

Strategic and relational factors affecting franchise performance: Systematic Literature Review (SLR)

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Abstract

This study aims to analyze the various factors that influence the success of the relationship between franchisors and franchisees, as well as their impact on franchise network performance and longevity. Using a systematic literature review (SLR) approach, the research integrates findings from multiple international studies that examine relationship quality, control mechanisms, information asymmetry, operational support, entrepreneurial orientation, and organizational dynamics within franchise systems. The results indicate that franchise success is strongly driven by trust, effective communication, alignment of contractual expectations, and the network's ability to balance standardized operations with local flexibility. Imbalanced control and limited information transparency tend to trigger conflicts that negatively affect franchisee satisfaction and loyalty. Conversely, responsive franchisor support and collaborative relationship structures enhance performance, strengthen loyalty, and improve network sustainability. The study underscores the importance of developing flexible and mutually beneficial franchise relationships, and recommends further research on relationship digitalization, franchisee organizational behavior, and strategic approaches to reinforcing franchise system survival amid intensifying competition.

Keywords: Franchise; Franchisor–Franchisee; Partnership relationship; Franchise performance; Control systems; Network sustainability; Relationship management; Franchisor support; Franchisee satisfaction; Franchise systems.

1. Introduction

Franchising has evolved into one of the most influential business expansion mechanisms across various industries, ranging from retail, food and beverages, and professional services to the healthcare sector. The primary strength of this model lies in its ability to combine standardized operational procedures with the entrepreneurial spirit brought by local franchisees. Nevertheless, numerous studies indicate that the performance of franchise networks is shaped not only by operational quality at the unit level but also by relational dynamics between franchisors and franchisees, the design of control and contractual mechanisms, network growth strategies, and organizational capabilities in responding to environmental changes. Combs et al. (2011) emphasize that franchising is a complex phenomenon encompassing strategic, structural, and behavioral dimensions within an interdependent system. They further highlight that a franchisor's success depends on maintaining a balance between business format consistency and the local flexibility required



by franchisees. Network performance relies heavily on the alignment between franchisor goals and franchisee motivations, placing relational quality and control mechanisms as central elements of network sustainability.

Relationship quality emerges as one of the most significant determinants. Grace et al. (2016) demonstrate that franchisee trust toward the franchisor is strongly associated with commitment and adherence to operational standards. This trust is cultivated through open communication, consistent managerial support, and monitoring systems that are non-coercive in nature. Similar findings are presented by Nyadzayo et al. (2016), who note that relationship quality fosters brand citizenship behavior—franchisees' willingness to engage in discretionary efforts to uphold brand reputation, even when such behaviors are not formally mandated.

Beyond relational aspects, the structural and strategic design of franchise networks also plays an essential role. Through the plural form concept, Cliquet and Pénard (2012) explain how a combination of company-owned units and franchised units enhances organizational learning and improves monitoring effectiveness. Lafontaine and Slade (2007) add that contract design and the degree of vertical integration help mitigate agency conflicts and strengthen system efficiency. At the franchisee level, the issue of multi-unit franchising has received particular attention. Kaufmann and Dant (1996) find that franchisees operating multiple units tend to outperform single-unit operators due to more extensive experience and greater economies of scale. However, they caution that without managerial adaptation by the franchisor, multi-unit expansion may trigger control tensions. Rapid growth may compromise service quality when franchisor support is inadequate or operational standards become difficult to maintain. Additionally, business ecology issues such as corporate social responsibility (CSR) have increasingly shaped consumer perceptions. Meiseberg and Ehrmann (2012) show that CSR initiatives within franchise networks have a positive impact on reputation and performance, but only when franchisees receive sufficient support and incentives for implementation.

Organizational culture also influences franchise success. Harmon and Griffiths (2008) stress the importance of franchisee acculturation to franchisor culture to preserve service consistency. Cultural misalignment can become a source of conflict, reduce loyalty, and negatively affect unit performance. Amid technological advancements, digital capability presents both challenges and opportunities. Sorenson and Sørensen (2001) argue that decentralized franchise networks require robust information systems to maintain consistency and minimize information asymmetry. Technology functions not only as a monitoring tool but also as a mechanism that enhances organizational learning across the network.

Overall, the literature demonstrates that franchise performance and sustainability are not driven by a single factor but by the complementary interactions among relationship quality, network strategy, control mechanisms, and adaptive capabilities at both the franchisor and franchisee levels. However, despite the rapid growth of franchise research, few studies synthesize these determinants into a comprehensive framework. Addressing this gap, the present study conducts a Systematic Literature Review (SLR) to map the key determinants of franchise performance across diverse theoretical and methodological perspectives and to identify areas that remain open for future inquiry.

2. Literature Review

2.1. Individual Characteristics and Franchisee Well-Being

A franchisee's experience, personality, entrepreneurial orientation, and psychological capabilities strongly shape their success as franchise owners. Recent studies indicate that franchisee success is influenced not only by financial outcomes but also by psychological components such as autonomy, competence, and the quality of relationships with franchisors and fellow franchisees. Croonen et al. (2025) found that relational environments and franchisor trust substantially enhance employee satisfaction and reduce work-related stress within franchise systems. This suggests that psychosocial factors and individual traits mutually reinforce franchisee well-being across the network.

2.2. Institutional Context and Configurational Logic

National regulations, local market standards, and competitive dynamics collectively influence franchise systems. The franchisor–franchisee relationship is shaped by these institutional conditions, ranging from contract design and support mechanisms to monitoring systems. The configurational approach argues that no single model fits all contexts. A combination of institutional elements reveals that network dynamics and institutional pressures affect strategic interactions within franchise ecosystems, placing system sustainability on the actors' ability to adapt to regulatory, cultural, and local market conditions (Othman et al., 2023).

2.3. Franchisor Support, Control, and Relationship Management

Operational, marketing, and training support from franchisors significantly influences franchisee performance and satisfaction. To avoid perceptions of dependency or unfairness, these support systems must be balanced with proportionate control mechanisms. Research in the fast-food industry shows that this balance is critical to sustaining long-term relational stability. Weerasinghe et al. (2023) argue that trust serves as a key mediator linking franchisor support to franchisee commitment. Higher trust strengthens franchisees' compliance with operational standards and reinforces loyalty to the brand.

2.4. Dual Identity and Franchisee Motivation

Franchisees operate as both independent entrepreneurs and stewards of a larger brand. This identity tension can shape their behavior, motivation, and business satisfaction. While franchisees may express creativity and autonomy, they must also comply with franchisor standards. Those who successfully balance these dual identities tend to exhibit stronger motivation and deeper brand commitment. Integrating both identities—as business owners and as members of a broader network—fosters more stable performance and more harmonious franchisor–franchisee relationships.

2.5. Recruitment Strategies and Partner Signaling

Franchise network success depends on the franchisor's ability to attract high-quality franchisees through effective recruitment strategies. Recruitment involves evaluating prospective partners' competencies while deploying signaling mechanisms to build trust. Raha and Hajdini (2022) state that signals such as brand reputation, financial transparency, and evidence of system-wide success enhance franchisor–franchisee fit. Strong signaling mechanisms accelerate recruitment, reduce information asymmetry, and lower the likelihood of future conflict.

2.6. Financial Structure and Franchise Value

Cost structures, royalty schemes, upfront fees, and profit potential play a pivotal role in franchisee investment decisions. Transparent financial models strengthen the perceived value of the franchise and promote franchisee retention. Halim et al. (2024) emphasize that a healthy financial structure—especially one that includes crisis support—enhances system attractiveness and fortifies long-term franchisor–franchisee relationships. Cost structures must be balanced to avoid overburdening franchisees, particularly during early operational stages.

2.7. Policies, Contracts, and Institutions

Formal institutions—government regulations, business law, and consumer protection—significantly shape contract design and behavioral dynamics within franchise systems. Clear policies on monitoring, risk-sharing, and compliance standards help stabilize the industry. Purba et al. (2025) highlight that strong contractual regulations reduce conflict, enhance transparency, and support sustainable franchisor–franchisee relationships. Contracts function not only as legal instruments but also as governance mechanisms that structure expectations and guide mutual behavior.

3. Methods

This study employs the Systematic Literature Review (SLR) method, a structured approach used to examine existing literature in order to address specific research questions. SLR is a form of research that synthesizes previously published studies by following a systematic methodology (Kraus et al., 2020). The SLR process involves defining the research questions, conducting a systematic search, applying inclusion and exclusion criteria, extracting data, and performing data analysis and interpretation (Lame, 2019). This process includes comprehensive searching, selecting, and analyzing relevant studies while adhering to established guidelines such as PRISMA (Preferred Reporting Items for Systematic Review and Meta-Analysis). The steps consist of identification, screening, and inclusion. Subsequently, the study assesses the risk of bias in the selected articles and conducts data analysis using appropriate analytical methods supported by data-processing software.

4. Results and Discussion

4.1. PRISMA Guideline Steps

a) Identification

The identification stage involves determining search terms, search criteria, databases, and data-extraction methods. This study used Mendeley software to manage and screen initial bibliographic results. Articles and journals were searched from the following databases: ScienceDirect (<https://www.sciencedirect.com/>), Taylor & Francis (<https://tandfonline.com/>), Springer (<https://link.springer.com/>), Wiley Online Library (<https://onlinelibrary.wiley.com/>), and SAGE Journals (<https://journals.sagepub.com/>). These five sources were combined to capture trends comprehensively; all article types were considered to identify digital marketing strategies in franchise businesses. The keywords applied across databases were:

"franchise" OR "franchising" OR "franchise business" AND "digital marketing" OR "online marketing" OR "internet marketing" OR "social media marketing"

b) Screening

In this step, records are screened, retrieved, and assessed for eligibility. Articles that do not meet the criteria were excluded, while eligible articles were analyzed according to Table 1.

Table 1. Article Screening Criteria

Inclusion Criteria	Exclusion Criteria
1. Published between 2021 and 2025	1. Studies employing the SLR method
2. Empirical research articles	
3. Focus on franchising	
4. Subject area: management	

These criteria were selected to align with the topic of franchise performance. Only articles published within the last five years were included to ensure up-to-date evidence.

c) Included

After screening, an eligibility assessment was performed manually. This assessment required judging methodological quality and applying a minimum acceptable threshold (Priyashantha et al., 2024). Articles passing the keyword screening underwent a secondary manual check because the automated keyword search still returned items that did not meet the inclusion criteria. The initial keyword search yielded 113,126 records, but only 20 articles met the inclusion criteria and keyword relevance. The PRISMA review flow and article inclusion process for this topic are summarized in Figure 1.

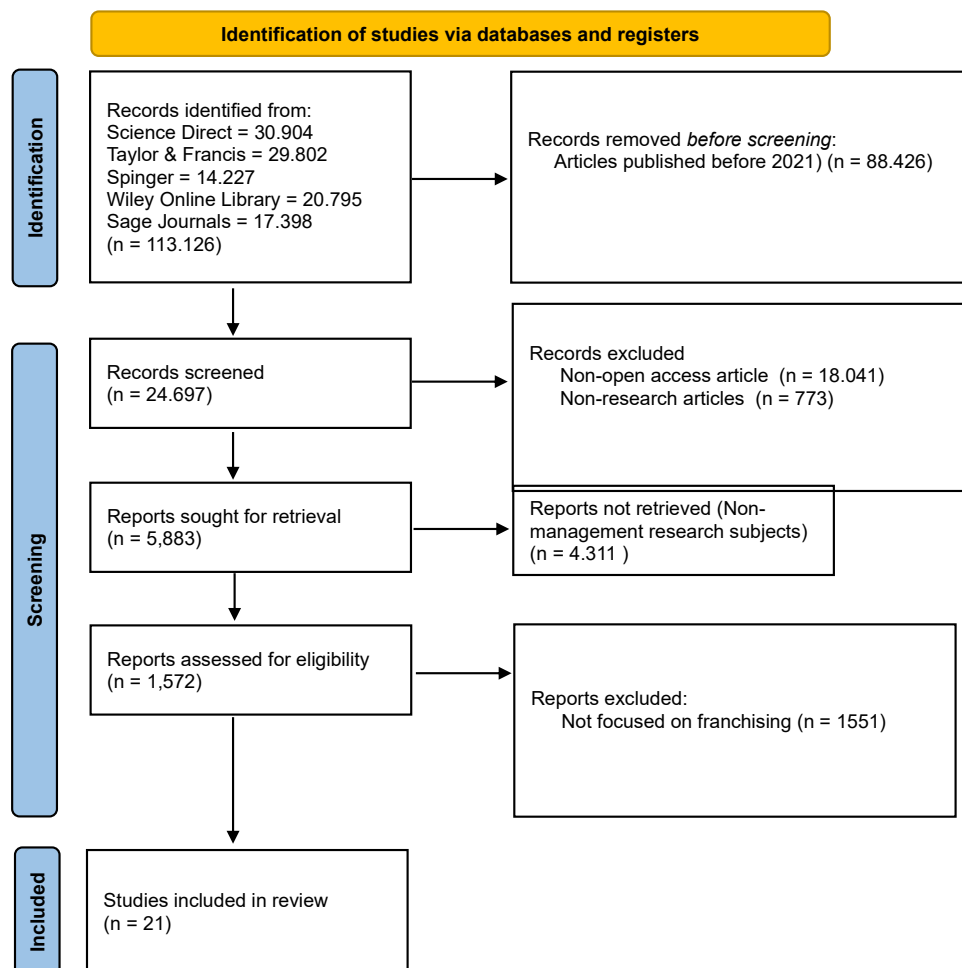


Figure 1. Prisma article filtering

4.2. Risk of Bias Assessment of the Articles

The assessment of article quality was conducted independently and in parallel by two or more reviewers to minimize bias in the selection process. Independent evaluation, the use of a review protocol, and a systematic and objective screening procedure are essential to preventing bias in article selection (Priyashantha, Dahanayake, & Maduwanthi, 2023). The quality assessment focused on the methodologies employed (their appropriateness and level of detail), the completeness of the reported findings (including whether data were omitted or selectively reported), and the presence of external interventions that may have influenced the results. Articles were categorized into high, medium, and low levels of methodological quality.

A risk of bias assessment—also referred to as a quality appraisal—is necessary to ensure the rigor of the included studies. As noted by Negarandeh and Beykmirza (2020), this assessment evaluates the research methods, the completeness of data reporting, and whether additional interventions may have affected the study outcomes. Ten of the included articles were published in reputable journals, verified via Scimago Journal Ranking (SJR) and Web of Science (WOS). Table 2 summarizes the quality assessment of the articles incorporated in this SLR.

Table 2. Quality Assessment of Included Journals

No.	Authors & Year	Research Objective	Research Method	Key Findings
1	Proctor et al., 2023	To examine the use of sports franchises by DMOs for tourism promotion.	Quantitative survey; statistical analysis.	DMOs leverage global sports club recognition to enhance destination profiles.
2	Fernández-Barcala et al., 2022	To explain the differences between franchise and management hotel contracts and their effects on online ratings.	Quantitative; econometric analysis; 177 hotels.	Franchise contracts are less effective for upscale hotels but more effective for larger hotels.
3	Ramírez-García et al., 2024	To analyze the effectiveness of control systems in managing relational risk and performance.	PLS-SEM; N = 240.	Control system effectiveness depends on the type of risk.
4	Watson et al., 2024	To examine the influence of entrepreneurial identity and autonomy on franchisee well-being.	Quantitative, two-level data.	Entrepreneurial identity and autonomy increase franchisee well-being.
5	Le Bot et al., 2025	To explore signaling strategies in franchisee recruitment.	Qualitative interviews.	Different signals emerge at each recruitment stage.
6	Kaur et al., 2025	To assess the impact of the franchisor's social media experience.	Empirical: 8.53 million posts; 8 million reviews.	Social media experience enhances satisfaction and sales.
7	Anagnostopoulos et al., 2025	To analyze the impact of FinTech and BigTech on bank franchise value.	Qualitative; expert interviews.	FinTech reduces bank franchise value due to disruptive effects.

8	Bretas & Alon, 2021	To review franchising literature in emerging markets.	Bibliometric: 297 articles.	Two clusters identified: international and social franchising.
9	Bretas et al., 2024	To study international entry modes from a stakeholder perspective.	Quantitative: 463 observations.	Business group affiliation and institutional support influence low-control entry modes.
10	González-Márquez et al., 2023	To analyze market selection for internationalizing restaurant franchises.	Multiple case studies.	Driven by market opportunity, cultural distance, location, and emotional factors.
11	Newbery et al., 2025	To assess franchisee performance in Base-of-the-Pyramid contexts.	Configurational analysis: 58 outlets.	Performance shaped by corporate-market-relational logic.
12	Dada et al., 2024	To identify factors influencing pro-environmental behavior among franchisees.	Qualitative interviews.	Influenced by organizational and personal factors.
13	Buso et al., 2025	To determine the optimal pricing of public franchise rights.	Theoretical/econometric modeling.	Optimal pricing combines fixed and variable transfers; subsidies may be required.
14	Sundram & Fourie, 2025	To analyze business support for HDSA franchisees.	Qualitative: 19 franchisees.	Four supports identified: involvement, preparation, management, and financial.
15	Michael, 2022	To compare the performance of franchisees vs. independents.	Empirical; U.S. SBA loan data.	Franchisees show higher default and loss rates, suggesting lower human capital.
16	Li et al., 2023	To model multi-period channel coordination.	Computational modeling.	Requires inventory trading and franchisor involvement.
17	Grünhagen et al., 2025	To model franchisee intention.	Polynomial regression (RSM); survey of 666.	Intention influenced by achievement and risk-taking (inverted-U).
18	Francis-Bayman & Whitehead, 2024	To explore role conflicts among Netball Directors.	Qualitative.	Conflicts arise from dual demands and unclear roles.
19	Lanchimba et al., 2025	To assess strategic participation and local assets in franchise performance.	SEM; Ecuador data.	Strategic participation improves performance, moderated by local assets.

20	Falch et al., 2022	To analyze the effects of voting franchise extension on education.	Fixed-effects regression.	Voting-rights expansion reduces educational spending gaps.
21	Mondal et al., 2023	To examine franchise finances in the Indian Super League.	Secondary data analysis.	Most franchises operate at a loss; the business model is unsustainable.

The publication distribution of the 21 articles shows that franchise-related research peaked in 2025, with a total of eight publications. This trend reflects heightened academic attention to the franchise topic over the past two years. The year 2024 follows with five articles, while 2023 contributed four. Publications from 2022 account for three articles, and only one article was published in 2021. This pattern indicates that franchise literature has expanded rapidly, particularly during 2023–2025, in line with rising dynamics and innovation within the sector.

The journal distribution is dominated by Q1-ranked publications. The findings drawn from these twenty-one articles reveal that, although the role of technology in marketing strategies is not always explicitly stated, franchise performance can be enhanced through the support of digital platforms. Below is the list of journals included in this SLR.

Table 3. Details of Filtered Articles

Journal Name	Quartile (Q)
Journal of Destination Marketing & Management	Q1
Industrial Marketing Management	Q1
Journal of Retailing	Q1
Technological Forecasting & Social Change	Q1
Journal of Business Research	Q1
Journal of Retailing and Consumer Services	Q1
British Journal of Management	Q1
Business Strategy and the Environment	Q1
Journal of Economics & Management Strategy	Q1
International Small Business Journal: Researching Entrepreneurship	Q1
International Social Science Journal	Q1
Production and Operations Management	Q1
Managerial and Decision Economics	Q1
Entrepreneurship Theory and Practice	Q1
Managing Sport and Leisure	Q2
Journal of Strategic Marketing	Q1
Education Economics	Q2

This collection of articles encompasses a wide range of studies conducted across multiple countries, each with distinct franchise contexts and public policy environments. The geographic focus highlights how franchise dynamics are shaped by local social, economic, and institutional norms. The countries examined in the selected studies are listed below:

Table 4. Countries and Research Focus

No.	Country	Research Focus
1	India	Financial analysis of the Indian Super League (Football)
2	Kenya	Franchise performance in a Base-of-the-Pyramid (BoP) context
3	France	Pro-environmental behavior of fast-food franchisees
4	Spain	Country selection for internationalizing restaurant franchises
5	South Africa	Role of the retail energy/petroleum franchise ecosystem
6	Brazil	Entry-mode decisions for internationalizing franchise firms
7	United States	Federal SME loans provided to franchisees
8	Norway	Impact of voting-rights extension (political franchise) on education policy

From the twenty-one articles, the main domains of franchise research and the specific industries explored are summarized below. This classification demonstrates that franchise research extends far beyond internal managerial issues, touching retail, hospitality, finance, professional sports, energy, and even public governance. Segmenting the literature by domain and industry offers a clearer view of the breadth and diversity of modern franchise scholarship.

Table 5. Research Domains and Industries

No.	Main Domain / Area	Specific Industries (Examples)
1	Franchise Management & Entrepreneurship	
Focus: contract structure, franchisor–franchisee relationship (trust, control), intentions to become franchisees, well-being, OCB, recruitment/signaling.	General franchise networks.	
2	Retail & Food Service	
Focus: store performance, supply-chain/inventory coordination, pro-environmental behavior, internationalization strategy.	Fast-food chains (e.g., McDonald’s), general retail.	
3	Hospitality & Tourism	
Focus: contract effectiveness (franchise vs. management), leveraging sports franchises for destination marketing.	Upscale hotels, large hotel chains, and tourism marketing.	
4	Financial Services & SME Lending	
Focus: government loan risk (SBA loans), influence of FinTech/BigTech on bank franchise value.	Banking, financial institutions, and SME borrowers.	
5	Professional Sports & Sports Leagues	
Focus: league financial analysis, managerial role conflicts, and value leverage of sports franchises.	Indian Super League (ISL), Netball Super League.	
6	Retail Energy Industry	
Focus: ecosystem support for fuel-retail franchisees from HDSA groups.	Petroleum/fuel retail (South Africa).	
7	Public-Sector Governance	
Focus: optimal pricing for government-granted public franchises.	Public/state-sponsored monopoly franchises.	
8	Public Policy & Education Economics	
Focus: impact of voting-rights expansion (political franchise) on education policy.	Education policy (note: “franchise” = voting rights).	

The collection of articles provides an overview of recent developments in franchise research, capturing a wide range of themes including franchisor–franchisee relationships and individual well-being, performance in complex market environments, digitalization strategies and operational coordination, financial risks and sustainability, as well as risk management, system control, internationalization, recruitment, and specialized contractual governance. Collectively, these findings demonstrate that franchise studies have evolved into an increasingly rich and multidimensional field, integrating individual, organizational, technological, and institutional factors to better understand the dynamics and challenges faced by modern franchise systems.

Table 6. Key Insights from the 21 Selected Articles

No.	Main Key Points	Article Titles (or Core Content)
1	Franchisor–Franchisee Relationships and Individual Well-Being	
	Trust & Control / Exit Intentions	<i>Trust and Control in Franchise Networks: A Dyadic, Multi-Referent Analysis on Franchisee Network Exit Intentions</i> – Examines trust–control congruence and its effects on exit intentions.
	OCB & Role of Field Consultants	<i>Going the Extra Mile: Unveiling the Roots of Franchisee Organisational Citizenship Behaviours in Franchise Systems</i> – Identifies reciprocal OCB behaviors and the critical role of field consultants.
	Well-Being & Autonomy	<i>Franchisee Well-Being: The Roles of Entrepreneurial Identity, Autonomy Perceptions, and Franchisor Management Practices</i> – Highlights the influence of identity, autonomy, and management practices on franchisee well-being.
2	Intentions to Become a Franchisee	<i>Who Wants to Be a Franchisee? Explaining Individual Intentions to Become Franchisees</i> – Explains franchisee intentions through AMT and TPB frameworks.
	Performance in Complex Market Contexts	
	Relational Logic in BoP Markets	<i>Reconceptualizing Franchisee Performance: A Configurational Approach in a Base-of-the-Pyramid Context</i> – Analyzes performance dynamics in Kenya’s BoP markets based on relational logic.
	Strategic Participation & Local Assets	<i>Strategic Participation and Local Assets: Key Drivers of Franchise Performance in an Emerging Market</i> – Shows how strategic participation and local assets enhance performance.
	Focus on Emerging Markets	<i>Franchising Research on Emerging Markets: Bibliometric and Content Analyses</i> – Identifies two main clusters: international franchising and social franchising.
	Business Ecosystem for HDSA Franchisees	<i>The Role of the Petroleum Franchise Ecosystem Actors in Providing Business Support for HDSA Franchisees</i> – Highlights ecosystem support for historically disadvantaged franchisees.
	3	Digitalization Strategies and Operational Coordination
Social Media Experience & KVC		<i>When Does Social Media Experience Improve Franchisee Performance? A Knowledge Value Chain Perspective</i> – Demonstrates how social media experience enhances satisfaction and sales.
Multiperiod Supply-Chain Coordination		<i>Multiperiod Channel Coordination in Franchise Networks</i> – Explores internal inventory trading and franchisor involvement as coordination mechanisms.
4	Financial Risk and Sustainability	
	Government Loan Risks	<i>Investing in Entrepreneurs: The Case of Franchising</i> – Shows that franchisees have higher default rates compared to independent entrepreneurs.
	FinTech & Bank Franchise Value	<i>FinTechs, BigTechs, and Diminishing Bank Franchise Values</i> – Provides evidence that FinTech/BigTech pressures reduce bank franchise values.
	ISL Financial Analysis	<i>The Other ISL: Analysing the Finances of the Indian Super League and Its Franchisees</i> – Reveals significant losses among sports franchises, indicating unsustainable models.
	5	Risk Management and System Control
Control Systems & Risk Perception		<i>Risk Sources and the Effectiveness of the Control System in the Franchisor’s Risk Perception Management</i> – Examines the

		role of control systems in managing relational and performance risks.
	Pro-Environmental Behavior (CSR)	<i>Influential Factors of Pro-Environmental Behaviors Among Franchisees in the Fast-Food Sector</i> – Identifies organizational and personal factors influencing eco-friendly behavior.
6	Internationalization and Recruitment Decisions	
	Stakeholders in Entry-Mode Decisions	<i>Do Stakeholders Matter in Entry Mode Decisions?</i> – Indicates that business-group affiliation and partner support encourage low-control entry modes.
	Market Selection for Restaurants	<i>Where to Internationalise and Why</i> – Highlights market opportunities and determinants of restaurant internationalization.

4.3. Discussion

Franchisee performance in recent literature is understood as the outcome of interactions among multiple factors rather than the result of a single determinant. Studies indicate that individual characteristics, digital capacity, system support, and operational context are interwoven in shaping performance. Newbery et al. (2025) emphasize that in Base-of-the-Pyramid environments, franchisee performance is strongly influenced by the configuration of corporate, market, and relational logics, making simple generalizations inappropriate. This aligns with Lanchimba et al. (2025), who demonstrate that strategic participation and the utilization of local assets are primary drivers of performance, particularly in dynamic emerging markets.

At the same time, individual attributes are equally important. Watson et al. (2024) show that entrepreneurial identity and perceived autonomy enhance franchisee well-being, which in turn contributes directly to operational performance. This is complemented by Grünhagen et al. (2025), who reveal that motivations for franchising are not linear—extreme levels of need for achievement and risk-taking may have negative effects. Meanwhile, Kaur et al. (2025) offer a new perspective on the importance of digital literacy, showing that franchisees’ social media experience can improve customer satisfaction and sales when integrated into the knowledge value chain.

Beyond individual and digital factors, franchise success also depends heavily on the quality of the franchisor–franchisee relationship. The literature highlights the importance of balancing support and control. Ramírez-García et al. (2024) demonstrate that the effectiveness of control mechanisms depends on the type of risk involved, while relational risks require aligning control approaches with sources of uncertainty. These insights are deepened by Sundram and Fourie (2025), who identify four essential forms of support—active engagement, business preparedness, operational management, and financial support—that enable franchisees to survive in competitive sectors such as the petroleum retail industry. In the context of sport franchises, Francis-Bayman and Whitehead (2024) show that role ambiguity and dual role demands trigger internal conflict, a phenomenon equally relevant to franchise structures that require roles to be both clear and adaptive.

Operational elements also reinforce network performance. Li et al. (2023) argue that multiperiod coordination necessitates internal inventory trading and active franchisor involvement, as these mechanisms enhance channel efficiency and reduce demand distortion. This perspective is consistent with Proctor et al. (2023), who demonstrate that strategic collaboration between sport franchises and destination marketing organizations (DMOs) can strengthen destination leverage through cross-organizational synergy. However, Mondal et al.

(2023) caution that weak revenue structures and poor financial coordination may threaten network sustainability, as seen in many Indian Super League franchises that operate at a loss.

The recruitment stage likewise plays a strategic role in shaping long-term relationship quality. Le Bot et al. (2025) find that franchisors deploy different signals at each recruitment phase to attract high-quality franchisees and reduce information asymmetry. On a broader scale, Bretas and Alon (2021) observe that franchising research in emerging markets centers on international franchising and social franchising, both rooted in local partner fit and market adaptation. González-Márquez et al. (2023) further note that international expansion is influenced not only by market opportunities and cultural distance but also by emotional and intuitive managerial factors, emphasizing the multidimensional nature of internationalization decisions.

Franchise performance and sustainability are also shaped by business value dynamics, financial structures, and digital innovation. Anagnostopoulos et al. (2025) find that FinTech and BigTech reduce bank franchise value by disrupting traditional business models. Michael (2022) shows that franchisees exhibit higher default and credit-loss rates than independent businesses, indicating gaps in human capital, particularly among new operators. In a different context, Buso et al. (2025) demonstrate that optimal pricing of public franchise rights requires combining fixed and variable transfers, and in some cases, subsidies—signaling that franchise value does not automatically generate revenue without structural support. The findings of Mondal et al. (2023) again underscore financial resilience as a critical point in franchise networks.

Institutional frameworks and policy environments further shape contractual forms and managerial decisions in franchising. Fernández-Barcala et al. (2022) show that franchising contracts are not always effective in premium segments—such as upscale hotels—but are more suitable for large-scale properties. Bretas et al. (2024) add that in international contexts, business group affiliation and institutional support promote low-control entry modes, illustrating how institutional structures influence franchisor–franchisee relations. Even the findings of Falch et al. (2022) from an electoral context offer conceptual insight: expanding participation leads to more equitable resource distribution, a principle parallel to the importance of franchisee participation in decision-making processes to create fairer and more stable governance.

5. Conclusion

The review indicates that the relationship between franchisors and franchisees is the primary foundation for the success and sustainability of franchise systems. Existing studies demonstrate that relationship quality—including trust, communication, operational support, and balanced control mechanisms—consistently influences franchisee performance and network stability. Imbalances in control, information asymmetry, and misaligned expectations have been shown to generate conflict, reducing franchisee satisfaction and commitment. Moreover, dynamics such as multi-unit franchising, organizational culture, and the franchisee's ability to adapt to system standards also play a critical role in shaping long-term outcomes. Overall, the literature suggests that franchise performance is not merely a function of business models, but rather the product of interconnected social, strategic, and structural interactions.

Based on these findings, franchisors should develop more collaborative relationship mechanisms, including need-based support, two-way communication systems, and guidance that fosters franchisee adaptability without compromising brand standards. Approaches centered on trust-building, contractual clarity, and information sharing can minimize potential conflicts and enhance partner loyalty and performance. On the other hand, although prior research has provided substantial insights into various dimensions of franchise management, significant gaps remain—particularly the limited attention to online technologies and digitalization in network governance. While the use of digital platforms, social media, online coordination systems, and digital managerial support is increasingly relevant, most studies continue to emphasize face-to-face interactions, traditional control mechanisms, and conventional operational structures. Therefore, future research should incorporate technological perspectives into analyses of performance and franchisor–franchisee relationships. Further investigation is needed to understand how digital tools function in recruitment, training, supply-chain coordination, and performance monitoring, as well as how franchisees' digital capabilities contribute to network success across industries and national contexts.

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