

## **Performance Implications of Individual Embeddedness in Interfranchisee Advice Networks**

### **Abstract**

Although the literature has provided ample evidence for the decisiveness of the franchisor-franchisee relationship in explaining organizational success or failure, performance effects of franchisee-franchisee relationships remain largely unexplored. Yet, a growing body of research indicates that by building interfranchisee relationships, franchisees can form *advice networks* in the chain. Such networks offer privileged access to resources like knowledge, information and best practices that help individual franchisees to become more productive. In this context, we study linkages between a franchisee's embeddedness in interfranchisee relationships and various individual performance outcomes, using comprehensive data from franchisees in three different chains in the largest European franchise market, France. We find that conditional on the specific governance structure of each chain, the results document a strong impact of embeddedness in advice networks on franchisee performance. Accordingly, we offer theoretical contributions concerning knowledge sharing processes in franchise chains, and managerial implications as regards more effective cooperation management in practice, from both a franchisee and a franchisor perspective.

**Keywords:** Interfranchisee relationships, embeddedness, cooperation, performance outcomes