A Stewardship Perspective on Goal Alignment in International Social Franchising

Master's Thesis
Master of Science (M. Sc.) Business and Management
Stockholm School of Economics

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Abstract

Nongovernmental organizations (NGOs) are among those that have adopted the United Nations 2030 Agenda for Sustainable Development. Some NGOs may strive to address global challenges and aim to expand internationally. Social franchising offers a possible strategy for that matter. As franchising depicts a delegation relationship, the NGO delegates work to franchisees. Therefore, the NGO needs to ensure that franchisees operate in alignment with its goals to achieve the sought after social impact. However, contrary to the financial incentives for goal alignment in commercial franchising, in social franchising neither the franchisor nor the franchisees are motivated by their own pecuniary interests. Thus, other mechanisms need to be employed to ensure goal alignment when NGOs operate an international social franchise and have to ensure goal alignment in light of geographical disparity and locality.

For exploring the research questions of how international NGOs, operating a social franchise, seek to create goal alignment and why goal alignment is sought to be created in this manner, we adopted a qualitative research approach and conducted two case studies of the international NGOs, Dance4life and Aflatoun International, who both operate as social franchises. To generate theoretical insights, we analyzed the collected data using abductive analysis.

Our empirical findings demonstrate that both organizations have overall similar goal alignment processes. We find stewardship theory to best explain how and why goal alignment is sought to be created in this manner. By drawing on the principles of stewardship theory, we show that both organizations seek to select and govern stewards for franchisees. Furthermore, it appears that the reason why goal alignment is sought to be created through reliance on stewardship relationships is that the conducive psychological and situational factors of principal-steward relationships are present. Additionally, we found that monitoring does not reduce franchisees' motivation, which is in contrast to general perceptions of stewards. By drawing on Frey's (1993, 1997) "crowding out effect", we show that there is no shift in the locus of control that might reduce franchisees motivation because franchisees did not experience it as controlling. Overall, we believe our findings point towards the applicability of stewardship theory in explanations of social franchising.

Acknowledgements

Definitions

Commercial franchising

Contractual relationship between a franchisee and a franchisor in which the former produces or markets a product or service in accordance with an overall blueprint devised by the latter (Montagu, 2002).

Fractional franchise

Franchise format where a franchised product or service is added to an existing business (Montagu, 2002).

Goal Alignment

Process within a delegation relationship in which the goals of the delegator is supported by the delegate.

Nongovernmental organization (NGO)

"Formal (professionalized) independent societal organizations whose primary aim is to promote common goals at the national or the international level" (Martens, 2002, p.282).

Social franchising

"A franchise system, usually run by a nongovernmental organization, which uses the structure of a commercial franchise to achieve social goals" (Montagu, 2002, p.129).

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1. Introduction

"The future of humanity and of our planet lies in our hands. It lies also in the hands of today's younger generation who will pass the torch to future generations. We have mapped the road to sustainable development; it will be for all of us to ensure that the journey is successful and its gains irreversible." - UN, General Assembly, A/RES/70/1 § 53

On 25th September 2015, the General Assembly of the United Nations adopted the 2030 Agenda for Sustainable Development. The agenda encompasses 17 Sustainable Development Goals (SDGs). Together they aim to create a world where poverty and hunger are replaced by prosperity, fulfillment, equality and dignity for all; where fear and violence are replaced by peacefulness, justice and inclusiveness and where exploitation of natural resources is replaced by harmonic and sustainable management of natural resources. The agenda is a call for action to change our world. It is a call directed towards all countries, all stakeholders, and all people (UN General Assembly, 2015). Among others, it calls upon "*all businesses to apply their creativity and innovation to solving sustainable development challenges*" (UN General Assembly, 2015, p.29). Nongovernmental organizations (NGOs) are among those that strive to answer that call for action to change our world. This is a form of organization whose main purpose is to promote common goals (Martens, 2002) and as such contribute to the SDGs. In order to further increase their contribution, NGOs may aim to expand their social impact. Some NGOs that strive to address the *global* challenges presented in the 2030 Agenda for Sustainable Development may even aim at expanding internationally. The question they will then face is: "*How*?".

Social franchising is a possible strategy for the international expansion of an NGO. Social franchising is considered as the application of business-format franchising with the aim to achieve social benefits (Alon, 2014) and represents a fairly nascent growth strategy for not-for-profit organizations such as NGOs. Compared to its commercial counterpart of for-profit franchising, where international franchises such as McDonald's Corporation or Starbucks Corporation are potentially familiar representatives, social franchises are presently fairly few in numbers. Since the objectives of for-profit organizations (i.a. profit maximization) and the objectives of NGOs (i.a. social impact maximization) may be considered to be in stark contrast, one might question whether research on commercial franchising provides equivalent explanatory power for social franchising in NGOs. Therefore, we expect that the NGOs' social missions necessitate that one considers social franchising in a distinguishable stream of research that demands further explanatory advancements in the context of international social franchising.

1.1 Research Purpose and Research Questions

When an NGO decides to expand its operation with the strategy of social franchising, the NGO becomes the franchisor. The franchisor then recruits and partners with franchisees, which are entitled and responsible for delivering the impact on the ground. In other words, social franchising can be described as a delegation relationship (Krzeminska & Zeyen, 2017). In this delegation relationship, the NGO needs to ensure that its franchisees operate in alignment with the goals of the organization. This is important because it impacts whether the NGO might achieve the sought after social impact. However, several aspects may complicate goal alignment between an NGO franchisor and its franchisees in an international social franchise.

For one, a complicating aspect may be linked to the differences between commercial and social franchises. Commercial franchising literature frequently calls on agency theory to explain why businesses expand using the strategy of franchising (Naatu & Alon, 2019). Based on the theoretical perspective of agency theory, franchising models are considered to provide the benefit of reduced monitoring in delegation relationships. In contrast to

managers, franchisees are said to have greater motivation to perform efficiently. Those striving to become franchisees invest financially to obtain ownership of their franchisee operation. As owners, they receive residual claims from their franchisee operation. Therefore, they have a personal financial interest in operating efficiently, as this will maximize their residual claims. Overall, the franchisee ownership and resulting residual claims are said to increase the likelihood of goal alignment with the franchisor (Brickley & Dark, 1987). However, social franchising in NGOs is different, because neither the franchisor nor the franchisees are motivated by their own pecuniary interests. Instead, they strive for their respective social missions. Thus, in contrast to the financial incentives for goal alignment in commercial franchising, one can expect to find other mechanisms that are employed to ensure that franchisees perform in alignment with the franchisor's mission.

Furthermore, such alignment in social franchising may face additional complications when expanding internationally. One could expect an international social franchise to encompass different cultural contexts. Cultural differences may create a need for adaptation of the franchise offer to local customs (Rosado-Serrano, Paul & Dikova, 2018). The need for local adaptation could become an additional source of goal incongruence between the franchisor and franchisees. One could expect that the franchisor would be required to reduce control and allow franchisees increased autonomy for local adaptations. However, without the financial incentives for goal alignment in commercial franchising, one could expect more difficulties, arising from local adaptation, for ensuring alignment between the social franchisor's mission and the social franchisees' mission.

Altogether, goal alignment in international social franchises faces complications that are non-existent in commercial franchises. Therefore, the existent theoretical explanation of goal alignment in commercial franchising literature is expected to be insufficient. By turning to the theoretical field of social franchising, one misses theoretical explanations on how NGOs operating an international social franchise attempt to create goal alignment with their franchisees. This paper aims to investigate the said knowledge gap.

Our research questions unfold as follow:

1. *When NGOs operate an international social franchise, how is goal alignment sought to be created between the franchisor and the franchisees?*
2. *Why is goal alignment sought to be created in this manner?*

1.2 Expected Contribution

By exploring the answers to our research questions we expect to contribute to the theoretical field of social franchising. Social franchising is a nascent phenomenon in theoretical research. A theoretical review of social franchising literature, conducted by Naatu and Alon (2019), found that "*the field as a multi-disciplinary area is under researched and needs more research in and outside health science to inform policy formulations and enhancement of the concept*" (p.758). Similarly, Cumberland and Litalien (2018) reviewed social franchising literature and highlighted that while the experimentation of social franchising has increased rapidly globally, its knowledge base is still fragmented.

We further believe that this paper is of interest to social franchise practitioners. NGOs that strive to take on the global challenges presented in the 2030 Agenda for Sustainable Development may be interested to use social franchising for international expansions. However, as Cumberland and Litalien (2018) underscore, "*there is virtually no scholarly support for social franchisor outside the healthcare arena, leaving these organizations to learn from trial and error*"(p.152). Therefore, our research may be of value for NGOs if they would consider the strategy of social franchising for international expansions.

1.3 Structure

This paper consists of six sections. The section at hand introduced the purpose of this research and the research questions, which have guided the following work. The subsequent section reviews literature on goal alignment, commercial franchising and social franchising. This is followed by a section, where we introduce the methodology of our empirical study. Next, we present the empirical findings of our data collection. Afterward, we will present the analysis of these empirical findings. Finally, we will transition to a concluding chapter where we summarize our work in light of our research questions and subsequently turn to a discussion of theoretical contributions, limitations, future research, and managerial implications.

2. Literature review

The following section provides a review of literature relevant to goal alignment in social franchising. It begins by presenting relevant theories related to the governance of delegation relationships. This is followed by an examination of theoretical explanations found for goal alignment in commercial franchising literature. Next, a review of social franchising literature is presented by first briefly introducing the definition of the phenomenon and its current theoretical underpinnings. Then, to highlight the knowledge gaps this research aims to explore, existing theoretical explanations and expected complications for aligning the goals between a franchisor and franchisees in an international social franchise are presented.

2.1 Delegation Relationships and the Process of Goal Alignment

In a delegation relationship, one party, the delegator, entitles the other party, the delegate, to perform a task on its behalf (Krzeminska & Zeyen, 2017). The delegator is confronted with an uncertainty, which concerns the delegate's motivation for performing the task. Since the delegate's motivation could impact outcomes of the task delegation, it is in the delegator's interest to minimize the uncertainty surrounding the delegate's motivation. Therefore, the delegator strives to create goal alignment. In a scenario where goals would be aligned between both parties, the delegator would not face uncertainty whether the delegate would be motivated to perform in the best interest of the delegator (Eisenhardt, 1989; Krzeminska & Zeyen, 2017). In the ideal state of goal alignment, the delegate would maximize its individual goal achievement, while simultaneously maximizing the delegator's goal achievement. By considering organizational goal setting as a process in which applicable goals require constant redefinition and interpretation, as changes in the relationship between an organization and its environment occur (Thompson & McEwen, 1958), it acknowledges a view on organizational goals as a state of flux. Thus, it is instead worthwhile to look at goal alignment as a process by which the delegating organization utilizes governance mechanisms in its relationship with the performing organization.

One can find it worthwhile to explore governance in delegation relationships from the perspectives of agency theory and stewardship theory, as these theories are based on substantially differing assumptions (Davis, Schoorman & Donaldson, 1997; Sundaramurthy & Lewis, 2003). According to Eisenhardt's (1989) seminal work on agency theory, an agency relationship exists where "*one party (the principal) delegates work to another (the agent), who performs that work*" (p.58). In this theory, the principal and agent are viewed as economic actors, who act in their self-interest (Eisenhardt, 1989). When both seek to maximize their respective individual goals, goal conflict could be the result. Therefore, agency theory suggests that if goal incongruity to the detriment of the principal would exist, effective contracts and formal control mechanisms could marginalize the goal incongruity. Thus, contracts and formal control mechanisms would serve as means in the goal alignment process (Davis et al. 1997; Eisenhardt, 1989; Jensen & Meckling, 1976).

On the contrary, Davis et al.'s (1997) seminal work on stewardship theory presents the idea of a steward who does not act in self-interest, but cooperatively and collectivistically acts towards the attainment of the principal's goals. Such steward is said not to defer organizational goals for its self-interest. Therefore, the principal trusts the steward to be motivated to maximize pro-organizational performance. Hence, a principal-steward relationship would not suffer from potential goal incongruity, but instead would demonstrate an ex ante goal alignment. Since goal alignment would exist ex ante, formal control mechanisms would not be needed. Such control mechanisms could even become potentially counterproductive. Instead, an involvement-oriented

approach of empowerment, training, trust, and support could facilitate the emergence of stewards and thereby serves as means in the goal alignment process of delegation relationships in organizations (Davis et al., 1997).

2.2 Goal Alignment in Commercial Franchising

Following this introduction to theories relevant to delegation relationships, we will now review literature on goal alignment in commercial (international) franchising. Here we will explore the main phases of franchisor-franchisee relationships, the selection and the operation phase. We consider this literature to be of interest to this paper's research purpose since it is where existing social franchising literature derives its principles (Naatu & Alon, 2019). Furthermore, goal alignment has received substantially more attention in commercial franchising literature compared to literature on social franchising.

2.2.1 Selection phase of commercial franchising.

A franchisor wants to select a franchisee that is well suited to operate the franchised business model. Thus, a franchisor faces the complicating uncertainty to choose a franchisee who possesses the motivation and ability to operate the franchisee business in a way that would have the maximum positive effect on the franchisor's financial goals. It then becomes important to reduce any information asymmetry that could cause a franchisor to select an inadequate franchisee (Shane, 1998). By drawing on the principles of agency theory, existing literature on commercial franchising depicts commercial franchising's unique contracting as a means to reduce the risk of adverse selection (Brickley & Dark, 1987; Shane, 1998). Adverse selection refers to the uncertainty that surrounds the verification of an agent's skills and ability claims. If one cannot verify the agent's skills and ability claims, agency costs could be incurred for the principal (Eisenhardt, 1989). Commercial franchising's unique contractual structure, which requires that franchisees own their personal franchisee operation, is argued to reduce agency costs. This is further explained by claiming that such franchising contracts incentivize suitable franchisee candidates and discourage unsuitable franchisee candidates by offering unparalleled profit opportunities only to those having appropriate abilities and motivations for taking the risk of ownership (Brickley & Dark, 1987; Shane, 1998). Hence, one would expect to attract only those potential franchisees that accurately assess and disclose their motivation and ability to operate the franchised business model.

Taken together, in commercial franchising, where franchisees could be considered as self-interested actors, agency theory provides a suitable explanation of why franchise models can effectively reduce adverse selection in such delegation relationships.

2.2.2 Operation phase of commercial franchising.

By drawing on the principles of agency theory, existing literature claims that franchising reduces the agency problem of moral hazard during the operation phase (Lafontaine, 1992). In the context of agency theory, moral hazard refers to an agent's behavior of shirking and demonstration of efforts below agreed-upon levels in situations, where continuous monitoring is unattainable (Eisenhardt, 1989). Franchisees are said to refrain from shirking, because it would negatively impact their personal profitability (Norton, 1988). Since franchisees financially invest in the franchisee ownership and are bound to pay fixed and variable fees to their franchisor, they are expected to be personally interested to not exercise shirking in order to avoid accruing personal financial liabilities (Bhattacharyya & Lafontaine, 1995; Michael & Combs, 2008).

Altogether, commercial franchising contracts reduce the agency problems of adverse selection and moral hazard. Thus, by assuming that relationships between the franchisor and franchisee in commercial franchises can be characterized as agency relationships, the outcome-based contracting in commercial franchising aligns the goals of the franchisor and the franchisees.

2.2.3 Goal alignment in international franchising.

Since the aim of this paper is to explore international social franchising, we also include this section on goal alignment in international franchising. According to literature on international franchising, as reviewed by Rosado-Serrano et al. (2018), international franchises face further complication to goal alignment due to environmental uncertainty. Environmental uncertainty may require adaptations to the business model of the franchise to make it more suitable for the local environment. To allow for the required adaptation, the franchisor may employ a governance model that gives the franchisees more controlling rights. However, by choosing a lower-control franchise model the franchisor is exposed to higher uncertainty related to the behavior of the franchisee, thus increasing agency costs. In accordance with agency theory, to reduce these agency costs the franchisor may increase monitoring or strengthen goal alignment through further incentives (Rosado-Serrano et al., 2018).

2.3 Review of Social Franchising Literature

To follow up on this review of literature concerning goal alignment in commercial franchising, this subsequent section will focus on the more nascent phenomenon of social franchising. It begins by first establishing the definitional difference between social and commercial franchising to firmly delineate the two concepts. This is then followed by a review of the current state of social franchising literature where we highlight the existing knowledge gaps concerning goal alignment in social franchising.

2.3.1 Definitional exploration of social franchising.

In social franchising literature, definitions of social franchising are predominantly compared with definitions of commercial franchising. For instance, as mentioned in section 1, Alon (2014) considers social franchising as the application of business-format franchising serving a social purpose. Crawford-Spencer's (2015) indicators of social franchising support such definitional assessment. The author suggests a similarity in the overall frame of social and commercial franchising. In detail, Crawford-Spencer outlines that both types of franchising could be considered as contractual agreements in which a franchisor grants a right (e.g. license) to a, generally license-fee paying, franchisee to use the franchisor's business model. However, it is the role of social purpose, where the author considers the paths of social and commercial franchising to diverge (Crawford-Spencer, 2015). Therefore, it is worthwhile to distill the diverging role of social purpose in this definitional exploration of social franchising.

The organizations that deploy social franchising are NGOs or other non-profit organizations. The organizations that deploy commercial franchising are for-profit organizations. This differentiation is an important notion when thinking about the respective goals of such organizations and ultimately their franchises. According to Mair and Marti´ (2006), addressing a social need is the primary objective of a non-profit organization. Meeting financial demands is only seen as serving the purpose of having a sustained social need addressing. In contrast, financial goals are the primary objectives for for-profit organizations. Here, addressing a social need is only seen as a potential by-product in the pursuit of financial goals (Mair & Marti´, 2006).

Overall, there are two important learnings from this definitional exploration of social franchising. First, there appears to be a similarity in the overall frame of social and commercial franchising. However, second and most importantly, the relative importance of social purpose is where social and commercial franchising diverge.

2.3.2 Current state of social franchising literature.

The existing theoretical explanations of social franchising are narrow. Social franchising is a comparatively nascent concept that is becoming increasingly popular in practice, especially in the health sector. In a recent bibliographic review of social franchising literature, Naatu and Alon (2019) found that only 11,39% of current literature was from outside the field of health science. Hence, most research on social franchising can be found in medical publications, where the research is mainly concerned with questions on the extent of the impact made by applying social franchise models. Thus, theoretical explorations of the organizational structure of social franchising are scarce. Furthermore, in the limited academic works that study social franchising from such theoretical perspective, agency theory is one of the primary theoretical underpinnings, which, as shown above, is a commonly used theory to explain commercial franchising (see Asemota & Chahine, 2016; Beckmann & Zeyen, 2014; Montagu, 2002; Rosado-Serrano et al., 2018; Tracey & Jarvis, 2007). However, although theoretical explanations of governance in social franchising have predominantly been attempted by the use of agency theory, there is one peer-reviewed article that links social franchising to stewardship theory, the alternative explanation to delegation relationships described in section 2.1. In that article, Krzeminska and Zeyen (2017) reviewed extant literature on stewardship theory and conceptualized stewardship costs on the example of social franchising.

Furthermore, to date, international social franchises have not been studied in these theory-building articles. Instead, all empirical case studies, featured in previous theory-building articles on social franchising, have assessed cases in the respective national contexts of the United Kingdom and Germany (Beckmann & Zeyen, 2014; Tracey & Jarvis, 2007; Zafeiropoulou & Konfopoulos, 2013). Thus, potentially influential aspects in an international context, such as geographical disparity and locality, have not yet been taken into account in literature explaining the phenomenon of social franchising.

Following this brief introduction to the current state of social franchising literature, we now examine how goal alignment in social franchises can be expected to differ in comparison to commercial franchising. Similar to the structure in section 2.2, we differentiate between goal alignment in the selection and the operation phase of a franchise.

2.3.2.1 Selection phase of social franchising.

The franchisee selection process in a social franchise involves complicating aspects not found in the selection of franchisees in a commercial franchise.

First, Tracey and Jarvis (2007) claim that social franchisees tend to be organizations rather than individuals. This is argued to complicate selection as the structural complexity increases the costs to acquire complete information on potential franchisees' competency and ability to deliver a social mission while maintaining financial sustainability. If such complete information would be unattainable, the risk of adverse selection would be heightened and social franchisors could thereby potentially face increased agency costs (Tracey & Jarvis, 2007). This was supported by Asemota and Chahine (2016), who similarly argued that the criteria for selecting

social franchisees are more complex compared to commercial franchising due to the inclusion of additional criteria related to the social mission of the franchise (Asemota and Chahine, 2016).

Second, social franchises strive to achieve a social mission that is supported by financial sustainability. According to agency theory, contracts and formal control mechanisms are applied in delegation relationships, because goals are not aligned ex ante and therefore have to be aligned ex post with self-interested agents (Davis et al., 1997; Eisenhardt, 1989). As explained in section 2.2.1, agency theory is used to explain why franchise models effectively reduce adverse selection in commercial franchising. However, for social franchising, where franchisees may not necessarily be considered as self-interested, agency theory might not deliver the most suitable explanation on how social franchisors could determine the appropriate franchisee in a reasonable cost-benefit tradeoff.

2.3.2.2 Operation phase of social franchising.

Similar to the selection phase, there appear to exist complicating aspects in theoretical explanations of goal alignment during the operation phase of a social franchise.

On the one hand, Beckmann and Zeyen (2014) support agency theory as a suitable theoretical underpinning for social franchising. They claim that agency costs of moral hazard are lowered in social franchising models that create strong mission-driven small-group logics (microcosm) in which the local stakeholders would act as control mechanisms on behalf of the franchisor. Local stakeholders are assumed to observe and intervene if the franchisee's behavior would depart from the mission. This will then shift the monitoring responsibilities from the principal to the local stakeholders. It is then that agency theory, with the support of this Hayekian perspective, explains the incentive for delegating and expanding by means of social franchising (Beckmann & Zeyen, 2014).

On the other hand, social franchising might also increase the possibility of agency costs of moral hazard compared to commercial franchising. As described in section 2.2.2, according to agency theory, franchisee ownership and resulting residual claims increase the likelihood of goal alignment with the franchisor (Brickley & Dark, 1987). However, considering the social purpose of a social franchise, neither the franchisor nor the franchisee is motivated by their own pecuniary interests. Thus, in contrast to the incentives promoting goal alignment in commercial franchising, aligning the goals of the franchisor and the franchisees in a social franchise can be expected to require some other mechanisms.

2.4 Summary of Research Need

Based on the review of existing social franchising literature, the following study is driven by the revelation of a theoretical gap concerning goal alignment in international social franchising in an NGO context. There are several aspects of why addressing this theoretical gap is considered important. Since social franchising is a delegation relationship (Krzeminska & Zeyen, 2017), the franchising NGO is not ultimately responsible for the delivery of impact on the ground. However, if the NGO's goal is to have an impactful intervention, it needs to ensure that its franchisees operate in alignment with this goal. This is further complicated in an international context, where the need for local adaptation may further limit opportunities for implementation control. Furthermore, a complication is added when considering the lack of pecuniary motivation for franchisees to act in alignment with the franchisor's goal.

Taken together, this culminates in this paper's two research questions:

1. *When NGOs operate an international social franchise, how is goal alignment sought to be created between the franchisor and the franchisees?*
2. *Why is goal alignment sought to be created in this manner?*

3. Methodology

The following section will present the methodology that was chosen in the investigation of our research questions.

3.1 Scientific Approach

Following the exploratory stance of this research, with the purpose of generating and not testing theory, a qualitative approach was chosen. Given the relatively new phenomenon and nascent research area of social franchising, we expected that this method would be suitable for our exploratory study (Bryman & Bell, 2011).

With the aim of our research being to construct theory, our path to inference was abduction. The logic of abduction involves an iterative interplay between existing theories and empirical data to potentially construct theory. Instead of offering a logical conclusion based on premises, it offers a plausible interpretation (Bazeley, 2013). Abduction is an inferential process where one starts with finding a surprising fact in data which one then tries to find the most plausible explanation to. Thus, it is a reasoning that starts with the consequences and then constructs the explanation (Timmermans & Tavory, 2012). Therefore, throughout the research process, we moved between the collected data and theory iteratively to refine and adjust the theoretical framework to fit the observed.

Since the case study approach is considered useful when studying less known subjects to build theory (Ghauri, 2004), this research strategy was chosen to advance our understanding of goal alignment in international social franchising. Also, according to Yin (2014) the case study approach is proper to answer "how" and "why" and thus fitting to answer both of our research questions. Another reason for us to choose the case study approach was our aim of exploring social franchising in an international context. Case studies are well suited for research where one collects data from different countries as it allows for comparisons and deep understanding. By continued questioning, the risk of misleading conclusions is reduced (Ghauri, 2004). We chose to include two cases in our study to explore the different dimensions of goal alignment in international social franchises through comparisons. Thus, by including a second case we were able to further our understanding of the phenomena and advance our analysis by comparing them to each other. However, we limited the number to two to enable a deep understanding of each case.

3.2 Case Selection

The target population consistent with our research purpose was identified as 'NGOs operating as a social franchise with franchisees in multiple countries'. Dance4life was the first organization that agreed to participate in the study. After Dance4life agreed to participate we stopped searching for a second case organization until after the first round of interviews at Dance4life were completed. This allowed us to have a better idea of the type of organization most suited to compare the inferences drawn from our first case. Based on our inferences from interviews with Dance4life, we concluded that an appropriate second case would be a social franchise with franchisees in multiple countries whose operations are similar to Dance4life, but whose social mission is less culturally sensitive than sexual and reproductive health rights. We then identified Aflatoun International as an appropriate second case since it shares Dance4life's focus on empowering young people but their social mission is providing quality education, which is a less sensitive topic than sexual and reproductive health rights. After reaching out to Aflatoun, they agreed to participate in the research. Since both Dance4life and Aflatoun

are certified international NGOs holding accreditations with the independent Dutch 'Centraal Bureau Fondsenwerving' (CBF) (CBF, 2020) and operating as social franchises with franchisees in multiple countries, they fit the purpose of our research.

3.3 Data Collection

In total, 18 interviews, one self-completion questionnaire, and one simple unstructured observation were completed. According to Ghauri (2004), triangulation enables "*a more complete, holistic and contextual portrait of the object under study*" (p.115). Since a goal alignment process involves multiple aspects of a franchise, we considered forming a holistic understanding of the social franchises in our study to be crucial to the purpose of our research. Thus, triangulation of the findings was an important part of our case study. This was accomplished by interviewing both the franchisors and several of their franchisees, and by interviewing people working at different departments of each franchisor. Further cross-checking was also enabled by examining secondary data such as annual reports, company documents, and the companies' websites. This meant that we were able to validate and examine the information from multiple sources to reduce the likelihood of misinterpretation. Apart from collecting data using semi-structured interviews, we also conducted one self-completion questionnaire. The self-completion questionnaire was conducted because one interviewee did not feel comfortable communicating verbally in English, but instead preferred answering our questions in written form. We decided to accommodate this wish. Following the prescriptions regarding self-completion questionnaires found in Bryman and Bell's "Business research methods", we redesigned our interview guide by reducing the number of questions to lower the risk of 'respondent fatigue' and by only including questions that were easy to follow and unlikely to be misinterpreted (Bryman & Bell, 2011). Finally, we also attended a regional meeting of one of the NGOs to observe the interactions between the franchisees and the franchisor.

An overview of the data collection can be found in Table 1 and 2 in the appendix.

3.3.1 Semi-structured interviews.

The interview format chosen for the research was semi-structured and an interview guide was developed of topics to be covered. However, the interview process was flexible in that questions not in the guide were added. For example, probing questions were added to react to interviewee remarks as well as questions to cover blind spots discovered when analyzing previously conducted interviews. Semi-structured interviews are preferred when more than one person collects the data as it ensures some comparability of interviewing style. Furthermore, it facilitates the conduction of multi-case study research by establishing the structure needed for cross-case comparability (Bryman & Bell, 2011). Therefore, semi-structured interviews were considered suitable for this research to ensure cross-case comparability between the interviews conducted at Dance4life and Aflatoun, and to account for interviewing by two different researchers.

Also, in-depth interviews are well-suited when trying to understand decision-makers in different cultures, thus they were helpful for us when trying to understand the actors of the social franchises operating in different countries. If we instead were to conduct for example surveys there would be a risk that respondents would interpret the questions differently depending on their location, thus resulting in misleading conclusions. By conducting in-depth interviews, we were able to check our understanding by continued questioning (Ghauri, 2004).

Since none of the interviewees were located in Sweden and the current coronavirus disease (COVID-19) pandemic hindered traveling, all interviews were conducted using video conferencing tools. This format of interviewing is considered an adequate alternative to face-to-face interviews as it allows for observation of non-verbal gestures which enhances interpretation and building of rapport (Weller, 2017). However, this format of interviewing led to the decision to divide the interviews between the both of us, so that each interview was a conversation between one researcher and one respondent. Although, advantages to multiple interviewers have been found, such as one of the interviewers being able to passively observe and take notes of the interview's overall development (Bechhofer, Elliot, & McCrone, 1984), these advantages were weighed against the risk that the respondent might become distracted by conversing with more than one person over the screen. Therefore, we concluded that the risk of disturbance outweighed the advantages. In general, considering the video conference interview format, we tried to minimize the risk of anything that could interrupt the interviews, for example by having a plain background, stable internet connection, no background noise, and a single interviewer present.

To maximize the potential of the conducted interviews we followed Bryman and Bell's (2011) "*Criteria of a successful interviewer*" (p.476) by for example paying attention to the structure of the questions (see 3.3.2), asking clear questions, acting empathetic, and ensuring the interviewee anonymity.

3.3.2 Interview guide.

We created two different interview guides, one for the franchisors and one for the franchisees (see appendix). Both interview guides had the same underlying reasoning but they were designed to fit the perspective of the respondent. The interview guides were constructed around five topics; franchisor-franchisee communication, topics of discussions between the franchisor and the franchisees, control of changes of the business model, topics of friction, and the social mission. These topics were chosen for their perceived value in answering the research questions. Also, the ordering of the topics was designed to start with easier warm-up questions and then gradually move towards more sensitive questions (e.g. questions related to friction between the franchisor and the franchisees). To fully explore the interviewees' interpretations, the questions were designed to be open-ended, not leading, and in a language relevant to interviewees (Bryman & Bell, 2011).

3.4 Data Documentation

Following agreement from the interviewees, all interviews were recorded. These recordings were then transcribed within 24 hours. As advised by Bazeley (2013), we transcribed the interviews ourselves to become deeply familiar with the data. As mentioned in section 3.3.1, the risks of disturbance in interviews via video conference tools were reduced by dividing the interviews between us. However, by conducting thorough and immediate documentation of the interview, the researcher not present at the interview was able to become knowledgeable of the collected data. We also ensured that both of us were kept up-to-date by having a discussion following each interview to interpret the findings.

3.5 Data Analysis

The following section will present both the method and the process of the data analysis.

3.5.1 Data analysis method.

To generate theoretical insights related to goal alignment in international social franchises we analyzed the collected empirical data using abductive analysis. Timmermans and Tavory (2012) describe the aim of abductive analysis as "*generating novel theoretical insights that reframe empirical findings in contrast to existing theories*"(p.174). Following the authors' suggestions, abductive analysis of the collected data was performed using the method of grounded theory through revisiting, defamiliarizing, and alternative casing. Revisiting is important for theory construction as researchers that revisit an observation multiple times are forced to reevaluate and rethink the experience, which then allows for changes in the perception of observation when considering it from different theoretical lenses. Defamiliarization increases the richness of abductive reasoning by one being able to problematize and crystallize things through the act of inscription. Thus, through the method of inscription the researcher can consider the things previously taken for granted. Lastly, alternative casing complements defamiliarization and revisiting in abductive analysis by the researcher casing the data in different theoretical lenses. Thus, the researcher tries to find as many ways as possible to understand the empirical data (Timmermans & Tavory, 2012).

Therefore, to foster abductive reasoning, we kept detailed transcriptions (described in 3.4) of all interviews, which were then coded. The coding of the transcriptions was also complemented by continually writing memos to aid the crystallization of ideas (Bryman & Bell, 2011). This process did not only increase our familiarization with the data, the transcriptions also allowed us to revisit the data multiple times in light of alternative theoretical viewpoints. The transcriptions also permitted us to use the technique of defamiliarization, in other words, they provided distance to the taken for granted. Throughout the process of developing the transcriptions, codes and memos, we considered different theoretical frameworks and tried to understand the empirical data in as many ways as possible. Thus, we cased the transcriptions and the coding to alternative theories to maximize our abductive analysis. An important step to allow for this abductive analysis was the familiarization of existing conceptual and theoretical frameworks. When conducting abductive analysis, engagement in a variety of theories is advised to remain open to ideas. Abduction depends on knowledge in multiple theoretical fields because without being familiar with existing theory, a researcher will not be sensitized to surprises or insights to theoretical contributions (Timmermans & Tavory, 2012). Therefore, we studied literature in a multitude of theoretical fields to gain familiarity with existing theories that could be linked to our research purpose. More specifically, we sought knowledge of existing concepts and theories related to the research areas of social entrepreneurship, commercial franchising, social franchising, and international business. This process of familiarization of existing theories did not only occur before the data collection but continued at every step of the research process.

3.5.2 Data analysis process.

In our pursuit to develop grounded theory, we made our qualitative data collection manageable by following Auerbach's and Silverstein's (2003) guide to qualitative coding. First, we processed our raw interview material by mindfully selecting excerpts that fit our research concern. We thereby created a concentrated selection of relevant text for further processing. Second, we clustered excerpts from different interview participants, who expressed similar ideas, into repeating idea groupings. Third, we deliberately organized repeating ideas by

merging groups of such ideas into themes, which displayed a descriptive topic for the respective merged ideas. Fourth, we subsequently arranged the descriptive themes into more abstract categories, which represent the essential building blocks of our theoretical construct (Auerbach & Silverstein, 2003). In the first step of this qualitative coding process, we coded each interview transcript individually and subsequently compared with one another. Where differences were found, we discussed to find out why our reasoning differed. Throughout this data analysis process, we used the computer software NVivo as a tool to keep track of the large amount of collected data.

3.6 Quality Consideration

According to Bryman and Bell (2011), the method of assessing the quality of qualitative research is still not established. In fact, several alternatives of appropriate criteria have been proposed. Some scholars propose that the traditional quality criteria applied to quantitative research can be useful for qualitative research by downplaying the importance of measurement issues, while others propose that completely different criteria are needed (Bryman & Bell, 2011). The problem with the traditional criteria is that they often overlook the features of qualitative research. However, none of the alternative criteria solve the problem of suitable assessment of quality (Flick, 2009). Therefore, in the following sections, we will discuss the quality of this research through the traditional criteria of reliability and validity.

3.6.1 Reliability.

According to Bryman and Bell (2011), reliability can be divided into external and internal reliability. External reliability refers to "*the degree to which a study can be replicable*" (p.395), while internal reliability refers to whether "*members of the research team agree about what they see and hear*" (p.395). Because it is impossible to "*'freeze' a social setting*", external reliability is difficult to achieve in qualitative research (Bryman & Bell, 2011, p.395). Instead, Flick (2009) argues for a reformulation of the reliability criterion in qualitative research "*in the direction of checking the dependability of data and procedures*"(p.387). Therefore, to enhance external reliability detailed documentation of the case companies, data collection process and analysis is presented. To strengthen internal reliability, intercoder agreement was checked by comparisons of codes after individual coding of the data (Bazeley, 2013).

3.6.2 Validity.

Bryman and Bell (2011) state that validity can also be divided into an external and an internal part, where external validity refers to "*the degree to which findings can be generalized across social settings*" (p.395) and internal validity refers to whether "*there is a good match between researchers' observations and the theoretical ideas they develop*" (p.395). The case study approach of our research represents a problem for external validity (Bryman & Bell, 2011). However, to improve the assessment of transferability, a detailed description of the research process is provided. Bryman and Bell (2011) recommend triangulation as a technique to establish credibility which parallels internal validity. This technique was employed in this research. Furthermore, to increase validity researchers can analyze the interview situation for signs that the interviewees were given cause to consciously or unconsciously construct a specific version of their experiences (Flick, 2009). Therefore, to reduce the risk of invalidity in the data collection, the interviews were designed to decrease the researcher's influence on the interviewee's answers, by for example relying on open-ended questions.

4. Empirical Cases

This section will provide descriptions of the two cases which have been studied to explore how goals are aligned in international social franchises.

4.1 Case: Dance4life

The first case, which is used to explore the research questions of this thesis, is the international social franchise Dance4life.

4.1.1 Background.

Dance4life is an NGO that was founded in 2003 with the aim to create awareness and draw attention to the commitments made in the Millennium Development Goals to combat AIDS. Over the years it has developed and extended its mission to focus on sexual and reproductive health and rights beyond their ongoing HIV/AIDS combat. Now it has grown into an international organization, currently working in 14 countries on four continents (Dance4life, 2020a). Dance4life works to empower young people from the age of ten to the age of 24 by targeting sexual and reproductive health and rights issues. The five key strategies of its empowerment model are peer-led approach, experiential learning methodologies, facilitation of safe space creation for sharing, enabling of community support through activating young people, and referral to services and factual information. At the heart of Dance4life's empowerment model is the curriculum called 'Journey4life'. This curriculum contains activities such as journaling, storytelling, and creative expression to facilitate critical and reflective thinking of the participants. It consists of twelve 90 minute experiential sessions, which are led by trained peer-leaders called 'Champions4life'. The 'Journey4life' is designed to promote further development in self-awareness, self-management, social awareness, healthy relationship skills, and responsible decision-making. The curriculum progresses from an initial stage of self-confidence building to a subsequent stage, where gender equal attitudes are sought to be created, and concludes in a final stage where participants explore society and challenge social norms. Dance4life considers these three steps as core determinants for forming intentions to practice positive and safe sexual behavior (Dance4life, 2018).

The organization's long term goal set for 2030 is "*Together with our partners empower more than 5 million young people to lead healthy sexual lives and feel confident about their future; leading to demonstrable improvements in sexual health outcomes*" (Dance4life, 2019, p.3) and their ultimate goal is to "*decrease three of the biggest sexual health threats young people face today: HIV, unplanned pregnancies, and sexual and gender based violence*" (Dance4life, 2020b, p.18).

4.1.2 Social franchise.

Dance4life is a fractional social franchise, which means that the franchisees engage in additional programs and services that are not affiliated with the Dance4life brand (Montagu, 2002). On the one hand, the franchisor, Dance4life, provides the empowerment model, offers ongoing technical support, engages in development and learning, and further invites franchisees to join Dance4life's global network. Dance4life also has the responsibility to continuously improve the model by conducting research and development (R&D) as well as to expand the network globally. Additionally, the franchisor engages in fundraising to cover costs related to R&D, controlled impact studies and the international office in Amsterdam. On the other hand, Dance4life expects their franchisees to share the data needed to monitor the quality of the program, to co-invest in

Dance4life's start-up package as well as to pay an annual license fee to Dance4life. The franchisees are further responsible for the fundraising of their local operation as well as taking responsibility for the management of their local programs (Dance4life, 2020c).

In Dance4life's work towards its mission, alignment between the franchisor's and the franchisees' goals can be expected to be important. Both the franchisor and the franchisees need to balance their work towards the social mission with fundraising activities aimed towards financial sustainability. The themes found in the data analysis show that this goal alignment is a process that can be divided into three stages: selection, onboarding, and management, where each stage includes sub-themes. Each stage is interconnected and interdependent in that they each serve a specific role in the goal alignment process and the success of the following stage depends on the success of the previous. In the following subsections, each stage is described to highlight the specific role it has in the goal alignment process.
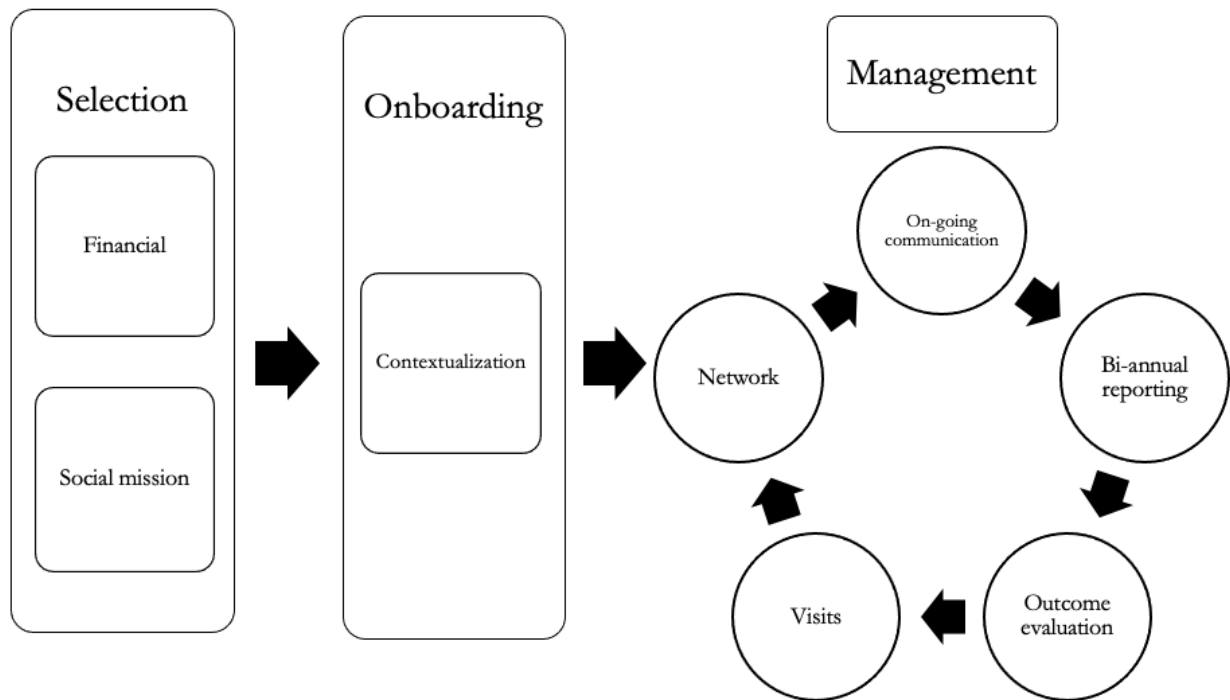
Figure 1:Dance4life's Goal Alignment Process

4.1.2.1 Selection.

In the interviews with the franchisor's employees, the motto "*recruit hard, train well, manage easy*" was brought up repeatedly. This saying also appears on the Dance4life website as one of their philosophies (Dance4life, 2020d). As this motto illustrates, the selection process serves an important role as a gatekeeper into the social franchise and it is the strictest of the three stages. It is through a strict selection process that the franchisor attempts to assure that all recruited franchisees are a suitable match for their business model. This process can be divided into two parts: a financial check and a social mission check. Thus, the selection process is not only designed to assure that both parties share the same social mission, but also that the franchisee is financially sustainable.

Financial check.

By conducting a financial check in the selection process, Dance4life strives to ensure that all franchisees can undertake the ownership that is required from a franchisee in a social franchise. Essentially, the franchisor makes sure that the franchisee has the ability to raise funds and that they will take the lead on the fundraising activities. A key rationale behind the NGO's choice of social franchising as a model to achieve growth is access to scarce resources, such as capital and local knowledge. This means that the local ownership of the franchisees is important to capture the benefits of social franchising. Thus, for Dance4life to derive the benefits of the social franchising model, the franchisees should have the capabilities necessary to independently maintain financial stability.

> *"This check is meant to assess if the organization needs us mainly for our area of expertise and so that we don't onboard an organization that actually needs lots of support with like their financial management."* - Franchisor

Social mission check.

The other part of the selection process is a check to assess if the applying organization shares Dance4life's social mission. A franchisor employee describes this part of the selection process in the following way:

> *"I would say the main point is to find organizations that have a similar DNA of Dance4life, so that their values and approach and vision is aligned."* - Franchisor

All selected franchisees must show a track record of working on the same issues as Dance4life. In other words, it is not enough that the organization's mission or vision statement match that of Dance4life, there needs to be a match with the organization's previous work as well.

The selection process is also found to be valuable for the organizations approaching Dance4life. It is designed to provide them the information they need to decide if becoming part of the Dance4life franchise fits their goals. Thus, for an organization to become included in the franchise there needs to be a "win-win" situation for both parties at the end of the strict selection process.

In summary, the selection stage is designed to strictly exclude any organization that is either not prepared to take the ownership required from a franchisee or does not have previous experience to prove that they share Dance4life's social mission. This first stage functions as a gatekeeper to only include organizations whose goals fit Dance4life's goals. Thereby, it serves an important role in the goal alignment process by ensuring a suitable fit from start.

4.1.2.2 Onboarding.

If an organization is approved as a suitable match for Dance4life and the interest is mutual, then the final step of the selection process is the signing of a memorandum of understanding (MOU). Eventually, once the franchisee has raised enough funds to pay for the franchisor's start-up package, the license agreement is signed. Following this is the onboarding process, which is the second stage of the goal alignment process. This stage includes training and workshops to enable a successful implementation of the 'Journey4life' in the local context of the onboarding franchisee. One part of this stage is found to be especially important for the goal alignment process: the contextualization workshop.

Contextualization.

One of the workshops that is part of the start-up package is focused on contextualization. In this workshop, the Dance4life offer, the 'Journey4life', is collaboratively adapted by the franchisor and the franchisee. Since each local environment presents different challenges to young people, this contextualization is viewed by both the franchisor and the franchisees as crucial to achieving social impact in the local context. Thus, the adaptation of the 'Journey4life' increases the impact that can be achieved which ultimately helps the franchise to close in on its goal of decreasing the health threats facing young people. Apart from changing the offer according to the local challenges, another important aspect of the contextualization is to modify the curriculum so that it does not include parts that are inappropriate in the local culture. One example of this, which is illustrated by the quote below, is changing the language in the curriculum. In the contextualization, the franchisor and the franchisee co-create the final product using their respective expertise, the franchisor's expertise in empowerment techniques and the franchisee's expertise in the local context. Thus, through including contextualization in the onboarding stage, Dance4life leverages the benefits of the social franchising model.

> *"It really depends on the franchisee, it really depends on the context. Because for instance* [in one country]*, they're very progressive, so they can easily work with questions that yeah seem very progressive for other contexts. While for instance* [in another country]*, they don't even have the word for sexual abuse, so it's a matter for them to really play with the language to make the questions understandable to the students."* - Franchisor

However, the contextualization process does not only create a better fit between the 'Journey4life' and the local context. It also builds a solid basis for the relationship between the partners. Through collaboration and co-creation during this early relationship stage, the franchisor and franchisee develop a mutual understanding of each others' challenges and priorities. This may then facilitate future communication. In addition, the franchisor shows flexibility by authorizing the franchisees to make changes, as illustrated by the quote below. This was also found to strengthen the relationship between the partners. By including the contextualization in the onboarding stage, the franchisor signals trust by granting the franchisee more autonomy.

> *"Dance4life was really flexible on this and they gave us the opportunity, the authority as well, to change the curriculum. Everything can be changed with respect to the culture so that it can be accepted over here."* - Franchisee

To sum up, contextualization in the onboarding stage serves two roles in the goal alignment process. First, co-creation in the contextualization workshop ensures enhanced fit between the goals of each partner by adapting the franchisor's offer to the needs of the local context. Second, this co-creation also serves as a base for the relationship between the partners. Through this collaboration, shared understanding is created. This facilitates future communication and allows the franchisor to signal trust by handing over control to the franchisee.

4.1.2.3 Management.

Once the onboarding stage is finished, the franchisee is in charge of implementing the program in its local context. As highlighted in the last part of Dance4life's motto, "*manage easy*", this stage of the goal alignment process is signified by a shift in the franchisor's control where monitoring of the franchisee is described as "light". One stated reason for this light monitoring is that the franchisor does not want to burden the franchisee. Another reason for it can be linked to the social franchising method of expansion. In interviews, the franchisor-franchisee relationship was contrasted with donor-recipient relationships, which are more typical in NGOs, to highlight that the franchisees do not depend on the franchisor for funding. This goes back to the franchisee's

ownership in the social franchising model. Thereby, by utilizing social franchising, the franchisor does not have the coercive power it would have if it was the source for the franchisees' funding. This loss of power is further strengthened by Dance4life's use of fractional franchising where the franchisees do not depend on Dance4life for all of their services, since this implies that a threat of termination of contract from the franchisor would not be a threat to the franchisee's overall operation. Therefore, the franchisor cannot rely on force to achieve goal alignment. Instead, the management stage is centered around co-creation, collaboration, dialogue, support and trust. At this stage, goal alignment is achieved through negotiations, which is facilitated by relationships of trust. There are still monitoring activities that are found to play a part in the goal alignment process, however, this monitoring is not found to be linked to enforcement but is considered a starting point for dialogue. The activities in the management stage which have been found to have roles in the goal alignment process are described below.

Bi-annual reporting.

One activity that can be identified as a formal monitoring activity is the bi-annual report that each franchisee sends to the franchisor. These reports focus on the key indicators that the franchisor needs to assess the progress in different countries, and include for example the number of young participants. These reports are designed to not be burdensome for the franchisees, while at the same time providing the franchisor assurance that the quality and the progress of the project are in line with their goals.

Visits.

Additionally, the franchisor performs another type of monitoring activity, which is a yearly visit by the franchisee's partner manager. The purpose of these visits is to learn what is happening at each franchisee so that the franchisor can gear their support towards where it is needed the most. Furthermore, it is found that by in-person meetings, the relationships are strengthened which facilitates future collaboration and dialogue.

Outcome evaluation.

The franchisees' social impact delivery is also monitored by conducting outcome evaluations. In contrast to the bi-annual reports, the franchisees decide whether to conduct these evaluations and this decision primarily depends on whether a donor to the franchisee requires it. However, if an evaluation is performed, then the franchisor supports the franchisee throughout the process. Evaluating the impact of the program is valuable for the franchisor, both as a tool for measuring the impact and for fundraising purposes. However, due to the separation of ownership in a social franchise, they cannot coerce a franchisee to conduct an evaluation. Also, even when a franchisee decides to conduct one, disagreements may emerge concerning the design of the evaluation. Findings show that cultural differences are one source of these disagreements, as the franchisor tries to push the franchisees to be more progressive in the questions added to the evaluation material, whereas the franchisees do not want to risk creating negative sentiments in the local environment. Thus, other stakeholders, such as donors and other external stakeholders, may influence the franchisee's decision making, which complicates these types of situations. These disagreements are found to be resolved through negotiations. Since the franchisor does not have the power to force the franchisee, it can instead be seen to practice expert power, for instance by presenting examples of best practices from other franchisees. At the same time, the franchisees also exercise expert power in these negotiations as they incorporate their expertise of the local culture in counterarguments. These negotiations are signified by respectful dialogue, for example, described this way:

"So when I actually show them that some other franchisees are doing that in terms of cost efficiency and they can adopt or replicate those steps, that gives me a lot of negotiation power to you know make the franchisees agree on what our ambition is for a certain program. Yeah, so in a nutshell, I don't just tell them or impose or post. I work with them very closely. I think with them. I strategize with them." - Franchisor

Network.

"We have a network to which we can give all the support that we can to make sure that our missions and goals are reached… I mean of course the network is the main backbone of the Dance4life model, without the network the Dance4life model would not be out there."
- Franchisor

The Dance4life network is another sub-theme of the management stage that is found to serve a role in the goal alignment process. This network includes all the franchisees and is represented by a board of franchisees. This network functions as a learning mechanism in that it is used by franchisees to share knowledge with one another. Through the online and physical meetings arranged by the network, franchisees from different countries establish interorganizational relationships. Some even arrange exchange visits to each other's operations.

In another function, the network provides feedback to the franchisor. Thus, the network serves the franchisees as a potential control mechanism to hold the franchisor accountable. In other words, if franchisees would experience goal incongruence caused by changes in the franchisor's actions, feedback from the network could potentially align the goals once again. Due to the social franchising model, the franchisor analogizes its relationship to the franchisees to a customer relationship where feedback from the network is encouraged to strengthen the franchise, as is illustrated in the quote below:

"So a franchise is the same relationship which is between a customer relationship ... Part for us as a franchise is we need to have the feedback on OK how can we make our product better so that they use it in the future as well. So we are always very open to the feedback." - Franchisor

"I think that's very much the part of our culture as a network. I think we have a pretty particular DNA as an organization and that we are very open, very friendly, like some franchisees say that they feel part of a family." - Franchisor

Thus, the network's feedback results in co-creation to increase the social impact and through co-creation, goal alignment is strengthened. The network does not only facilitate collaboration between the franchisor and franchisees, but also between the franchisees.

On-going communication.

Aside from the aforementioned activities, there is on-going communication between the franchisor and the franchisee. This communication is found to be centered around co-creation and collaboration, which over time contributes to a relationship of trust. On the one side, the franchisor supports the franchisee, not solely in the delivery of the program, but also in fundraising activities. Thus, even though the franchisees are held responsible for maintaining financial sustainability, the partners still collaborate in financial matters. In this way, the franchisor is found to have an influence on the franchisee's financial sustainability. On the other side, the franchisee keeps the franchisor updated on their operations, which then reduces the franchisor's need for more formal monitoring activities. The use of social franchising is found to impact the relationship between the parties by creating a more equal relationship, where the franchisees' ownership results in a goal alignment process built on dialogue.

> *"We very clearly know where our boundaries are and secondly we also don't want to act like we know more than them you know… So of course there are always negotiations happening but we cannot push them or force them to do anything, it's not possible and we don't do that as well because we also need to maintain a very healthy working relationship. We want to continue working with all the franchisees that we have so we need to be very careful in how we manage them as well and how our relationship is with them."* - Franchisor

> *"Our relationship is growing. It's growing because from the level of being an implementer in a donor relationship to being a franchisee, I know a franchisee is more interactive than being in a donor relationship. So I think the relationship is growing... They communicate well, they make their intentions known and we also make our intentions known to them."* - Franchisee

Altogether, the management stage of the goal alignment process is found to be linked to a shift in the level of the franchisor's control. Instead of contract enforcement or requirements tied to funding, alignment between the goals of the franchisor and franchisees is achieved through dialogue. This dialogue is facilitated by each partner trusting the other to work for their shared social mission of empowering young people.

4.1.2.4 Concluding remarks.

The social franchising model's separation of ownership impacts the goal alignment process in Dance4life. There is a shift in power where the franchisor does not control goal alignment through enforcement. Dialogue and trust replace enforcement, as both parties collaborate and support each other to further their shared social mission of empowering young people.

However, to prevent friction or goal incongruence in this equal relationship, special attention is direct towards the preceding stages of selection and onboarding. A strict selection process is employed to guarantee a shared social mission while also excluding organizations that are not a suitable match for the social franchising model. While the onboarding stage is used to set the right conditions for successful implementation through adaptation in regards to the local conditions. Although this stage utilizes the franchisee's local knowledge, through co-creation the franchisor keeps some control over the implementation. By the franchisor exercising heavy control in the initial stages, the need for future monitoring is reduced. Thus, the two first stages are designed to lay the ground for collaborative and trusting relationships which signify the final management stage.

4.2 Case: Aflatoun International

The second case used to explore goal alignment in international social franchises is Aflatoun International (Aflatoun).

4.2.1 Background.

Aflatoun was started as a research project in India in 1991. In 2005, Aflatoun International was launched and global expansion was initiated. Aflatoun developed its program model, which has been expanded to incorporate programs for different age groups since then (Aflatoun International, 2020a). The mission of the NGO is to "*ensure access to high-quality, inclusive, child-centered social and financial education for all children and young people, especially the most vulnerable*" (Aflatoun International, 2016, p.3). Their work is based on the belief that children and young people need social and financial skills to thrive in today's world and that there is a need for increased global recognition of the importance of Social and Financial Education (SFE). In this way, their work can be directly linked to four SDGs: no poverty, quality education, decent work and economic growth, and reduced inequalities.

In 2016, new goals were set to be reached by 2020 which included international recognition of the need to empower all children with social and financial knowledge and skills, recognition of Aflatoun Child Social and Financial Education Program as the gold standard of SFE, and reaching at least 20 million children and youth. To reach these goals, the organization's strategy is based on three pillars: advocating for SFE, delivering high-quality SFE and skills programs, and accelerating the scaling of SFE (Aflatoun International, 2016).

4.2.2 Social franchise.

Similar to Dance4life, Aflatoun operates as a fractional social franchise. However, in contrast to Dance4life, Aflatoun does not only partner with NGOs, but also partners with international agencies and governments. Furthermore, Aflatoun's network includes over 345 partners of which about 275 are franchisees. Hence, it differs from Dance4life's network in size. Aflatoun describes their social franchise as a dynamic, bottom-up network of interlinked partner organizations based on reciprocal empowerment (Aflatoun International, 2020b).

Aflatoun benefits the franchisees by providing knowledge and insights. Examples include Aflatoun's core learning material, their research and case studies, research co-creation from joining Aflatoun's research working groups and updates on policy issues related to their social mission. The franchisees also receive permission to use the Aflatoun brand. Additionally, by joining the franchise, the franchisees also benefit from gaining access to the Aflatoun partnership network. In return, the franchisees pay an annual license fee of either €250, €750 or €2500 depending on the organization's annual income. However, there are services not included in this yearly fee, such as training, curriculum contextualization, monitoring, evaluation and research. The cost of these additional services depends on "*the nature of the services required and the level of engagement by Aflatoun International*" (Aflatoun International, 2020c, p.2).

Thus, the role division between the franchisor and the franchisees is similar to that of Dance4life. Hence, the franchisor is responsible for research and development of the programs, plus coordination and expansion of the global network, while the franchisees are responsible for implementing the program in the local environment and for contributing financially to the franchise through fees.

In Aflatoun's work towards its mission, it can be expected to be important that the franchisor's and the franchisees' goals are aligned. Goal alignment concerns upholding the quality standard set by the franchisor, which is not only important to achieve the sought-after social impact, but also to establish a good reputation to allow for further expansion. Similar to Dance4life, the goal alignment process can be divided into three stages: selection, onboarding and management. Each of these three stages serves a specific role in the goal alignment process, which will be described in the following subsections.
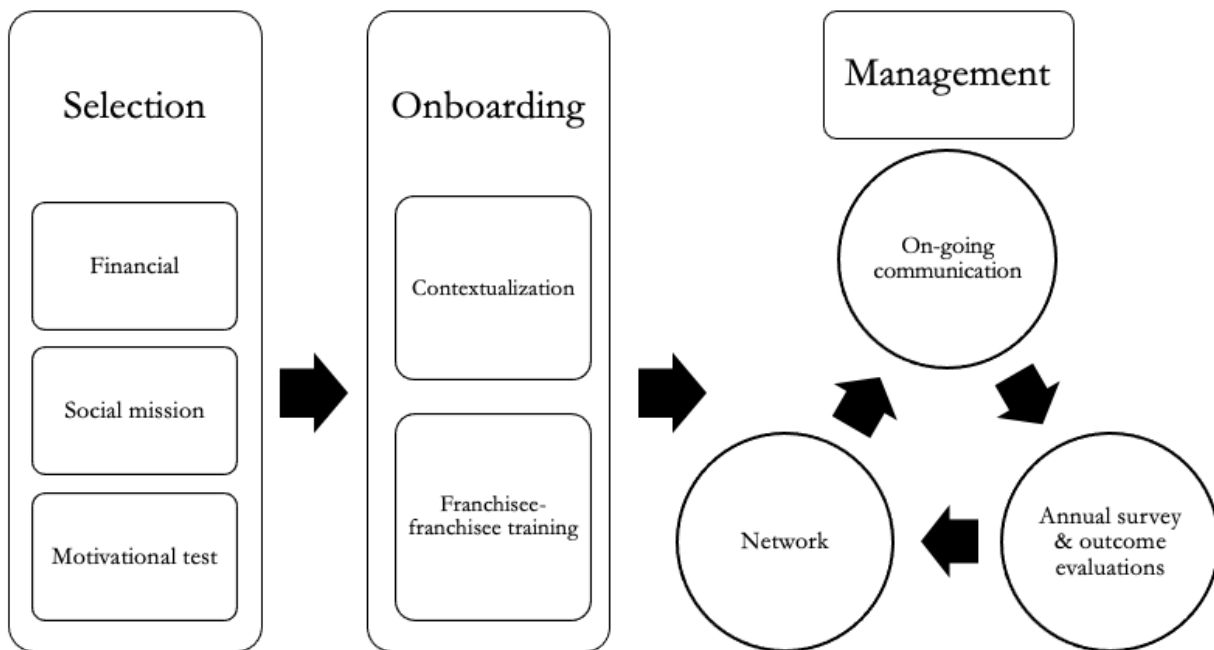
Figure 2: Aflatoun's Goal Alignment Process

4.2.2.1 Selection.

Similar to Dance4life, Aflatoun employs a strict selection process that is designed to include both a financial and a social mission check. However, one difference was found between the franchises. Aflatoun's selection process includes an additional motivation test, which was not found for Dance4life. These three different aspects of the selection are described below.

Financial check.

The selection process is designed to only accept organizations that are financially sustainable and prepared to take ownership in the fundraising necessary to implement the program in their local context. To evaluate this, Aflatoun performs a due diligence where they examine the organization's past financial records to ensure that the organization has a continuous history of financial stability. They also examine the organizational structure to determine whether its organizational health is up to Aflatoun's standard, such as whether the organization has a board, performs audits and is registered.

Social mission check.

Another key feature of the selection process is a check of whether the social mission of the applying organization aligns with Aflatoun's. This is accomplished by communicating directly with the organization, examining documents and demanding questionnaires to be filled out by the organization. Similar to Dance4life, the applying organization needs to show proof of previous work experience in areas similar to the mission of Aflatoun. This will help to establish whether the organization possesses the capabilities needed to deliver the curriculum. The applying organization's donors and affiliates are also checked to make sure that these are also aligned with the goals of Aflatoun. These checks aim to ensure the continued integrity of the network by only accepting organizations that display such integrity in their work.

Motivational test.

The third aspect of Aflatoun's selection process tests the applying organization's commitment to become part of the network. This is accomplished by intentionally designing the application process to be difficult. For example, the first step of the process includes filling in forms that have been made complicated to the point that it is a sign of commitment if one completes them. Another example of how Aflatoun tests the level of motivation are so-called "delaying tactics", where the applying organization is forced to contact the franchise multiple times to move forward in the selection process. As illustrated in the quote below, there are two reasons for including a motivation test in the selection process. First, it aims to ensure that all franchisees, who become part of the network, have a high level of commitment. Second, now that the Aflatoun brand is gaining more recognition, the organization wants to ensure that no organization joins the franchise simply for the name, but has an interest in an actual partnership.

> *"It is sort of natural selection, because often you see that they don't push through. We have some kind of delaying tactics to see if people are really willing to go so that's another approach to see if they really come back to us again and again or not. But we have organizations where we felt no this is not, these people are not up to the task and we feel that they have other intentions than being a natural partner in the network."* - Franchisor

In summary, Aflatoun's selection process is designed to ensure ex ante goal alignment. Similar to that of Dance4life, it functions as a gatekeeper to include only those organizations, which are prepared to take the ownership required from a franchisee, and that share Aflatoun's social mission. However, it differs from Dance4life in that Aflatoun's selection process includes aspects that aim to create a type of natural selection. In such natural selection, organizations that are not highly motivated to establish a partnership with Aflatoun are excluded.

4.2.2.2 Onboarding.

The second stage of Aflatoun's goal alignment process centers around the onboarding of the new franchisee. Here, Aflatoun deems it important to uphold the quality of its programs. As such the onboarding includes training and capacity building sessions held by Aflatoun's so-called 'global master trainers'. These trainers do not only teach the onboarding organizations to perform the different programs, they also assess the quality of the onboarding organization to test if they can deliver the program. In this way, the onboarding can be viewed as an extension of the selection process. Thus, the onboarding process is designed to control that the quality of the franchise is upheld and that no franchisee becomes an active part of the franchise before showcasing its capabilities.

This stage is found to be an important building ground for the franchisor-franchisee relationship. Throughout the onboarding, the franchisee is in contact with their assigned partner manager and this communication builds a relationship between the parties. As depicted in the quote below, an attachment is created between the onboarding franchisee and their assigned partner manager.

> *"When they take the partners through that process they will develop a certain attachment but what helps more is the engagement for example if there is a training we will be able to meet the people face to face, conduct the training, spend days with them"* -Franchisor

Contextualization.

Similar to Dance4life's onboarding stage, the contextualization of Aflatoun's offer is described to be important for achieving a good fit for the needs of the local context. Thereby, it is viewed as crucial for reaching the goals of the franchise. However, Aflatoun's contextualization differs from Dance4life's contextualization, because it is not mandatory. Instead, the franchisor encourages the franchisees to contextualize and supports them with a contextualization guide. If a franchisee would need deeper engagement from the franchisor in the program's contextualization, it has to pay an additional fee to finance the franchisor's staff. Thus, the contextualization is the responsibility of the franchisees and they are trusted to know what adaptations are appropriate in their local context. Although the franchisor may suggest beneficial changes to the program in the local context, the franchisee ultimately decides about the contextualization. As illustrated in the quotes below, this is meant as a tool to empower the franchisees.

> *"We as Aflatoun don't come as an organization 'This is our concept. Take it'. No. We make sure that they take the lead, they decide. It's the philosophy of the organization. They design the things, the content, the way they want it. They contextualize, they just have a basic material, standard material. You know when you are allowed to do things the way you want, you're already happy and you feel more included. So that way I think you know you have power over the thing that you are doing."* - Franchisor

> *"We adapt the things that they do, because we're not doing like exactly what they say but they know that each country do what works for their own context... They are really open to everybody I think. They're really open to hear everybody."* - Franchisee

Aflatoun's onboarding stage also differs from Dance4life by including other franchisees in the process. When onboarding a new franchisee, the franchisor prefers that another franchisee, which operates in close geographic proximity, conducts the teaching. The reason for this decision is not only to increase cost-effectiveness, it is also to promote equality through 'South-South collaboration', as illustrated in the quote:

> *"More and more it's not that we fly in from the Netherlands to go to a country like Benin, but we ask our partner in Togo to go to Benin and teach them there and share with them… So it's really the South-South collaboration... It's more again the level of equality, you're not being told by somebody from Amsterdam, but it's another person who is also using the material. And I think that is a key characteristic."* - Franchisor

Thus, the franchisor utilizes other franchisees when onboarding new ones. This is partly to signal a high level of equality between the franchisor and franchisees. Additionally, it is also found to strengthen the ties between franchisees in neighboring contexts, which facilities for further franchisee-franchisee collaboration. By handing over control for the onboarding, the franchisor also sends a signal of trust to the franchisee in charge of the training. At the same time, the franchisor seeks to maintain quality by checking that the franchisee's trainers, that are conducting the training sessions, are properly trained and experienced.

To sum up, the onboarding stage of Aflatoun's goal alignment process serves to control the quality of the delivery of the program, through training the onboarding organizations and testing their capabilities. This stage also creates stronger relationships within the organization in multiple ways: between the franchisor and the onboarding organization, between different franchisees, and between the franchisor and existing franchisees. Also, through contextualization, a better fit between the goals of the partners is created.

4.2.2.3 Management.

In the management stage, the level of control practiced by the franchisor is found to be low. Similar to the findings concerning Dance4life's goal alignment process, there is a clear shift in the franchisor's level of control compared to the selection stage. At this stage, goal alignment between the franchisor and the franchisees is sought to be created by using the Aflatoun network, continuous communication, and collaboration. The activities which are found to be important parts of the governance of the franchisees are described in the following subsections.

Due to the size of the franchise, the franchisees are divided into different regions based on the language. Each region has a different partner manager who functions as the link between the franchise and each franchisee to coordinate the operations within that region. These partner managers continuously communicate with the franchisees and help them to increase their local social impact. Through this regular communication, the level of trust between the franchisees and the partner managers increases. As illustrated in the quote below, personal connections are established and relationships, described in an interview as "camaraderies", are developed. The discussions which are held between the partner managers and the franchisees are also described as the main monitoring of the franchisees.

"The communication is not like in a big corporation or anything like this. It's really personal. It almost feels like a big family. We also call us for example [in our country] *the Aflatoun family. So it's not like someone is my boss or whatever. We really can reach out at any time in a very personal way".* - Franchisee

Annual surveys and outcome evaluations.

Compared to the ongoing communication, two activities that can be identified as more formal monitoring tools are an annual survey collected from all the franchisees and outcome evaluations. The aim of the annual survey is to provide the franchisor insight on the progress of the franchisees' work, such as the number of children they have reached. This is considered important to the franchisor as these numbers are used to communicate with stakeholders and in fundraising activities. Together with some of the franchisees, Aflatoun conducts outcome evaluations that are aimed at measuring the social impact created in the local context. These evaluations are used as learning devices to continuously improve Aflatoun's offer and they are used to prove the concept. Thus, neither the annual survey nor the outcome evaluations, although they may be identified as monitoring, aim at controlling the franchisees.

The franchisor is found to be flexible in the collection of the annual surveys as it takes about two months and several reminders from the franchisor to have all franchisees submit them. Similar to Dance4life, Aflatoun aspires to not impact their relationships with the franchisees negatively by frustrating them with formal monitoring, as is illustrated in the quote below.

"We don't want to frustrate them there. For some of them it's really complicated, for some of them it's difficult to report on it, but by follow up what we normally see is when you send out the first questionnaire you only get a few responses, then you need to have reminders, so normally it takes us about 2-2 1/2 months before we get all the responses in." - Franchisor

Network.

The Aflatoun network is found to play a role in aligning the goals between the franchisor and the franchisees in the management stage. The network is utilized to engage the franchisees in the decision-making of the franchise, to share learnings, and to provide support to the franchisees.

As noted in section 4.2.2.2, equality between the partners is promoted and the franchisor encourages the franchisees to engage in the strategic decision-making of the franchise. To accomplish this, the franchisees in each of the six regions elect a representative to serve on the Aflatoun board as global network board members. These regional representatives function as a link between the franchisees in that region and the board by actively engaging with the franchisees of its region so that their voice can be heard at the board level and by sharing the issues discussed with the franchisees. Thereby, the franchisees may influence the goals of Aflatoun. If they experience goal incongruence caused by actions from the franchisor, they may use their regional representative to communicate these concerns. In an interview, to illustrate how much the franchisor values the opinions of the franchisees, an employee at the franchisor describes the franchisees as the 'General Assembly' of Aflatoun:

"They are the ones to approve eventually when the strategies are developed, they are the ones to approve, they are the General Assembly, all our partners. So they have to get approval from the majority to move on with our strategy. If the majority say your strategy is not working, we cannot, we have to get the buy-in from them, they are the General Assembly for the organization."
- Franchisor

When further on asked how the franchisor gets the franchisees' "buy-in", the answer is through continuous engagement. Thus, the empowerment of the franchisees is found to be a pillar of Aflatoun's organizational structure and engagement within the network is found to play an important role in aligning the goals of the parties.

Furthermore, the network is also utilized to encourage so-called 'South-South collaboration'. As previously described, collaboration among franchisees is actively promoted by the franchisor. An example of this can be found in the regional and international meetings coordinated by the franchisor, where representatives from franchisees and the franchisor gather to exchange learnings and experiences. Through these types of collaborations, the relationships within the network strengthen, not only between the franchisor and the franchisees but also between the franchisees. As illustrated in the following quote, the network serves as a platform to build relationships and to initiate collaboration aimed at increasing Aflatoun's social impact.

> *"There is a strong feeling of belongingness to the network … We see our partners making alliances. We bring them together as Aflatoun to deliver education but we see them collaborating on a different initiative. We serve as a platform for them to meet. ... Yeah I think that there's a strong connection across the partners and even at the personal level there is a lot of interaction … If you join one of the meetings you see like it's more of a family."*
> - Franchisor

To sum up, goal alignment during the management stage is achieved primarily through on-going communication, collaborations, and engagement from all partners. As illustrated by the subsequent quote, the franchisor trusts their franchisees to have the capabilities needed to empower children in their local context. Monitoring activities, such as the annual survey and discussions between partner managers and the franchisees, are found to be used primarily as supporting and learning devices. Thus, the governance structure is found to be designed to empower the franchisees, rather than control them.

> *"Of course the control is on a minimum level but we also want to give them that liberty because they know their context, they know their legal systems, they know their financial systems, they know their cultures, what works, what doesn't work so that's based on trust and also with the minimum standard that we have to make sure that quality education is delivered."* - Franchisor

4.2.2.4 Concluding remarks.

Aflatoun's goal alignment process is found to share several similarities with Dance4life's goal alignment process. To start with, both include a strict selection process. This strict selection is used to ensure ex ante goal alignment by examining both if the applying organization shares the NGOs' social mission and if it has the necessary capabilities to take on the ownership implied in the franchise model. Furthermore, in both organizations, the franchisor is found to practice low control in the management stage. Instead, both franchisors trust that their franchisees share their social mission, and work to empower and support them. Another similarity between Dance4life and Aflatoun is the way that they use their network to promote equality and encourage knowledge sharing.

However, some dissimilarities have also been identified. For instance, Aflatoun includes a motivational test in the selection process and uses franchisees to train other franchisees in onboarding processes. Furthermore, when considering the differences in for example the contextualization process and the reporting, it is found that Aflatoun's franchisees are given even more autonomy than the ones in Dance4life.

5. Analysis

Following our empirical findings of Dance4life's and Aflatoun's goal alignment processes, the subsequent analysis will look at said findings to answer our research questions.

5.1 Governance Structure

The franchisees from both Dance4life and Aflatoun perform tasks delegated by their respective franchisor. As such, the relationships between the franchisor and franchisees in both organizations depict delegation relationships. As outlined in more detail in the literature review, the governance of delegation relationships has often been explained from an agency theory perspective (Krzeminska & Zeyen, 2017). In such a perspective, the delegator and delegate are said to have conflicting goals that demand formal governance mechanisms, such as outcome-based contracting, to align their goals ex post (Eisenhardt, 1989). Due to the outcome-based contracting used in franchising, where a franchisor makes ex-ante contractual use of ex-post incentives for compliance, agency theory is one of the most frequently used theories in franchising literature (Tracey & Jarvis, 2007). As highlighted previously in section 2.3.2, agency theory has also been one of the theoretical underpinnings of social franchising (Naatu & Alon, 2019). However, agency theory is not the only theory that can be used to explain governance of delegation relationships. An alternative is stewardship theory. The two theories are differentiated by their respective assumptions of the model of the delegate. On the one hand, agency theory, with its base in economics, assumes delegates to be individualistic, self-serving, and opportunistic. On the other hand, stewardship theory with its base in psychology and sociology, describes delegates as collectivistic, cooperative and trustworthy (Davis et al., 1997; Eisenhardt, 1989).

The governance structures of the two international social franchises included in our study are found to demonstrate delegation relationships in line with the theory of stewardship.

5.1.1 Selecting stewards.

Based on the empirical findings in sections 4.1.2.1 & 4.2.2.1, both organizations place great emphasis on the selection of franchisees. By analyzing their selection processes, both Dance4life and Aflatoun seek to select franchisees with steward characteristics when pursuing partnerships.

In stewardship theory, the delegate selection process is regarded as a very important element when attempting to select a steward as a delegate. Stewards are said to be unresponsive to attempts of agency theory's ex post goal alignment mechanisms such as financial rewards or control instances (Davis et al., 1997). For example, controlling attempts could even have a reverse effect and be considered as signals of distrust, therefore even lowering the delegate's motivation to act pro-organizationally (Davis et al., 1997). However, information asymmetry exists in relationships. Thereby, seeking to select a steward, with whom one strives to have ex-ante goal alignment, largely depends on a reduction of such information asymmetry during the selection process (Krzeminska & Zeyen, 2017).

Both Dance4life and Aflatoun have designed a selection process that seeks to reduce such inter-relational information asymmetry, to ensure high likelihood of ex ante goal alignment between the respective franchisor and franchisee. As outlined in section 4.1.2.1 & 4.2.2.1, Dance4life and Aflatoun seek to reduce information asymmetry in the selection process by examining a potential franchisee's ability to be financially sustainable and

responsible. However, even though information about financial sustainability and responsibility of a potential franchisee is deemed an important aspect in their selection processes, it is their assessment of mission similarity or mission compatibility that further attempts to reduce information asymmetry regarding ex ante goal alignment. By assessing a potential franchisee's previous work in light of their communicated mission, Aflatoun or Dance4life, respectively, can decide whether a potential franchisee demonstrates sufficient mission similarity or mission compatibility. Additionally, they further assess whether the communicated franchisee's mission and previous actions align. This attempts to reduce information asymmetry as one could expect stewardship behavior from those potential franchisees who demonstrate a conformity of communicated mission and previous actions that align with the franchisor's mission and approach.

Additionally, Aflatoun's motivational assessment of delaying tactics and extensive questionnaires in the selection process is a further attempt to achieve ex ante goal alignment by reducing information asymmetry regarding the potential franchisee's partnership intentions. As one expressed it:

"It is sort of natural selection, because often you see that they don't push through." - Franchisor (Aflatoun)

Altogether, by reducing information asymmetry regarding the implementation capacity and partnership intention, Dance4life and Aflatoun seek to achieve ex ante goal alignment by respectively striving to select stewards.

5.1.2 Governing stewards.

Based on the empirical findings in sections 4.1.2.2 f. & 4.2.2.2 f., both organizations place great emphasis on a collaborative approach to governance. As such, the governance exhibited by Dance4life and Aflatoun are found to closely resemble the governance structure of stewardship relationships.

According to Sundaramurthy and Lewis (2003), stewardship theory details a collaborative approach to governance. The collaborative approach of stewardship theory depicts a service-orientation in that it is the role of the principal to service the steward by providing advice. This approach to governance is based on stewardship theory's assumption that goal alignment exists ex-ante in the principal-steward relationship. The steward can then be trusted to act in accordance with the goal of the principal and governance is therefore said to concentrate on collaboration. This is in contrast to agency theory, which prescribes a control approach to governance. Since agency theory depicts delegates as individually self-interested actors, whose goals are assumed to be in conflict with the delegator's goals, control mechanisms are imposed to decrease the likelihood of moral hazard, i.a. delegates acting opportunistically (Sundaramurthy & Lewis, 2003).

If one were to view the governance of a delegation relationship in Dance4life or Aflatoun from the perspective of agency theory, one could expect the respective delegator to exhibit extensive control mechanisms, considering that the outcome-based financial incentives typically associated with franchises are not applicable to the non-pecuniary context of social franchising in those NGOs. From this agency theory perspective, the emphasis on control mechanisms would be expected to be even more heightened by taking into account the geographical distance in said international franchises, which could be expected to increase information asymmetry, thus creating more opportunities for opportunistic behavior. Therefore, from our understanding of agency theory, one would expect the franchisor in an international NGO social franchise to exercise formal governance mechanisms (i.a. control).

However, as our findings demonstrate in section 4.1.2.3 & 4.2.2.3, neither Dance4life nor Aflatoun exhibit extensive control mechanisms. On the contrary, formal control mechanisms are limited both in number and extent. For instance, on paper, Dance4life's bi-annual reports are monitoring instances that could be aimed at preventing moral hazard. But as confirmed from both Dance4life and its franchisees, those reports rather demonstrate opportunities to identify and direct assistance to areas of a franchisee's operation where support is demanded. Aflatoun's formal control mechanisms are similar in that their annual survey and outcome evaluations are mutually perceived as learning opportunities rather than control instances.

Additionally, examples of a collaborative approach to governance are plentiful in both organizations such as Dance4life's board of franchisees, Aflatoun's global network board, Dance4life's support in voluntary outcome evaluations, the on-going communication or Aflatoun's franchisee-franchisee visits offer instances to learn with the franchisees and service them if demanded.

Altogether, the governance activities of both organizations point towards a stewardship theory's governance approach, as both organizations consider it their duty to service their respective franchisees by considering formal control mechanisms as learning opportunities rather than instances for moral hazard prevention. It appears to be their intention to facilitate the franchisee's goal achievement. Since both organizations have attempted to achieve goal alignment in the selection process by seeking to select stewards, they are found to have confidence that servicing the franchisee's in their goal achievement will ultimately maximize their own goal achievement.

5.2 Stewardship Relationships in Social Franchising

In the seminal work by Davis et al. (1997), the authors present the psychological and situational factors that are found to be necessary to elicit stewardship behavior in delegates. The authors argue that agency theory and stewardship theory can be differentiated by the dimensions where the assumptions of the two theories differ. These dimensions can be divided into psychological and situational factors. An explanation of why the goal alignment in both Dance4life and Aflatoun is sought to be created as described in the previous section can be found in these psychological and situational factors.

5.2.1 Psychological factors.

The franchisees in both organizations exhibit the psychological characteristics of a steward in a principal-steward relationship by demonstrating intrinsic motivation, value commitment and personal power in the relationship. Furthermore, these are encouraged by the respective franchisor in their goal alignment process.

5.2.1.1 Intrinsic motivation.

According to stewardship theory, stewards are motivated by higher order needs such as affiliation, self-actualization or opportunities for growth. As such, stewards focus on the satisfaction of intrinsic needs (Davis et al., 1997). Social franchisees are organizations whose main aim is to create social impact, thereby it can be expected that the organization's resources are not allocated towards extrinsic rewards, such as bonuses. In light of the limited extrinsic rewards derivable by working in a social franchisee organization, those attracted to work in such organizations are rather passionate about the social mission. From both studied franchises, the

franchisees express a feeling of purpose in their pursuit of the mission of empowering young people. As such, this sense of purpose can be expected to increase their intrinsic motivation to perform. Franchisees from both organizations serve as illustrative examples of their intrinsic motivation. For one, the feeling of belongingness to a family-like network was repeatedly brought up by franchisees in both organizations. This affiliation is accompanied by opportunities for self-actualization, e.g. allowing for learning opportunities through the respective networks. Furthermore, the high level of autonomy of the franchisees also allows for self-actualization. As one franchisee described its motivation for the partnership:

> *"I really love to make a change ... I want to make a change, even if it's a little. A little change in education. That's why and I love my work and I really want to make a change in education for my country."* - Franchisee (Aflatoun)

5.2.1.2 Value commitment.

According to Davis et al. (1997), stewards share the principal's organizational goals and thereby commit to its values.

Franchisees from both organizations appear to demonstrate Davis et al.'s (1997) value commitment. As brought up in the descriptions of the two NGOs in 4.1.1 & 4.2.1, they each have specific values connected to their method of teaching. For instance, Dance4life's franchisees spell out that they value Dance4life's peer-led teaching approach and consider their franchisor's curriculum as a valuable intervention for achieving youth empowerment. This is further underscored by Aflatoun's experience that those who would not be committed to values such as having a children-centered program and an active learning approach, would neither seek such partnerships nor extent if partnerships were started.

5.2.1.3 Personal-power relationships.

According to Davis et al. (1997), principal-agent and principal-steward relationships differ in the type of power exercised in the relationship. Institutional power is typical of the former and personal power of the latter. Personal power is developed over time in relationships and includes referent and expert power (Davis et al., 1997). The findings demonstrate personal power as a characteristic of the franchisor-franchisee relationships in both organizations. For instance, Dance4life and Aflatoun both encourage the use of expert power and franchisor and franchisees mutually rely on expert power in the contextualization process as franchisors are the experts of the program and franchisees the experts of the local circumstances. Furthermore, in Dance4life, expert power is mutually used to influence the other party in negotiations regarding the design of outcome evaluations.

Meanwhile, the use of institutional power, such as coercive or legitimate power, was not said to be exercised by the franchisors or the franchisees in both organizations. For instance, coercive power appears to be met with a refusal as this quote illustrates:

> *"...We are not policing them you know. It's like a very mutual open relationship where you know we learn from them and they learn from us."* - Franchisor (Dance4life)

5.2.2 Situational factors.

In addition to the aforementioned psychological factors, the situational factors, as introduced by Davis et al. (1997), underscore that the situational characteristics of the two international social franchises facilitate principal-steward relationships between the franchisor and the respective franchisees.

5.2.2.1 Involvement-oriented management philosophy.

According to Davis et al. (1997), an organization's management philosophy impacts the type of relationship formation that is likely to materialize. As such, a management philosophy that is control-oriented is said to more likely produce agency relationships, whereas a management philosophy that is involvement-oriented is said to more likely produce steward relationships (Davis et al., 1997).

The management philosophies of both Dance4life and Aflatoun are noticeably involvement-oriented, as described in the empirical cases. One example of this involvement-oriented management philosophy is the contextualization of the curriculums where the franchisor trusts the franchisees to know what is appropriate in their respective local context and co-create the curriculums together (e.g. see sections 4.1.2.2 & 4.2.2.2). Additionally, another example of this involvement-oriented management philosophy, as demonstrated by both, is the integration of franchisees in the decision-making processes regarding the strategic and operational direction of the respective franchise. The boards of franchisees and annual network events are seen as some opportunities where franchisees are involved in such direction setting.

5.2.2.2 Culture of low power distance.

Another situational factor concerns the power distance between delegator and delegate. Davis et al. (1997) suggest that stewardship relationships are more likely to be developed in organizations with low power distance cultures. In such organizations, equality between parties is deemed important (Davis et al., 1997). Dance4life and Aflatoun appear to emphasize equality in the relationships with their franchisees. Franchisees from both organizations expressed the perception of equality in their franchisor-franchisee relationship. This is for instance reflected in Aflatoun's change in internal terminology, in which franchisees are called 'partners' instead of 'franchisees', as this is said to accentuate their equal status.

Furthermore, both organizations appear to consider the franchise model facilitative in creating equal relationships. In addition, decision-making appears to be decentralized, as franchisees are encouraged to participate in joint decision making, as touched upon in the previous chapter on involvement-oriented management philosophy. Just as much, franchisees seem to engage in and share independently-made decisions, which is encouraged in the low power distance culture and franchise model. As one expression illustrates:

> *"I think this is much more an equal relationship where we are trying to understand each other, where do we come from. So I think that this has created the openness for them to share like 'hey we needed to change this'."*
> - Franchisor (Dance4life)

5.2.3 Concluding the psychological and situational factors.

Altogether, the empirical findings of the two international social franchises are in accord with the psychological and situational factors that are deemed conducive in eliciting principal-steward relationships. These factors explain why the governance structure in both franchises is best understood from the perspective of stewardship theory. As such, franchisees' intrinsic motivation, their value commitment and appreciation of personal power relationships are met with an involvement-oriented management philosophy and culture of low power distance, which facilitate principal-steward relationships as introduced by Davis et al. (1997). Therefore, the strict selection process and subsequent collaborative governance are in unison with the psychological and situational factors brought forward in stewardship theory.

5.3 Effects of Monitoring on Steward Motivation

In the face of the overall strong link between our empirical findings and stewardship theory, there is a striking and surprising facette that is somewhat contrary to stewardship theory's assumption on governance mechanisms. As addressed briefly in 5.1.2 and to more extent in 4.1.2.3 and 4.2.2.3, both organizations deploy some monitoring instruments (i.a. Dance4life's bi-annual reports & Aflatoun's annual surveys). According to stewardship theory, these types of monitoring instruments may be perceived as signals of distrust which may result in lowering the steward's level of motivation as their pro-organizational behavior is undermined (Davis et al., 1997). Thus, according to stewardship theory, the monitoring employed by the franchisor ought to impact the social franchises by reducing the franchisees' desire to act as a steward. This may then result in goal incongruence. However, none of the interviewed franchisees was found to have negative associations with those monitoring instances. Thus, the reason why these activities do not impact the franchisees' motivation negatively requires explanation to further answer this paper's research questions.

One can find a possible explanation in the work on crowding effects conducted by Frey (1993, 1997). Similar to the argument brought forward by Davis et al. (1997), he argued against agency theory's suggestion that monitoring unfailingly increases a delegate's work efforts and instead proposed that under certain conditions monitoring may result in reduced work efforts, an effect called "crowding out". This "crowding out effect" is the result of a reduction in the delegate's intrinsic motivation which, if it exceeds the disciplining effect of the monitoring, reduces the overall work effort. According to Frey (1993) the reason for the crowding-out effect is that "*by monitoring, the principal indicates distrust towards the agent's willingness to perform his or her task*" (p. 663). The author proposed that the "crowding out effect" occurs if two requirements are met. First, the delegate must have high intrinsic motivation at the outset. Second, the delegate perceives the action as controlling (Frey, 1997). Therefore, in order to understand why the franchisor's monitoring activities do not impact the franchisees' motivation negatively, we assess whether Frey's two requirements are fulfilled.

Concerning the first requirement, high intrinsic motivation can be linked to the characteristics of a steward as discussed in greater detail in section 5.2. Moreover, high intrinsic work motivation is also supported by possibilities for participation (Frey, 1997). As described in section 5.2, both Dance4life and Aflatoun demonstrate an involvement-orientation where collaboration is encouraged. For instance, one participation opportunity is illustrated by the role of the respective networks of the assessed organizations.

Concluding the first requirement, our findings show franchisees being intrinsically motivated in both organizations. Therefore, by fulfilling this first requirement of Frey's "crowding out effect", one needs to inspect the second requirement in order to explain why the monitoring activities do not negatively impact the franchisees' motivation for pro-organizational behavior.

Regarding the second requirement, Frey (1997) claims that whether monitoring crowds out motivation depends on how the delegate perceives it. If it is perceived to be *controlling,* then a shift in the locus of control from the delegate to the delegator occurs. This is supposed to result in a lower level of intrinsic motivation. However, if it is perceived as *informative* then the level of intrinsic motivation may remain unaltered or even heightened (Frey, 1997). When examining the empirical data, the franchisees do not perceive the franchisor's monitoring activities as controlling. Instead, the franchisees depict them as methods for learning used by the franchisor to further develop its offering. As the response of a franchisee demonstrates, when asked about Dance4life's bi-annual report:

> *"I guess it's for their learning process on how they can improve their model or to change their model or to be innovative in other ways."* - Franchisee (Dance4life)

Thus, it appears that the franchisees do not perceive the monitoring activities as signals of distrust or as attempts to limit their autonomy. Instead, these are indeed perceived as *informative* activities. Therefore, it does not shift the locus of control from the delegate to the delegator. This provides an explanation of why these activities do not seem to negatively impact the franchisees' intrinsic motivation. Why it is perceived as *informative* might be grounded in the existence of trusting relationships between the franchisor and franchisees. As Sundaramurthy and Lewis (2003) put it, a trusting delegator relationship can complement controls, as trust may change the delegate's perception of the delegator's involvement from monitoring to constructive feedback. Through collaboration, shared understanding between the delegator and delegate increases. Since shared understanding facilitates trust (Sundaramurthy & Lewis, 2003), the likelihood of activities, such as evaluations and (bi-) annual reports, being perceived as constructive feedback increases. Importantly, shared understanding is already nurtured at the outset of the relationship by contextualizing the respective program to the local context. This demonstrates the franchisor's willingness to adapt and customize to the local needs and thereby showcases cultural sensitivity. Cultural sensitivity has been found to raise franchisees' trust in international franchises (Altiney & Brookes, 2012) and therefore underscores the importance of the contextualization process in the establishment of trusting relationships in international social franchises.

Altogether, in our findings, formal control mechanisms (e.g. (bi-)annual reports) do not appear to reduce the franchisee's intrinsic motivation since they are perceived as *informative* activities instead of *controlling* instances. This perception prevents Frey's (1993, 1997) "crowding out effect". As it is argued, the trusting relationships between the franchisor and franchisees, facilitated by shared understanding and cultural sensitivity, provide an explanation for the perception's nature of *informativeness*.

6. Conclusion and Discussion

In this last section, we conclude this paper by presenting a summary of our findings, a discussion of the findings and analysis, managerial implications, limitations and suggestions of future research.

6.1 Summary of Findings

The aim of this section is to provide a conclusion of this paper's findings by shortly presenting the answers to the two research questions:

1. *When NGOs operate an international social franchise, how is goal alignment sought to be created between the franchisor and the franchisees?*
2. *Why is goal alignment sought to be created in this manner?*

Thus, the study sought to explain how the goals of an international NGO social franchise are aligned between the franchisor and franchisees. It has been shown that stewardship theory, as discussed in the seminal work of Davis et al. (1997), provides an appropriate theoretical underpinning for understanding the goal alignment process in the two presented international NGO social franchises. It has been shown that Dance4life and Aflatoun seek to create ex ante goal alignment, since their selection process and governance structure are in line with delegation relationships as depicted by stewardship theory. Furthermore, it appears that the reason why goal alignment is sought to be created through reliance on stewardship relationships is that the conducive psychological and situational factors of principal-steward relationships are present. Additionally, as part of the answer to how goal alignment is sought to be created, the study provides an explanation for the surprising discovery of franchisees' positive perception towards the potentially controlling mechanisms of monitoring and evaluation that run contrary to stewardship theory's propositions of control mechanisms reducing intrinsic motivation in franchisees. By demonstrating that the second requirement, perception of action, of the "crowding out effect" as introduced by Frey (1993, 1997) was not met, because franchisees perceived those actions as *informative*, instead of *controlling*, this study contributes to the understanding and usage of supposedly formal control mechanisms in principal-steward relationships.

6.2 Discussion

This section discusses our empirical findings and the analysis presented above.

6.2.1 Contribution to social franchising.

As highlighted in section 2.3.2, social franchising literature is still in a nascent state and attempts of theoretical explanations of the phenomenon are limited (Naatu and Alon, 2019). Considering this nascent state, it is not surprising that the theories that have been applied to further the theoretical field show strong linkage to the field of commercial franchising, since they share the same overall frame. Therefore, we do not consider the use of agency theory as a theoretical underpinning to social franchising as surprising considering the prevalence and long-standing use of agency theory in commercial franchising literature. However, following our findings' strong linkage to the alternative governance theory of stewardship, we would suggest an alternative path forward in the theoretical field of social franchising. This alternative path would involve a shift away from the use of agency theory and towards further exploration of goal alignment through stewardship theory. We believe that the theoretical path forward for social franchising might find its direction forward by questioning the use of theories that are based on the assumption of self-interested individualistic actors. Based on our empirical findings, we would argue that social franchises' distinguishing feature of a social purpose makes it questionable if the theories underlying commercial franchising literature have similar explanatory value for social franchising. Thus, we see strong promise for further theoretical exploration of social franchising through the lens of stewardship theory and would argue for a shift in the field towards research in the same category as the article by Krzeminska and Zeyen (2017).

Through the lens of stewardship theory, one may also view previous accounts of the social franchise phenomenon in a new light. To showcase this, we would like to turn to the highest cited peer-reviewed article on social franchising by Tracey and Jarvis (2007). In the article, the authors built conceptual insights into social franchising by using the case of the British social franchise Aspire. Aspire was a social franchise aimed at helping homeless people by offering them employment in a catalog company. However, the business model of the organization was flawed and despite attempts to restructure the franchise, it ultimately collapsed. As the financial position of the franchise worsened, the franchisor decreased the franchisees' level of autonomy. Also, the franchisor shifted its focus away from the social mission and towards finding solutions to remain financially viable. For instance, the franchisor reduced catalog operations from 12 to 8 months per year. However, the franchisees' focus did not shift, instead they resisted the measures taken by the franchisor as they perceived them as compromising the social mission. By examining the Aspire case, Tracey and Jarvis (2007) found that as the business deteriorated, agency costs increased and goal incongruence appeared between the parties. The authors partly attributed this to the faulty business model of the franchise, but they also pointed towards the franchise structure, the inclusion of both a social and a financial mission, as a cause to the misalignment. Based on this, the authors made the proposition that "*unlike business format franchising, social venture franchising may encourage goal asymmetry*" (Tracey & Jarvis, 2007, p.680). By examining the story of Aspire, as narrated in the article, through the lens of stewardship theory, another possible explanation for the goal incongruence can be found. In the article, it is explained that when the franchise was first set up it was based on a philosophy of each franchisee being autonomous, but when the business deteriorated, the franchisor increased the level of controls. This could be interpreted by the franchisees as signals of distrust. Thus, from the perspective of stewardship theory, this change in governance by the franchisor signified a shift in the treatment of the franchisees from stewards to agents. Thus, another possible explanation to the goal incongruence and the resistance by the franchisees could be interpreted as the franchisees' reaction towards being treated as agents.

With the discussion of the Aspire case above, we by no means wish to argue against the conclusions made by Tracey and Jarvis (2007), instead we aim to highlight the potential of stewardship theory to provide theoretical explanations for social franchising.

6.2.2 Contribution to international social franchising.

As mentioned in section 2.3, another aim of this research was to contribute to social franchising literature by exploring social franchises with operations in multiple countries. This was accomplished by including two international social franchises in our study and by interviewing franchisees from four different continents.

Based on our findings, we find that the description found in international franchising literature (see section 2.2.3) regarding the need for local adaptation due to environmental uncertainty is a similarly accurate description for international social franchises. Both NGOs included in our study recognized a need to adapt their offer to the local context and gave their franchisees controlling rights in the contextualization process. However, as described in our analysis, neither franchisor complemented this increase in controlling rights with an increase in monitoring to decrease the accompanying increase in behavioral uncertainty. Instead, both franchises based their goal alignment on creating stewardship relationships, through strict selection and a collaborative approach to governance.

Furthermore, the findings were also found to be aligned with international franchising literature in regard to the importance of cultural sensitivity. In both franchises, the cultural sensitivity shown by the franchisor in their relation to the franchisees was found to contribute to the trusting relationship between the parties. Additionally, its contribution to the level of trust between the parties was found to facilitate a continued stewardship relationship.

Finally, we would like to discuss one of the findings we found to be surprising. As described in section 3.2 regarding our case selection, we particularly turned to Aflatoun as our second case because it has similar operations as Dance4life, but its social mission of providing social and financial education can be considered less culturally sensitive than Dance4life's focus on sexual and reproductive health rights. Our reasoning for this was that an NGO that deals with a less sensitive topic would be in less need of local adaptation compared to an NGO like Dance4life, which deals with a subject that is sensitive in many cultures. Therefore, this other NGO could be expected to provide their franchisees less autonomy. However, this was not found to be the case. In fact, as described in section 4.2.2.4, Aflatoun was found to show lower control by for example relying even less on formal reporting. There are multiple potential reasons for this finding, for example, it could be related to the larger scale of Aflatoun. Another possible reason could be that the local adaptation needed for the Aflatoun offer to fit the local environment is greater than Dance4life's offer due to other reasons than the sensitivity of the mission.

6.2.3 Generalizability.

This section concludes the discussion of this paper by considering the generalizability of its findings and conclusions.

Our study investigates two social franchises that appear to have considerably similar goal alignment processes, best explained from the perspective of stewardship theory. However, we do not claim that our conclusions are generalizable to all social franchises. For instance, we believe that our specific empirical findings of the organization's goal alignment processes may be context-dependent, which we consider supported in the two cases. For one, the network size and brand recognition result in differences in the selection of new franchisees, demanding Aflatoun to include a motivational test, which is dispensable for Dance4life as they approach suitable franchisees rather than being approached by applying franchisees. Furthermore, the goal alignment processes may be context-dependent considering that both Aflatoun and Dance4life are NGOs. Since there is a spectrum of possible social franchise layouts, where some organizations engage in commercial activities, we believe one could not simply assume goal alignment processes to be generalizable from a study that investigates two NGOs that do not operate commercial activities.

Though, we believe that our research demonstrates support for characteristics of stewardship theory that have the potential to be transferable to social franchises across contexts. For instance, we found franchisees to be intrinsically motivated. One could reasonably expect that extrinsic rewards may be seldom the reason for joining a social franchise, considering that for-profit opportunities in commercial franchises could be expected to offer considerably more extrinsic rewards. Therefore, one could deduct that intrinsic motivation may well be the reason for becoming a franchisee in a social franchise. Additionally, one could expect some form of involvement-oriented management philosophy to be present in many social franchises. It may be assumable that many social franchisors are aware of the fact that their opportunities for financially incentivized motivation are limited. Therefore, one expects that they may presume franchisees' need for involvement and accustomed to that by designing at least some opportunities for involvement in decision-making.

Overall, the context-dependency of our cases accompanied by characteristics of stewardship theory that we find potentially transferable across social franchise layouts, lets us believe that future research will find it worthwhile to investigate our findings in other contexts. To provide some specific examples for future research, we will now turn to the section of limitations and future research.

6.3 Limitations and Future Research

First, considering that the present study analyzes two organizations, one could deduct a limitation of this study insofar as one has no absolute certainty that stewardship theory would best explain the goal alignment process outside of the two studied cases. Even though, as outlined above, we have reason to believe that our results could be transferable across contexts, there is no absolute certainty. Therefore, more empirical research should examine whether stewardship theory best explains the goal alignment process in other social franchises.

Second, the present study analyzes two organizations that both engage in the field of pedagogical work. One does not know whether this specific pedagogical environment was responsible for developing the presented goal alignment processes, or whether franchises in other fields would show similar results. As such, a cross-sector analysis of goal alignment processes in social franchises could have benefits for an understanding of the extent of stewardship theory's applicability.

Third, the present study analyzes two organizations that operate internationally. Both organizations appeared to be aware of the fact that frequent personal visits to the franchisees' local operation is very costly in an international context. Since such costs could be considered significantly lower in a social franchise that operates nationally, one has no certainty whether nationally operating social franchises would equally well fit with stewardship theory, in light of simplified and cheaper possibilities for personal visits in such national contexts. Therefore, future research could assess whether national social franchises would demonstrate a goal alignment process that fits equally well with stewardship theory.

Last, both organizations partner with NGO franchisees. As such, financial streams between franchisees and the franchisor are limited to the franchisee's payment of the start-up fee and annual franchise fee. In organizations where the financial sustainability of both the franchisor and franchisee would be interwoven, e.g. through revenues from engaging in commercial activities, the franchisor might engage more in line with principal-agent relationships in order to ensure that the financials are correctly handled. Therefore, it could be worthwhile to extend research on goal alignment processes in social franchises where the financial sustainability of both the franchisor and the franchise is more interwoven.

6.4 Managerial Implications

Finally, we conclude this paper by presenting implications that organizations, which aim to expand by means of social franchising, may consider from our findings.

If the outcome-based contracting, known from commercial franchising, is found to not be applicable in the structure of a social franchise, a social franchisor would be left to make the decision whether assuming goal conflict and establishing mechanisms to control the franchisees, or assuming ex-ante goal alignment, where one would trust the franchisee to act as stewards. Thus, a social franchisor might decide attempting to recruit franchisees, who one could expect to demonstrate pro-organizational behavior, and who could therefore act as stewards to the organization's goals. If such would be the aim, one may find it useful to place great emphasis on a strict and thorough selection process in which one attempts to reduce information asymmetry. Subsequently, one may find it useful to approach governance as a collaborative opportunity, in which one appeals to franchisees' intrinsic motivation, values and provides opportunities for them to voice their expert knowledge. In an international context, one may find particular benefits in appealing to franchisees' local knowledge. Additionally, implementations of light monitoring instances may not negatively alter franchisees' pro-organizational behavior efforts as long as it is not perceived as controlling.

Appendices

Table 1

Data Collection from Dance4life

Variable	Role	Location	Duration	Mode
R1	Community Development Manager	Netherlands	56:08 Min	Video – Conference Tool; Face-to-Face
R2	Team Lead/Development & Innovation Manager	Netherlands	59:03 Min	Video – Conference Tool; Face-to-Face
R3	Team Lead/Business Development Manager	Netherlands	54:49 Min	Video – Conference Tool; Face-to-Face
R4	Executive Director	Netherlands	34:11 Min	Video – Conference Tool; Face-to-Face
R5	Research Specialist	Netherlands	54:32 Min	Video – Conference Tool; Face-to-Face
R6	Team Lead/Partner Manager	Netherlands	50:53 Min	Video – Conference Tool; Face-to-Face
R7	Partner Manager Africa	Netherlands	63:15 Min	Video – Conference Tool; Face-to-Face
R8	Community Development Coordinator	Netherlands	58:38 Min	Video – Conference Tool; Face-to-Face

R9	Partner Manager Asia	Netherlands	60:34 Min	Video – Conference Tool; Face-to-Face
R10	Franchisee	Ghana	64:43 Min	Video – Conference Tool; Face-to-Face
R11	Franchisee	Pakistan	56:51 Min	Video – Conference Tool; Face-to-Face
R12	Franchisee	Indonesia	56:48 Min	Video – Conference Tool; Face-to-Face
R13	Franchisee	Kazakhstan	N/A	Self-completion questionnaire sent via email
R14	Franchisee	China	28:12 Min	Video – Conference Tool; Face-to-Face

Table 2

Data Collection from Aflatoun International

Variable	Role	Location	Duration	Mode
R1	Chief Executive Officer	Netherlands	59:02 Min	Video – Conference Tool; Face-to-Face
R2	Director of Programmes	Netherlands	56:00 Min	Video – Conference Tool; Face-to-Face
R3	Regional Online Meeting	N/A	N/A	Simple unstructured observation
R4	Franchisee	Slovakia	59:14 Min	Video – Conference Tool; Face-to-Face
R5	Franchisee	Philippines	55:44 Min	Video – Conference Tool; Face-to-Face
R6	Franchisee	Peru	54:00 Min	Video – Conference Tool; Face-to-Face

Interview Guides

Interview – Franchisor

Questions:	Purpose:
First of all, I would like to know more about your everyday work with Dance4Life's franchisees. How would you describe your tasks when working with the franchisees?	Warm-Up
Now that I know about your tasks when working the franchisees, I would like to know more about the interaction/communication mode you choose in your interaction/communication with your franchisees. How do you interact (communicate) with Dance4Life/Aflatoun's franchisees? Sub-questions: Imagine that you are working with a newly onboarded franchisee vs. working with a franchisee you have already worked with for months or years. How would your interaction differ? Why/why not do you think it differs? Could you think of reasons why your interaction changes (or not) with a franchisee? How does geographical distance influence your communication? To what extent does your communication differ depending on where in the world the franchisee is located? To what extent do you monitor how the franchisees use the Dance4Life/Aflaton offer?	Start-Up and Ongoing Day-to-Day Process
Since we have now covered the interaction mode with your franchisees, I would like to talk about the content of such interactions. What are topics that you discuss with franchisees? Sub-questions: What are topics for which you initiate interactions with franchisees? Why do you initiate discussions around those topics? What are topics that franchisees bring up? Why do you think they bring up those topics? From your experience, how much do those topics differ between franchisees?	Social and Financial Mission

What do you think are reasons why they differ?	
How often do you experience that franchisees want to make changes in the way they are carrying out your franchised Dance4Life/Aflatoun model? Sub-questions: How do you react if they want to make changes? Would your reaction differ if they would not ask to make changes, but make changes without telling you? What are situations or reasons where you give permission for changes? Why are those situations or reasons different than others? Imagine a newly admitted partner vs. a partner you have worked with for months or years who wants to make changes. How would you react? What are situations or reasons why you would suggest changes to a particular franchisee? Why do you think those situations or reasons make such changes necessary?	<u>Context/Culture – Local Adaptation</u>
Now that we have reached the point where we talk about the content of your interaction with franchisees, I would like to know more about/grasp the nature of those discussions. Could you think of topics of friction/disagreement? Sub-questions: Why do you think those disagreements emerge? How do you try to solve such disagreements? What do you do if disagreements are unsolvable? What would you say are reasons why disagreements differ between the franchisees you are working with?	<u>Friction</u>
How important is it that the franchisees share your social mission? Sub-questions: Why do/don't you think it is important? If important: How do you ensure that they have similar goals as Dance4Life/Aflatoun? If you imagine that dissimilarity in goals between franchisees and Dance4Life/Aflatoun would appear. How would you react?	<u>Goal alignment</u>

Questions	Purpose
Why would you choose this method of problem solving? Has this type of situation happened?	
Is there anything we haven't talked about that you want to add? Do you have any relevant written material that you think would benefit our research? Is there another person from your organization that you think would be relevant for us to interview? Is it ok if we get back to you by mail in case we've missed something?	Rounding Up/Ending

Interview – Franchisee

Questions	Purpose
First of all, I would like to learn more about your responsibilities/tasks as a franchisee of Dance4Life/Aflatoun. How would you describe your responsibilities/tasks as a franchisee?	Warm-up
Now that I know more about your responsibilities as a franchisee, I would like to talk to you about your interaction/communication with Dance4Life/Aflatoun. How do you interact/communicate with Dance4Life/Aflatoun? Sub-questions: Imagine when you started working as a Dance4Life/Aflatoun franchisee vs. now, how would say does your interaction differ? Why/why not would you say it differs? Could you think of reasons why your interaction differs now? Who initiates the interactions? How would you say does your geographic distance to Dance4Life/Aflatoun headquarters influence your interaction? Why do you think that is? Who do you interact with at Dance4Life/Aflatoun? How would you describe your interaction with other franchisees of Dance4Life/Aflatoun?	Start-Up and Ongoing Day-to-Day Process

Now that we have talked about the communication/interaction mode with your franchisor Dance4Life, I would like to know more about the content of your interaction. What are topics that you discuss with Dance4Life/Aflatoun? Sub-questions: What are topics for which you initiate interactions with Dance4Life/Aflatoun? Why do you initiate discussions around those topics? What are topics that Dance4Life/Aflatoun brings up? Why do you think they bring up those topics? From your experience, how have those topics changed over time? Why do you think they changed or did not change?	<u>Social and Financial Mission</u>
How does Dance4Life/Aflatoun support you in applying the franchised model in your region? Why do you think they support you in the way they do? What are changes to Dance4Life/Aflatoun's franchised model that you made over the course of your partnership? Sub-questions: Why did you carry out those changes? What are reasons why you want to make such changes? How would you react if Dance4Life/Aflatoun does not want you to make a certain change? Why or why not would you proceed as such? Imagine when you were a newly admitted partner vs. now, being in your current situation. How has the support you receive changed?	<u>Context/Culture – Local Adaptation</u>
Now that we have reached the point where we talk about the content of your interaction with Dance4Life/Aflatoun as well as changes you or Dance4Life/Aflatoun demand, I would like to know more about the nature of such discussions. Could you think of topics of friction/disagreement between you and Dance4Life/Aflatoun?	<u>Friction</u>

Sub-questions: Why do you think those disagreements emerge? How do you try to solve such disagreements? What do you do if disagreements are unsolvable?	
How would you describe your goals/motivation in using Dance4Life/Aflatoun's model? Sub-questions: Imagine your goals at the beginning of your partnership vs. now, how would you say they are different, or the same? Why do you think they changed/did not change? How would you react if Dance4Life/Aflatoun's goals would diverge from yours? How would you react if Dance4Life/Aflatoun would question your ability to carry out their franchised model, when you have made changes to it? Why would you react as such?	Goal alignment
Is there anything we have not talked about that you want to add? Do you have any relevant written material that you think would benefit our research? Is there another person from your organization that you think would be relevant for us to interview? Is it ok if we get back to you by mail in case we've missed something?	Rounding Up/Ending

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