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Perceptions of franchise stakeholders on trust in franchising relationships

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Abstract

Franchising plays a crucial role to the growth of emerging economies like South Africa. It brings together two entrepreneurs with individual goals of wealth creation to work together as franchisor and franchisee. However, this relationship is susceptible to risks such as free-riding and opportunism by both parties due to their sometimes-diverging interests in business. Exploring perceptions of trust in franchisor-franchisee relationships inspired this study, which is an extract from a masters' dissertation. The agency, leader member exchange and resource scarcity theories and related literature were used to investigate perceptions of franchisors and franchisees respectively, network success and the role of trust in the franchise relationship. The study found that while the franchise agreement provides guidelines on expected conduct and remedies to challenges that may arise, it sometimes becomes the source of conflict. Despite, the balance of power seemingly weighing in favour of the franchisor, franchisees buy into franchises trusting that the franchisor will act in good faith and in the best interest of the whole network. Perceived franchisor trustworthiness, approachability and openness to communication enhance franchisee positive attitude, cooperation and brand loyalty. The study, therefore, concludes that trust is a determining factor in the success, performance and sustainability of franchises. Theoretically, this study contributes to existing literature on franchising and may be used to guide future research. Future studies may be on the cost of non-compliance, sabotage or litigation in relation to benefits of a culture of trust and honesty in franchise relationships. The practical contribution of the study is that it suggests possible ways of improving trust in franchise relationships.

Key words: South Africa, franchisor, franchisee, trust, relationships

Introduction

Franchising contributes meaningfully to the performance of the South African economy. This sectors' contribution to the country's Gross Domestic Product (GDP) increased from 587 billion in 2016 to 721 billion in 2017, representing a 2.4 percent rise from the previous year (Franchise Association of South Africa, 2018). Over the same period, the GDP grew by 1.3 percent (StatsSA, 2018), which illustrates that the increase in contribution by the franchising sector to GDP has remained buoyant, despite the economic challenges facing the country (FASA, 2017). "Food franchises make up about 25% of total franchises, with some segments that are considered saturated such as pizza and burgers. Several U.S. brands have made their entry in the last few years, namely Burger King, Pizza Hut, Krispy Kreme, Domino's and, most recently, Starbucks. Other franchise concepts such as business-to-business (B2B) services, automotive, after-care, and education are also making inroads into the market" (export.gov, 2019)

Franchising is advantageous to franchisors as it offers them the opportunity to grow their businesses using capital, managerial expertise and local market knowledge provided by the franchisees (Aliouche & Schlentrich, 2009; Oni, Sekwele, Matiza & Pelser, 2014). Furthermore, aspiring franchisee entrepreneurs often prefer franchising as a means of entry into business because of its perceived benefits of support, reduction in start-up risk and buying into a proven business idea (Oni *et al.*, 2014). Despite these positive contributions and attributes of franchising, the interdependent relationship between the franchisor and franchisee hinges on trust, and in the trust relationship some challenges emerge, which, among others, include reconciliation of their sometimes-diverging interests in business (Mignault, 2012). This theoretical paper therefore considers the dynamics of trust in the franchisor and franchisee relationship and how it may affect the franchise success.

Background to franchising

Franchising is a business relationship whereby one party (the franchisor) who has developed and owns a model of providing goods and services, licences it to another party (the franchisee) to operate it for a certain period of time during which they will use the franchisor's trademark and business systems, enjoy marketing, training and management support, pay royalties and sometimes marketing fees in return (Khan, 2015; Schulze, 2015; Perrigot, Hussain & Windsperger, 2015). Franchising brings together two entrepreneurs with their individual goals of wealth creation to work together as franchisor and franchisee, fulfilling certain obligations towards each other and obtaining the rewards such as revenue and wealth as the outcome (Timmons & Spinnelli, 2007). Franchisors earn their income through charging franchisees sign up fees at the beginning of the franchise relationship and further royalties, which are payable periodically, often as a percentage of turnover (Roh, Tarasi & Popa, 2013; Schulze, 2015). At the same time, franchisees invest a substantial amount of money into the organisation, are responsible for its daily operations and are entitled to retain residual profits after paying royalties and all costs associated with running the business (Combs, Ketchen Jr., & Hoover 2004; Aliouche & Schlentrich, 2009).

The important contribution made by franchising to the South African economy is worth studying (Courtney, 2016). In addition to creating jobs (Cronje, 2018), the entrepreneurial intention of both parties is translatable into increased economic welfare in a country that is plagued with many macro-economic challenges, such as slow growth (StatsSA, 2018; GEM 2018). Franchising also attracts attention of foreign investors, as can be seen by the recent entry of Dominos Pizza and Burger King (Fin24, 2019). It therefore stands to reason that an optimally functioning relationship between the parties involved may contribute to the collective success of the network (Gehrke, 2016a).

Franchising also carries the risk of possible free-riding and opportunism by both the franchisee and franchisor (Kidwell, Nygaard & Silkoset, 2007). Since franchisees are claimants of the residual profits after settling all expenses related to operating the business, there is a danger that they may prefer to implement only programmes that will generate maximum profits for themselves and ignore or withhold their best effort on those that are perceived to reduce profit even if they are for the good of the whole franchise group (ABA, 2006). Similarly, franchisors may implement programmes that increase revenue only, without regard for their profitability because their income (royalties) is calculated as a percentage of turnover only (Kidwell *et al.*, 2007). It is against this backdrop that perceptions of trust in franchise relationships become of interest to researchers. Trust in the franchisor-franchisee relationship enhances franchisee loyalty, reduce franchisor monitoring costs and contributes to the overall success of a franchise (Ishak, Wei & Romle, 2016).

Considering the above, it is thus worthy to investigate the relationship between the franchisor and franchisee. However, it is not clear if these two parties always views the relationship in a positive and mutually beneficial light (Perrigot *et al*., 2015). Therefore, the dynamism of the franchisor and franchisee relationship inspired this study.

Franchising research has centred mostly on the structure of the network and the characteristics of the parties (Lawrence & Kaufman, 2010), and taking a different perspective, this study offers some valuable theoretical and practical insights. Theoretically, it examines the concepts of the trust relationship and expectations on the part of both the franchisor and the franchisee, and practically the study suggests possible solutions to practitioners, researchers and decision makers in franchising. Starting with a literature review, and continuing with a discussion, conclusions and recommendations, this study offers a well investigated account of franchising in South Africa, and suggests fields of future enquiry to add to the limited but growing body of knowledge on franchising.

Literature review

The literature on the franchisor and franchisee relationship is discussed under the following headings: theories that sustain the relationship, franchisor expectations, franchisee expectations, network success and the role of trust and fairness perceptions in the relationship.

Theories sustaining franchising

The Agency theory as advanced by Robin in 1978, predicts that a franchising relationship depict typical principal and agent relationship and therefore, it carries vulnerabilities such as adverse selection and moral hazard (Huang, 2004; Giddings, Weaven, Grace & Frazer, 2011). Adverse selection arises from either party's inability to accurately predict all the competencies and abilities of the other party, to deliver their part of obligations in the franchise contract, whereas moral hazard relates to doubt whether the other party applies their maximum and best effort to fulfil their mandate in the relationship (Giddings *et al.*, 2011; Varotto & Aureliano-Silva, 2017).

The leader member exchange (LMX) theory points to the relationship between a leader and the group, but more importantly, certain individuals in the group (Bateman & Snell, 2015). Of necessity, the relationship between individual members varies according to the level of maintenance between the parties, and in that sense some members receive more attention and others less, resulting in an "in-group" and "out-group" (Lunenburg, 2010). Accordingly, the out-group receives less attention and rewards than the in-group (Aung & Ousawat, 2019) and in the case of franchising, the franchisor as the leader needs to maintain the trust, communication and respect with all members (franchisees). The support and perceptions of equal treatment may lead to better quality relationship, trust and business success for the entire network (Huong, 2011).

The resource scarcity theory, first developed by Oxenfeldt and Kelly (1969) holds that franchising is a useful avenue to promote capital growth, managerial capacity and widespread country or international expertise. While the franchisor can expand his business idea and the use of his intellectual property by swiftly making franchise licenses available, franchisors can share that burden of increasing the visibility and profitability of the business with a proportionate investment of their own resources (Roh *et al*., 2013). Scarce resources on the part of the franchisor can therefore be complemented by the individual contributions of franchisees who gain access to a proven business concept, thus improving their own chances of success (Varotto & Aureliano-Silva, 2017). In addition, franchisees count on the support, reduction of start-up risk and promises of increased chances of business growth and success offered by the franchising concept (Oni *et al*., 2014). Together the franchisor and franchisees are expected to reduce the running cost of the network, amass economies of scale and increase its collective negotiation muscle (Mignault, 2012). The

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discussion of the concepts and theories sustaining this study can be graphically displayed as in Figure 1 below:

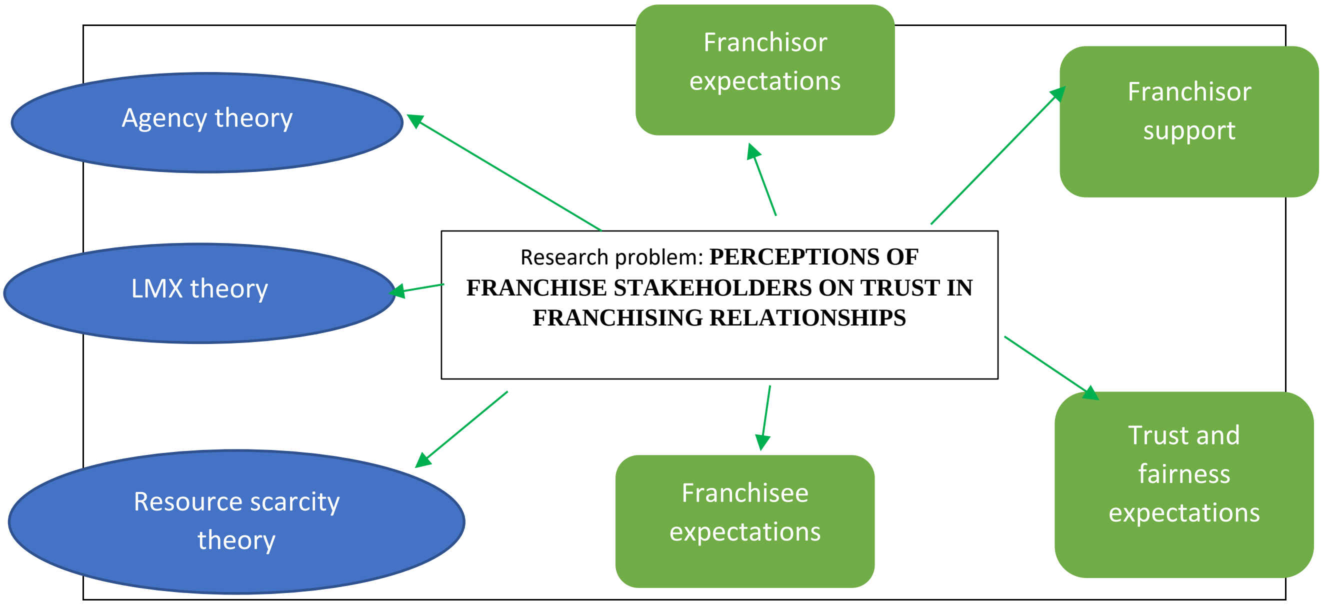

Figure 1: Conceptual framework of the study. Source: Authors

Franchisor expectations

In exchange for availing their business idea, intellectual property, production and service processes, blueprints and expertise, set-up and ongoing support to the network of franchisees, the franchisor expects efficient operations that lead to profitability for the entire network (Mignault, 2012; Hnuchek, Ismail & Haron, 2013). For example, the News Café franchisor expects its optimally run stores to generate an average turnover of 1,2 million rands and 20 per-cent net profit (Fournews, 2017). Efficient operations are expected to lead to higher profitability and in turn higher revenue. Since revenue is the basis for collecting royalties, this may become the primary focus of the franchisor (Perrigot *et al*., 2015). Using their authority to make strategic decisions on behalf of all parties, and in the name of acting in the best interest of the network, franchisors take risks, venture into new programmes and innovations that may not be of equal benefit to all members in the network (Mignault, 2012).

One such decision may involve granting licences to new franchisees in the proximity of existing franchises. While such a strategy may increase brand prevalence and visibility, at the same time the decision leads to increased competition among franchisees in the same network (Perrigot *et al*., 2015), and introduces a further risk of free-riding among franchisees (Jang & Park, 2019). A poorer performing franchise may free-ride on the success of a better performing franchise in the same geographic proximity, referred to by Emerson (2010) as encroaching. Herein lies the potential for self-interest and opportunism as contained in the agency theory (Giddings *et al*., 2011) and making decisions that favour the franchisor's wealth through the collection of increased revenue while the revenue potential of the franchisors is diluted (Lawrence & Kaufmann, 2010). It is therefore in the interest of the entire network if the franchisor guards against opportunistic behaviour (Mumdziev & Windsperger, 2013).

Franchisors use internal processes such as operating manuals, policies and procedures, and certain formal and informal forms of governance to regulate its relationships with franchisors in the network (Giddings *et al*., 2011). Their position in the network gives them more power than the franchisees, with which they dictate the relationship (Covey & Bachelder, 2017). Franchisors however have the ability to improve the functioning and performance of the network by building goodwill and trust, although goodwill and trust as relational capital are not strictly part of their obligation (Su & Tsai, 2019; Covey & Bachelder, 2017). They can achieve this by declaring their intent, creating transparency, being sincere and delivering on their promises (Mumdziev & Windsperger, 2013).

During the course of conducting any business, unexpected or less desirable events may occur, and at such a time a strong relationship between the franchisor and franchisees is vital for the sustainable joint success of the network (Su & Tsai, 2019).To that effect, franchisors expect system compliance, honest governance and reporting, profitability and cooperation (Giddings *et al*., 2011). Lack of compliance in these regards have led to disputes, litigation and the eventual complete breakdown of the relationship (Aung & Ousawat, 2019). Franchisors may improve the chances of sustainable success for the entire network if they go beyond the requirements set out by the franchise agreement, display competence and predictability in dealing with the event (Mumdziev & Windsperger, 2013).

Franchisees are entrepreneurs who are willing to sacrifice a measure of autonomy and they are especially sensitive to a trust relationship with their franchisor in times when financial pressure is on all the parties (Perrigot *et al*., 2015). They often perceive the franchise agreement to be in favour of the franchisor, and recently many researchers have confirmed this belief (Jang & Park, 2019; Aung & Ousawat, 2019; Su & Tsai, 2019). This belief, wrongly or rightly, may cloud their relationship with the franchisor when business does not go according to plan. Having entrusted their investments to the franchisor, franchisees may resent the franchisor for inflated revenue projections, forced purchases from franchisor selected suppliers, wide-ranging treatment of the "in-group" versus the "out-group", unilateral decisions regarding advertising or promotion or insufficient communication and support, as per the LMX theory (Perrigot *et al*., 2019; Bateman & Snell, 2015).

Franchisee expectations

Franchisees, who by nature are entrepreneurs, may perceive their autonomy as being undermined when franchisors enforce control measures through written procedures, manuals and legal mechanisms (Perrigot *et al*., 2015). Franchisees are at times considered as 'fake employees' (Berndt, 2009; Perrigot *et al*., 2015: 700), because while they work independently, they are not allowed high levels of autonomy and decision making. Other researchers (Berndt, 2009; Aung & Ousawat, 2019) consider three approaches to evaluate franchisee satisfaction, being that franchisors are customers of the franchisor, employees of a franchisor and the third being context of the activities that make up the franchisor duties. The strict rules enforced by franchisors may result in franchisees cutting corners, changing service quality or menu items to improve customer retention (Mumdziev & Windsperger, 2013). Franchisees, as "customers" of the franchisor, require holistic support, i.e. in addition to meeting their financial and non-financial commitments, they would also appreciate minor adjustments to the menu to serve regional or national preferences (Hnuchek *et al*., 2013).

Franchisees have also reported that holistic support to them implies goodwill, trust, commitment, effective communication and an intimate working relationship in addition to meeting the terms of the franchise agreement (Adeiza, Ismail & Malek, 2017). Research conducted in Hong Kong by Su and Tsai (2019) concluded that franchisees appreciated centralised purchasing support more than business assistance, which further proofs their desire for autonomy and self-management. Competition in the franchise food industry in China is intense and an optimally functioning relationship between the parties is crucial for survival (Su & Tsai, 2019). It was found that franchisees are sensitive to franchisor support and expressed their dissatisfaction with even subtle unmet requests (Adeiza *et al*., 2017).

Franchisors negotiate discounts for mass purchases, run advertising campaigns and increase the visibility of the brand by duplicating branches across the country, which helps to improve the competitiveness of the entire network (Su & Tsai, 2019). In addition, pre-opening and launch assistance is offered, which includes training and education, site selection, and on-going business support (Aung & Ousawat, 2019). Apart from these elements, according to

Modell (2010), building and maintaining trust is arguably the most important element in franchising. Franchisees have expressed that franchisors build better trust through personal relationships, which includes store visits, social events, maintaining contact and praise for success (Adeiza *et al*., 2017). Other franchisees have expressed dissatisfaction, citing it as a breakdown of trust. This relates to the LMX theory, when franchisees in the same network perceive that the relationship quality varies within the network (Adeiza *et al*., 2017; Su & Tsai, 2019).

Franchisees, due to inexperience and ignorance often enter into franchise agreements without understanding the full implications of this lengthy commitment (Mumdziev & Windsperger, 2013). This is further exacerbated by a lack of funding and perhaps the unrealistic belief of millions to be made (Giddings *et al*., 2011). The same happens when disputes call for litigation, which is mostly initiated by franchisors (Mumdziev & Windsperger, 2013). Communication between franchise parties is further convoluted by the power imbalance, in favour of the franchisor (Hnuchek *et al*., 2013). Hence, they are willing to sacrifice meeting special customer preferences or requirements, provided that the franchisor takes the responsibility (Aung & Ousawat, 2019). Franchisees that have been found to be loyal to the brand they bought into, are also better informed about their role in the execution of the requirements of the franchise agreement, what is expected of them and they are more likely to promote the brand to potential new entrants (Badrinarayanan, Suh & Kim, 2016).

Centralised decision making has been found to be more acceptable when the relationship between franchisor and franchisee is of a high quality, harmonious and conducted in good faith (Adeiza *et al*., 2017). Franchisees who trust the franchisor display a more positive attitude, are more satisfied and are more likely to comply with the letter of the franchise agreement (Mumdziev & Windsperger, 2013). The overall satisfaction of the franchisees can be expressed in terms of the fulfilment of franchisor financial and non-financial obligations, in sum, receiving rewards in excess of their opportunity cost of sacrificing their independence by joining the network (Adeiza *et al*., 2017).

Network success

If the main premise of franchising is growth through inclusion, the benefits of long-term success and sustainability should befall all parties (Jang & Park, 2019). For example, a profitable franchisor and unprofitable franchisees may result in the breakdown of the business relationship (Adeiza *et al*., 2017). The ability of the franchisor to provide support in equal measures to all franchisors in the network is critical for their effort to maintain trust and good rapport with all their “customers” in the network because their collective success leads to collective good performance. The sustainable success of the franchise network is therefore dependent on the intention of franchisees to stay in the system and its growth is dependent on the franchisees willingness to recommend the franchise to potential entrants (Lee, Kim, Bae, Kim & Lee, 2016).

Even one poor performer in the network may cause damage to the entire network (Adeiza *et al*., 2017). These researchers found that franchisees in Nigeria, such as for example Food Concept PLC and Tantalizers PLC, leave the network without renewing their licenses after a period of under four years, while the average is at least five years. This high turnover is very costly for the franchisor, who is forced to recruit, induct and train replacement franchisees. This cost can be limited to a large extent by finding the key success factors for a good working relationship, and focusing on those strengths will increase the likelihood that the franchisees will remain in the network (Adeiza *et al*., 2017).

Many franchisees form franchisee associations to represent their regional interests (Perrigot *et al*., 2015; Lawrence & Kaufmann, 2010).The interdependent relationship between franchise parties translate into the paradox of simultaneous shared and competing goals as franchisees network, share resources and expertise, especially in the absence of regular franchisor contact (Emerson, 2010; Giddings *et al*., 2011). Franchisees who perceive their relationship with the franchisor as positive, are also more likely to promote the brand among their counterparts and among potential new entrants. Giddings *et al*. (2011) suggest that franchisors conduct their own due diligence investigation to source only those franchisees with the best credentials for success, while franchisees should have more realistic expectations of their own knowledge, skills and abilities and the likelihood of running a business successfully.

Although the balance of power remains in favour of the franchisor, the franchisees in the network carry equivocal responsibility for building a good relationship (Jang & Park, 2019). A relational partnership is necessary for the long term and sustainable success of the network (Jang & Park, 2019). To that extent, commitment to the network improves when either or any of the business parties find it important enough to preserve the relationship in the long term (Adeiza *et al*., 2017).

The role of trust and fairness perceptions in franchising

Trust facilitates social exchange between any two parties, and in franchising is strengthened by the belief that the other party will conduct activities that will yield positive results for the collective organisation (Hnuchek *et al*., 2013). Giddings *et al*. (2011) found that there is an inverse relationship between trust and conflict, whereas franchisees who experience little conflict, enjoy better levels of trust and satisfaction in their relationship with the franchisor. This trust relationship translated into perceptions of adequate franchisor support, appropriate and sufficient information and open communication (Jang & Park, 2019). In contrast, franchisor actions are perceived in a negative light when the trust relationship breaks down, regardless of whether the franchisor's intentions were good. The fact that control is exercised "from above" leaves the franchisor feeling a loss of control over their investments of financial and personal capital (Adeiza *et al*., 2017). Relational benefits emanate from an exchange between parties that is present over and above the core service expected (Lee *et al.*, 2016). These relational benefits could be attention, praise and assurance. The satisfaction with the service and support provided by the franchisor carries an affective component and this enhances the willingness of the franchisee to cooperate, avoid conflict and recommend the franchise to prospective new franchisees (Adeiza *et al*., 2017).

Conflict in franchising sometimes result from unrealistic franchisee expectations on financial returns, training, support and flexibility of the business model, which is sometimes exacerbated by too little research before investing in the franchise (Giddings *et al*., 2011; Gehrke, 2016b;). Franchisees tend to blame the franchisor instead of accepting responsibility for the failure of their venture, particularly when the rest of the network continues to trade (Mumdziev & Windsperger, 2013). The franchisor should guard against recruiting franchisees based on cash flow shortages and follow their set requirements at all times (Giddings *et al*., 2011; Adeiza *et al*., 2017). The franchise agreement, which is supposed to be the regulatory tool, by nature involves two parties with diverging and collective profit motives, is a third aspect to consider (Lee *et al.*, 2016). The franchisee is the bearer of the bulk of the risk, emanating from his initial investment of financial capital, his ongoing investment of personal capital and running the operations, but the nature of the relationship introduces further risk (Jang & Park, 2019). When already cash strapped they cannot afford representation in litigation, which introduces further risks of loss and insolvency (Adeiza *et al*., 2017).

Discussion

It is a fact that franchising is vital for wealth creation in emerging and developing economies. In Myanmar with a population of 53 million, fast food franchising is becoming popular as a business venture (Aung & Ousawat, 2019). In contrast, Thailand and Nigeria have experienced the failure and consequent closure of some franchisees, which has been attributed to poor trust relationships (Hnuchek *et al*., 2013; Adeiza *et al*., 2017). The South African economic landscape is characterised by 90% of formal businesses that belong to the SME (Small and Medium Enterprise) sector, with major emphasis on entrepreneurship. Suzman (2017) identified franchising as one of the easiest routes to increased wealth and employment creation. Therefore, given the importance of this sector in various emerging and developing economies, it is surprising that so little research has focussed on the trust and possible conflicting agendas of the parties involved, which necessitates further enquiry (Giddings *et al*., 2011; Wingrove & Urban, 2017).

While there may be other relevant theories, only the agency theory, LMX theory and the resources scarcity theory were discussed as supporting theories for the literature studied. These theories are interwoven in the discussion of the four topics decided upon, to answer the research question.

The franchise agreement, provided that it is well-drafted, will spell out the parties' expected behaviour and make provision for any situation that may arise (Calderon-Monge & Pastor-Sanz, 2017). As found in this theoretical paper, the franchise agreement has been cited as an important communication tool in the relationship between franchisor and franchisee, but can also become a source of disagreement. Franchisors and franchisees enter the franchise relationship with both divergent and convergent interests. Each wants to create as much wealth, although opportunistic actions on the part of the franchisor may result in unequal benefits to the network partners. Franchisees in the food sector, of which News Café, Burger King and Nando's are typical examples, entrust their investments to the franchisor and renounce control, trusting the judgement and good intentions of the latter to act in the best interest of the entire network. When they perceive the franchisor as being trustworthy, approachable, empathetic and open to communication, their level of commitment increases and their resultant positive behaviour means they are more willing to cooperate and promote the brand to possible new entrants.

The franchises that survive are the ones where all the parties are not only informed about the terms stipulated in the franchise agreement, but in addition to following the franchise agreement to the letter, parties take the additional step of open and intimate mutual communication. Intimacy between the franchisor and franchisee involves their physical and emotional presence in their business relationship. While it is a two-way process, it is enhanced by the franchisor's genuine efforts of leading the process and treating their franchisees as valuable members of the whole franchise system (Adeiza *et al*., 2017). Franchisees tend to resent the franchisor for assuming control and their negative perceptions may lead to indifference to the brand, or even worse, non-compliance, sabotage or litigation. Trust has been found to be the forerunner to franchisee intention to stay in the network and contribute to the promotion of the brand.

Limitations and future research

This study was an extract from a student's masters' dissertation and has certain limitations, which offers opportunities for further research. Future research may be conducted on the relationship between South African franchisees in the same network, using a phenomenology research paradigm. Notably, future research may be inspired by the work of Lawrence and Kaufman (2010) and Perrigot *et al*. (2015) who conducted similar studies in the USA and France respectively.

This study contributes to the theoretical body of knowledge on franchising, franchise relationships, the expectations of franchisors and franchisees, and in particular the trust relationship that is necessary for the optimal functioning of the franchise network. Its practical contribution lies in the possible solutions suggested to managers, researchers and policy makers in South Africa, given the importance of the SME sector to wealth and employment creation.

Implications for managers, leaders and researchers

As an important contributor to wealth and job creation in South Africa, franchising, if managed optimally, can continue to make major contributions to the South African GDP. While the operating environment in South Africa is difficult to navigate, franchisees appreciate the franchisor's support and commitment to their success. Franchisors as managers and leaders of the network need to increase their awareness of franchisee expectations and manage such expectations. As good managers or leaders, franchisors need to:

- build a culture of being reliable;
- be consistent in their message to the network;
- show commitment to the individual success of all members in the network, including the in-groups and out-groups;
- build intimate relationships;

Researchers may use the information from this study to build future studies on franchising and more especially for the hospitality and tourism industry. An interesting study that may be worth undertaking is the relationship factors that increase franchisor satisfaction as forerunner to the franchisee's intention to stay in the network by renewing their licence and promote the brand among customers and potential entrants. An investigation into the reasons that give rise to actions of non-compliance, cutting corners or sabotage may present further research opportunities. Another interesting study may be the cost of non-compliance, sabotage or litigation versus the benefits of a culture of trust and honesty.

Conclusion

This study set out to investigate four aspects that would enable the researchers to answer the question of the trust perceptions held by franchisees. The four aspects were the perceptions of franchisors and franchisees respectively, the network success and the role of trust in the relationship. The researchers found that trust is a vital element for the success, performance and sustainability of the franchise network, and that trust has been found to be a determining factor in the success of franchises in a number of emerging and developing countries. Due to the paucity of research on this topic in South Africa, this article on the trust perceptions of franchisees initiated an important conversation on this aspect, which is worthy of empirical research in the future.

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