchising. Source: Authors' construction

Nair and Gibbert (2016) recommend the use of case study, particularly the *Literal Replication* procedure, which is similar to the *Replication Deviant Case Method* (Gibbert, Nair, & Weiss, 2014), or the *Method of Agreement* (Levi-Faur, 2006), for comparing cases which are very similar to each other in terms of the phenomena of interest. Gibbert, Ruigrok, and Wicki (2008) explain that case studies are typically carried out in close interaction with practitioners, and they deal with real management situations. As a result, case studies are ideally suited to creating managerially relevant knowledge. Sampling was done via the snowball method whereby respondents recommended other potential respondents. The researchers interviewed four franchisees and accessed publicly available information, while conducting a 5-month field study in Ghana.

All the interviews were semi-structured, face-to-face, and conducted in English. Four franchisees were interviewed from February 2015 to June 2015. These interviews were conducted at the offices of the selected cases. These respondents have at least 8 years working experience with a franchise. The interviews lasted for over one and half hours. The use of multiple methods including interviews and relevant documentation helped to reduce the chances of misinterpretation (da Rocha, Cotta de Mello, Pacheco, & de Abreu Farias, 2012; Eisenhardt, 1989). The documentation inspired interview questions and provided an avenue to cross-check on information received. In-depth face-to-face interviews were found to be suitable, as they gave rise for the opportunities to probe interviewees to uncover underlying reasons for their actions (da Rocha et al., 2012).

6.2 | Background of the cases

6.2.1 | Case 1

The firm started operations in Ghana in 2006. It started with a small number of personnel who were engaged in transporting, customer service, finance, and marketing. However, the firm now has about 300 staff. This firm is known as the biggest home electronics and appliance distributor in Ghana and carries the sole franchise for brands like Midea, Nasco, and Samsung. With 16 branches nationwide, it is mainly a franchise firm that operates across the country. The firm categorizes its products into six main groups: consumer electronics, home appliances, air conditioners, kitchen appliances, information technology, and mobile devices. Furthermore, services such as warranty and after sales services are offered to clients. The firm's customers are given the opportunity to enjoy additional services including seasonal promotions, discount on goods, and free installation of products. The firm emphasises on new technology, innovative products, creative solutions, and customer satisfaction.

6.2.2 | Case 2

The firm is an automobile firm and has been the sole franchise in Ghana for BMW and Ford vehicles, Massey Ferguson agricultural machinery, and Dolphin products for more than 10 years now. The firm was established in 1970. The business has also been listed on the Ghana Stock Exchange since 1994. It is a limited liability company owned by a Ghanaian. It currently has a staff strength of about 200. The firm's activities constitute the importation, distribution, servicing, and maintenance of motor vehicles, agricultural machinery, trucks,

and buses. The firm offers services such as body shop repairs, tire alignment and balancing, all types of mechanical services and rust proofing services. The firm also provides after-sales services and maintenance of brands such as BMW and Ford, among others, which it believes has created customer loyalty for their products. The business provides an assurance in the form of a 3-year warranty for the purchase of any product from any of its branches. Currently, it has more than 10 branches across the country. It is one of the two automobile firms operating a franchise system in Ghana. As a franchise, they own modern state-of-the-art facilities to provide reliable services to customers. The company has been a benchmark for several industry players in Ghana and even West Africa in terms of its infrastructure, equipment, and staff strength. It currently serves as a regional BMW training centre in West Africa. It has won several awards in Africa and Ghana, and was most recently acknowledged as the Motor Firm of the Year (2013) by the Ghana Chartered Institute of Marketing, as well as winning an award from Ghana Club 100 for being one of the most prestigious companies in the country.

6.2.3 | Case 3

The firm is a family name in fried rice and chicken in the country. It was the first to launch franchise activities in the food sector. It was established in 2011 by the Mohinani group which also owns several important but nonfranchised firms in the country. This firm is one of the numerous establishments of Kentucky Fried Chicken. Globally, its parent company (Yum brand) is evaluated to serve more than 12 million clients every day, throughout more than 115 nations and regions. It is an international organization which originates from the United States. The brand is regarded as one of the world's greatest franchises as far as restaurants are concerned, and currently operates four main branches in the country. The firm assures its customers of good quality and taste.

6.2.4 | Case 4

The business is a franchised firm that originated from Europe. The brand is Europe's number one ink refill company with over 650 ink stations all over Europe. In December 2008, it opened its franchise in Ghana, the first ever in the whole of Africa. It was introduced into the Ghanaian market with the singular objective of providing low priced, high quality, credible, and reliable ink and toner cartridge refills to both individuals and the business community. The firm also assures its customers who refill their ink and toner cartridges at their ink station of savings of up to 50%. It also offers a 100% money-back guarantee policy on all refills. The firm believes refilling is safer for the environment when compared to buying new cartridges. The company has three main departments, namely, the accounting, marketing, and human resource departments. It currently has three branches in Ghana, with 10 employees. The company refills all major brands of ink cartridges and toners such as HP, Lexmark, Canon, Epson, Samsung, Dell, Xerox, Olivetti, and Brother and offers quality inks just as good as the original. These brands of cartridges are the main products the firm deals in. The company also undertakes the washing of old cartridges using the appropriate equipment, and sells refill kits. The firm's products are all imported from its parent company in Germany. The

firm's largest clientele are individuals, small companies, and larger organizations.

6.3 | Findings and discussions

A content analysis of the data collected revealed six motivations that influence a franchisee to adopt the franchising system. These include brand name, support services, franchisor's experience, resources, demand and competition, and pressures from the business environment. Five challenges were also mentioned by the respondents: psychic distance, legal factors, economic factors, infrastructure, and human resource.

6.4 | Support services

Support services were acknowledged as a motivation for franchising in African markets like Ghana by all the franchisees interviewed. This supports assertions that franchisees' anticipation of support services offered by the franchisor may greatly influence the decision to franchise. Nevertheless, all the four managers stated that these support services are not free. Moreover, Case 4 observed although they receive support services, the firm did not make a franchise decision based on that. For instance, one manager noted, "Yes, we do receive such support services, but we partly pay for such services specifically, training of our employees"... (GM, C1).

This finding is in line with Akremi et al.'s (2015) findings when they observed support services in the form of training given to a franchisee positively relate to business performance of the franchisee.

A manager recounted, "This cost of training is partly financed by the franchisor"... (PR, C2). Another management member expressed, "We receive training from our franchise, including professional advice and comments with regard to taste, maintenance of equipment and on remarks as to taste and for managing the brand itself" (GM, C3). A manager pointed out, "Our firm continually receives inventory of spare parts from the franchisor" (PR, C2). One of the managers added, "We receive inventory from Germany at least every three months" (GM, C4).

From the data gathered, it was observed that support services that are commonly received include the training of employees, product support, research and development, marketing support, and advisory and consultancy services. These services cut across all the franchised firms involved in the study. Furthermore, it was observed that only two of the firms reported that these services were received consistently. Some of the remarks that elaborate on this assertion are given below:

A management member stated, "We do not receive such benefits and the only thing I am sure of is that we do receive some form of training from Samsung and we are entitled to 10 percent of all products sold, and even this training is on rare times" (GM, C1). Thus, the results confirm the findings of Shane (2001) who concluded that there is a relationship between training, communication, services and assistance to franchisees, and the decision to franchise.

6.5 | Brand name

It can also be inferred that brand name was a motivation for the decision to franchise. This was found to be a major factor which influenced such a decision irrespective of the size of the firm, the types of franchise they operate, or the sector in which they operate. It cut across the firms. This is illustrated in some precise statements shown as follows: One of the management members commented, "Brand name must sell a product" (GM, C1). Another management member remarked that, "We choose to verify to make sure we did things legitimately and above all with a good brand, so we scanned for a great brand with a solid presence" (GM, C3). Another management member also emphasized, "Hey Madam! The brand name is very important especially in Ghana. For us to be recognised in Ghana, it is because of the brand name and its recognition among our cherished customers" (PR, C2).

Also, the finding is in harmony with the previous research of Hodge et al. (2013), which suggests that brand name is a key relational benefit that influences the franchise decision. It was further demonstrated that franchisees were likely to choose strong brands in the specific sector they operate in, as indicated by the aforementioned data. From the extracts of the interview, it can be seen the focus of franchisees was on recognition of the brand, as well as the ability of the brand to naturally create awareness and induce sales. The findings support the views of Keller (2008), and Kotler and Keller (2009) who found that strong brands greatly appeal to business customers and present the opportunity to increase profits by enabling firms to charge premium prices.

6.6 | Financial assistance from the franchisor

Financial assistance from the franchisor in the form of initial capital was not identified to be one of the major motivations for franchising in the international business literature. This indicates that this factor is a minor influence of the decision to franchise. However, our findings evince that it cannot be overridden as a factor in the decision to franchise. One of the four firms considered resources in terms of initial capital when making the franchise decision. Following is a statement to support such an argument. "We were financially prepared before we decided on the franchise decision, so it was not a motivation at all" (GM, C4). "Far from it, we had sound finances before we invested in franchising; actually if we didn't have enough money, we couldn't have opted for such a franchise due to the high cost involved in the franchise agreement" (GM, C3).

The findings of this study are inconsistent with literature findings regarding the decision to franchise, as suggested by Alon et al. (2014) who posit that businesses make franchise decisions based on access to scarce resources such as capital and managerial resources. On the other hand, one of the managers explained that the firm benefited from a reduction in the initial outright payment at the contractual period during documentation processing. The firm added that the franchise has helped to boost the firm's attractiveness and has increased their chances of accessing financial assistance. This demonstrates that though it features after the decision has been made, franchised firms do not really consider financial from the franchisor resources in their decision to franchise.

6.7 | The franchisor's experience

This motivation was common among all the cases studied except one. The various management members interviewed emphasized that the franchisor's experience was a key ingredient in the decision to franchise. All three cases insisted that the reason they opted for a specific franchise is because they believe in the firm's expertise and capabilities. These remarks elaborate on this: "If you want to do a particular business, you do not go to those who do not have knowledge of it, but you seek advice and go for those with experience and expertise on that business" (PR, C2).

The finding is in harmony with previous research by Frazer and Winzar (2005), who found that franchisees' failure may be attributed to the lack of experience of a franchisor, as it is a major motivator for choosing a franchise. Another manager commented, "The franchisor has stood the test of time which has made it very successful and a household name in the world over and so we trust the brand" and further added that "We trust its expertise. This is because when settling on a franchise, there is the need to find out about its style of operations" (GM, C3).

The franchisor's experience here is recognised mainly as the expertise of the franchisor in that area of business and its exposure in that business environment. The managers insisted that the experience of a franchisor consists of three main constituents—the quality of a franchisor's product, its technical and professional competence, and a proven business system in the business environment.

6.8 | Demand and competition

This was a similarity that cuts across all the firms. All the firms agreed that demand and competition were a key motivation in the decision to franchise. This is because they determine the viability and attractiveness of the franchise. The results indicate that all the managers sampled admitted that they undertook a survey of the market to identify whether or not there was demand for such franchised products and if there was, were there already firms that dealt in such products? This was to establish who would be the direct or indirect competitors to the firm, to assess the purchasing power of potential customers, and to clearly identify the potential customers. Furthermore, the researcher sought to find answers to the question, "Do you think there is the need for such franchised products in the market?" All the managers of the four firms admitted that there was indeed a need for such products in the market. Some of the responses given in support to the aforementioned argument are given under: One of the firms insisted, "prior market analysis and research was done and now we think we have the best partners" (GM, C3).

Another manager commented, "We observed that there is the need to decrease waste and ensure quality refilling of cartridges in Africa and Ghana can lead that action" (GM, C4).

6.9 | Factors that motivate franchisees apart from those identified in the literature

Across all the cases, it was clear that some pressures from the business environment pushed them to opt for franchising rather than other business strategies. Some of these included the desire of the

franchisee to survive and make use of available opportunities, the urge to satisfy the demand in the market, and the wish to diversify business investment. Some of the remarks that support such arguments are as follows "As a young university graduate, fresh from University, then at 28, I almost couldn't stand being unemployed in the system while I had some fair amount on me ..." (GM, C1).

At the time, when we went for this franchise, Ghanaians were used to these second-hand cars so much that anyone who bought a brand new car, did it from abroad and was then tagged as a very rich person ... (PR, C2)

To us, the franchise decision was a result of the vision of the management to redirect our investment... (GM, C1)

6.10 | Challenges of franchising

6.10.1 | Psychic distance

The psychic distance is mentioned in the international business literature as a major challenge to most franchise firms. Nevertheless, the psychic distance in this study was not found to be a challenge faced in Ghanaian franchised businesses. This finding cut across all the firms interviewed with each emphasizing that differences in culture, particularly language, are not a problem. This is because in Ghana, English is the first language for business negotiations anyway.

One of the managers who is an expatriate noted, "Though I am not Ghanaian, I can speak and negotiate for all my business deals in English, so no problem at all" (GM, C1). "Cultural problems are not a challenge because we all speak and understand English, so we communicate on that basis and the nature of our products does not require any adaptation" (GM, C1).

Another franchisee emphasized, "We do not have such a problem and do not foresee it as a problem in the future" (GM, C4).

Another management member stated, "Most of our employees are Ghanaian people so we do not encounter such problems" (GM, C1).

A franchisee reported that, "Most of our customers are the local people, but they have similar needs so, we prepare the dishes as they like and they are satisfied" (GM, C3).

6.10.2 | Political/legal factors

Political/legal factors were identified as factors that may encourage or discourage franchising activities in business environments like Ghana. In this case, it cut across all the managers interviewed that the political factor such as political stability in Ghana had influenced the spread of franchised activities. All the firms agreed and emphasized that the stability in the Ghanaian business environment contributed to their franchise decision and its implementation. The four managers further divulged that the peaceful political environment in Ghana contributed to their move to expand through franchising in the country. In addition, they applauded the government for its good works in that direction and stated that they are still motivated to grow faster across the 10 regions of Ghana.

One of the franchisees recounted, "The firm was established in Ghana because of the stable political environment in the country and the investor friendliness" (GM, C1).

Another franchisee described, "Peace in Ghana is a good thing for business growth" (GM, C4).

On the other hand, the researcher found legal constraints to be a common trend among the four managers interviewed. It can be ascertained that legal constraints are a major factor hindering the activities of businesses in Ghana. However, the extent to which it retards businesses differs from firm to firm. This is because, only two of the managers interviewed expressed dissatisfaction about the legalities in Ghana. Here, it is important to note that all the firms found regulations concerning the establishment of franchise business in Ghana as simple enough. However, they stated that the payment of importation taxes, value-added taxes, and the various district assembly levies were a complex and frustrating process. These managers alleged that some people defraud them in this process. Some also recounted incidents where people had barged into their business premises pretending to be revenue collectors and payments made to them could never be traced. "It is very sad that people enter the offices as revenue collectors, but believe in me, it is a lie," says one of the managers (GM, C4). A franchisee noted, "We experience fraud in this payment of taxes thing, and it is frustrating" (PR, C2; GM, C4). Another franchisee said, "The process regarding payment of VAT is time wasting" (GM, C1). The findings support the works of Hoffman and Preble (2004), Demirbag et al. (2009), and Aliouche (2015) suggesting laws and other unfamiliar regulations in the host country, including political instability, unpredictable regulatory changes, government interferences, ambiguous laws, and regulations may affect the operations of franchise chains.

6.10.3 | Economic factors

Economic factors are another major challenge apart from legal factors that came up. Economic factors are the most emphasized factors among the motivations for franchising. It was a major similarity across all the franchise firms. Franchisees acknowledged that the depreciation in the Cedi is a major challenge. The franchisees equated economic factors to a fall in the Cedi. Some of the comments of the interviewees are given as follows: "Fluctuation and unstable Cedi is sometimes bad for our business" (GM, C1).

A management member noted, "The fall in the value of the Cedi is our greatest challenge because we import products from Germany" (GM, C4).

Another manager said, "The fall in the value of the Cedi is getting worse and worse every day and it is bad for businesses such as ours" (PR, C2).

The findings of the study are consistent with previous research by Aliouche (2015), who found that economic instability, including a high unemployment rate, debt defaulting, strikes, and currency instability, impacts the attractiveness of countries especially to franchise companies.

6.10.4 | Infrastructure

It can be noticed that inadequate infrastructure was another similarity that exists among all the firms selected. This demonstrates inadequate

infrastructure is one of the challenges faced by franchisees in the Ghanaian economy. These comments support the aforementioned argument that infrastructure is a challenge to franchisees. "We need light to work and if it is off, it adds to the cost of providing services, because we have to acquire generators to help us satisfy the demands of our loyal customers" (GM, C4). "High cost of transporting our raw materials for production is also adding up to our cost of production. And this is a major worry to us as a business..." (GM, C3). "In terms of infrastructure, we get access to internet sometimes, a little problem with the network: in terms of slowness and huge charges, transporting our products to our showrooms around the regions is ..." (GM, C1).

The findings support the work of Binh and Terry (2011) that poor infrastructure impedes the operations of franchise firms.

6.10.5 | Human resource factors

Human resource as a challenge was not mentioned by the franchisees, except one. It is clear that inadequate skilled labor is not that great a challenge to franchisees in Ghana no matter the sector they operate in. Following is a statement given by the franchisees: "We have no problem with labour, whether in terms of numbers or competencies" (GM, C1).

6.10.6 | Managerial implications

Table 1 summarizes the motivations and challenges of franchising for the Cases examined in this study.

The following are some implications and recommendations for practitioners.

1. To develop franchising relationships, firms are advised to develop the internal processes and structures needed to understand franchising. Firms need to carry out due diligence and be proactive with market information and intelligence. Firms attempting to franchise should develop an information gathering culture and should improve their organizational learning processes. These will enable firms to anticipate, understand, and better serve customer needs and react more effectively to the competitive situation. It will also enable franchisee firms to process this information faster and develop new capabilities, processes, or systems that the franchisor brings on board, which would allow them to achieve competitive advantage.
2. Additionally, franchisee firms would be better at "sensing" the market and tying their products more closely to customer wants. In this case, franchisee firms would be able to innovate in a way that provides superior value for their target customers. They may do this by partnering with franchisor firms whose core values are aligned with the target market of the franchisee. This is critical as a number of franchises have not worked out in Africa as a result of a lack of understanding of the core values of the target market.
3. To circumvent the challenges encountered, investors who have interest in the franchise industry must consider the strength of the franchisor's brand to determine whether it is worth going for that brand as a franchise or not. What is more, a market survey will help reveal the market demand for the franchise. Investors must also consider the expertise of the franchisor before opting

TABLE 1 Franchisees' motivation and challenges

Motivational factors	Case 1	Case 2	Case 3	Case 4
Support services	Receives support services, but pays the cost of training	Franchisor pays part of cost of training	Receives training and technical advice on maintenance of equipment	Receives inventory of spare parts from the franchisor
Brand name	Brand name is considered	Franchisor's brand name is very important, especially for this market	A great brand with a solid presence is considered	Brand name is important
Financial assistance from the franchisor	-	-	-	-
Franchisor's experience	-	Experience and expertise in the business is highly sought after	Trust is built in expertise and style of operation	The quality of the franchisor's product, technical and professional competence and a proven business system is important
Demand and competition	Prior market analysis and research was done	There was the need to decrease waste and ensure quality refilling of cartridges; that is, demand exists	There was demand for our products	There was very little competition in the market
Diversification	Management wanted to redirect investment	-	It was the vision of the management	-
Availability of opportunities	There was capital available to go franchising	At the time, this was a huge business opportunity	-	Franchising was the best way to sell new cars
Challenges				
Psychic distance	-	-	-	-
Legal factors	Taxation is time wasting	Fraud in tax payment is a challenge	-	Problem at the tax office
Economic factors	Fluctuation and instability in the value of the currency is bad for business	Fall in the value of the local currency is bad for business	-	Depreciation of the currency is the greatest challenge
Infrastructure	Slow internet network systems	-	High cost of transportation	Unstable power supply
Human resource	-	Sometimes have to depend on overseas franchisor for human resource	-	-

for a particular franchise, as this affects the success rate of franchise firms.

- It is evident from the findings of this study the essential role franchisor firms play in the success of a franchise business. Inasmuch as franchisees may be driven by personal motivations and business opportunities in the local market to consider franchising as a business strategy, support services and a considerable amount of insights into the branding and marketing activities of the franchisor cannot be overemphasized. In most instances, as observed in this study, the franchisor's brand name is highly significant in driving success. The franchisor's experience in business is another important factor to consider. In addition to this, franchisees may depend to a large extent on the services of the franchisor. This may come in the form of training, maintenance and repairs, human resource, and even financial assistance. A franchisor's ability to offer such help makes it a strong candidate for franchising. It is, therefore, imperative for franchisees to consider thoroughly, not only the prevailing market conditions and opportunities, but also the ability of the franchisor to provide consistent business assistance in the long term.
- It is evident that what pertains in the literature really applied to Ghanaian firms with some modifications. As referred to in

the findings, this study was conducted at a period when energy crises (referred to as "dumsor") knocked out most firms operating in Ghana. Some of the case companies investigated in this research categorically stated that they entered into franchising as a result of opportunities which came their way. Others view it as a source of employment. Broadly, the challenges in franchising based on the findings are classified into legal and infrastructural issues. Context-specific factors may render highly efficacious franchise strategies unsuccessful. No matter the positive conditions of the market, socio-economic factors, political issues, and the legal and regulatory framework, among several other unpredictable macro factors can hamper the growth and success of a franchise. Consequently, it is highly essential for franchisors to forecast macro-economic indicators in the economy that may pose challenges in their operations.

- Furthermore, management of franchise firms must engage employees with reasonable salaries and a conducive working environment. It is important to note the success or failure of the franchise business depends, to a large extent, on the enthusiasm and support of the internal customers.

7 | CONCLUSION AND DIRECTIONS FOR FUTURE RESEARCH

7.1 | Conclusion

Whereas previous studies (Combs, Ketchen, Shook, et al., 2011; Hsu, Jang, & Canter, 2010; Y. S. Roh, 2002; Sun & Lee, 2016) sought to investigate the motivations for franchising from the franchisors' perspective, this study examines the motivations and challenges that influence the system from the lens of the franchisees. The study concludes that there are motivations that are peculiar to the Ghanaian situation. These include the opportunity for self-employment, and the motivation to diversify investment into franchising. Therefore, this study argues that motivations for franchising differ from market to market. Some motivations revealed by previous researchers were not applicable in the cases studied, such as access to financial assistance from the franchisor. This study, therefore, contests the argument raised in the literature that access to initial capital as a financial assistance from the franchisor is a motivation for franchising. This study concludes that, the provision of support services in itself is not a motive for franchising but the extent of the support services that is likely to be given to franchisees is the main motivation for franchising. The present study also contradicts the theoretical argument that support services are a cost solely borne by the franchisors. It was found that support services come at a cost to both the franchisees and the franchisor. It also discovered the franchisees' financial soundness is a key motivation to franchise.

The conclusion, therefore, is that Ghanaian franchisees experience a number of challenges that have not been identified through previous research. These challenges, to a large extent, derive from the peculiar economic challenges faced by the country. They include the processes involved in the payment of VATs, economic decline (depreciation in the value of the Cedi), and inadequate infrastructure (power outages, high cost of transportation, internet slowness, and charges and shortage of water). This study discovered that the challenges identified from the research led to a reduced success rate, which translated into high cost of production, frustration, and retarded productivity. This was found as a similarity among the cases studied, irrespective of the firm's size, the type of franchise agreement or the sectors operated in. It further discovered most of these franchisees experience fraud during the tax payment procedures. This study also concludes that political factors should be separated from legal factors as a success factor of franchise firms. Furthermore, the research concludes that the psychic distance, political factors, and human resource factors are not challenges to franchisees in Ghana. Instead, the study found that the stability in the political environment in Ghana, as well as the availability of competent but cheap labor in the country, has encouraged the spread of franchise firms in the country. The study further discovered that due to the nature of products sold and the strong brand name of the franchisor, franchisees had no problems with the psychic distance.

7.2 | Directions for future research

Cultural differences may hamper the application of this study results in other countries. Cultural factors may, thus, be controlled in future studies

to ascertain the level of influence culture may exert on franchising. This also calls for cultural comparative studies that may observe the similarities and differences in the motivations and success of franchising across different cultures and contexts. Similarly, specific factors identified in this study can be thoroughly examined in future studies. This is, therefore, a call for further studies to quantitatively investigate and verify the motivations and challenges raised in this study. In much the same way, future research can examine the success factors as well as ways that can help lessen the challenges raised by franchisees in emerging economies.

ORCID

Mahmoud A. Mahmoud  <https://orcid.org/0000-0002-4866-0898>

REFERENCES

- Aguiar, H. D. S., Pauli, S., Yu, A. S. O., & Nascimento, P. T. D. S. (2016). Modeling the new franchise creation decision: The relevance of behavioural reasons. *RAM. Revista de Administração Mackenzie*, 17(5), 110–137.
- Akreml, E. A., Perrigot, R., & Piot-Lepetit, I. (2015). Examining the drivers for franchised chains performance through the lens of the dynamic capabilities approach. *Journal of Small Business Management*, 53(1), 145–165.
- Alharbi, M. M. (2014). Barriers to franchising in Saudi Arabia. *Journal of Marketing Channels*, 21(3), 196–209.
- Aliouche, E. H. (2015). The impact of the global financial crisis on country attractiveness. *Thunderbird International Business Review*, 57(1), 63–83.
- Alon, I. (2001). The use of franchising by US-based retailers. *Journal of Small Business Management*, 39(2), 111–122.
- Alon, I. (2004). Global franchising and development in emerging and transitioning markets. *Journal of Macromarketing*, 24(2), 156–167.
- Alon, I. (2006). Market conditions favoring master international franchising. *Multinational Business Review*, 14(2), 67–82.
- Alon, I. (2014). *The internationalisation of US franchising systems*. London, England: Routledge.
- Alon, I., Ni, L., & Wang, Y. (2012). International journal of hospitality management examining the determinants of hotel chain expansion through international franchising. *International Journal of Hospitality Management*, 31(2), 379–386.
- Alon, I., Wang, H., Shen, J., & Zhang, W. (2014). Chinese state-owned enterprises go global. *Journal of Business Strategy*, 35(6), 3–18.
- Altinay, L. (2006). Selecting partners in an international franchise organisation. *International Journal of Hospitality Management*, 25(1), 108–128.
- Altinay, L., Brookes, M., Madanoglu, M., & Aktas, G. (2014). Franchisees' trust in and satisfaction with franchise partnerships. *Journal of Business Research*, 67(5), 722–728.
- Argyres, N., Bercovitz, J., and Zanarone, G. (2016). *The role of relational contracts in inter-firm relationships: Theory and evidence on multiunit franchising*. Retrieved from SSRN: <http://doi.org/10.2139/ssrn.2816591>
- Badrinarayanan, V., Suh, T., & Kim, K. M. (2016). Brand resonance in franchising relationships: A franchisee-based perspective. *Journal of Business Research*, 69(10), 3943–3950.
- Baena, V. (2009). Modeling global franchising in African markets: An entry mode analysis. *Journal of East-West Business*, 15(3–4), 164–188.
- Baena, V. (2012). Market conditions driving international franchising in African markets. *International Journal of Emerging Markets*, 7(1), 49–71.
- Baena, V. (2015). European franchise expansion into Latin America: Evidence from the Spanish franchise system. *Management Research Review*, 38(2), 149–165.
- Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99–120.
- Binh, N. B., & Terry, A. (2011). Good morning, Vietnam! Opportunities and challenges in a developing franchise sector. *Journal of Marketing Channels*, 18(2), 147–163.
- Botti, L., Bric, W., & Cliquet, G. (2009). Plural forms versus franchise and company-owned systems: A DEA approach of hotel chain performance. *Omega*, 37(3), 566–578.

- Canabal, A., & White, G. O. (2008). Entry mode research: Past and future. *International Business Review*, 17, 267–284.
- Cheptegei, D. K., & Yabs, J. (2016). Foreign market entry strategies used by multinational corporations in Kenya: A case of Coca Cola Kenya Ltd. *European Journal of Business and Strategic Management*, 1(2), 71–85.
- Cho, M. (2004). Factors contributing to middle market hotel franchising in Korea: The franchisee perspective. *Tourism Management*, 25(2), 547–557. <https://doi.org/10.1016/j.tourman.2003.07.001>
- Combs, J. G., Ketchen, D. J., & Hoover, V. L. (2003). A strategic groups approach to the franchising–performance relationship. *Journal of Business Venturing*, 19(6), 877–897.
- Combs, J. G., & Ketchen, D. J. (1999). Explaining interfirm cooperation and performance: Toward a reconciliation of predictions from the resource-based view. *Strategic Management Journal*, 20(4), 867–888.
- Combs, J. G., Ketchen, D. J., Jr., Shook, C. L., & Short, J. C. (2011). Antecedents and consequences of franchising: Past accomplishments and future challenges. *Journal of Management*, 37(1), 99–126.
- Combs, J. G., Ketchen, D. J., Jr., & Short, J. C. (2011). Franchising research: Major milestones, new directions, and its future within entrepreneurship. *Entrepreneurship Theory and Practice*, 35(3), 413–425.
- Cross, A. R. (2000). Licensing and franchising across borders: Theory, management and strategies for the 21st century. *International Business Review*, 9(4), 403–406.
- da Rocha, A., Cotta de Mello, R., Pacheco, H., & de Abreu Farias, I. (2012). The international commitment of late-internationalising Brazilian entrepreneurial firms. *International Marketing Review*, 29(3), 228–252.
- Dalberg (2009). *Franchising in frontier Markets – what's working, what's not, and why*. Retrieved from <http://www.dalberg.com>.
- Demirbag, M., Tatoglu, E., & Glaister, K. W. (2009). Equity-based entry modes of emerging country multinationals: Lessons from Turkey. *Journal of World Business*, 44(4), 445–462.
- Doherty, A. M. (2007). The internationalisation of retailing factors influencing the choice of franchising as a market entry strategy. *International Journal of Service Industry Management*, 18(2), 184–205.
- Doherty, A. M., Chen, X., & Alexander, N. (2014). The franchise relationship in China: Agency and institutional theory perspectives. *European Journal of Marketing*, 48(9/10), 1664–1689.
- Dyer, J. H. (1997). Effective interfirm collaboration: How firms minimise transaction costs and maximise transaction value. *Strategic Management Journal*, 18(7), 535–556.
- Dyer, J. H., & Singh, H. (1998). The relational view: Cooperative strategies and sources of interorganisational competitive advantage. *Academy of Management Review*, 23(4), 660–679.
- Eisenhardt, K. (1989). Building theories from case study research. *Academy of Management Review*, 14, 532–550.
- Elango, B. (2007). Are franchisors with international operations different from those who are domestic market oriented? *Journal of Small Business Management*, 45(2), 179–193.
- Evanschitzky, H., Caemmerer, B., & Backhaus, C. (2016). The franchise dilemma: Entrepreneurial characteristics, relational contracting, and opportunism in hybrid governance. *Journal of Small Business Management*, 54(1), 279–298.
- Forte, R., & Carvalho, J. (2013). Internationalisation through franchising: The Parfois case study. *International Journal of Retail & Distribution Management*, 41(5), 380–395.
- Frazer, L., & Winzar, H. (2005). Exits and expectations: Why disappointed franchisees leave. *Journal of Business Research*, 58(11), 1534–1542.
- Gibbert, M., Nair, L. B., & Ruigrok, W. (2016). What passes as rigorous replication logic in management case study research? *Academy of Management Proceedings*, 2016(1), 14245 Academy of Management.
- Gibbert, M., Nair, L. B., & Weiss, M. (2014, August). *Oops, I've got an outlier in my data—What now? Using the deviant case method for theory building*. Paper presented at the 74th Academy of Management Annual Meeting, Philadelphia, PA.
- Gibbert, M., Ruigrok, W., & Wicki, B. (2008). What passes as a rigorous case study? *Strategic Management Journal*, 29(13), 1465–1474.
- GIPC (2014). *Third quarter 2013 investment report*. Retrieved from <http://www.gipc.gov.gh>
- Guillotini, B., & Mangematin, V. (2015). Internationalisation strategies of business schools: How flat is the world? *Thunderbird International Business Review*, 57(5), 343–357.
- Hessels, J., & Parker, S. C. (2013). Constraints, internationalisation and growth: A cross-country analysis of European SMEs. *Journal of World Business*, 48(1), 137–148.
- Heung, V. C. S., Zhang, H., & Jiang, C. (2008). International franchising: Opportunities for China's state-owned hotels? *International Journal of Hospitality Management*, 27, 368–380.
- Hitt, M. A., Bierman, L., Uhlenbruck, K., & Shimizu, K. (2006). The importance of resources in the internationalisation of professional service firms: The good, the bad, and the ugly. *Academy of Management Journal*, 49(6), 1137–1157.
- Hodge, C., Oppewal, H., & Terawatanavong, C. (2013). Determinants of franchise conversion: A franchisee perspective. *European Journal of Marketing*, 47(10), 1554–1575.
- Hoffman, R. C., Munemo, J., & Watson, S. (2016). International franchise expansion: The role of institutions and transaction costs. *Journal of International Management*, 22(2), 101–114.
- Hoffman, R. C., & Preble, J. F. (2004). Global franchising: Current status and future challenges. *Journal of Services Marketing*, 18(2), 101–113.
- Hollensen, S. (2007). *Global marketing: A decision-oriented approach*. Upper Saddle River, NJ: Pearson Education.
- Hollensen, S. (2011). *Global marketing: A decision-oriented approach*. Upper Saddle River, NJ: Pearson Education.
- Horner, S., Baack, D., & Baack, D. (2016). The role of psychic distance in internationalisation strategy evaluations and strategic choices. *Journal of Business Strategies*, 33(1), 17.
- Hsu, L.-T., Jang, S., & Canter, D. (2010). Factors affecting franchise decisions in the restaurant industry. *Journal of Hospitality and Tourism Research*, 34(4), 440–454.
- Hutzschenreuter, T., & Horstkotte, J. (2013). Performance effects of international expansion processes: The moderating role of top management team experiences. *International Business Review*, 22(1), 259–277.
- Jeng, S. (2011). The effect of corporate reputations on customer perceptions and crossbuying intentions. *Service Industries Journal*, 31(6), 851–862.
- Jong, D. G., & Van Houten, J. (2014). The impact of MNE cultural diversity on the internationalisation–performance relationship: Theory and evidence from European multinational enterprises. *International Business Review*, 23(1), 313–326.
- Justis, R. T., & Judd, R. J. (2002). *Franchising*. Mason, OH: Thomson South-Western.
- Keller, K. L. (2008). *Branding* (13th ed.). Upper Saddle River, NJ: Pearson Education, Inc.
- Kellner, A. (2017). Human resource management standardisation and adaptation in franchises. *The Service Industries Journal*, 37(9–10), 545–566.
- Kistruck, G. M., Webb, J. W., Sutter, C. J., & Ireland, R. D. (2011). Micro-franchising in Base-of-the-Pyramid markets: Institutional challenges and adaptations to the franchise model. *Entrepreneurship Theory and Practice*, 35(3), 503–531.
- Knott, A. M. (2003). The organisational routines factor market paradox. *Strategic Management Journal*, 24(4), 929–943.
- Kotler, P., & Keller, K. L. (2009). *Marketing principles* (13th ed.). Upper Saddle River, NJ: Pearson Education, Inc.
- Lee, S. K., & Jang, S. S. (2010). Internationalisation and exposure to foreign currency risk: An examination of lodging firms. *International Journal of Hospitality Management*, 29(4), 701–710.
- Lee, Y. K., Kim, S. H., Seo, M. K., & Hight, S. K. (2015). Market orientation and business performance: Evidence from franchising industry. *International Journal of Hospitality Management*, 44, 28–37.
- Levi-Faur, D. (2006). *A question of size? Innovative comparative methods for policy analysis*. New York, NY: Springer.
- Madanoglu, M., Alon, I., & Shoham, A. (2017). Push and pull factors in international franchising. *International Marketing Review*, 34(1), 29–45.
- Madhok, A. (2002). Reassessing the fundamentals and beyond: Ronald Coase, the transaction cost and resource-based theories of the firm and the institutional structure of production. *Strategic Management Journal*, 23(3), 535–550.
- McCabe, A., Seiter, A., Diack, A., Herbst, C. H., Dutta, S., & Saleh, K. (2011). Private sector pharmaceutical supply and distribution channels

- in Africa. A focus on Ghana, Malawi and Mali. HNP Discussion Paper. Washington, DC: World Bank.
- Michael, S. C. (2000). The effect of organisational form on quality: The case of franchising. *Journal of Economic Behavior and Organisation*, 43(1), 295–318.
- Morschett, D., Schramm-Klein, H., & Zentes, J. (2015). Emerging Country Multinationals. In *Strategic International Management* (pp. 99–121). Wiesbaden, Germany: Springer Gabler.
- Nair, L. B., & Gibbert, M. (2016). Analyzing inconsistent cases in management fsQCA studies: A methodological manifesto. *Journal of Business Research*, 69(4), 1464–1470.
- Nijmeijer, K. J., Fabbrocetti, I. N., & Huijsman, R. (2014). Making franchising work: A framework based on a systematic review. *International Journal of Management Reviews*, 16, 62–83.
- Park, K., & Jang, S. (2012). Duration of advertising effects: Considering franchising in the restaurant industry. *International Journal of Hospitality Management*, 31(1), 257–265.
- Paswan, A. K., Kantamneni, S. P., Hoffman, R. C., Preble, J. F., Doherty, A. M., Alexander, N., & Stanton, J. (2004). Public opinion and franchising in an emerging market. *Asia Pacific Journal of Marketing and Logistics*, 16(2), 46–61.
- Perrigot, R., López-Fernández, B., & Eroglu, S. (2013). Intangible resources and plural form as drivers of franchise internationalisation: Examination within a two-country perspective. *Journal of Small Business Management*, 51(4), 557–577.
- Petersen, B., & Welch, L. S. (2000). International retailing operations: Downstream entry and expansion via franchising. *International Business Review*, 9, 479–496.
- Richardson, C. (2014). Firm internationalisation within the Muslim world. *Journal of World Business*, 49, 386–395.
- Roh, E. Y., & Yoon, J. H. (2009). Franchisor's ongoing support and franchisee's satisfaction: A case of ice cream franchising in Korea. *International Journal of Contemporary Hospitality Management*, 21(1), 85–99.
- Roh, Y. S. (2002). Size, growth rate and risk sharing as the determinants of propensity to franchise in chain restaurants. *Tourism Management*, 25, 547–557.
- Rozenn, I. P., & Cliquet, P. G. (2014). Organisational form and efficiency of franchise chains. *International Journal of Retail & Distribution Management*, 42(7), 671–684.
- Ruzzier, M., & Ruzzier, M. K. (2015). On the relationship between firm size, resources, age at entry and internationalisation: The case of Slovenian SMEs. *Journal of Business Economics and Management*, 16(1), 52–73.
- Sanfeliu, G. N., & Puig, F. (2018). New challenges in franchisor-franchisee relationship. An analysis from the agency theory perspective. *Cuadernos de Gestión*, 18(1), 85–102.
- Segre, J., & Tran, J. (2008). *What works: CareShop--Ghana. Improving access to essential drugs through conversion franchising*. Washington DC, USA: World Resources Institute.
- Shane, S. (2001). Organisational incentives and organisational mortality. *Organization Science*, 12(2), 136–160.
- Shieh, B. L., & Wu, T. C. (2012). Equity-based entry modes of the Greater Chinese economic Area's foreign direct investments in Vietnam. *International Business Review*, 21(3), 508–517.
- Shin, H., Casidy, R., Yoon, A., & Yoon, S. H. (2016). Brand trust and avoidance following brand crisis: A quasi-experiment on the effect of franchisor statements. *Journal of Brand Management*, 23(5), 1–23.
- Sun, K. A., & Lee, S. (2016). Risk-sharing as a long-term motivation to franchise: Role of franchising experience. *The Journal of Hospitality Financial Management*, 24(1), 20–32.
- Teegen, H. (2000). Examining strategic and economic development implications of globalising through franchising. *International Business Review*, 9, 497–521.
- Watson, A. (2008). Small business growth through franchising: A qualitative investigation. *Journal of Marketing Channels*, 15(1), 3–21.
- Weaven, S. (2009). An empirical examination of the reasons for governing multiple unit franchise adoption in Australia. *Asian Journal of Marketing*, 3(2), 52–64.
- Weaven, S., & Frazer, L. (2007). Expansion through multiple unit franchising: Australian franchisors reveal their motivations. *International Small Business Journal*, 25(2), 173–205.
- Welsh, D. H. B., Alon, I., & Falbe, C. M. (2006). An examination of international retail franchising in African markets. *Journal of Small Business Management*, 44(1), 130–149.
- Westhead, P., Ucbasaran, D., & Binks, M. (2004). Internationalisation strategies selected by established rural and urban SMEs. *Journal of Small Business and Enterprise Development*, 11(1), 8–22.
- Wright, O., & McAuley, A. (2012). Australian franchising research: Review, synthesis and future research directions. *Australasian Marketing Journal*, 20, 158–163.
- Wu, C. W. (2015). Antecedents of franchise strategy and performance. *Journal of Business Research*, 68(7), 1581–1588.
- Xiao, Q., O'Neill, J. W., & Wang, H. (2008). International hotel development: A study of potential franchisees in China. *International Journal of Hospitality Management*, 27, 325–336.
- Xie, X., Fang, L., & Zeng, S. (2016). Collaborative innovation network and knowledge transfer performance: A fsQCA approach. *Journal of Business Research*, 69(11), 5210–5215.
- Yin, R. K. (2009). *Case study research: Design and methods* (4th ed.). Thousand Oaks, CA: Sage.
- Zindiye, S. (2016, April). *Franchising in a volatile business environment: A case of the fast food industry in Harare, Zimbabwe*. In GAI International Academic Conferences Proceedings (p. 71).

AUTHOR'S BIOGRAPHIES

Adelaide N. A. Kastner (k_adelaide@hotmail.com) is the Dean of Central Business School at Central University, Accra. She was the former Head and Senior Lecturer at the Department of Marketing and Entrepreneurship, the University of Ghana Business School. Her research interests include international marketing, international business, and other marketing-related disciplines.

Mahmoud A. Mahmoud (mamahmoud@ug.edu.gh) is a Senior Lecturer at the Department of Marketing and Entrepreneurship at the University of Ghana Business School. His main area of research include, but not limited to, strategic marketing, with specific focus on market orientation, innovation, learning, sustainability, and corporate social responsibility. His academic works have appeared in a number of reputable international peer-reviewed journals.

Samuel C. K. Buame was a Senior Lecturer at the Department of Marketing and Entrepreneurship, at the University of Ghana Business School. His research interests include international marketing, international business, and entrepreneurship.

Antoinette Y. B. Gabrah (antoinettegabrah@gmail.com) is a Research Assistant at the Department of Marketing and Entrepreneurship and holds a Master of Philosophy degree from the University of Ghana Business School. Her research interest is in international marketing.

How to cite this article: Kastner ANA, Mahmoud MA, Buame SCK, Gabrah AYB. Franchising in African markets: Motivations and challenges from a Sub-Saharan African country perspective. *Thunderbird Int. Bus. Rev.* 2019;61:169–181. <https://doi.org/10.1002/tie.21987>