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Module 2
Annotated Bibliography
(Article 1)

Annotated Bibliography

Rahatullah, M. K., & Raeside, R. (2008). *Developing a model of franchise business relationships*. Central Asia Business, 1(1), 21-33.

Rahatullah, M.K. and Raeside, R. (2008) examine the franchise relationships that are shaped by different forms of economic power, including coercive, legitimate, and reward-based influences. Coercive power enforces compliance, while legitimate power stems from contractual rights. As franchisers expand internationally, they can depend on economic-legal models to manage franchisee relationships, sometimes exerting control through master franchisees. Conflicts can arise due to behavioral, informational, and financial disagreements that could favor the franchiser despite legal frameworks aimed at balancing power dynamics. The resolution strategies vary, including negotiation, persuasion, and legal action, depending on the business sector and country regulations.

Trust and commitment are central to strong franchise relationships that lower opportunistic behavior as well as foster long-term collaboration. And effective communication, strategic alignment, and franchisee capacity-building efforts enhance stability and growth. Gaps do remain in understanding how trust develops, how contractual obligations influence cooperation, and how franchisees perceive franchiser control. To achieve synergy, franchise systems must prioritize collaboration and adaptability that will ensure that both parties benefit from a balanced and mutually supportive partnership.

Salar, M., & Salar, O. (2014). *Determining pros and cons of franchising by using SWOT analysis*. Procedia - Social and Behavioral Sciences, 122, 515–519.

<https://doi.org/10.1016/j.sbspro.2014.01.1385>

This article looks at franchising through a SWOT analysis, defining it as a business model where franchisees operate under a franchisor's brand and system. It highlights key advantages, including brand recognition, reduced failure risk, easy setup, an existing customer base, and financial support. Disadvantages such as high costs, dependency on franchisors, and strict operational rules are also discussed in the article. Salar concludes that the benefits outweigh the challenges which positions franchising as a viable business strategy.

While the article effectively assesses franchising's strengths, weaknesses, opportunities, and threats, it lacks empirical case studies or statistical comparisons of success rates. Despite this, it is highly relevant for research on franchising as an entrepreneurial strategy, offering valuable insights for business students, entrepreneurs, and policymakers interested in economic development through franchising. The analysis can also help with looking at how a SWOT analysis could be used toward the evaluation of past data with Big Sky and help define a solution to the business question.

Ghani, M. F. A., Hizam-Hanafiah, M., Mat Isa, R., & Abd Hamid, H. (2022, Sept. 3rd). *A preliminary study: Exploring franchising growth factors of franchisor and franchisee*. Journal of Open Innovation: Technology, Market, and Complexity, 8(3), 138.

<https://doi.org/10.3390/joitmc8030138>

The article examines the growth factors influencing franchise success, focusing on product and service innovation, franchisor-franchisee relationships, and government support. Through analysis of interviews, the study highlights that innovation is crucial for maintaining competitiveness, requiring perpetual adaptation to technological advancements and market demands. Franchise systems benefit from incremental improvements rather than radical transformations, and marketing innovations enhance brand value and customer engagement. The study aligns with previous research indicating that firms with strong networking and learning capabilities are more likely to sustain growth through innovation.

The authors emphasize the importance of a strong franchisor-franchisee relationship that includes trust, communication, and financial support. Franchisors play a critical role in guiding franchisees by providing necessary resources, training, and financial flexibility, especially during crises like the COVID-19 pandemic. The research highlights that franchise success depends on mutual understanding, with financial reinvestment, tolerance, and cooperation essential for long-term growth. By fostering collaborative strategies and continuous learning, franchises can build resilience and sustain expansion in competitive markets. And leveraging past company data to enhance innovation, strengthen franchisor-franchisee relationships, and improve targeted marketing strategies, Big Sky can drive higher franchisee transactions and build stronger connections with prospective business clients.