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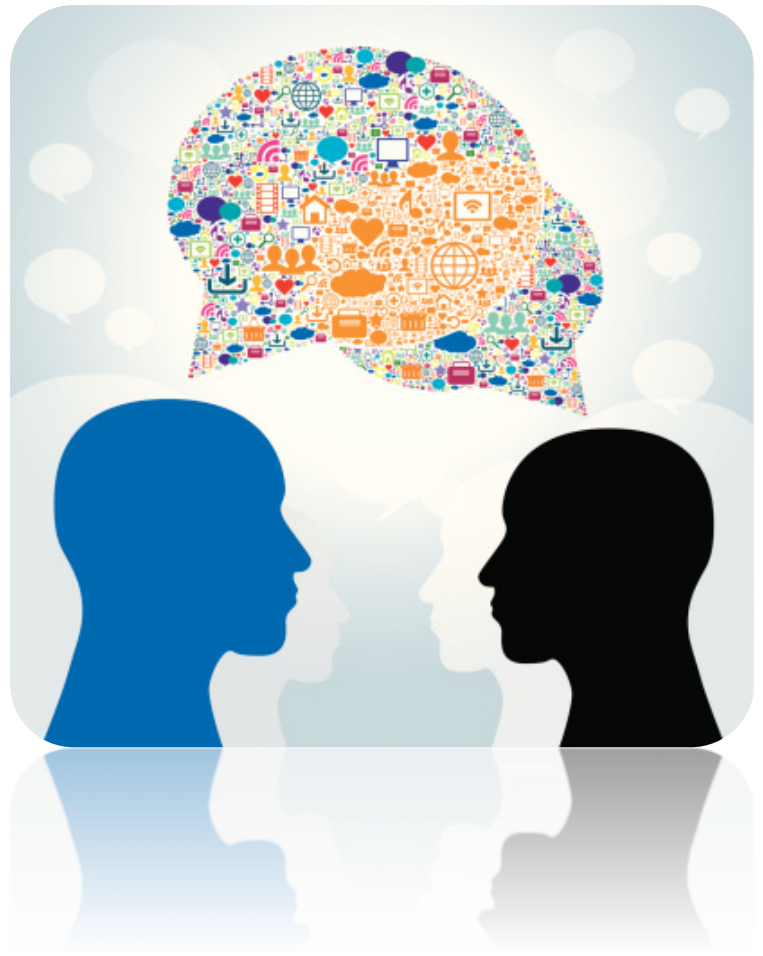
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The determinants of cross-border knowledge transfers from franchisees to their franchisor

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Master thesis

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franchisees to their franchisor

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Executive summary

Introduction

Franchising occurs when a franchisee signs an agreement with a franchisor to market and sell a specific branded product or service developed by the franchisor in a specific region for a specific period of time. In essence, the franchisor offers its franchisee its knowledge; knowledge created by the franchisor but also knowledge emerging from the network of franchisees such as best practices. The management of this knowledge exchange is an important source of competitive advantage for both the franchisor and the franchisee. Although a lot of literature can be found on knowledge transfers in general, little research has been conducted on how knowledge is transferred in a franchise organization.

The central research question of this thesis is:

What are the determinants of cross-border knowledge transfers from franchisees to their franchisor?

Methodology

Conducting a multiple case study has provided the answer to the central research question. A total of 10 cases have been chosen within The Little Gym of Europe. The Little Gym of Europe is a franchise of child enrichment programs and is currently active in ten countries with 29 locations. To fully understand the relationships between the determinants and the amount of knowledge that has been transferred from a franchisee to its franchisor, data has been collected using multiple methods. Two sets of semi-structured interviews have been conducted and supporting source documents have been requested; one set of interviews with the franchisees or their management team and one set of interviews with a member of the board and three advisors of the franchisor. Interviews have been collected with both parties to triangulate the data and to expose potentially divergent views on the relevance of specific variables.

Conclusions

Based on the analysis as discussed in the previous section the determinants of cross-border knowledge transfers from franchisees to their franchisor are:

The trust of the franchisee in the franchisor, the franchisee's slack human resources, the franchisee's feeling of unity with fellow franchisees, the value of the franchisee's knowledge base according to the franchisor, barriers to face-to-face communication and the cultural distance between the franchisee and the franchisor.

Future research is recommended to make use of a longitudinal research design. This will give the opportunity to investigate the role that different determinants play during different phases of a franchise system.

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1. Introduction

1.1 Motivation

Franchising occurs when a franchisee signs an agreement with a franchisor to market and sell a specific branded product or service developed by the franchisor in a specific region for a specific period of time, while sticking to specific rules and guidelines set by the franchisor. Franchising is a specific mode of organizing the entry into a new market with the goal of growing the organization and its business activities. Other modes of organizing this growth are through the setup of a wholly owned subsidiary or joint venture (Hill, Hwang, & Kim, 1990). Different factors play a role when an organization has to decide on their specific mode of organizing the entry into a new market (Fladmoe-Lindquist & Jacque, 1995). Two important motivations for the choice of franchising are the reduction of agency costs (Michael, 2000) and the minimization of potential losses (Hill, Hwang, & Kim, 1990). Agency costs are reduced by signing an owner-manager as franchisee, which reduces the costs of finding and monitoring less motivated hired-managers (Lafontaine, 1992). This is because the owner-manager's financial reward is dependent on the performance of his or her franchise while the hired-manager receives a fixed base-salary. Therefore owner-managers are more motivated to adapt their franchise location to their specific geographical needs and generate innovations to make their franchise as profitable as possible (Bradach, 1997). The minimization of potential losses is reflected in the lower losses that an organization will incur when the organization chooses to exit a market that was entered with a franchise compared to a wholly owned subsidiary, which requires larger resource investments (Hill, Hwang, & Kim, 1990). This is important when entering a new market in a country where there is uncertainty about the demand. If an organization is uncertain about the demand for their product there will be a risk that they might have to exit that market sooner than expected and having entered that market through a franchise will minimize the potential losses (Hill, Hwang, & Kim, 1990).

When an organization has decided to enter a market through franchising it will need to search for and sign a franchisee. In essence, the franchisor offers

its franchisee its knowledge; knowledge created by the franchisor but also knowledge emerging from the network of franchisees such as best practices (Paswan & Wittmann, 2009). The management of this knowledge exchange is an important source of competitive advantage for both the franchisor and the franchisee (Dyer & Singh, 1998). Through superior knowledge transfer routines the organization can facilitate the creation of new ideas and innovation faster than their competitors. If these superior knowledge-transfer routines are rare and difficult to imitate or substitute they can be a source of sustained competitive advantage (Barney, 1991). Although a lot of literature can be found on knowledge transfers in general, little research has been conducted on how knowledge is transferred in a franchise organization (Nijmeijer, Fabbrocotti, & Huijsman, 2014).

Knowledge transfers in a franchise organization entails specific challenges due to its unique organizational structure (Cumberland & Githens, 2012). Firstly, knowledge transfer has to happen across separate organizations, i.e. from the franchisee to the franchisor. This poses a challenge because the franchisees differ in size and are located in different geographical locations where they might have cultures that are distinct from the culture of the franchisor and other franchisees. These cultural differences might create additional barriers to the transfer of knowledge such as opposing views on how knowledge should be shared and a lack of trust (Cumberland & Githens, 2012). Secondly, although a franchisee's entrepreneurial characteristics of innovativeness, risk taking and proactiveness are seen as desirable because they drive their franchise performance (Ketchen, Short, & Combs, 2011), these characteristics are also associated with higher levels of opportunism (Evanschitzky, Caemmerer, & Backhaus, 2016). This can for example lead to the withholding of important information by the franchisee about their particular market that they believe might be used against them when renegotiating their franchise agreement with the franchisor (Paswan & Wittmann, 2009). The franchisor is in large part dependent on the franchisee for local market information to fuel growth of the franchise (Dant & Nasr, 1998) but also for innovations that have been initiated by franchisees (Cumberland & Githens, 2012). The franchisor plays an important role in this process as collector,

codifier and disseminator of useful knowledge to the whole network (Knott, 2003). The franchisor can therefore greatly benefit from knowledge transfer by their franchisees, but insight into the transfer of knowledge transfer by the franchisee to the franchisor has not yet been investigated (Nijmeijer, Fabbricotti, & Huijsman, 2014).

Knowledge transfer within multinational companies has been studied and different frameworks and overviews for determinants of knowledge transfer in an international context have been documented (Nahapiet & Goshal, 1998; Gupta & Govindarajan, 2000; Ipe, 2003; Kogut & Zander 2003; Riege, 2005; van Wijk et al. 2008). The emphasis of these studies has been on knowledge transfer between subsidiaries and from the headquarters to its subsidiaries. Little to no attention has been given to the knowledge transfer from a subsidiary to its headquarters. There have been studies related to collaborating with start-ups (Weiblen & Chesbrough, 2015) and subsidiary initiative (Birkinshaw & Fry, 1998) that have made use of a bottom up perspective in relation to innovation but none of these studies were conducted in a franchise and they did not address the actual transfer of knowledge.

This thesis contributes to the literature in three different ways. The first contribution is the identification of the **determinants of cross-border knowledge transfers from franchisees to their franchisor**. Literature that is aimed at knowledge transfer within multinational organizations has been used as a basis for providing this insight. The second contribution of this thesis is the application of a **bottom – up perspective to the transfer of knowledge**, from the franchisee to its franchisor in an international context, in contrast to earlier studies that have taken a top-down perspective. The third contribution is the use of qualitative research methods as part of a case study. Most research on knowledge transfers and especially knowledge transfers within a franchise has made use of quantitative research methods. Relatively few studies have interviewed the franchisor and franchisees responsible for the actual knowledge transfer. Through these interviews it is possible to **gain insight into the mechanisms underlying the determinants**. The insights gained from this thesis can be valuable to franchisors interested in increasing the amount of knowledge that they receive from their franchisees.

1.2 Central research question and sub-questions

The central research question of this thesis is:

What are the determinants of cross-border knowledge transfers from franchisees to their franchisor?

The answer to the central research question will be formulated by answering the following sub-questions:

- 1) *Why does a firm choose to organize its entry into a new foreign market through a franchise?*
- 2) *What is knowledge and why is it important for a firm?*
- 3) *What are the determinants of the transfer of knowledge between corporate entities located in different countries?*

1.3 Structure of the research thesis

To formulate the answer for the central research questions a literature review and an empirical research have been conducted. Chapter 2 will discuss the current literature on franchising and knowledge transfer resulting in a conceptual framework. Chapter 3 will discuss the methodology of the case study. Chapter 4 will present the results followed by an answer to the central research question in Chapter 5.

2. Literature review and conceptual model

The literature review will discuss the current literature on franchising and knowledge transfer. Firstly, franchising as a mode of organizing the entry into a new foreign market will be discussed in its broader context of international business expansion. Secondly, the concept of knowledge and the importance of knowledge as a source of competitive advantage will be discussed. This is followed by a discussion of the current literature on determinants of the amount of knowledge that is being transferred between corporate entities resulting in the formulation of research propositions. This chapter will conclude with a conceptual framework.

2.1 Factors influencing the decision to franchise

Franchising is a growing method for business development in Europe that contributes to the growth of the economy by promoting the creation of enterprises and employment (European Franchise Federation, 2012). A franchise system is made up of a brand name, specific know-how developed by the franchisor to be licensed to a franchisee and on-going assistance from the franchisor to the franchisee. In business format franchising the franchisor will also provide additional support services such as training, site selection support and marketing support for which the franchisee pays an annual fee and/or royalties (Gillis & Combs, 2009).

The literature on international market entry-mode choice has primarily focussed on the ownership modes of a wholly owned subsidiary or a joint venture (Brouthers & Hennart, 2007) with some studies also including the ownership mode of franchising. These latter studies will be discussed together with the franchise literature that has concerned itself with factors influencing the decision to franchise instead of entering a new foreign market through a company owned outlet. This discussion has been structured around two categories of factors that influence the decision to enter a new foreign market through a franchise: 1) Host country related factors and 2) Firm related factors.

2.1.1 Host country related factors

Choosing to enter a new market through a particular mode of organizing is a decision that should be made each time a firm decides to expand their business with a new subsidiary, joint venture or franchise and always in relation to the parent company's overall strategy (Hill, Hwang, & Kim, 1990). This means that the characteristics of a country that is being considered as a potential new market will influence the decision through which mode of organization they would like to enter that specific market.

Fladmoe-Lindquist and Jacque (1995) argue that if a host country has a lot of restrictions on the transfer of funds the parent company will more likely enter that market using franchising. The reason is that these restrictions make it difficult to setup a subsidiary, which can be bypassed with a franchise agreement in which the franchisee carries the bulk of the resource commitment. In a similar fashion Hill et al. (1990) have argued that the volatility of the competition and the political risks in a country are just as important. When the risks and uncertainty in a country are high, it is more likely that the parent company will prefer a low degree of resource commitment when entering a new market and thus opt for the mode of franchising. By entering a new market with a low degree of resource commitment the parent company can limit its exposure to the country risks by lowering potential losses that would be incurred when exiting that market.

From the perspective of agency theory, an important motivation for an organization to enter a new market through franchising is to reduce monitoring costs (Brickley & Dark, 1987). Agency theory focuses on possible conflicts of interest that can exist between a principal and its agents (Eisenhardt, 1989). These conflicts arise because of different goals and different attitudes towards risk between the two parties, which may lead to opportunism on either side. The principal-agent relation can be organized in different ways and the theory proposes different governance mechanisms to solve possible conflicts. In the case of entering a market through a wholly owned subsidiary a conflict might arise between the parent company and the subsidiary. The parent company is more likely to be interested in maximizing the performance of the subsidiary while the management of the subsidiary, who receive a fixed base-salary, might

be more interested in achieving the lowest acceptable performance with the least possible effort. To prevent opportunism or free riding of the management of the subsidiary, the parent company will have to monitor and manage the wholly owned subsidiary (Lafontaine, 1992). The monitoring and managing will require site visits and if needed the setup of a regional headquarters increasing the necessary costs of entering a new market. Another way of organizing the principle-agent relationship is by designing a contract that incentivises the agent to put in effort while remaining independent. This is the case when an organization decides to enter a new market through franchising. The franchisee will be motivated to make their franchise as profitable as possible as the franchisee's financial reward is dependent on the performance of the franchise. This will greatly reduce the costs of monitoring and managing the franchise.

Fladmoe-Linquest & Jacque (1995) argue that as geographical distance between the parent company and the potential subsidiary in a new market increases, the potential monitoring costs of that wholly owned subsidiary will also increase. To minimize the necessary monitoring costs the inclination to enter a new market through franchising will increase. This may be the case for a possible new subsidiary located at a far distance from the nearest headquarters but also for a possible new subsidiary relatively close in distance but very difficult to reach. The resulting travel time due to having to take indirect routes towards the difficult to reach subsidiary will raise monitoring costs in the same manner as a location far away and entering that new market through a franchise will reduce the necessary monitoring costs. Managers' perceptions of how troublesome it is to travel to certain places also influence the decision to directly invest in a particular location according to Schotter & Beamish (2013). They term these inconveniences 'travel hassles', which include local transportation costs, health risks and medical standards, food and water hygiene and local business facilitation. Schotter & Beamish (2013) argue that managers actively shun locations with many travel hassles. They found that experienced travel hassles have a negative impact on foreign investment intensity of an organization. This might also imply that an organization will more likely opt for the mode of franchising instead of investing in a wholly owned subsidiary when entering a market in a region that is perceived as having many travel hassles.

Another factor that influences the decision to franchise according to Fladmoe-Lindquist & Jacque (1995) is the cultural distance between a firm's headquarters and the location of the new potential market. The cultural distance can be expressed as the difference between the culture of the country of the parent company and the culture of the country of the potential new subsidiary (Kogut & Singh, 1988). The greater the difference in culture between the country of the parent company and the country of the subsidiary, the bigger the expected challenges will be for the parent company to communicate with the foreign employees and understand the foreign consumers and the bigger the uncertainty will be regarding the subsidiary's behaviour. With increased uncertainty in regards to possible opportunism on the side of the subsidiary more intense and frequent monitoring may be involved, raising monitoring costs. According to Bradach (1997) by entering a new market through a franchise these challenges will be reduced as the franchise will be more likely managed by a local who will be incentivised to adapt his or her subsidiary to local preferences and to make the subsidiary as profitable as possible being dependent on the performance of the franchise for his or her financial rewards.

Fladmoe-Linquist and Jacque (1995) argue that the more experience a parent company has in international business the more likely they are to choose for franchising as a mode of entry into a new market. This is because internationally inexperienced companies might not have the necessary knowledge to deal with the dissemination risk that accompanies the organizational mode of franchising (Hill, Hwang, & Kim, 1990). The dissemination risk is the risk of firm specific advantages in know-how being disposed by others. In addition, a internationally inexperienced company can still benefit a lot from the information gathered through a subsidiary. If the firm has a great concern for their reputation, they are also more likely to choose for entering a new market with an equity-based control mode of organization (Fladmoe-Lindquist & Jacque, 1995). Michael (2000) found supporting results and argues that the more important it is to have a clear brand within a certain industry, the less likely the parent company is to choose for franchising as a mode of entry because of the lack of control on maintaining standards accompanying their brand.

Although agency theory provides insight into possible determinants of entering a new market through a franchise, it does not explain all instances of franchising (Fladmoe-Lindquist & Jacque, 1995). Other factors unrelated to monitoring cost also play a role in the decision to enter a new market through franchising. These factors will be discussed in the next section.

2.1.2 Firm related factors

Yiu and Makino (2002) propose that the institutional perspective concerns itself with the internal and external forces that influence the decisions of a firm on how to organize itself. One external force is the way that competitors have organized themselves. According to this view a firm is more likely to opt for a particular mode of entry into a foreign country if their competitors have chosen for that mode of entry. The reason being that a firm is motivated to gain legitimacy in its relevant environment by mimicking its competitors' choice of organization. This motivation might stem from the expectation to be evaluated by its local constituents in a similar (positive) manner as its competitors who have already entered that market with the same mode of organization (Yiu & Makino, 2002). Although Yiu and Makino (2002) presented evidence for this argument only for the decision to enter a foreign market through either a wholly owned subsidiary or joint venture this also seems to apply to the case of franchising. Combs, Michael and Castrogiovanni (2009) found that a firm's choice of how to enter a new market is influenced by its industry membership; they particularly found that a firm is more inclined to enter a new market through a franchise if the firm's competitors already make use of this mode of organizing their business expansion. One explanation might be that managers experience normative pressures to opt for franchising through their membership in professional associations (Combs, Michael, & Castrogiovanni, 2009). In addition, they argue that there seems to be a lot of uncertainty about when one should choose for franchising as a mode of entering a new foreign market, which leads managers to mimic successful competitors. A firm's early stage propensity to franchise is also an important predictor of the firm's likelihood to enter a new market through a franchise; this is probably due to internal institutional forces

that pressure the deciding managers towards conformity with already existing practices. One such force might emerge from the social meaning that is being attached to the organizational mode of entering a new foreign market.

Hill et al (1990) have argued that a firm's unfamiliarity within a host country is an important factor for choosing to enter that country through a franchise or an equity based mode. The argument they present is similar to that of entering a country where competition is volatile and political risk high. When a firm is unfamiliar with a location it is more likely that the parent company will prefer a low degree of resource commitment when entering a new market and thus more likely choose for the mode of franchising to lower the potential losses that would be incurred when exiting that market. Combs & Ketchen (2003) add to this argument that a low location familiarity of the parent company will benefit from a local owner-manager (franchisee) that can adapt to that location's specific needs which might change over time due to changes in technological, demographic and macroeconomic factors. They propose that making the decision to franchise under these risky circumstances might lead to fueling the growth of the business faster and more cost effective than would be possible with only company owned outlets.

The value and tacitness of the parent company's firm specific know-how are also important factors influencing the decision to enter a new market through a franchise or an equity-based mode. The greater the value of the parent company's firm-specific know-how, the more likely the parent company will desire a low dissemination risk when entering a potential new market. According to transaction cost theory, the firm's specific know-how is a very important source of competitive advantage for the parent company when entering a new foreign market compared to local competitors (Hill, Hwang, & Kim, 1990). This competitive advantage will be lost if the firm's specific know-how is disposed of by their competitors. According to Hill et al. (1990) there is a very large dissemination risk accompanying the entry of a new market through franchising and a parent company with high value firm specific know-how will therefore more likely choose to enter that foreign market with a wholly owned subsidiary to minimize the dissemination risk. In contrast to Hill et al. (1990), Knott (2003) found that even when the parent company's specific know-how is

very valuable a company can still choose to enter a new market with a franchise and reduce their dissemination risk. They can achieve this by being more competent than their competitors in executing the routines and procedures resulting from their valuable knowledge. The failure of competitors to implement the valuable knowledge can be due to incompetence or overconfidence. A competitor's incompetence results in not being able to acquire the fully available knowledge and a competitor's overconfidence results in the deviation of what the valuable knowledge prescribes. These are both mechanisms that can protect a firm's valuable knowledge of being disposed by others. Based on this insight it seems that not only the value of the knowledge influences the decision to franchise but also the parent organization's perspective on how competent they are in relation to their competitors in implementing this knowledge.

In addition, the greater the tacitness of the know-how, the greater the preference of the parent company will be for high quality transmission channels when entering a potential new market (Hill, Hwang, & Kim, 1990). 'Tacit' knowledge refers to that knowledge that we know but cannot tell (Polanyi, 1966, pp. 4-6), for example a manager might have a talent for recruiting exceptional employees but has difficulty explaining her process behind this talent. This in contrast to 'codifiable' knowledge, which refers to that knowledge that we know and can tell. Because 'tacit knowledge' is difficult to codify and communicate the parent company will have more success in transferring this knowledge if it can make use of transmission channels that are tailored to the specific tacit know-how that needs to be transferred. A parent company has more control over the exchange relationship with a wholly owned subsidiary resulting in transmission channels that are more conducive to the transfer of tacit knowledge. A parent company with highly tacit know-how will therefore not choose to enter a new market with a franchise (Hill, Hwang, & Kim, 1990).

2.2 Knowledge as a source of sustained competitive advantage

According to the Resource Based View, knowledge can be an important source of sustained competitive advantage if it meets the requirements of being: valuable, rare, imperfectly imitable and not easily substituted (Barney, 1991). The Relational View (Dyer & Singh, 1998) shares the assumption of the Resource-Based View that a resource can be a source for a sustainable competitive advantage and that this can explain differences in performance between firms. But whereas the Resource Based View takes the individual firm as unit of analysis the Relational View emphasises the network of relationships in which the firm is embedded as a source for strategically valuable resources. The Relational View moves the emphasis from *knowledge* as a source of competitive advantage to the *knowledge transfer routines* that promote the transfer and creation of new knowledge as a source of competitive advantage. Both views on a firm's sustainable competitive advantage illustrate the importance of knowledge transfer for firms.

Knowledge can be defined as "*information produced belief that is anchored by the commitment and beliefs of the individuals and organizations that possess it*" (Paswan & Wittmann, 2009, p. 174). According to Nonaka (1994) 'Knowledge' differs from 'information' in the sense that 'information' is a flow of messages that has the potential to create 'knowledge' on which human action may be taken. An example is the transfer of superior marketing know-how by the franchisee to the franchisor. This 'knowledge' may then be used by the franchisor as a basis for decisions on marketing activities within a certain market area. The potential of 'information' to create 'knowledge' therefore depends greatly on the already present beliefs of the individuals in the franchisor that possess that 'information'.

As mentioned during the discussion on the influence of the tacitness of a firm's know-how on the decision to franchise, knowledge includes information that is easily codifiable on the one hand but also those things that we know but cannot tell (Kogut & Zander, 1992). Information that can be codified has been referred to as 'codifiable knowledge'. Other labels that have been used are 'explicit knowledge' or 'declarative knowledge'. Examples of 'codifiable

knowledge' are marketing and operating manuals. Knowledge that we know but cannot tell has been referred to as 'tacit knowledge', 'know-how', or 'procedural knowledge' (Kogut & Zander, 1992). An example of 'tacit knowledge' is the ability of a person to recognize a face but the inability to explain the process behind this ability. This example can also be used to illustrate that 'tacit knowledge' may become 'codifiable knowledge' when researchers investigate this ability and then codify their findings about this process. According to Polanyi (1966, pp. 19-20) there will always be a part of our knowledge that stays 'tacit' even after the process has been codified, meaning that the codified process behind facial recognition of a person will never contain all the 'tacit knowledge' of the actual process.

2.3 Determinants of knowledge transfers between corporate entities

In contrast to the literature on knowledge transfers between corporate entities within multinational organizations (Nahapiet & Goshal, 1998; Gupta & Govindarajan, 2000; Ipe, 2003; Kogut & Zander 2003; Riege, 2005; van Wijk et al. 2008), the literature on knowledge transfers within a franchise system is still very limited (Nijmeijer, Fabbricotti, & Huijsman, 2014). Therefore the literature on knowledge transfers between corporate entities within multinational organizations has been consulted as a basis for identifying determinants of the amount of knowledge that is being transferred.

Dant & Nasr (1998) argue that for a franchisor the creation and transfer of knowledge plays an important role in their international business expansion. Initial growth can be fully directed by the franchisor but as distant markets become a more important source of growth, the franchisor becomes more dependent on knowledge provided by franchisees on market conditions and consumer preferences to analyse the potential of that market. To fuel this growth with a sustainable competitive advantage the franchisor will need to innovate its products, services and procedures. According to Cumberland & Githens (2012) this innovation is in part dependent on the initiative from franchisees that generate solutions to problems they experience or local market opportunities they would like to seize.

The dependence of a franchisor on its franchisees for innovation is similar to the role that subsidiaries play in creating and maintaining firm specific advantages according to Birkinshaw, Hood and Jonsson (1998). They argue that a shift in perspective has taken place; from firm-specific advantages only residing at the location of the company's headquarters to the perspective that subsidiary's cannot only contribute to the process of creating firm-specific advantages but that they can actually drive this process through their own initiative.

In the case of a franchise network this perspective can be elaborated with the potential that the network of franchisees offers as an important source of innovation for both the franchisees and the franchisor. This can be illustrated by the example given by Darr, Argote & Epple (1995) of a cost saving innovation developed at one franchise pizza store that quickly transferred to other visiting franchisees before being adapted and nationally introduced by the franchisor. This illustrates the importance of not only knowledge transfer from the franchisor to the franchisee but also from the franchisees to their franchisor.

According to Ghosal and Bartlett (1988) a subsidiary is more likely to create and diffuse their knowledge if they have a lot of local autonomy and slack resources. The local autonomy provides the authority to make changes and to take the initiative to innovate on products, services and procedures (Birkinshaw, 1999). Just as important is the necessary slack in local human resources that make it possible to spend time and money on these innovations and the subsequent transfer of the corresponding knowledge (Verbeke & Yuan, 2013). In addition, they argue that the degree to which the subsidiary shares the parent company's strategy, goals and norms is an important determinant for the amount of knowledge that is being transferred to the parent company. The degree to which the subsidiary and parent company share the same goals and strategy is largely a result of socialization and communication, emphasizing the role that personal relations play in the transfer of knowledge (Nahapiet & Ghoshal, 1998). In a similar way any barriers to communication between the parent company's headquarters and the subsidiary will hamper subsidiary initiative (Birkinshaw, 1999). According to Nahapiet and Ghoshal (1998) the network of personal relationships is the foundation of any creation and transfer

of knowledge. They term this network together with the assets that may be moved through this network 'social capital'. Social capital encompasses the structure of this network but also the quality of the relationships. An important aspect of the relational dimension of social capital is trust, which lowers the perceived cost of the transfer of knowledge and therefore increases the degree to which knowledge is transferred (Casimir, Lee, & Loon, 2012).

According to Gupta & Govindarajan (2000) the amount of knowledge that is transferred from a subsidiary to other subsidiaries and the parent company is also determined by the value of the knowledge stock of that subsidiary. They argue that a subsidiary's knowledge stock needs to be perceived as relevant and unique by the recipients of that knowledge before any transfer can take place. Merrilees and Fraser (2006) have argued that better performing franchisees have better marketing and management systems compared to more poorly performing franchisees. Because franchisees share a common business model the marketing and management systems of a better performing franchisee might represent very valuable knowledge to more poorly performing franchisees. This might lead to the wrong conclusion that within a franchise the performance of a franchise location and the value of their knowledge stock are interchangeable concepts. But because a franchisee might hold knowledge in the form of a better management system that is not relevant to other franchisees because of their unique and specific location the superior performance of a franchisee and the value of their knowledge stock are probably not one and the same.

Akreimi, Mignonac and Perrigot (2010) found that franchisees that feel a stronger sense of unity with their fellow franchisees were less likely to withhold local market information from its franchisor. They argue that franchisees that feel a strong sense of unity are more motivated to share information that enhances their reputation within the network to which they would like to keep their membership. Whereas the trust between two parties represents a determinant that emphasises the personal relationship between the parties involved in the transfer of knowledge, a franchisee's feelings of unity represent a determinant emphasizing the relationship with the network and not necessarily with the party to which the knowledge will be transferred.

Gorovaia and Windsperger (2010) investigated the transfer of knowledge

from the franchisor to its franchisees. They found that if a franchisor's firm specific knowledge is mainly made up of codifiable knowledge the franchisor will make use of knowledge transfer mechanisms that have low information richness capabilities such as email and the intranet. If on the other hand most of the franchisor's firm specific knowledge is tacit they will make more use of knowledge transfer mechanisms that have higher information richness capabilities such as trainings and seminars. This indicates that the tacitness of a franchisor's firm-specific knowledge is a determinant of knowledge transfer mechanisms. The role of the tacitness of a franchisor's firm-specific knowledge on the amount of knowledge that is being transferred has not yet been investigated. The scope of this thesis will focus exclusively on the knowledge transfer relationship from the franchisee to the franchisor, which also has not been researched yet (Nijmeijer, Fabbricotti, & Huijsman, 2014). In addition, this research thesis will emphasize the transfer of knowledge that contains a tacit component in the form of 'know-how', such as superior marketing procedures, instead of 'operational information', such as monthly sales data, that is made up of only codified knowledge.

2.4 Determinants of knowledge transfers from franchisees to the franchisor

Based on the literature discussed in this chapter determinants of knowledge transfer have been identified and categorized as follows: 1) Franchisee characteristics and 2) location characteristics.

2.4.1 Franchisee characteristics

2.4.1.1 Franchisee's trust in the franchisor

Mishra and Mishra (2014, p. 17) describe trust as meaning '*that you are willing to be vulnerable to others in the face of uncertainty*'. Trust is built when the other party is seen as competent in relevant abilities, shows consistency between their words and actions, comes across as honest and is willing to show compassion (Mishra & Mishra, 2014). When a relationship is characterized as being high in trust people are more willing to share their knowledge (Casimir, Lee, & Loon, 2012).

Nahapiet and Ghoshal (1998) mention the bilateral relationship between trust and knowledge transfer; improved trust may lead to more knowledge transfer and more knowledge transfer may lead to improved trust, eventually leading to specific norms, such as the social norms of openness and teamwork further increasing the levels of trust and knowledge transfer.

As proposed by agency theory (Eisenhardt, 1989), the franchisor and franchisee might fear opportunistic behaviour by the other party when transferring sensitive knowledge and refrain from doing this (Cumberland & Githens, 2012). The franchisor might for example opportunistically exploit a franchisee's knowledge by claiming the knowledge to be their own when transferring this knowledge to the rest of the franchisees. Trust in the franchisor means that the franchisee perceives the franchisor as honest, compassionate, and to have shown consistency between words and action. This trust can alleviate the fear of being exploited by the franchisor, which increases the willingness of the franchisee to transfer their sensitive knowledge.

This results in the following proposition:

P1: The higher the level of trust of the franchisee in the franchisor, the more knowledge will be transferred from the franchisee to the franchisor.

2.4.1.2 Franchisee performance

According to Merrilees & Frazer (2006) better performing franchisees have superior marketing and management systems compared to more poorly performing franchisees. Better performing franchisees are generally more effective in cross-selling, leading to higher margins, they are often better at managing their loyal customers and usually have better operational procedures resulting in higher efficiency. These superior abilities and underlying routines and systems represent important knowledge that could benefit other franchisees (Merrilees & Frazer, 2006). Although other factors may play a role in why a franchisee outperforms other franchisees, the franchisor might be more interested in the know-how of a better performing franchisee. The franchisor might expect to receive knowledge from a better performing franchisee that could be relevant to the whole network and therefore pro-actively stimulate the transfer of their knowledge to the franchisor. This results in the following proposition:

P2: The higher the performance of the franchisee, the more knowledge will be transferred from the franchisee to the franchisor.

2.4.1.3 Value of franchisee's knowledge base

Because the transfer of knowledge entails costs, the franchisor will be more interested in knowledge that can be of benefit to the franchisor compared to that which has no added value to the franchisor's current knowledge base. The value of a franchisee's knowledge base is greater if that franchisee seems to have knowledge that is **unique** compared to the knowledge that can be acquired from other franchisees and if that knowledge is more **relevant** to the franchisor and the network of franchisees (Gupta & Govindarajan, 2000). For example, if a franchisee has superior marketing knowledge that other franchisees do not

posses, this knowledge is more unique compared to a marketing practice that is present at several franchisees. In a similar fashion, if a franchisee has superior marketing knowledge that can also be used by franchisees in other countries this knowledge is more valuable than a marketing practice only applicable to that franchisee's country. This results in the following proposition:

P3: The higher the value of the franchisee's knowledge base as perceived by the franchisor, the more knowledge will be transferred from the franchisee to the franchisor.

2.4.1.4 Franchisee's slack human resources

Bourgeois (1981) described 'organizational slack' as being represented by the spare resources that may be used for purposes other than the expected day-to-day operations. Organizational slack makes it possible to adapt to unexpected circumstances arising from either within the organization or from the external environment. Verbeke and Yuan (2013, p. 246) specifically describe human resource slack "*as a pool of commonly available human knowledge in excess of what is required for efficient operations*". The amount of human resource slack that an organization has is the result of the interplay between the changing needs of the internal and external environment of the organization and its ability and strategy on how to manage these demands (Verbeke & Yuan, 2013). As the benefits of knowledge transfer are mainly to the receiving party, the transferring party might not engage in knowledge transfer if their current resources are just enough to maintain their day-to-day operations. Ghoshal and Bartlett (1988) affirm that having slack human resources is therefore a very important resource to have, as without it the transfer of knowledge might be impeded. This results in the following proposition:

P4: The higher the level of slack human resources of the franchisee, the more knowledge will be transferred from the franchisee to the franchisor.

2.4.1.5 Tacitness of a franchisee's knowledge

Especially 'tacit' knowledge is seen as an important source of competitive advantage for a firm because of its difficulty to be transferred between parties and therefore its protection from being disposed by others (Dyer & Singh, 1998). 'Codified' knowledge is written down and can therefore more easily be transferred whereas 'tacit' knowledge mainly exists in people's heads. Kogut & Zander (1992) have further differentiated 'tacit' knowledge from 'codifiable' knowledge as being more difficult to codify and teach and more complex. Whereas codified knowledge can be emailed or shared through a company's intranet, the transfer of tacit knowledge requires learning by observing and experiencing, which requires more face-to-face contact. This means that if a subsidiary's knowledge is highly tacit it will be more difficult to transfer that knowledge and therefore less knowledge transfer will generally take place. This results in the following proposition:

P5: The more tacit the knowledge of the franchisee, the less knowledge is transferred from the franchisee to the franchisor.

2.4.1.6 The degree to which the franchisee feels a sense of unity with other franchisees

Akremiti, Mignonac and Perrigot (2010) describe the degree to which the franchisee feels a sense of unity with other franchisees as represented by their inclination to forge social bonds, help out other franchisees and coordinate their efforts together with other franchisees around the franchisor's goals. Although a geographical distance separates franchisees they have multiple opportunities to socialize at conferences, seminars and internships where more senior franchisees take the role of training a new member of their network. The degree to which the franchisee participates in this process of socialization has a positive effect on the franchisee's feelings of unity with other franchisees. According to Langfred (1998) this increased sense of unity increases the willingness to contribute to the success of their fellow franchisees and the franchise as a whole. A franchisee experiencing more unity with its fellow franchisees might be more

willing to transfer knowledge to the franchisor as a method to contribute to their shared goals (Akremi, Mignonac, & Perrigot, 2010) because the franchisor plays an important role as collector, codifier, and disseminator of useful knowledge to the whole network (Knott, 2003). This results in the following proposition:

P6: The higher the franchisee's sense of unity with fellow franchisees, the more knowledge will be transferred from the franchisee to the franchisor.

2.4.2 Location characteristics

2.4.2.1 *Barriers to face-to-face communication between the franchisor and the franchisee*

Slangen (2011) argues that although there have been great advances in information technologies that may be used for the transfer of knowledge, a larger travel time poses a barrier to face-to-face communication and thereby lower the amount of knowledge that may be transferred through on-site visits, seminars, and conferences. According to Fladmoe-Linquist and Jacque (1995), the travel time between two locations may increase with increasing geographical distance between the two locations but also due to the franchisee being in a location that is difficult to reach resulting in more travel time. Another barrier to face-to-face contact between the franchisor and franchisee is the perceived travel hassles by the manager that has to do the traveling. Schotter & Beamish (2013) argue that travel hassles related to transportation costs, health risks and medical standards, food and water hygiene and the local business facilitation can lead to managers actively shunning a location with a high degree of travel hassles. This leads to less face-to-face communication by which knowledge may be transferred. This results in the following proposition:

P7: The higher the barriers to face-to-face communication between the franchisee and the franchisor, the lower the amount of knowledge that will be transferred from the franchisee to the franchisor.

2.4.2.2 Cultural distance between the franchisor and the franchisee

Cultural distance is the distance between the culture of the country that hosts the franchisor and the culture of the country that hosts the franchisee (Hofstede, Hofstede, & Minkov, 2014). The bigger the distance between the norms and values, the more likely that there will be bigger differences in organizational routines, governance practices and employee expectations (Kogut & Singh, 1988). This cultural distance can lead to misunderstandings (Lyles & Salk 1996; Qin et al. 2008) and to a 'we versus them' attitude (Slangen, 2011) on the side of the franchisee, which raises a barrier to the transfer of knowledge (van Wijk, Jansen, & Lyles, 2008) from the franchisee to the franchisor. But Beugelsdijk et al. (2015) argue that countries are not homogeneous in their culture and there is a certain intra-country variation of culture, which might imply that the distance between the culture of the franchisor and franchisee is greater or less than the cultural distance between the two host countries. This results in the following proposition:

P8: The bigger the cultural distance between the franchisee and the franchisor, the lower the amount of knowledge that will be transferred from the franchisee to the franchisor.

2.4.3 Conceptual framework

The literature review has resulted in the formulation of propositions that present possible determinants of the amount of knowledge that is being transferred from the franchisee to their franchisor. Based on these propositions a conceptual framework has been formed (figure 1). The conceptual framework has formed the basis on which the empirical research has been conducted. The research methodology of the empirical research will be discussed in the next chapter.

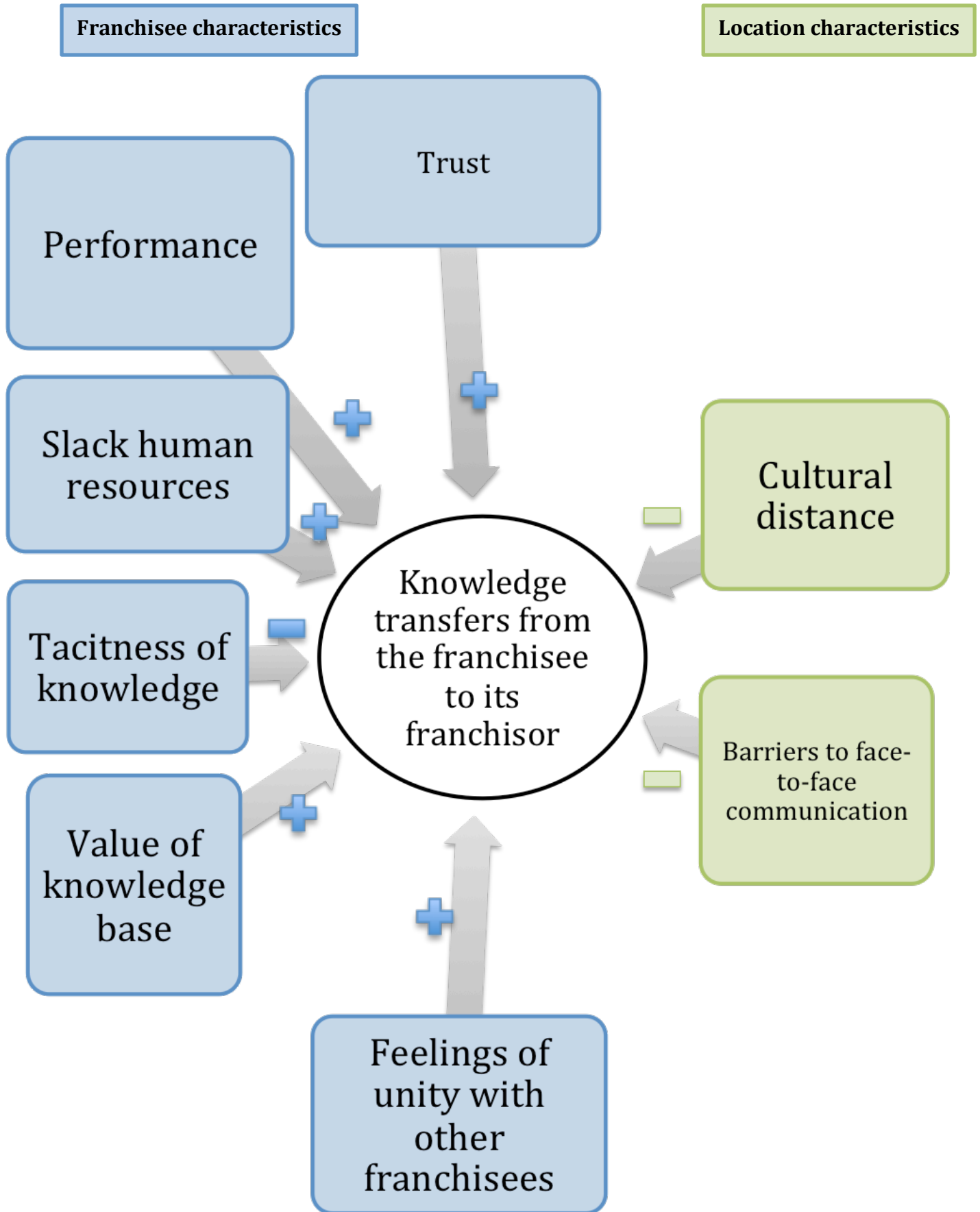


Figure 1. Conceptual framework.

3. Methodology

This part of the thesis will discuss the motivation behind the choice of a multiple case study (Yin, 2009) as research strategy and elaborate on its methods for answering the central research question. On the basis of an extensive literature review a conceptual model has been created which has been used as a basis for the following empirical research.

3.1 Type of research

The aim of this study was to provide an in-depth overview of determinants of the amount of knowledge that is being transferred by the franchisee to the franchisor. This is the first study to explore this topic (Nijmeijer, Fabbricotti, & Huijsman, 2014). There is little control over the events that are the subject of this study and the focus is on a contemporary phenomenon within a real-life context matching the characteristics of a situation best studied with a case study (Easterby-Smith, Thorpe & Jackson, 2015, p 89-90; Yin 2009).

To provide an integral image of knowledge transfer by the franchisee to the franchisor, qualitative research methods have been used (Verschuren & Doorewaard, 2015), namely semi-structured interviews and analysis of source material. This was followed by a triangulation of the collected data. The data analysis has been conducted as described by the comparative case study and the hierarchical method (Verschuren & Doorewaard, 2015, p. 183).

3.2 Case company

The chosen case is that of The Little Gym of Europe. Its headquarters is in Brussels, Belgium. The Little Gym of Europe is a franchise of child enrichment programs and is currently active in ten countries with 29 locations (The Little Gym of Europe, 2016). Their main service is non-competitive gymnastic classes for children between 4 months to 12 years of age. Within this case company the different franchisee locations function as different cases. The Little Gym of Europe has franchisees in Belgium, Bulgaria, Czech Republic, Luxembourg, the Netherlands, Poland, Portugal, Romania, Russia, Slovakia, Sweden and the United Kingdom.

3.3 Case selection

To include a wide range of franchisees as respondents a maximum variation sampling strategy has been used (Easterby-Smith, Thorpe, & Jackson, 2015, p. 138). A maximum variation sampling strategy has been chosen to aid in finding possible relationships between specific determinants of the amount of knowledge that is being transferred from the franchisee to the franchisor. In addition, a member of the board of the franchisor has been asked to identify franchise locations that either transfer a lot of knowledge or transfer very little knowledge to the franchisor before choosing which franchise locations to contact. In total 10 franchise locations from 6 countries have been included in this study: the United Kingdom, the Netherlands, Poland, Czech Republic, Sweden and Luxembourg. Three respondents have been interviewed for each location: a franchisee respondent, the Chief Operations Officer (COO) and the location's advisor. Each location has only one advisor and each advisor advises a cluster of locations. This has resulted in 14 respondents: 10 franchisee respondents, 1 COO and 3 advisors.

The franchisee respondents needed to be actively involved in the day-to-day operations of that franchise location while also managing the flow of knowledge back to the franchisor. This could be either the franchisee or in the case where the franchisee functions mainly as an investor the management team of the location.

3.4 Data collection

To fully understand the relationships between the determinants and the amount of knowledge that has been transferred from a franchisee to its franchisor, data has been collected using multiple methods (Easterby-Smith, Thorpe, & Jackson, 2015, p. 135). Two sets of semi-structured interviews have been conducted; one set of interviews with the franchisees or their management team and one set of interviews with a member of the board and three advisors of the franchisor (See Appendix A & B for the interview protocols). Interviews have been collected with both parties to triangulate the data and to expose potentially divergent views on the relevance of specific variables. The interviews held with the members of the board of the franchisor only included the variables on which they could share

their perspective. Respondents have been guaranteed that their answers will be handled with full confidentiality and any presentation of the data in this thesis had to be approved by the referenced respondent. In addition, source documents have been requested and analysed from the franchisor and franchisees. The questions for the semi-structured interview have been first piloted with a respondent within the franchisor and a franchisee. Subsequent feedback has been used to improve the questions.

3.5 Measurements

As a starting point for the in-depth questions the respondents have been asked to describe how they got involved with The Little Gym, how they see their role in the network and to rate the magnitude of each factor outlined in the conceptual framework. The in-depth questions have led to the insights into how the different determinants influence the amount of knowledge transferred from the franchisee to the franchisor. Wherever possible, the measurements are based on already existing research instruments and adapted to suit the needs of this particular research thesis.

3.5.1 Dependent variable: the amount of knowledge transferred

As a starting point for insight into how much knowledge has been transferred from each franchisee to the franchisor, each franchisee has been asked to rate on a five-point scale how much knowledge has been transferred from their franchise location to the franchisor during the last 2 years (1= none, 5= a lot). In addition, the respondents from the franchisor have been asked to rate on a five-point scale how much knowledge has been transferred from each franchise location to the franchisor during the last 2 years (1= none, 5= a lot). Each advisor was only able to provide a rating for the franchise locations that they advise. Each respondent has been asked to explain his or her ratings and where needed the scores have been altered during the interview to correspond with the respondent's explanation and examples. This has resulted in a total of three perspectives on the amount of knowledge that has been transferred from each franchise location: 1) from the perspective of the franchisee respondent, 2) the perspective of the COO and 3) the perspective of the advisor of the franchise

location. There was one franchise location whose advisor was not interviewed and therefore this franchise location only received a rating on the amount of knowledge that had been transferred according to the franchisee respondent and the COO.

Similar to Gupta and Govindarajan (2000) this study is primarily interested in the transfer of knowledge in the form of 'know-how', which contains a tacit knowledge component, instead of 'operational information'. To make this distinction clear a list of knowledge categories has been provided complementary to this question. This list is based on Gupta and Govindarajan (2000) and has been adapted into the following six categories to suit the needs of this specific case: 1) marketing know-how 2) sales know-how 3) technological know-how 4) service know-how 5) purchasing know-how and 6) management systems and practices. Based on the ratings of all 6 categories a mean has been calculated for each franchise location for each respondent (the franchisee respondent, the COO and the advisor).

The franchisee respondents' mean scores for the amount of knowledge that had been transferred were higher than the mean of the scores provided by the franchisor respondents. The reason could be that the franchisee respondents based their scores on the transfer of knowledge to the franchisor through all available transmission channels while each franchisor respondent was only aware of the transfer of knowledge through those transmission channels that they are responsible for. Secondly, when ranking the different franchise locations according to the amount of knowledge that has been transferred based on either the franchisee's perspective or the franchisor's, there were some differences. In this case an influential factor could be that the franchisor respondents based their scores on a comparison of different franchisees while the franchisee could only base their scores on their own perspective. In addition, three different advisors have been asked to provide a rating for those franchise locations that they advise and each franchise location has only one advisor. Each advisor might have used a different way of providing a rating for the specific group of franchise locations that they advise, which could have led to a different ranking of franchise locations. These differences in ratings have been used to challenge the franchisee respondents, the COO and the advisor of each franchise location on

their argumentations and examples behind their ratings. This has resulted in a change in the ratings provided by one franchise location. To keep the mean scores as comparable as possible for the cross case analysis, the franchisee respondents' mean scores have been used for the analysis.

3.5.2 Franchisee's trust in the franchisor

The amount of trust of the franchisee in the franchisor has been assessed by asking the franchisee to rate on a five-point scale the amount of trust that they have in their franchisor (1= none, 5= a lot). To gain in-depth insight into how the amount of trust of the franchisee in the franchisor influences the amount of knowledge transferred from the franchisee to the franchisor, three follow-up questions have been asked.

3.5.3 Franchisee performance

The performance of the franchisee has been assessed in two ways. The franchisor has been asked to rate the financial performance of each franchisee on a five-point scale (1= not good, 5= outstanding). In addition, the performance of each franchisee has been based on documents from the company on key business indicators of each franchisee. Comparing these two sources resulted in the same performance ratings. To gain in-depth insight into how the franchisee's financial performance influences the amount of knowledge transferred from the franchisee to the franchisor, two follow-up questions have been asked.

3.5.4 Value of the franchisee's knowledge base

The value of a franchisee's knowledge base has been assessed by asking the respondents of the franchisor to rate a franchisee's knowledge base on a five point scale for two different aspects: 1) uniqueness of knowledge and 2) relevance of knowledge for the franchisor or other franchisees (Gupta & Govindarajan, 2000). The average of the two scores represents the value of the franchisee's knowledge base. To gain in-depth insight into how the value of the franchisee's knowledge base influences the amount of knowledge transferred from the franchisee to the franchisor, three follow-up questions have been asked.

3.5.5 Franchisee's slack human resources

Based on the measurement of Goshal and Bartlett (1988), the slack human resources within a franchise has been assessed by asking the respondent to rate on a five point scale the effect of a hypothetical 10% reduction in their operating budget (1 = significant disruption of activities, 5 = no perceptible effect). To gain in-depth insight into how the franchisee's amount of slack human resources influences the amount of knowledge transferred from the franchisee to the franchisor, three follow-up questions have been asked.

3.5.6 Tacitness of the franchisee's knowledge

Based on the measurement of Kogut and Zander (2003), the tacitness of the franchisee's knowledge has been assessed by asking the franchisee to rate their knowledge on a five point scale for three different aspects: 1) codifiability 2) teachability and 3) complexity (1=not at all, 5= very much). The scores for the first two aspects were reverse coded and then added to the score for the third aspect. The aggregate score was divided by three to arrive at an overall score for the tacitness of the franchisee's knowledge. To clarify the distinction between know-how and operational information, a list of the 6 knowledge categories has been provided complementary to this question. To gain in-depth insight into how the tacitness of the franchisee's knowledge influences the amount of knowledge transferred from the franchisee to the franchisor, three follow-up questions have been asked.

3.5.7 The degree to which the franchisee feels a sense of unity with other franchisees

Based on Akremi et al. (2010) the degree to which the franchisee feels a sense of unity with fellow franchisees has been assessed by asking the franchisee to rate four items on a five-point scale. The scores for these four items have been averaged to provide the degree of sensed unity by the franchisee. To gain in-depth insight into how the degree to which the franchisee feels a sense of unity with other franchisees influences the amount of knowledge transferred from the franchisee to the franchisor, three follow-up questions have been asked.

3.5.8 Barriers to face-to-face communication

The geographical distance between the franchisee and the franchisor has provided the quantitative basis for the barriers to face-to-face communication between the franchisor and the franchisee. Based on Slangen (2011) the geographical distance has been measured as the distance in kilometres between the franchisor's location and that of the franchisee using the Google Maps distance calculator developed by Daft Logic¹. To guarantee the anonymity of each franchise location the geographical distance has been normalized to a five-point scale. The furthest location received a rating of 5 and all other franchise locations received a rating based on their geographical distance divided by 1/5 of the distance between the franchisor's location and the furthest franchise location. To gain in-depth insight into how the travel time and travel hassles influence the amount of knowledge transferred from the franchisee to the franchisor, four questions have been asked to the franchisor and each franchisee.

3.5.9 Cultural distance

The cultural distance between the franchisee and the franchisor has been assessed in three ways. The franchisor has been asked to rate the experienced cultural differences between themselves and the franchisee on a five-point scale (1=none, 5= a lot). The franchisee has been asked to do the same and for triangulation purposes the cultural distance as assessed by Hofstede (2014) has been consulted and an index has been calculated using an adapted version of Kogut and Singh's index (1988, p. 422):

$$CD_j = \sum_{i=1}^6 \{(I_{ij} - I_{ib})^2 / V_i\} / 6$$

The index corrects for the variances of each of Hofstede's (2014) six dimensions. In this formula CD_j represents the cultural distance for the j th country of the

¹ See <http://www.daftlogic.com/projects-google-maps-distance-calculator.htm>

franchise location, I_{ij} stands for the i th cultural dimension of the j th country and I_{ib} stands for the the i th cultural dimension of the b th country of the franchisor which is Belgium. V_i stands for the variance of the index of the i th cultural dimension. To gain in-depth insight into how the cultural distance influences the amount of knowledge transferred from the franchisee to the franchisor, three follow-up questions have been asked.

After having collected the data the ratings of the three different advisors seemed to be mutually inconsistent. Their ratings might have been influenced by the respondents' personal interpretations of what cultural difference entails and what not. Therefore only the franchisee's respondent experienced cultural distance and the cultural distance index have been included in the analysis.

3.6 Data analysis

To gain insight into the possible relationships between specific determinants and the amount of knowledge that has been transferred by the franchisee to the franchisor the data analysis will follow the hierarchical method (Verschuren & Doorewaard, 2015, p. 183) consisting of two phases. The first phase consists of a *within-case analysis* where each case will be analysed independent of all the other cases. The goal of the first phase is for unique patters from each case to emerge before generalizing patterns between cases. The second phase consists of a *cross-case analysis* where the results of the first phase will be compared to each other with the aim of finding explanations for similarities or differences between the cases. Correlations have been calculated between each determinant and the amount of knowledge transferred. In addition, for each determinant a comparison has been made between the scores of those cases that have the most knowledge transferred versus those that have the least knowledge transferred. This will be discussed together with a visual presentation of the data in the results chapter.

3.7 Validity and reliability

To maximize the quality of the case study four critical conditions to the design of this study will be discussed: construct validity, internal validity, external validity and reliability (Yin, 2009).

Construct validity: construct validity refers to the correct operational measures for the concepts that are being studied. Using *multiple sources of evidence* and *triangulating* the evidence will promote construct validity. Therefore evidence has been collected through 1) semi-structured interviews with franchisees, 2) semi-structured interviews with members of the board of the franchisor and 3) source documents. In addition, clear description of the key constructs of knowledge and the different knowledge transfer determinants have been provided. By using semi-structured interviews a *chain of evidence* is created (Yin, 2009) and a *key informant*, the study supervisor, has reviewed every draft of this research report (Yin, 2009). In addition, collected data has been processed between cases and offered to the involved party for feedback before being used in the final data analysis, further improving construct validity.

Internal validity: internal validity refers to the credibility of the causal relationships that result from this study; that they are the result of an actual relationship between the two concepts and not a false relationship due to other factors. To ensure internal validity an emphasis has been put on the underlying mechanisms of a potential relationship and on discovering the underlying theoretical reasons why a certain relationship may exist (Eisenhardt, 1989). Also, the different cases have been analysed following two phases; independent analysis of each case followed by *pattern matching* during the second phase. In addition, during the data collection and data analysis rival explanation have been addressed (Yin, 2009).

External validity: external validity refers to the degree of generalisation of the results of the study. External validity has been promoted through the forming of theory that has informed the empirical research. This theory is the domain to

which the findings can be generalized (Yin, 2009). In addition, multiple sub-cases have been studied to further promote external validity.

Reliability: reliability refers to the replication of the study with the same results based on the methodology discussed in the study. Reliability has been promoted by clearly documenting the case study protocol (see Appendix C), including but not limited to: documentation of the specific sub-cases, the corresponding respondents, the semi-structured interview protocol and the transcripts of the interviews and source documents. To uphold the anonymity and confidentiality of all respondents the transcripts and source documents are not openly shared within this thesis.

To further improve the rigor of the case study systematic reflection has been build into the research cycle. This reflection has been promoted through discussion with both the supervisor and fellow research students at the university during set sessions (Carroll & Swatman, 2000).

4. Results

This chapter will present the results of this thesis. First, each case will be presented separately to provide insight into each case's unique pattern of determinants and the amount of knowledge transferred. This is followed by a presentation of the results across all cases for each determinant, to provide insight into across case patterns between the determinants and the amount of knowledge transferred. All case information that could lead to the identification of the location of each case has been left out to guarantee the anonymity of each respondent.

4.1 Within case analysis

4.1.1 Location 1

Variable	Score
Knowledge transfer	3.8
Performance	4
Slack human resources	3
Tacitness of knowledge	4
Value of knowledge base	4
Trust	3
Feelings of unity	3.5
Perceived cultural distance	3
Cultural distance index	1.88
Geographical distance	1.53

Table 1. Variables for location 1

The knowledge that has been transferred from this location to the franchisor has been mainly knowledge that the licensee perceived as knowledge that they had to create to bridge the gap between what they received as support and what they needed in order to be successful. This was especially the case for purchasing know-how and management practices. The licensee perceives the geographical distance and trust (table 1) between the franchisor and themselves as a big

influence on the amount of knowledge they transfer. The geographical distance limits their face-to-face time, which is needed to build the trust that is needed to successfully transfer knowledge to the franchisor.

4.1.2 Location 2

Variable	Score
Knowledge transfer	2.3
Performance	3
Slack human resources	2
Tacitness of knowledge	2.7
Value of knowledge base	3.5
Trust	3
Feelings of unity	3.25
Perceived cultural distance	2
Cultural distance index	1.65
Geographical distance	0.76

Table 2. Variables for location 2

This location has been closely involved in the testing and implementation of the new gym management software and has therefore transferred a lot of their technological know-how to the franchisor. In addition, the licensee finds it very meaningful to discuss the location's management practices and new initiatives to improve their local service together with the advisor. A lot of knowledge is transferred in that way. The licensee perceives their lack of slack human resources (table 2) as the most important factor limiting the amount of knowledge that they have transferred to the franchisor.

4.1.3 Location 3

Variable	Score
Knowledge transfer	1.3
Performance	5
Slack human resources	4
Tacitness of knowledge	4.3
Value of knowledge base	3
Trust	1
Feelings of unity	3.5
Perceived cultural distance	2
Cultural distance index	0.55
Geographical distance	3.23

Table 3. Variables for location 3

This location transferred very little knowledge because the licensee feels that the franchisor does not ask them. Although trust has received a low score (table 3) this would not keep the licensee from transferring knowledge, as long as they would be asked, because the licensee respects the franchise agreement. A possible barrier to the transfer of their knowledge would be the tacitness of their knowledge. During a period of high staff turnover they experienced that although a lot of their knowledge was documented, this was not nearly enough to transfer all of the accumulated knowledge to their new team members.

4.1.4 Location 4

Variable	Score
Knowledge transfer	2.7
Performance	3
Slack human resources	2
Tacitness of knowledge	2.7
Value of knowledge base	4
Trust	4
Feelings of unity	3.5
Perceived cultural distance	1
Cultural distance index	1.65
Geographical distance	0.62

Table 4. Variables for location 4

This location has also been involved with the implementation of the new gym management software and has therefore had the opportunity to transfer a lot of their technological know-how to the franchisor and thereby generate new knowledge. Most of their knowledge in relation to their technological know-how and service know-how, such as how they handle enquiry calls, has been documented and is therefore easy to transfer. According to the licensee, the lack of slack human resources (table 4) has had the biggest influence on the amount of knowledge that they have transferred.

4.1.5 Location 5

Variable	Score
Knowledge transfer	1.8
Performance	3
Slack human resources	2
Tacitness of knowledge	4
Value of knowledge base	2
Trust	2
Feelings of unity	2.25
Perceived cultural distance	1
Cultural distance index	0.93
Geographical distance	5

Table 5. Variables for location 5

This location is the furthest away in terms of geographical distance from the franchisor and this location transfers relatively little knowledge (table 5). But according to the licensee these factors are not related because there are plenty of ways to communicate using the latest technology and if it were necessary the licensee would make the travel. Instead they experience a lack of personal relationships with the franchisor that are needed for the transfer of knowledge, which is reflected in their low scores on trust and feelings of unity. And although their knowledge is highly tacit, the licensee does not see this as a barrier because if there were more knowledge transfer transmission channels that they could use any knowledge would get transferred.

4.1.6 Location 6

Variable	Score
Knowledge transfer	2.8
Performance	5
Slack human resources	5
Tacitness of knowledge	3
Value of knowledge base	4
Trust	3
Feelings of unity	4.5
Perceived cultural distance	4
Cultural distance index	1.88
Geographical distance	1.53

Table 6. Variables for location 6

The respondent of this location is very motivated to transfer their knowledge to the franchisor as a way to improve best practices within the whole network. The respondent's feelings of unity in the network are an important determinant of the amount of knowledge they transfer to the franchisor (table 6). The respondent has been involved with the franchise for quite some time and feels that based on this experience there is a lot of knowledge in regards to how to manage a franchise that their location has. According to the franchisee respondent this is knowledge that can benefit others within the network. In addition, the respondent is motivated to help everybody within the network to embrace the new technology that has been introduced and therefore actively transfers their technological know-how to the franchisor. The franchisor values their knowledge base highly and uses their best practices as an example for other franchisees. The amount of slack human resources that they have is perceived as an important enabler for the transfer of knowledge. Because they have always had more staff scheduled than required for the day-to-day operations any drop in these resources did not affect the amount of knowledge that they have transferred to the franchisor. The large cultural difference is perceived as a reason why they pro-actively transfer their knowledge to the

franchisor; to provide the franchisor with novel knowledge from the field which they do not have and to have them understand the business better.

4.1.7 Location 7

Variable	Score
Knowledge transfer	3
Performance	4
Slack human resources	4
Tacitness of knowledge	2.7
Value of knowledge base	1
Trust	3
Feelings of unity	4.25
Perceived cultural distance	2
Cultural distance index	1.88
Geographical distance	1.67

Table 7. Variables for location 7

The licensee feels that they have a lot of knowledge that they could transfer. They try out new ideas on a regular basis and create best practices based on what works. But because the licensee is only confident of what they share on their own initiative, and not that sure on how much is actually successfully transferred to the franchisor, the licensee did not feel comfortable giving higher scores to the amount of knowledge transferred. The licensee has for example shared new ideas or best practices via email or in person but did not receive any subsequent feedback indicating that the transfer was successful. The licensee perceives their feelings of unity, as an important reason why they are happy to share all of their knowledge, while their slack human resources are an important enabler (table 7).

4.1.8 Location 8

Variable	Score
Knowledge transfer	1.7
Performance	5
Slack human resources	1
Tacitness of knowledge	2.7
Value of knowledge base	1
Trust	5
Feelings of unity	4
Perceived cultural distance	2
Cultural distance index	3.263
Geographical distance	3.51

Table 8. Variables for location 8

This franchise location is purposively managed without slack human resources (table 8). The licensee's view is that the staff is paid to deliver the service and not to develop and transfer any new knowledge. In addition, the licensee feels that they are in a franchise to receive knowledge from the franchisor and that the knowledge that is needed to successfully run their business is already available. The licensee's view is that because they have been active within the franchise network for a long time they do not need as much support from the franchisor anymore. They know what works and focus on implementing their current knowledge. The franchisor does not value this location's knowledge base highly and corroborated that the knowledge transfer is mainly from the franchisor to the franchisee.

4.1.9 Location 9

Variable	Score
Knowledge transfer	1.8
Performance	5
Slack human resources	3
Tacitness of knowledge	3
Value of knowledge base	3
Trust	2
Feelings of unity	3.75
Perceived cultural distance	4
Cultural distance index	0.578
Geographical distance	0.82

Table 9. Variables for location 9

The licensee of this location perceives their low trust as an important reason for the lack of knowledge transfer (table 9). The licensee does not feel heard nor fairly treated and this has led to less contact for the transfer of knowledge from the franchisee to the franchisor. The licensee's feelings of unity are the main reason why they still transfer knowledge when asked. At times the franchisor has for example asked their perspective on the gym management software to be implemented and subsequently used their feedback to improve the implementation process. The licensee feels motivated to help others succeed and sees the franchisor as responsible for collecting knowledge from franchisees and dispensing that knowledge throughout the network.

4.1.10 Location 10

Variable	Score
Knowledge transfer	2
Performance	2
Slack human resources	1
Tacitness of knowledge	3
Value of knowledge base	2
Trust	3
Feelings of unity	3.5
Perceived cultural distance	4
Cultural distance index	1.65
Geographical distance	0.78

Table 10. Variables for location 10

This location has mainly transferred knowledge related to marketing, such as best practices for Facebook advertisements. The licensee perceives the lack of slack human resources as the main reason why they did not have more knowledge transferred to the franchisor (table 10). The experienced cultural distance and geographical distance could also play a role, although not as much as the lack of slack human resources. The experienced cultural distance raises a barrier as the licensee questioned at times the usefulness of their knowledge for other franchisees and therefore refrained from transferring their knowledge to the franchisor. The geographical distance is a barrier to face-to-face contact which limits the amount of knowledge that they can transfer because the licensee feels most confident of transferring knowledge in person.

4.2 Cross case analysis

Based on a comparison between those franchise locations that transfer the most knowledge to the franchisor (mean ≥ 3) and those that transfer the least (mean < 1.9), it seems that a franchise location either transfers their knowledge across the board for all categories or does not. If a franchise location transfers their knowledge for only a couple of categories they end up in the middle category (mean $2 \leq \text{mean} \leq 2.9$), which has been marked in grey in table 11.1 and table 11.2.

From table 11.2 it seems clear that no single factor fully explains the amount of knowledge that has been transferred from any franchise location. This is substantiated by the interviews in which the respondents mentioned multiple determinants for the amount of knowledge that they have transferred during the last two years. This section will discuss the support for each proposition and a summary is provided at the end of this chapter (table 12).

Location	Amount of knowledge transferred per category							Amount of knowledge transferred
number	marketing	sales	technological	service	purchasing	management practices	mean total	
1	3	3	3	4	5	5	3.8	
7	3	3	3	3	3	3	3.0	
6	3	2	4	3	1	4	2.8	
4	2	1	4	4	2	3	2.7	
2	2	2	3	3	1	3	2.3	
10	3	2	2	2	2	1	2.0	
9	2	2	3	1	2	1	1.8	
5	1	2	2	2	1	3	1.8	
8	1	1	1	3	1	3	1.7	
3	1	1	1	2	1	2	1.3	

Table 11.1 Knowledge transferred by category for each location

Location	Amount of knowledge transferred	performance	slack human resources	tacitness of knowledge	value of knowledge base	trust	feeling of unity	cultural distance		geographical distance
								perceived	index	
	mean total									
1	3.8	4	3	4	4	3	3.5	3	1.88	1.53
7	3.0	4	4	2.7	4	3	4.25	2	1.88	1.67
6	2.8	5	5	3	4	3	4.5	4	1.88	1.53
4	2.7	3	2	2.7	4	4	3.5	1	1.65	0.62
2	2.3	3	2	2.7	3.5	3	3.25	2	1.65	0.76
10	2.0	2	1	3	2	3	3.5	4	1.65	0.78
9	1.8	5	3	3	3	2	3.75	4	0.58	0.82
5	1.8	3	2	4	2	2	2.25	1	0.93	5.00
8	1.7	5	1	2.7	1	5	4	2	3.26	3.51
3	1.3	5	4	4.3	3	1	3.5	2	0.55	3.23

Table 11.2 Scores on the independent and dependent variables for each location

4.2.1 Franchisee's trust in the franchisor

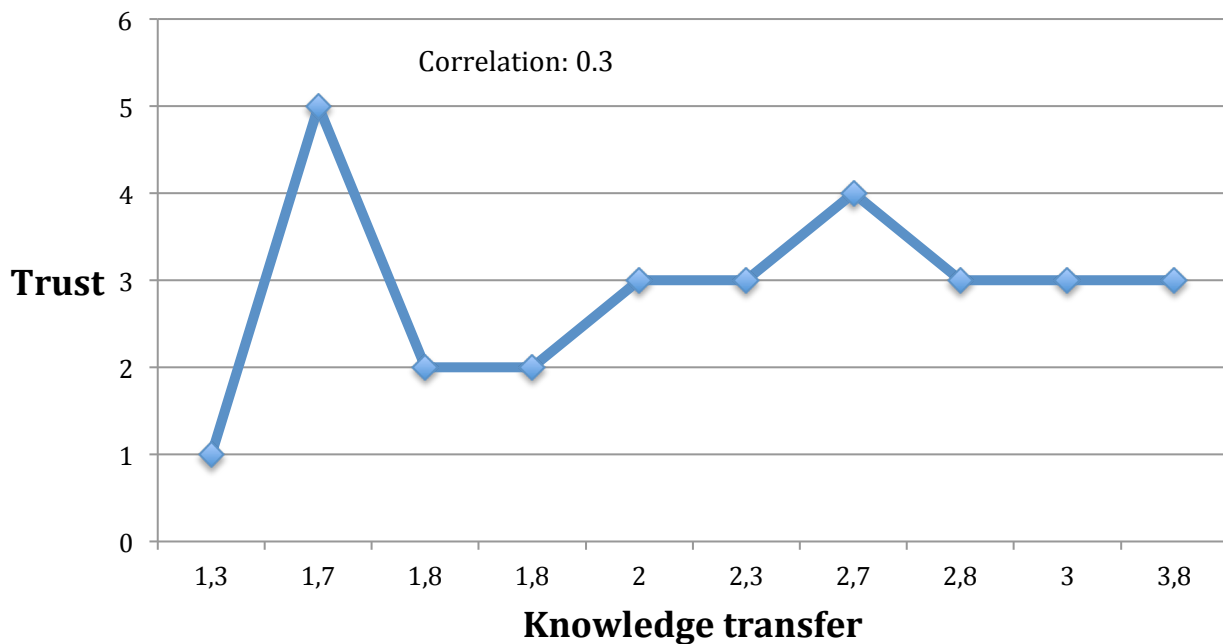


Figure 2. Franchisee trust and the amount of knowledge transferred.

The proposition that the higher the level of trust of the franchisee in the franchisor, the more knowledge will be transferred from the franchisee to the franchisor is **supported**. The correlation between the franchisee's trust and the amount of knowledge transferred is 0.3. In addition, the two locations that have transferred the most knowledge have more trust in the franchisor compared to the four locations that have transferred the least, with only location 8 being an outlier. All locations with a score of 2.0 or higher for the amount of knowledge transferred also have a score of 3 or higher for their trust in the franchisor (figure 2).

According to the respondents of those locations that transfer most knowledge, trust is an important determinant of their willingness to transfer knowledge and therefore of the amount of knowledge that they have transferred. Trust in the franchisor means that the franchisee trusts the franchisor to have their best interest at heart and therefore feels confident that any knowledge that they transfer will not be used in an opportunistic way but instead will be handled with integrity by the franchisor. In addition, trust in the franchisor also means that the franchisee has trust in the competence of the franchisor and

therefore sees the transfer of knowledge as a way to contribute to the franchisor's overall knowledge base and performance rather than as wasted time. In contrast, trust is not seen as a limiting factor according to the respondents of the locations that transfer the least. Three out of four respondents indicate that if they would be asked to transfer any kind of knowledge to the franchisor they would, but because they are not asked and do not feel heard their level of trust in the franchisor is low. This illustrates that trust plays an important role in the **motivation** of a franchisee to pro-actively transfer their knowledge to the franchisor, even though the franchisees might not perceive trust as an important determinant of the amount of knowledge that they have transferred.

4.2.2 Franchisee's performance

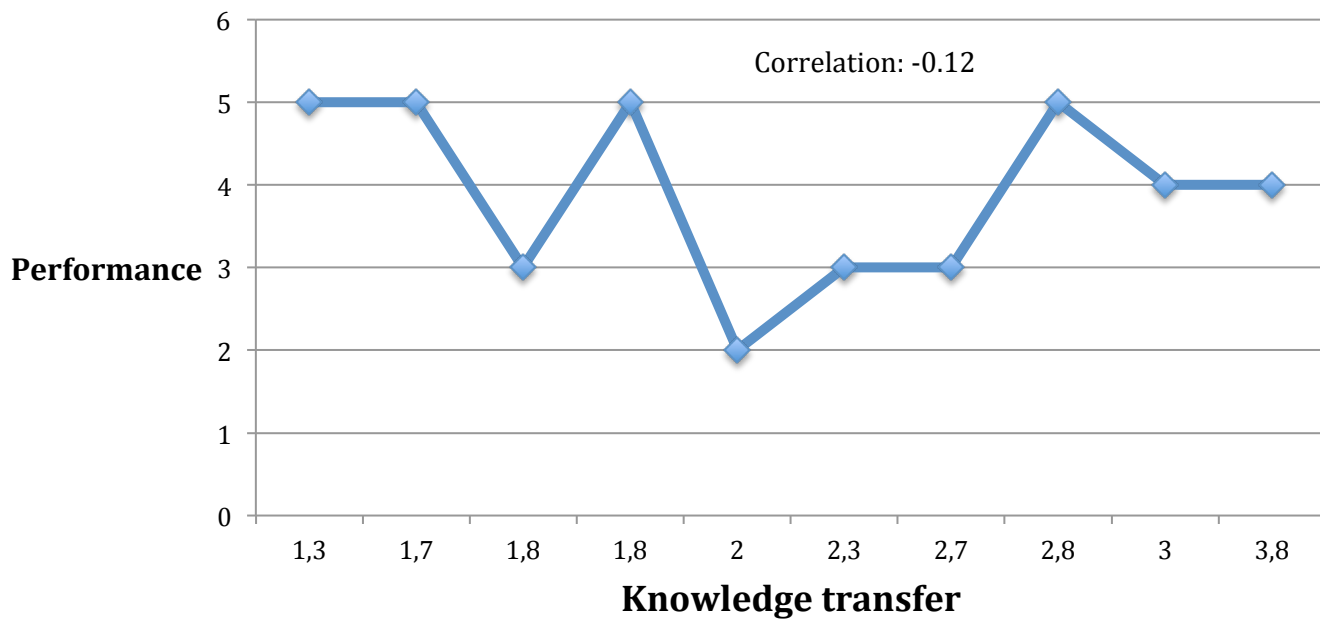


Figure 3. Franchisee performance and the amount of knowledge transferred.

The proposition that better performing franchisees transfer the most knowledge to the franchisor is **not supported**. The correlation between the franchisee's performance and the amount of knowledge transferred is -0.12. In addition, the locations that have transferred the most and those that have transferred the least of their knowledge to the franchisor have all performed well; as evidenced by their performance scores of 4 and 5 (figure 3).

The franchisor is interested in novel knowledge that can be of benefit to the whole network. According to the franchisor, if a franchisee performs well this is due to the successful implementation of the knowledge that they have received from the franchisor and not the result of any novel knowledge. Therefore if a franchise location performs better this does not motivate the franchisor to acquire more of that location's knowledge.

In the words of one franchisor respondent:

"I am looking at the gyms that are doing the best....and I think their performance and how much they transfer to us have nothing to do with each other. Because

good performing gyms really know how to run their gyms and that is regardless of them sharing with us. But I do think the reverse is true. Gyms that have learned how to listen, will learn to do better. So I think that gyms that listen more and use the systems and procedures better will perform better. And honestly if you just do everything that you are supposed to do you will have a good gym. But if you don't evolve, because there have been a lot of changes, and if you do not keep up and you do things your own way you are not going to do that well. I mean, why would you want to reinvent the wheel if you are a part of a franchise?"

4.2.3 Franchisee's slack human resources

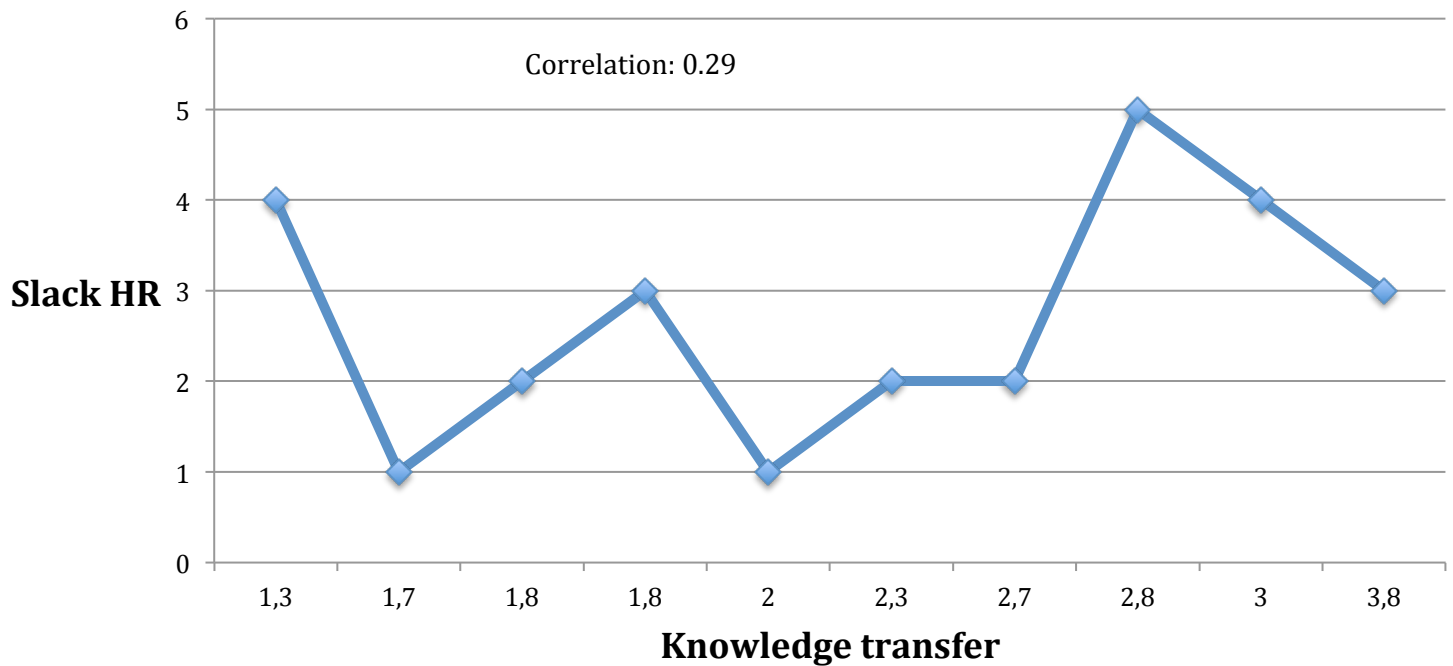


Figure 4. Franchisee's slack human resources and the amount of knowledge transferred.

The proposition that the higher the level of slack human resources of the franchisee, the more knowledge will be transferred from the franchisee to the franchisor **is moderately supported**. The correlation between the franchisee's slack human resources and the amount of knowledge transferred is 0.29. In addition, there is no franchise location without slack human resources (score of 1) that has a lot (score of ≥ 3.0) of knowledge transferred to the franchisor (figure 4).

Because the successful execution of the day to day operations is always the main priority, whenever a drop in resources is experienced by a franchise location with a lack of slack human resources this severely limits the time that they can spend on anything else than delivering their service. If on the other hand they have ample slack human resources they are still able to spend time to transfer their knowledge to the franchisor by either documenting their knowledge and emailing it or transferring their knowledge verbally through a

conference call. The slack human resources therefore represent a **resource** to transfer knowledge to the franchisor.

4.2.4 Tacitness of franchisee's knowledge

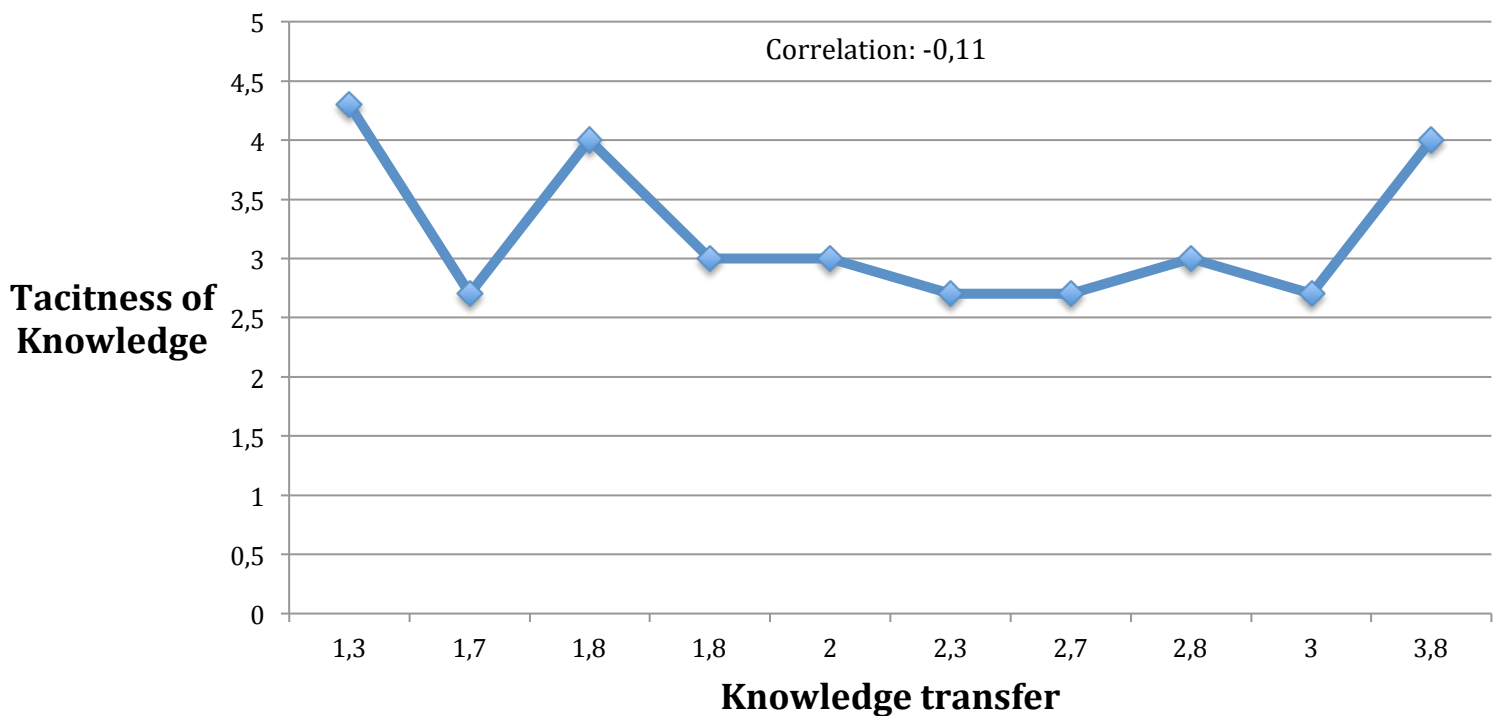


Figure 5. Tacitness of a franchisee's knowledge and the amount of knowledge transferred.

The proposition that the more tacit the knowledge of the franchisee, the less knowledge is transferred from the franchisee to the franchisor is **not supported**. The correlation between the tacitness of the franchisee's knowledge and the amount of knowledge transferred is -0.11. In addition, there is no clear pattern to be found between the tacitness of a franchisee's knowledge and the amount of knowledge that they have transferred to the franchisor (figure 5).

According to the respondents the tacitness of their knowledge is not an important determinant of the amount of knowledge that they have transferred to their franchisor because any difficulty that arises from the tacitness of their knowledge can be mitigated by time and the motivation to spend the time needed to transfer the knowledge. In the words of the respondents of location 5 and 9:

"I think it is more about the culture within the organization. Because you do not have to do the knowledge sharing lump sum. If you have a good culture about

sharing ideas and best practices and as you do it in chunks the documentation is not that important.”

“It is never very easy to document anything. But I still think it is not very difficult, as it would only take time. We have been open for a long time and I feel all of the knowledge already exists. A lot of it is already documented. Teaching is the same, it is not difficult to teach something, but I wouldn't say it is really easy because I do not know how good I am with teaching somebody. I am an impatient teacher...haha”

This indicates that the tacitness of a franchisee's knowledge base is offset by their slack human resources (providing the time needed to transfer knowledge) and trust (providing the motivation to spend the necessary time to transfer knowledge) which in turn is seen as part of the culture within the network.

4.2.5 The value of the franchisee's knowledge base according to the franchisor

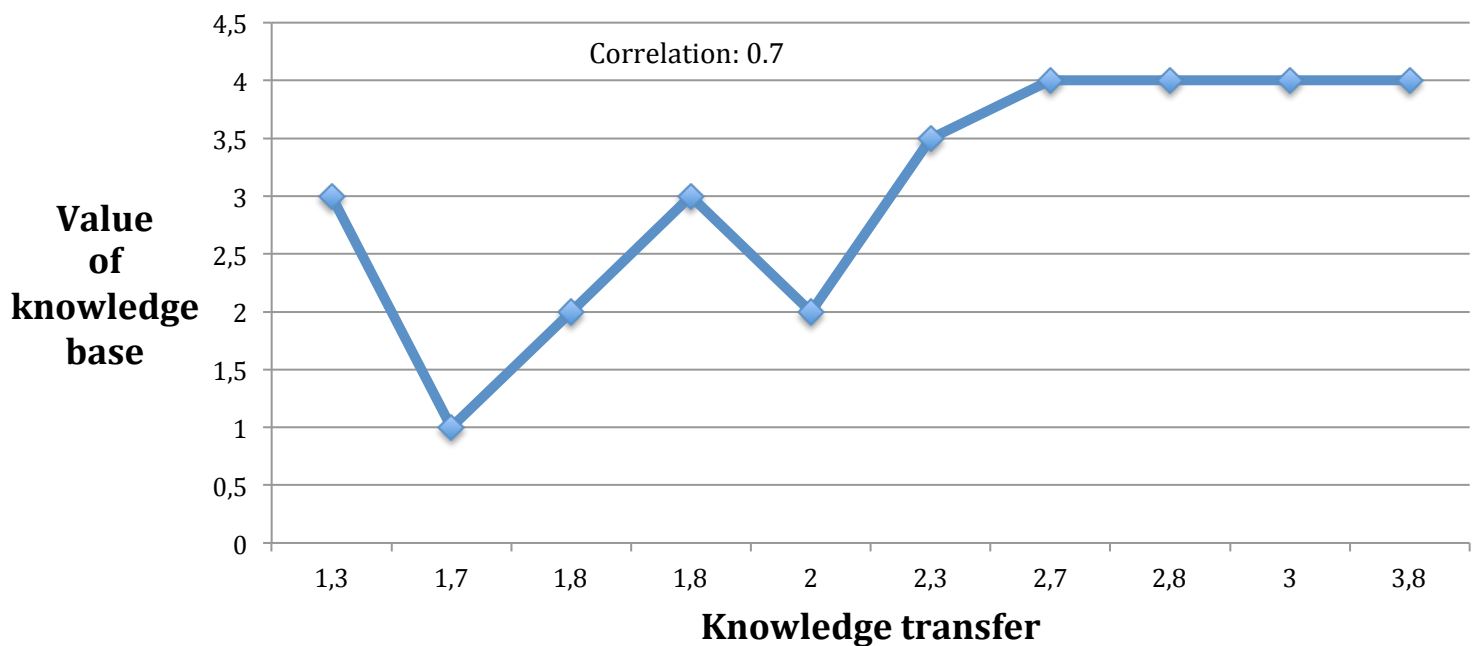


Figure 6. The value of the franchisee's knowledge base and the amount of knowledge transferred.

The proposition that the higher the value of the franchisee's knowledge base as perceived by the franchisor, the more knowledge will be transferred from the franchisee to the franchisor **is supported**. The correlation between the value of the franchisee's knowledge base and the amount of knowledge transferred is 0.7. In addition, there is a clear difference between the value of the franchisee's knowledge base that have transferred the most knowledge (value of knowledge base = 4) and those that have transferred the least (value of knowledge base =<3) (figure 6).

The respondents of the franchisor explain that if a franchise location has knowledge that is unique and relevant to the rest of the network they are more motivated to receive their knowledge. The franchisor is more motivated because this is knowledge that the franchisor can use to improve the performance of other franchise locations, which will result in better performance of the network.

4.2.6 Franchisee's feeling of unity with fellow franchisees

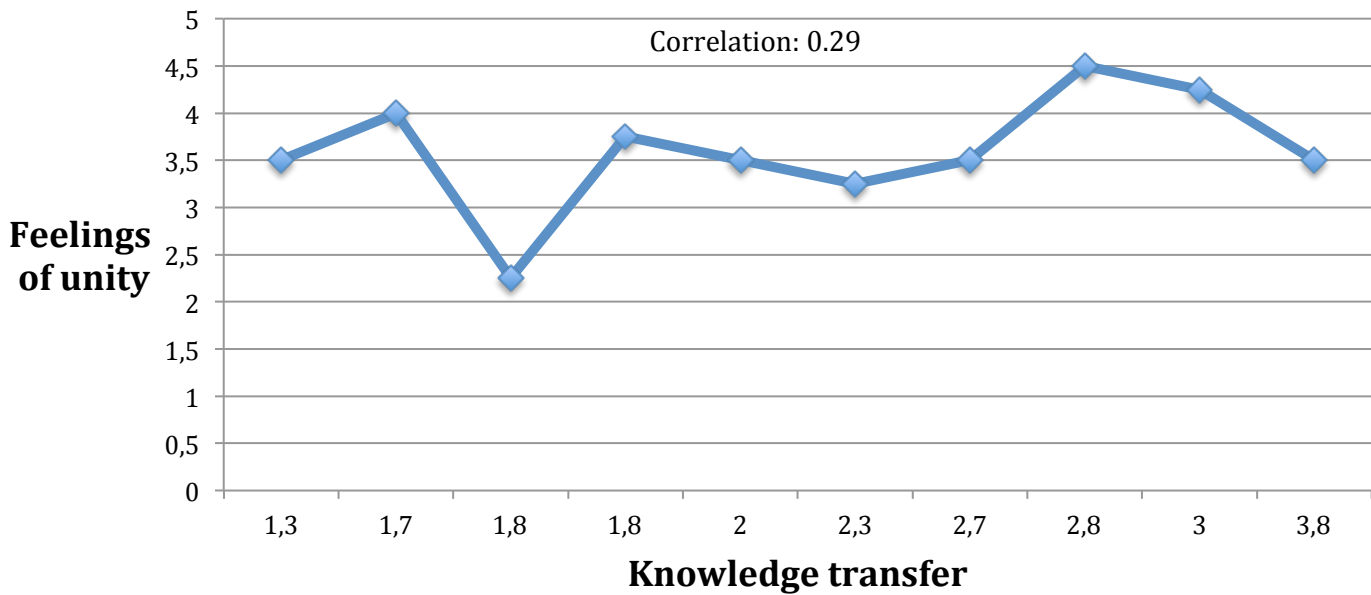


Figure 7. Franchisee's feeling of unity and the amount of knowledge transferred.

The proposition that the higher the franchisee's feeling of unity with fellow franchisees, the more knowledge will be transferred from the franchisee to the franchisor is **moderately supported**. The correlation between the franchisee's feeling of unity and the amount of knowledge transferred is 0.29. In addition, the lowest score for a franchisee's feeling of unity is amongst the locations that transfer the least (location 5: score of 2.25, table 11.2) and those locations that have shared the most have a higher score compared to those locations that shared the least. The proposition is only moderately supported because there are also high scores for the feeling of unity amongst the locations that have transferred the least.

This can be explained by the apparent two different views on how the feeling of unity influences the amount of knowledge that they transfer to the franchisor. On the one hand some franchisees are motivated to transfer their knowledge to the franchisor as a way to help out their fellow franchisees:

"I think there is a correlation with the Perceptions of unity I have in the network. If I go to a convention and the people I meet have the same motivation, interests and

drive, I will come back with more motivation to share with the franchisor so that they can share this with other franchisees. I see that as their role, to collect and share the knowledge.”

On the other hand some locations, such as location 8 and 3, see their relationship with the franchisor as completely unrelated to their relationships with their fellow franchisees:

“I don't think I would share less or more if I would have different scores. They are not The Little Gym of Europe (the franchisor) are they.... “

Therefore a franchisee's feeling of unity seems to positively impact the willingness of that franchisee to transfer their knowledge to the franchisor, but only if they see the franchisor as a mediator for the transfer of knowledge from them to the rest of the network, which will help out their fellow franchisees.

4.2.7 Barriers to face-to-face communication

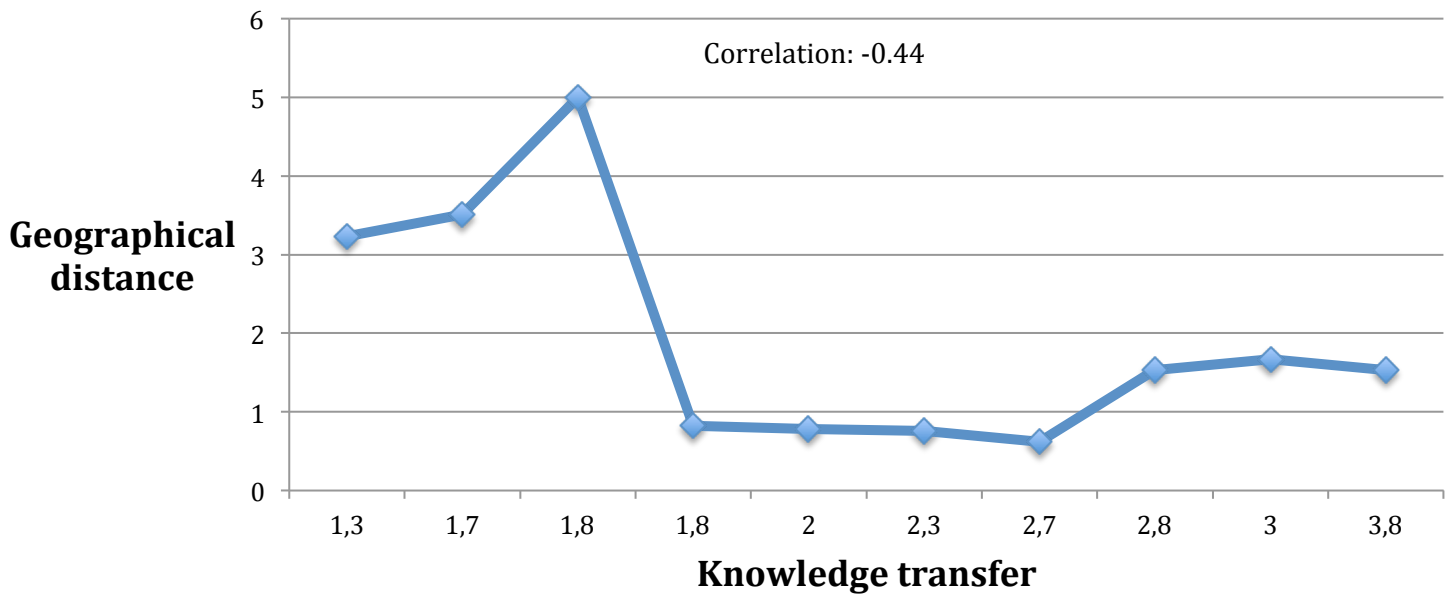


Figure 8 Barriers to face-to-face communication and the amount of knowledge transferred.

The proposition that the higher the barriers to face-to-face communication between the franchisee and the franchisor, the lower the amount of knowledge that will be transferred from the franchisee to the franchisor is **supported**. The normalized geographical distance as depicted in figure 8 represents the barriers to face-to-face communication. The correlation between the geographical distance and the amount of knowledge transferred is -0.44. In addition, the three locations that have the least amount of knowledge transferred also have the greatest geographical distance to the franchisor (locations 5, 8, 3), whilst all the other locations are all geographically relatively close to the franchisor.

The reason why a larger geographical distance results in less transfer of knowledge is because it limits face-to-face time, which is necessary for the building of the necessary trust that leads to the pro-active engagement in the transfer of knowledge. Two out of three locations that have the greatest geographical distance to the franchisor are also amongst the three locations with the lowest trust (locations 3 and 5, table 11.2). Although most franchisee and franchisor respondents see the geographical distance and any experienced travel

hassles as a barrier which can be overcome by the current technological capabilities such as email, the cloud and videoconferencing, locations 1 and 7 view this differently. Locations 1 and 7 have transferred the most knowledge to the franchisor during the last two years and they experience the present geographical distance as a serious barrier to the transfer of knowledge:

Location 1: *" If I would have more face time I would achieve more. It is all about human relationships; face-to-face you can get your point across better. With all this technology we do not have enough face time to build a trusting relationship. With more trust I would get more knowledge across."*

Location 7: *"I guess it does have an impact. Because from the view of if you are sitting face to face it is easier to share and transfer knowledge. It has more to do with that a lot of the knowledge you share is non-verbal. And sitting face to face you have both cues, verbal and nonverbal. It is just easier to hide behind an email...."*

4.2.8 Cultural distance

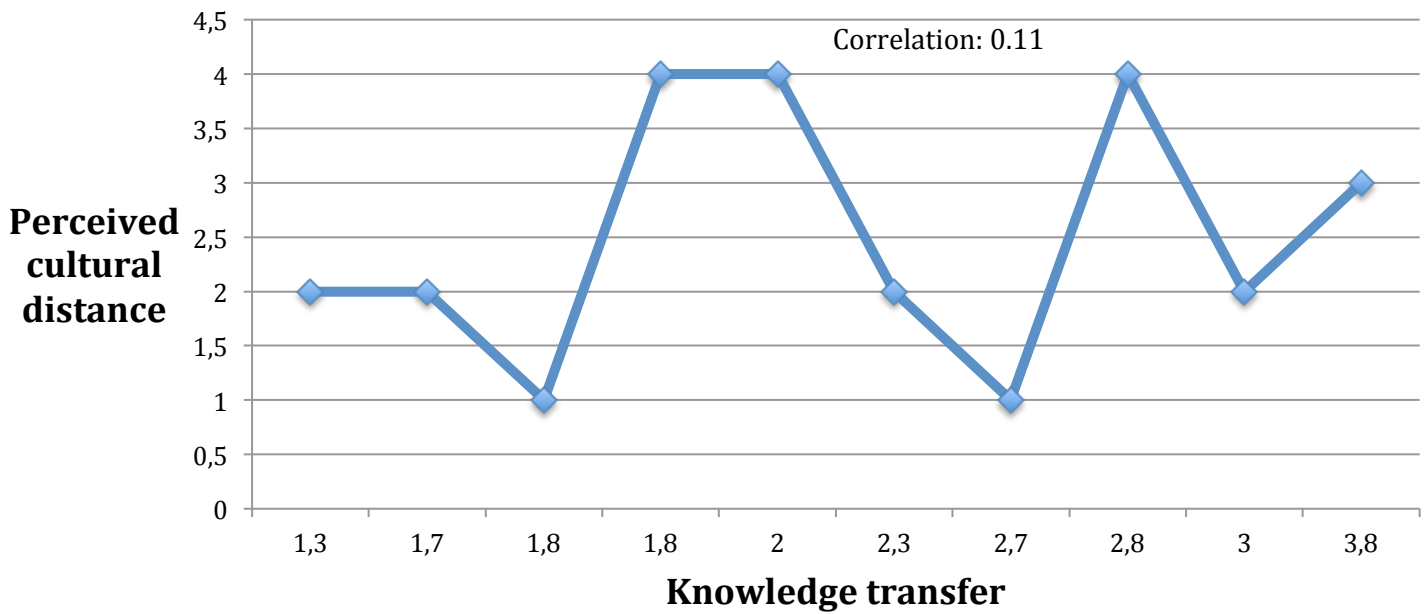


Figure 9.1. Perceived cultural distance and the amount of knowledge transferred.

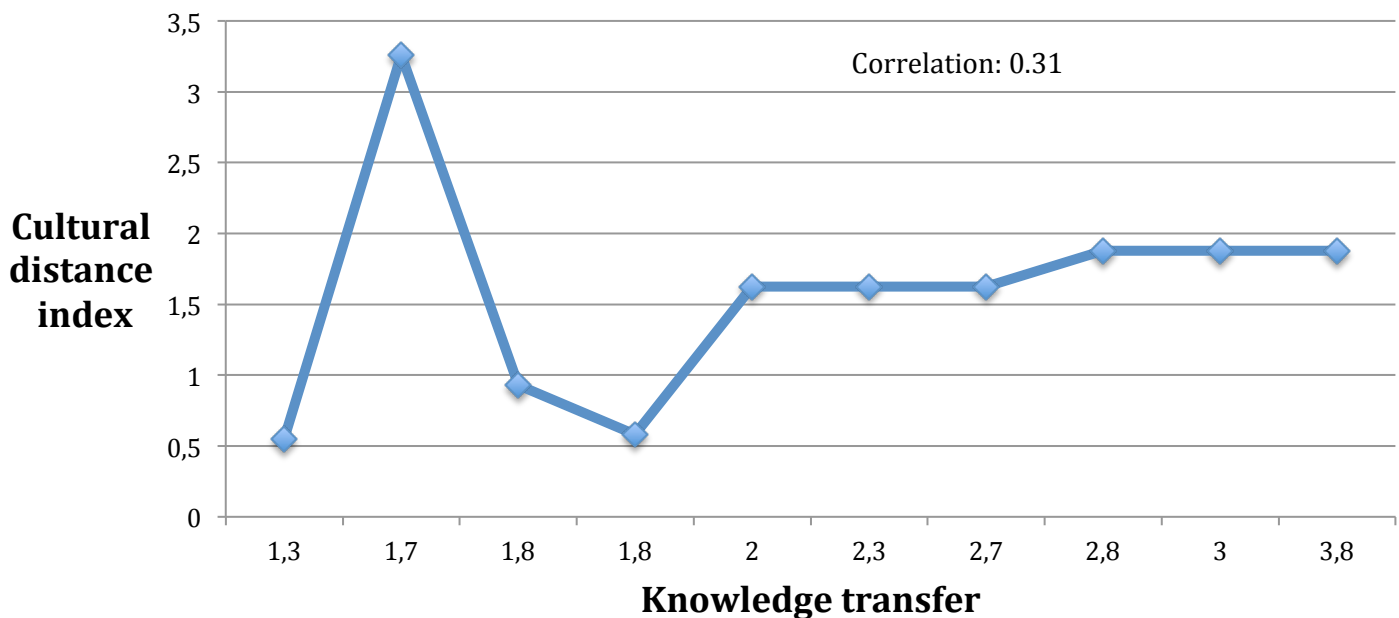


Figure 9.2. Cultural distance index and the amount of knowledge transferred.

The proposition that the bigger the cultural distance between the franchisee and the franchisor, the lower the amount of knowledge that will be transferred from the franchisee to the franchisor is **not supported**. Instead it seems that the higher the score for the cultural distance index the more knowledge has been transferred from a franchise location (Figure 9.2). The correlation between the perceived cultural distance and the cultural distance index with the amount of knowledge transferred are respectively 0.11 and 0.31. There is no clear pattern between the cultural distance as perceived by the franchisee respondent and the amount of knowledge that they have transferred (figure 9.1). But a comparison between those franchisees that have the most knowledge transferred and those that have the least knowledge transferred demonstrates that a larger amount of knowledge transferred coincides with a larger cultural distance index (figure 9.2)

The reason why a larger cultural distance has resulted in a larger amount of knowledge transferred from the franchisee to the franchisor is because the franchisees that experience a larger cultural distance are more motivated to inform the franchisor about their local experiences and accompanying norms and values. They feel that they need to inform their franchisor about their norms and values because otherwise the franchisor will not be able to support them adequately.

In the words of some franchise respondents:

“Actually I think it means it impacts it in a positive way as it makes me want to transfer more knowledge to them to communicate how it actually is for someone actually working in a gym. I think the only way to evoke change is by sharing knowledge, by making people more aware. If sharing more information from us is going to help other locations or create better support this is always going to be a good thing. I don’t know if I would share less knowledge if the cultural difference would be less. Maybe I would share less. If we would be having exactly the same norms and values the sharing of our knowledge would not be as impactful and I might not be as motivated.”

“Maybe if there was a difference I would share just to prove my point. I would then share because there are differences and not everything might work in my market.”

4.2.9 Interaction between a franchisee’s trust in the franchisor and a franchisee’s slack human resources

Although trust is a determinant of the amount of knowledge that has been transferred, if there is trust but a lack of slack human resources this will still limit the amount that can be transferred to the franchisor. This is illustrated by location 8, having a score of 5 on trust but a score of 1 on slack human resources (table 11.2). The reverse is also true, having slack human resources but no trust severely limits the amount of knowledge that can be transferred (location 3, table 11.2). In addition, removing these outliers from the data raises the correlation between trust and the amount of knowledge transferred from 0.3 to 0.7 and between a franchisee’s slack human resources and the amount of knowledge transferred from 0.29 to 0.55. The reason being that a franchisee will need both the motivation and the resources to transfer their knowledge to the franchisor. The motivation is provided by the trust that they have and the resources are provided by the slack human resources.

4.3 Summary

Proposition	Level of support
The higher the level of trust of the franchisee in the franchisor, the more knowledge will be transferred from the franchisee to the franchisor.	Supported
The higher the performance of the franchisee, the more knowledge will be transferred from the franchisee to the franchisor.	Not supported
The higher the value of the franchisee's knowledge base as perceived by the franchisor, the more knowledge will be transferred from the franchisee to the franchisor.	Supported
The higher the level of slack human resources of the franchisee, the more knowledge will be transferred from the franchisee to the franchisor.	Moderately supported
The more tacit the knowledge of the franchisee , the less knowledge is transferred from the franchisee to the franchisor.	Not supported
The higher the franchisee's sense of unity with fellow franchisees, the more knowledge will be transferred from the franchisee to the franchisor.	Moderately supported
The higher the barriers to face-to-face communication between the franchisee and the franchisor, the lower the amount of knowledge that will be transferred from the franchisee to the franchisor.	Supported
The bigger the cultural distance between the franchisee and the franchisor, the lower the amount of knowledge that will be transferred from the franchisee to the franchisor.	Not supported*

Table 12. The level of support obtained for each proposition.

**Instead, what was found was that the bigger the cultural distance, the higher the amount of knowledge that was transferred from the franchisee to the franchisor.*

5. Conclusion

5.1 Discussion

This study investigated the determinants of cross-border knowledge transfers between franchisees and their franchisor using a multiple case study research strategy. While other studies related to the transfer of knowledge have mainly focussed on top – down knowledge transfers within a multinational corporation using quantitative research methods, this study has used qualitative research methods to provide in depth insight into the factors that determine the amount of knowledge transferred from franchisees to their franchisor. Based on the results from the cross-case analysis, 3 propositions are not supported, 2 propositions are moderately supported, and 3 propositions are supported. Although almost each determinant showed a unique mechanism through which it influences the amount of knowledge that had been transferred, the total amount can only be completely explained if the determinants are discussed in relation to each other. In addition to the investigated factors one new factor emerged from the data, which will also be discussed.

Franchisee's trust in the franchisor

In this case study the franchisee's trust in the franchisor is an important determinant of the amount of knowledge that they have transferred to the franchisor. The reason why trust is an important determinant of the amount of knowledge that the franchisee has transferred to the franchisor is because it mitigates the negative effects of the perceived cost of transferring knowledge (Casimir, Lee, & Loon, 2012), costs such as lost opportunity cost or the risk of being exploited. Franchisees that have a lot of trust in the franchisor communicated that they either have trust in the franchisor's competence and its intentions or only in its intentions. This corresponds to the conceptualization of interpersonal trust into two dimensions by McAllister (1995): cognition-based trust and affect-based trust. Cognition-based trust is based on a rational evaluation of the relationship and takes into account how reliable, dependable and competent the other party has been. Affect-based trust is based on an

experienced emotional bond with the other party and reflects trust in the genuine concern and care for and by the other party. Franchisees that showed a lack of trust demonstrated mainly a lack in affect-based trust. Because they did not feel heard they did not feel cared for by the franchisor. Franchisees with a low degree of trust see their relationship with the franchisor mainly from an economic perspective; they respect the contract and will transfer any knowledge if they are asked to do. But because there is a perceived cost of transferring knowledge to the franchisor, franchisees with a low degree of affect-based trust are not motivated to spend the resources necessary to pro-actively transfer knowledge to the franchisor. They do not have any trust in the reciprocity of their investment in the relationship. For that reason it is specifically affect-based trust that represents an important determinant of the franchisee's **motivation** to pro-actively transfer knowledge to the franchisor.

Franchisee's performance

A franchisee's performance does not seem to influence the amount of knowledge that has been transferred to the franchisor. The reason is that the franchisor feels that they already know why a franchisee performs better. They view the performance of a franchisee as being driven by how engaged they are with the implementation of the knowledge that they receive from the franchisor rather than as being driven by any unique locally held knowledge. Although Merrilees & Frazer (2006) found that one of the factors underlying the superior performance of some franchisees is superior marketing and management systems, this knowledge is not seen as relevant by the franchisor. According to the franchisor this is something they already know. Instead the franchisor is interested in knowledge that can benefit the whole network or which can provide solutions to problems experienced by franchisees and this knowledge can be provided by any franchisee regardless of their performance.

The value of a franchisee's knowledge base according to the franchisor

An important determinant of the amount of knowledge transferred is the value that the franchisor assigned to the knowledge base of a franchisee. The more unique and relevant a franchisee's knowledge base is to the franchisor and

fellow franchisees the higher the score assigned to a franchise location. Similar to the franchisee that experiences a perceived cost for the transfer of knowledge to the franchisor, the franchisor experiences a perceived cost for the acquirement of knowledge from the franchisee. Gupta and Govindarajan (2000) argue that because the transfer of knowledge is not cost free to the recipient, the franchisor will prefer to acquire knowledge that has more value compared to other knowledge. The reason why the perceived value of a franchisee's knowledge base is such an important determinant is the franchisor's relatively high level of control over the exchange relationship. Whereas a franchisee can only choose to transfer their knowledge to the franchisor or not, the franchisor can choose between all willing and able franchisees from whom to acquire their knowledge. This only applies if there are more franchisees motivated and able to transfer their knowledge to the franchisor than the amount of knowledge that the franchisor is motivated and able to acquire, which seemed to be the case in this study.

Franchisee's slack human resources

A franchisee's slack human resources are also a determinant of the amount of knowledge that has been transferred from the franchisee to the franchisor. The reason why the amount of knowledge that has been transferred is influenced by a franchisee's slack human resources is that they determine how many human resources can be deployed to transfer knowledge. The franchisee will recruit the available human resources based on the current priorities and the franchisee will always prioritize the execution of the day-to-day operation of their franchise location above everything else. The day-to-day operations are seen as a short-term necessity for survival while the transfer of knowledge to the franchisor is seen as a long-term investment in the emotional relationship with the franchisor and the performance of the network. The transfer of knowledge to the franchisor is not seen as a priority and will therefore only be executed if there are spare human resources. The presence of slack resources (Ghoshal & Bartlett, 1988) and specifically slack human resources (Verbeke & Yuan, 2013) have been shown to be an important precondition for the diffusion of innovations within multinational corporations and as discussed in this case study also an important

precondition for the transfer of knowledge from the franchisee to the franchisor. It is considered a precondition because slack human resources by itself are not enough for the transfer of knowledge. Verbeke and Yuan (2013) for example demonstrated that the presence of slack human resources without the necessary capabilities to innovate will not lead to any diffusion of innovation, and might actually represent inefficiency. In a similar fashion the slack human resources represent the necessary **resources** for the franchisee to transfer their knowledge to the franchisor but if there is lack of **motivation** due to a lack of trust there will not be any transfer of knowledge.

Tacitness of a franchisee's knowledge

The tacitness of a franchisee's knowledge base did not influence the amount of knowledge that had been transferred from the franchisee to the franchisor. The likely reason is that any knowledge that has a tacit component can be transferred successfully given enough time to either document or teach the knowledge. Although Kogut & Zander (1992) found that tacit knowledge can be slow and very difficult to transfer, this is not seen as an influential factor within a franchise. According to the Knowledge Based Theory of the Firm (Grant, 1996) the primary role of the firm is to integrate the knowledge of individuals into goods and services, which is in accordance with the idea of firms as social communities as proposed by Kogut and Zander (1992). This involves the creation of rules, routines, and other mechanisms that aid in integrating tacit knowledge into the provided goods and services. Because the main asset that the franchisor offers their franchisee is specific know-how in the form of codified routines, the structure of a franchise precludes the over reliance on tacit knowledge. Therefore franchises ensures the codification of tacit knowledge with more mechanisms in place that aid in integrating franchisee's tacit knowledge into the franchisor's knowledge base (Knott, 2003), which mitigates any limiting effect that the tacitness of knowledge can have on the transfer of that knowledge within a franchise.

Franchisee's feeling of unity with fellow franchisees

A Franchisee's feeling of unity with fellow franchisees is a determinant of the amount of knowledge that has been transferred to the franchisor. The main reason why a franchisee's feeling of unity with fellow franchisees influences the amount of knowledge that has been transferred is that the franchisee sees the franchisor as an important agent through which they can help out their fellow franchisees. This finding is complementary to Akremi et al. (2010) who found that franchisees that have a stronger sense of unity are less likely to withhold information. An important addition is that a stronger feeling of unity only contributes to more knowledge being transferred if the franchisee views the franchisor as an important mediator for the dissemination of valuable knowledge to the rest of the network.

Barriers to face-to-face communication

Barriers to face-to-face communication between the franchisee and the franchisor are also a determinant of the amount of knowledge that has been transferred. The reason is that face-to-face contact is needed to build the trust necessary for the transfer of knowledge. This is in contrast to the perspective of almost all of the respondents who expressed that they do not see any relationship between the barriers to face-to-face communication and the amount of knowledge that they have transferred because any barrier would be mitigated by all of the current technological capabilities. Slangen (2011) argued that although there have been great advances in information technologies that can be used for the transfer of knowledge, barriers to face-to-face communication may still limit the amount of knowledge that can be transferred. Whereas this limitation might arise from the decreased opportunity to transfer tacit knowledge in a multinational corporation that relies on their tacit knowledge to represent an important source of competitive advantage, in a franchise a lack of face-to-face contact may actually impact the amount of knowledge transferred through a lowering of affect-based trust. As face-to-face communication builds affect-based trust by providing enough social information to make conclusions about a person's underlying intentions (McAllister, 1995).

Cultural distance

The cultural distance as assessed by the cultural distance index (Kogut & Singh, 1988) is a determinant of the amount of knowledge that has been transferred from the franchisee to the franchisor, but not in the direction as proposed in the beginning of this study. Instead of raising barriers to the transfer of knowledge as proposed by earlier studies (Lyles & Salk, 1996; van Wijk et al. 2008; Qin et al. 2008; Chen et al. 2010), the experienced cultural distance motivated the franchisees to pro-actively transfer their knowledge to the franchisor as a means to inform the franchisor about their local experiences and accompanying norms and values. They feel that by pro-actively transferring their knowledge to the franchisor they are setting the franchisor up to better support them in return. There might be two possible explanations for this contradictory finding. First, as has been argued previously a franchise relies more on codified know-how (Knott, 2003) and therefore on technology based knowledge transfer mechanisms (Gorovaia & Windsperger, 2010). Ambos & Ambos (2009) found that cultural distance has a detrimental effect only on personal knowledge transfer mechanisms but not on technology-based transfer mechanisms, which might explain why the cultural distance was not experienced as a barrier to the transfer of knowledge in this franchise.

Another possible explanation might be that all the franchisees and the franchisor are located in Europe and the resulting differences in cultural norms and values are not large enough to create a barrier to the transfer of knowledge. Vaara et al. (2012) found a positive association between differences in national culture and knowledge transfers. They argued that cultural distances can motivate learning because cultural difference are related to different forms of knowledge that may be useful to the other party. Elaborating on Vaara et al.'s (2012) findings, because the cultural distance did not pose a barrier to the transfer of knowledge this might have provided the emergence of the latent motivations to transfer knowledge as a means to inform the other party about their local norms and values.

Transmission channels

Five out of ten franchisee respondents mentioned the available transmission channels as an important determinant of the amount of knowledge that they have transferred to the franchisor. The role of transmission channels on the transfer of knowledge has been investigated in multinational corporations. Ghoshal & Bartlett (1988) found that the amount of communication between two parties played an important role in the creation, adoption and diffusion of innovation. In addition, Gupta & Govindarajan (2000) found that knowledge outflows from a subsidiary to the parent company were higher if there were more formal integrative mechanisms such as task forces and permanent committees. Based on these findings and the perspective of the franchisee respondents it seems that the existence and richness of transmission channels play an important role because they facilitate the transfer of knowledge and therefore lower the perceived cost of knowledge transfer (Casimir, Lee, & Loon, 2012) from the franchisee to the franchisor.

5.2 Conclusion

The central research question of this thesis is:

What are the determinants of cross-border knowledge transfers from franchisees to their franchisor?

Based on the analysis as discussed in the previous section the determinants of cross-border knowledge transfers from franchisees to their franchisor are:

The trust of the franchisee in the franchisor: The trust of the franchisee in the franchisor mitigates the perceived cost of transferring knowledge to the franchisor. Especially affect-based trust creates the necessary motivation to pro-actively transfer knowledge to the franchisor, which increases the amount of knowledge that is being transferred, as long as the necessary slack human resources are present.

The franchisee's slack human resources: The franchisee's slack human resources provide the necessary resources above and beyond what is necessary to successfully execute the day-to-day operations. These available human resources are needed to transfer knowledge to the franchisor.

The franchisee's feeling of unity with fellow franchisees: A franchisee's feeling of unity with fellow franchisees motivates the franchisee to pro-actively transfer knowledge to the franchisor as a means to support other franchisees, but only if they view the franchisor as a mediator between themselves and fellow franchisees.

The value of the franchisee's knowledge base according to the franchisor: Because the franchisor can choose between many different franchisees from whom to acquire knowledge while any franchisee can only decide to transfer their knowledge to their only franchisor, the franchisor has more influence on the exchange relationship than any franchisee. Therefore the perception of the

franchisor of a franchisee's knowledge base will determine for a large part the amount of knowledge being transferred from that franchisee.

Barriers to face-to-face communication: The barriers to face-to-face communication limits the amount of time the franchisee and franchisor can spend to build the necessary affect-based trust which is needed for the transfer of knowledge.

Cultural distance: The cultural distance between the franchisee and the franchisor motivates the franchisee to transfer their knowledge to the franchisor as a way to inform the franchisor about their local circumstances. The franchisee does this with the expectation that the acquired knowledge by the franchisor will help the franchisor better support them in return.

5.3 Contributions to the literature

This thesis has contributed to the literature in three different ways. The first contribution is the identification of the determinants of cross-border knowledge transfers from franchisees to their franchisor: the trust of the franchisee in the franchisor, the franchisee's slack human resources, the franchisee's feeling of unity with fellow franchisees, the value of the franchisee's knowledge base according to the franchisor, barriers to face-to-face communication and the cultural distance between the franchisee and the franchisor.

The second contribution of this thesis is the application of a bottom-up perspective to the transfer of knowledge, from the franchisee to its franchisor in an international context. This study highlights the important role that the franchisor plays in the amount of knowledge that is being transferred bottom-up from their franchisees to the franchisor.

The third contribution of this thesis is the use of qualitative research methods and the resulting insight into the underlying mechanisms of the determinants:

- A franchisee's trust in the franchisor and a franchisee's slack human resources are both necessary but not sufficient conditions for the transfer

of knowledge to the franchisor. If a franchisee has trust in the franchisor they are more motivated to transfer their knowledge, but if they do not have the necessary human resources the transfer of knowledge is limited, and vice versa.

- A franchisee's affect-based trust is more important for the transfer of knowledge to the franchisor than cognition-based trust.
- A franchisee's feeling of unity with fellow franchisees will only lead to a larger amount of knowledge being transferred to the franchisor if the franchisee views the franchisor as a mediator between themselves and fellow franchisees.
- Barriers to face-to-face communication can limit the amount of time that the franchisor and the franchisee can spend to build the necessary affect-based trust, which is needed for the transfer of knowledge.
- A substantial cultural distance between a franchisee and franchisor motivates the franchisee to transfer knowledge to the franchisor.

5.4 Managerial implications

The franchisor plays an important role in the transfer of knowledge from their franchisees to themselves. The franchisor can choose from which franchisees they would like to acquire valuable knowledge, while the franchisees are dependent on the single franchisor for the transfer of knowledge. The following three suggestions can be made for franchisors that would like to benefit more from the knowledge possessed by their franchisees:

First, franchisors are advised to carefully assess the value of each franchisee's knowledge base and subsequently acquire that knowledge that can be of greatest benefit to the franchise network. Secondly, franchisors are advised to spend time building affect-based trust, which is very dependent on face-to-face communication and an important determinant of the amount of knowledge that franchisees are willing to transfer. Third, franchisors are advised to foster a sense of unity within the network while simultaneously communicating that the role of the franchisor is to collect and disseminate valuable knowledge from and

to the whole network. This will motivate franchisees to transfer their knowledge to the franchisor as a way to support their fellow franchisees.

5.5 Limitations and recommendations for future research

The conclusions of this thesis need be seen in light of the limitations of this study. The first limitation of this study is the use of multiple cases within only one franchise company, therefore limiting the generalizability of the results. The results of this study can only be generalized to the domain of knowledge transfers and franchising. Future research is recommended to make use of a research design including multiple companies with different organizational structures.

Secondly, this study investigated the determinants of cross-border knowledge transfers from franchisees to their franchisors. The use of a retrospective research design might have led to biases in the reporting of the different ratings and the underlying arguments by the respondents. An attempt to mitigate this bias has been made by focusing on knowledge transfers in the recent past.

Third, the research design was static and focussed on knowledge transfers in a mature franchise during a relatively short time period. Future research is recommended to make use of a longitudinal research design. This will give the opportunity to investigate the role that different determinants play during different phases of a franchise system.

Fourth, based on the results of this study future research is recommended to investigate the role that the transmission channels play in the amount that is transferred from a franchisee to the franchisor. This topic was touched upon during some of the interviews within this case study.

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7. Appendix A

Semi – structured interview with Franchisee and/or management team

The purpose of the first question is to assess how much knowledge has been transferred from the franchisee to the franchisor. The purpose of all the following questions is to investigate what determines how much knowledge is being transferred. Within this research 'knowledge' encompasses any of the following categories: marketing, sales, technological, service, purchasing, and management systems and practices.

Franchise location:

Age of franchise location:

How long has the current owner been the owner:

Respondent:

1. How did you get involved with The Little Gym and how do you see your role?

1. On a scale of 1 to 5, please rate the amount of knowledge that has been transferred from your franchise location to the franchisor **for each category** during the last 2 years. Please write down a score between 1 and 5 in each empty box.

Marketing	Sales	Technological	Service	Purchasing	Management systems and practices
Rating (1= none, 5= a lot).					

- 1.1 Could I ask you to explain your ratings?

Please mind that all the following questions are to be rated in a different manner. For all the following questions, please **HIGHLIGHT** the appropriate box.

2. On a scale of 1 to 5, please rate the effect of a hypothetical 10% reduction in your operating budget (or staffing) on your monthly operations (1 = significant disruption of activities, 5 = no perceptible effect).

1 = significant disruption of activities	2	3	4	5 = no perceptible effect
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2.1 Could I ask you to please explain your rating?

2.2 In what way does the amount of time you and your colleagues have available influence the amount of knowledge that you transfer to the franchisor?

2.3 Could you provide specific examples?

3. On a scale of 1 to 5, please rate the following about your knowledge*:

** Within this research 'knowledge' encompasses any of the following categories: marketing, sales, technological, service, purchasing and management systems and practices.*

Please rate how easy it is to document your knowledge. Please highlight the appropriate box.

1 = not easy to document	2	3	4	5 = very easy to document
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Please rate how easy it is to teach your knowledge. Please highlight the appropriate box.

1 = not easy to teach	2	3	4	5 = very easy to teach
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Please rate how complex your knowledge is. Please highlight the appropriate box.

1 = very simple	2	3	4	5 = very complex
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3.1 Could I ask you to please explain your rating?

3.2 In what way does the degree to which your knowledge is easy to teach/ easy to document and simple influence the amount of knowledge that you transfer to the franchisor?

3.3 Could you provide specific examples?

4. On a scale of 1 to 5, please rate the following four items on perceptions of unity with other franchisees. Please highlight the appropriate box.

In my chain, franchisees pitch in to help each other out				
1 = do not agree	2	3	4	5 = agree

There is a lot of team spirit in my chain (The Little Gym of Europe)				
1 = do not agree	2	3	4	5 = agree

Franchisees in this chain tend to get along well with each other when it comes to providing mutually beneficial services				
1 = do not agree	2	3	4	5 = agree

In this chain, franchisees take a personal interest in helping other members succeed				
1 = do not agree	2	3	4	5 = agree

- 4.1 Could I ask you to please explain your rating?
- 4.2 In what way does the sense of unity that you experience with your fellow franchisees influence the amount of knowledge that you transfer to the franchisor?
- 4.3 Could you provide specific examples?

5. On a scale of 1 to 5, please rate the amount of trust you have in the franchisor. Please highlight the appropriate box.

1 = none	2	3	4	5 = a lot

- 5.1 Could I ask you to please explain your rating?
- 5.2 In what way does the amount of trust you have in the franchisor influence the amount of knowledge that you transfer to the franchisor?
- 5.3 Could you provide specific examples?

6. On a scale of 1 to 5, please rate the magnitude of the cultural difference* between you, the franchisee, and the franchisor. Please highlight the appropriate box.

1 = very small difference	2	3	4	5 = very large difference
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**Cultural difference is the difference that you experience between the norms and values of your franchise location and the franchisor.*

- 6.1 Could I ask you to please explain your rating?
- 6.2 In what way does the cultural difference influence the amount of knowledge that you transfer to the franchisor?
- 6.3 Could you provide specific examples?

7. In what way does the travel time to the franchisor location influence the amount of knowledge that has been transferred from your franchise to the franchisor?
 - 7.1 Could you provide specific examples?
 - 7.2 In what way do experienced inconveniences to travel to the franchisor's location influence the amount of knowledge that has been transferred from your franchise to the franchisor? (*examples of inconveniences: high local transportation costs, low medical standards, high health risks, business facilitation, low food and water hygiene*)
 - 7.3 Could you provide specific examples?
8. Would you like to share anything else in regards to the topic of this interview?

8. Appendix B

Semi – structured interview with Franchisor (members of the board)

The purpose of the first question is to assess how much knowledge has been transferred from the franchisee to the franchisor. The purpose of all the following questions is to investigate what determines how much knowledge is being transferred. Within this research 'knowledge' encompasses know-how and best practices in any of the following categories: marketing, sales, technological, service, purchasing, and management systems and practices.

Respondent:

- A. How did you get involved with The Little Gym?
- B. How do you see your role?

8. On a scale of 1 to 5, please rate the amount of knowledge that has been transferred from each franchisee to the franchisor for each category during the last 2 years. Please write down a score between 1 and 5 in each empty box.

Location	Marketing know-how Rating (1= none, 5= a lot).	Sales know-how	Technological know-how	Service know-how	Purchasing know-how	Management systems and practices

- 8.1 Could I ask you to explain your ratings?

9. On a scale of 1 to 5, please rate the financial performance of each franchise during the last 2 years.

Location	Rating (1= poor, 5= outstanding).
1	
2	

9.1 In what way does the performance of a franchisee influence the amount of knowledge that is being transferred from a franchisee to the franchisor?

9.2 Could you provide specific examples?

10. On a scale of 1 to 5, please rate the uniqueness of the franchisee's knowledge and the relevance of the franchisee's knowledge for the franchisor or fellow franchisees.

Location	Uniqueness Rating (1= not unique, 5= very unique).	Relevance Rating (1= not relevant, 5= very relevant).
1		
2		

10.1 In what way does the uniqueness of the franchisee's knowledge influence the amount of knowledge that the franchisee transfers to the franchisor?

10.2 Could you provide specific examples?

10.3 In what way does the relevance of the franchisee's knowledge influence the amount of knowledge that the franchisee transfers to the franchisor?

10.4 Could you provide specific examples?

11. On a scale of 1 to 5, please rate the magnitude of the cultural difference* between the franchisor and each franchisee.

Location	Rating (1= very small difference, 5= very large difference).
1	
2	

- *Cultural difference is the difference that you experience between the norms and values of the franchisor location and the franchisee location.*

11.1 Could I ask you to please explain your rating?

11.2 In what way does the cultural difference influence the amount of knowledge that the franchisee transfers to the franchisor?

11.3 Could you provide specific examples?

11.4 In what way does the travel time to a franchisee's location influence the amount of knowledge that has been transferred from that franchisee to the franchisor?

11.5 Could you provide specific examples?

11.6 In what way do experienced inconveniences to travel to a franchisee's location influence the amount of knowledge that has been transferred from that franchisee to the franchisor? *(examples of inconveniences: high local transportation costs, low medical standards, high health risks, business facilitation, low food and water hygiene)*

11.7 Could you provide specific examples?

9. Appendix C

Case study protocol

1. A member of the board of the franchisor has been asked to **identify franchisee locations** that either 1) transfer a lot of knowledge to the franchisor or 2) transfer very little knowledge to the franchisor. Advice on how and who to contact for the different franchisee locations has also been asked.
2. The **semi-structured interviews have been pilot tested** within the franchisor and a franchisee.
3. Based on their feedback **the interview protocols have been updated.**
4. The selected respondents **have been contacted via email.** The email includes a short explanation of this research thesis. Respondents that did not reply within 3 days have been emailed again.
5. After an appointment had been made for an interview with the respondent, **the interview protocol without the follow-up questions has been send** to each respondent in advance.
6. The interview has been **conducted** on the scheduled day and time (and place).
7. The interviews have been **transcribed.**
8. The transcript of the interview has been emailed to the respondent for **feedback** and follow-up questions.
9. The updated transcripts have been used for the **analysis.**