

The role of franchising in creating effective organisations in sport

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Aim of paper and research questions

This paper seeks to examine the systemic nature of franchising as organisational form, in general, and in sport, in particular. It also seeks to examine the design of effective sports organisations, and thus to contribute to the systemic sustainability of sport as a fundamental aspect of society. In doing so, the paper first seeks to categorise the broader literature on franchising along dimensions that relate to mode of franchising, industry setting, nature of research methodology and epistemology employed etc. The research is located within the field of organisation studies, examining the systemic roles, purpose and systemic effectiveness of franchising as organisational form. Whilst the use of systems methodologies to explore organisational issues is relatively common, the application of systems-based frameworks to explore franchising has not been reported in the literature. This research seeks to develop systems perspectives and to conceptualise franchising using the theoretical framework associated with Stafford Beer's Viable Systems Model (VSM) (Beer, 1979; 1981; 1985), and in doing so, to build on, reinterpret and synthesise the work of others (Brocklesby et al., 1995; Davies, 1997; 1999; 2002).

Literature review

"Franchising" has entered the lexicon of everyday life through its association with the provision of branded products or services, and through its impact on many facets of society. It also describes a form of organisation design, which, though subject to limited empirical research, has been increasingly adopted within sport as an organisational form to facilitate elite sport development and competition, and consequently to generate funding for grassroots and community developments (Robson, 2007; Dunbar, 2007).

Indeed, there have been few attempts to theorise franchising as organisational form (Bradach, 1998; Combs et al., 2004; Fladmoe et al., 1996; Hoffman & Preble, 2004; Michael, 2000; Shane et al., 2006; Shane, 2005; Shane & Foo, 1999; Tracey & Jarvis, 2007), and much research on franchising has been descriptive and piecemeal. However, an important prelude to the evolution of appropriate rigour in empirical studies is the development of a theoretical framework to guide such work (Cornwell & Maigan, 1998; McDaniel & Kinney, 1996). In the absence of such a framework, it is not surprising then, that the extension of franchising into sport has appeared to reflect mimetic behaviour rather than theoretically informed reasoning (Boyd, 1995; Demb & Neubeuer, 1992).

Research design and data analysis

The paper demonstrates the use of Beer's framework not only in building a conceptual understanding of the systemic nature and systemic effects of franchising, but also, in demonstrating how managerial insight may be gained about franchising effectiveness – the latter being demonstrated via the use of qualitative, empirical case studies of NZ sports. The research

uses mainly secondary data available within the public domain; and the analysis surfaces the nature of systemic functions that contribute to effective governance, strategy and operations.

Results

The paper offers commentary on the appropriateness of franchising in sport, and develops insight on theoretical and practical issues that underpin the effectiveness of franchising as a form of organising, a form of knowledge transfer, and a means of achieving strategic objectives embracing sport and society.

Discussion and conclusion

The paper concludes with a research agenda to examine the role of franchising in sport as a means of addressing (1) the need for franchisor viability via market growth, resource acquisition and profit generation (Castrogiovanni et al., 2006; Combs & Ketchen, 2003; Hoffman & Preble, 1991; Stanworth et al., 2004; Weaven & Frazer, 2007); (2) principal/agent dilemmas that impact governance and relate to franchisee independence and franchisor control (Kidwell et al., 2007; Krueger, 1991; Shane, 2000; Weaven & Frazer, 2006; Williams, 1998); and (3) the systemic impacts of franchisor/franchisee value congruence, such as the transaction costs of relationships (Gal-Or, 1995; Kaufman & Lafontaine, 1994). Such an agenda would also include (4) how coordination and conflict issues are addressed through contractual and franchisee selection processes that influence, guide and control franchisee behaviour (Lafontaine, 1976; Lafontaine & Shaw, 1995; 2005; Michael, 2002; Szulanski & Jensen, 2006).

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