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Social franchising in emerging markets: A multi-perspective approach in the education sector of Pakistan

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To my kind and loving parents
Muhammad Mushtaq Ali and Rukhsana Mushtaq

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inspiration for me. I am indebted for their social, moral and financial support. Little could have been achieved in my life without them. I cannot forget my grandfather, the late Dr. Chaudary Rehmat Ali who holds a very special place in my heart and memories. His love, kindness and support are unforgettable for me. I believe that he would have been the happiest person on earth to see me succeeding.

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Rennes, July 2017   Muhammad Akib Warraich

DECLARATION

I – Muhammad Akib Warraich – declare that this dissertation "Social franchising in emerging markets: A multi-perspective approach in the education sector of Pakistan" is carried out under the supervision of Dr. Rozenn Perrigot. I have personally collected all primary data to carry out this research and it is all my own work unless mentioned otherwise. No part of this dissertation has been previously submitted for any other academic degree or qualification at any other institute or university.

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ABSTRACT

Franchising literature mainly deals with franchising in developed markets and traditional sectors such as hotel and restaurant sectors. Recently, some researchers have expanded the scope of their studies by examining franchising in emerging markets and in less traditional sectors. The objective of this research is to further contribute toward the franchising literature based on evidence from emerging markets and from non-traditional business sectors.

This study investigates the main characteristics, development, social dimensions, benefits and the challenges of franchising in the education sector of Pakistan. Furthermore, it highlights that education franchising in Pakistan is mainly operating as a form of social franchising. The study also discusses how the social dimension of education franchising in Pakistan is counterbalanced with the commercial side of this business.

This dissertation also presents a detailed literature review on social franchising and social franchising in emerging markets. Further, it compares the literature of social franchising with other social organizations (NGOs, NPOs, co-operatives, the social economy and social entrepreneurship) to understand its distinctive features. The literature shows that there is a lack of information regarding franchising in the education sector. To address this research gap I investigate how franchising in the education sector emerged, its social impact on the society, its characteristics in comparison to commercial franchising, its challenges and its future prospects. I developed a theoretical framework using organizational ecology theory, social capital theory and social network theory.

A multi-perspective qualitative approach was adopted. This involved conducting and recording 44 in-depth interviews with franchisors, franchisees, school teachers, network

employees, parents, students and government officials. Secondary data was collected from franchisor websites. Data was transcribed and analyzed by NVivo.

The findings suggest a link between the emergence of social franchising and the performance of public sector educational institutions. Moreover, findings elaborate that education franchising networks in Pakistan have made a significant social contribution by increasing literacy rates and reducing gender inequalities. Therefore, it can be considered as a form of social franchising.

Some characteristics of educational franchise networks in Pakistan are the same as those of franchising in more traditional sectors such as hotels and restaurants. Interestingly, the provision of brand name, transfer of know-how, assistance and training, as well as network uniformity, were found to be just as important as they are in traditional franchising sectors. The findings also suggest that users and public have a positive perception of franchising in the education sector and it is regarded as a better alternative as compared to other available options.

Franchising has brought significant educational reforms in Pakistan, especially for low-income parents and rural students. The number of franchise networks and the demand for them is increasing significantly. Therefore, these networks are expected to grow in the future. This study also highlights the challenges and the development potential for social franchising in the education sector in Pakistan.

KEYWORDS:

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List of Abbreviations

(Sorted in alphabetical order)

BRICS	A group of countries including Brazil, Russia, India, China and South Africa
CEO	Chief Executive Officer
CHMI	Centre for Health Market Innovation
COL	Commonwealth of Learning
ECT	Empresa Brasileira de Correios e Telégrafos (Brazilian Post and Telegram Company)
EM Bond Index	Emerging Markets Bond Index
ESF	European Social Franchises
ESFN	European Social Franchising Network
FTSE	Financial Times Stock Exchange
IBE	International Bureau of Education
ICSF	International Center of Social Franchising
IMF	International Monitory Fund
MSCI	Morgan Stanley Capital International
MSI	Marie Stopes International
NGO	Non-government Organization
NPO	Non-profit-organization
OECD	Organization for Economic Co-operation and Development
PSI	Population Services International
SEAMEO	South East Asian Ministers of Education Organization
SEC	Social Enterprise Collation
UK	United Kingdom
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations International Children's Emergency Fund
UN	United Nations

USA   United States of America

WHO   World Health Organization

CHAPTER 1

INTRODUCTION

1.1 Background of the study

Organizations around the globe, including the developed markets such as the US and Western Europe, have been facing a scarcity of economic resources (Vlad, Hurduzeu, Josan, & Vlăsceanu, 2011)[1] particularly in public and non-profit sectors. In addition, the modern social and political issues such as environmental hazards[2], instability in international politics, global unrest and terrorism, have significantly diverted governments' attention from core social issues towards national security issues (Fierke, 2015)[3]. As the focus of central governments has shifted, this has brought about a growth in the emergence of self-sustained entrepreneurial mechanisms to solve chronic and modern social issues (Driver, 2012)[4].

Social issues such as illiteracy, poor health conditions, safety and unemployment, are often widespread and overlooked by governments in many regions of the globe. This lack of support from government is further contributing to the impoverishment of human life in these affected regions. Governments in the South-Asian region, including Afghanistan, Bangladesh, India and Pakistan, have been signally unsuccessful in achieving their social goals. The same is

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[1] Vlad, L. B., Hurduzeu, G., Josan, A., & Vlăsceanu, G. (2011). The rise of BRIC, the 21st century geopolitics and the future of the consumer society. *Revista Română de Geografie Politică,* 13(1), 48-62.

[2] Global warming, climate change, breakout of complex disease's (e.g., Ebola) and conservation of natural resources, etc.

[3] Fierke, K. M. (2015). *Critical approaches to international security.* New York. John Wiley & Sons.

[4] Driver, M. (2012). An interview with Michael Porter: Social entrepreneurship and the transformation of capitalism. *Academy of Management Learning & Education,* 11(3), 421-431.

true of many governments in Africa, including Ghana, Kenya, Mozambique and South Africa, and in the Middle East, in countries such as Egypt, Libya, Oman and Sudan. In Latin America Costa Rica, Cuba, the Dominican Republic and Haiti are among countries which cannot claim a high degree of successful in achieving satisfactory such social goals as high literacy rates, effective health services and high levels of even reasonably paid employment.

About 40% of the world's poor (about 399 million people) are living under 1.25$ per day in the South-Asian region[5]. Increasing population, lack of resources, political instability, lack of regional collaborations, on-going wars, inequitable distribution of wealth, illiteracy, lack of public awareness, cultural conservatism and gender discrimination are some of the major challenges facing this region (Chant, 2007)[6].

The performance of many governments and non-profit sectors in the South-Asian region, including Afghanistan, Bangladesh, India and Pakistan, has damaged public trust in both government and the not-for--profit sectors. Restoring this trust is made particularly difficult due to the inefficiency and financial corruption made evident by the widespread mismanagement of scarce economic resources. This challenging situation is expected to intensify in future. Therefore, recently many scholars have called for a more intensive exploration of the role which non-public or private sector organizations can play in resolving social issues in order to bring

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[5] http://povertydata.worldbank.org/poverty/region/SAS

[6] Chant, S. H. (2007). *Gender, generation and poverty: exploring the feminisation of poverty in Africa, Asia and Latin America.* Cheltenham. UK. Edward Elgar Publishing.

growth and economic wealth to their societies (Austin, Stevenson, & Wei-Skillern, 2006[7]; Thurik & Wennekers, 2004[8]), mainly in emerging markets.

These organizations must deliver simultaneously on both social and commercial goals without depending on external resources from governments, from the non-profit sector or from philanthropic means. Around the globe emerging markets comprise of 80% of total world's population and contain about 60% of world natural resources. Besides huge natural resources and labor forces, emerging markets have been facing enormous social and economic challenges. This becomes obvious if we explore the characteristics which designate a market as having emerging market status. According to Alon, (2004)[9] emerging markets have high populations and low GNP but their growth rate is high. Distribution of wealth is unequal. They have a growing middle class with most development taking place in urban centers.

Emerging markets are usually agricultural and industrial economies. Among the major challenges that they tend to face are political instability, financial corruption and weak infrastructure. They tend to lack entrepreneurial and managerial expertise alongside a stultifying lack of capital for business development. Because of this combination of low growth potential and socioeconomic problems, emerging markets have been the major target of investment by domestic and international private sector organizations aiming to improve the living conditions of underprivileged communities. Private sector organizations have been playing a major role in

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[7] Austin, J., Stevenson, H., & Wei-Skillern, J. (2006). Social and commercial entrepreneurship: same, different, or both? *Entrepreneurship theory and practice,* 30(1), 1-22.

[8] Thurik, R., & Wennekers, S. (2004). Entrepreneurship, small business and economic growth. *Journal of Small Business and Enterprise Development,* 11(1), 140-149.

[9] Alon, I. (2004). Global franchising and development in emerging and transitioning markets. *Journal of Macromarketing,* 24(2), 156-167.

social development of emerging markets, therefore, their role, characteristics and significance is important to explore.

1.1.1 The role of private sector organizations for social development in emerging markets

When the public and non-profit sectors are not fully successful in tackling social issues and their resources are continuously squeezed, the question arises of whether there is really any significant role for private entrepreneurs to address solutions for society's social issues. If so, then what could be that role? And how will entrepreneurs trying to fill such a role manage to generate income while creating a balance between maximizing their own profits and achieving social goals?

In recent decades, many researchers have specifically enlarged the scope of their studies by examining private enterprises with social ambitions. This is particularly important in emerging markets where social sectors are in a transition phase and need specific reforms. Moreover, some social entrepreneurs in emerging markets, such as Grameen Bank[10] and the Green Belt Movement[11], have successfully developed ingenious ways to fight serious social issues such as a dearth of state education and health sectors, widespread poverty, environment degradation and endemic unemployment (Bornstein, 2007[12]). However, despite their successful business model, most of the social ventures in these markets have clearly failed to extend their

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[10] Strive to eliminate poverty, Nobel prize holder in 2006, http://www.grameen.com/

[11] Strive for protecting environment, Nobel prize holder in 2004, http://www.greenbeltmovement.org/

[12] Bornstein, D. (2007). *How to change the world: Social entrepreneurs and the power of new ideas.* New York: Oxford University Press.

impact beyond local boundaries because of their limited human, financial and managerial resources.

Even though these entrepreneurs have added significant contributions towards impressive and efficient social solutions, their scope in many emerging markets has been limited. Indeed, many of them are unable to replicate the social solutions which have worked, in places, on a micro level on a scale capable of benefiting the masses (Bacq, Hartog, & Hoogendoorn, 2013[13]; Mair & Marti, 2006[14]).

In fact, replicating social solutions through entrepreneurship might have astonishing results – but only if these results could reach many beneficiaries and could address and resolve the myriad of social challenges faced by people in emerging markets (Battilana, Lee, Walker, & Dorsey, 2012[15]; Elkington & Hartigan, 2008[16]).

Some forms of entrepreneurship dealing with solutions to social problems such as the dearth of social entrepreneurship, social economy organizations and social franchising, use innovative means to resolve social issues which governments and non-governmental organizations (NGOs) have been considered challenging for many years (Zahra, Gedajlovic,

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[13] Bacq, S., Hartog, C., & Hoogendoorn, B. (2013). A quantitative comparison of social and commercial entrepreneurship: Toward a more nuanced understanding of social entrepreneurship organizations in context. *Journal of Social Entrepreneurship,* 4(1), 40-68.

[14] Mair, J., & Marti, I. (2006). Social entrepreneurship research: A source of explanation, prediction, and delight. *Journal of World Business,* 41(1), 36-44.

[15] Battilana, J., Lee, M., Walker, J., & Dorsey, C. (2012). In search of the hybrid ideal. *Stanford Social Innovation Review,* 10(3), 51-55.

[16] Elkington, J., & Hartigan, P. (2008). *The power of unreasonable people. How Social Entrepreneurs Create Markets that Change the World.* Boston. Harvard Business School Publishing.

Neubaum, & Shulman, 2009)[17]. Thus, exploring these novel entrepreneurial approaches to tackling social issues has become a field of interest for both practitioners and researchers (Granados, Hlupic, Coakes, & Mohamed, 2011[18]; Schimank & Volkmann, 2012[19]). However, to date only a few studies have highlighted the role which entrepreneurship can play in achieving social goals and how successes can be replicated elsewhere.

1.1.2 Characteristics of private sector organizations for social development in emerging markets

Many researchers have suggested that in order to be successful, the forms of entrepreneurships or organizations capable of generating effective social solutions for economically underdeveloped societies must have certain defined characteristics. Specifically, they should not depend on donations, government subsidies, public charities and other possible philanthropic means (Dees, 2007[20]; Eikenberry, 2009[21]) as this financial dependency could expose them to certain challenges

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[17] Zahra, S. A., Gedajlovic, E., Neubaum, D. O., & Shulman, J. M. (2009). A typology of social entrepreneurs: Motives, search processes and ethical challenges. *Journal of Business Venturing,* 24(5), 519-532.

[18] Granados, M. L., Hlupic, V., Coakes, E., & Mohamed, S. (2011). Social enterprise and social entrepreneurship research and theory: A bibliometric analysis from 1991 to 2010. *Social Enterprise Journal,* 7(3), 198-218.

[19] Schimank, U., & Volkmann, U. (2012). Economizing and marketization in a functionally differentiated capitalist Society – a theoretical conceptualization. Paper presented in *The Markefizafion of Society: Economizing the Non Economic. Welfare Societies Conference*. Bremen: Forschungsverbund.

[20] Dees, J. G. (2007). Taking social entrepreneurship seriously. *Social Science and Modern Society,* 44 , pp. 24-31. Springer.

[21] Eikenberry, A. M. (2009). Refusing the market: A democratic discourse for voluntary and nonprofit organizations. *Nonprofit and Voluntary Sector Quarterly*. 38(4), 222-234.

such as accountability issues, governability challenges, sustainability and continuous growth (Boschee & McClurg, 2003[22]; Emerson, 1999[23]).

However, this suggestion that certain characteristics are essential has triggered an extensive debate within the scholarly literature of social entrepreneurship (Musselman, 2010[24]; Tracey, Phillips, & Haugh, 2005[25]), and social economy (Amin, Cameron, & Hudson, 2003[26]; Bridge, Murtagh, & O'Neill, 2008[27]). Several studies (Altinay & Roper, 2005[28]; Miner, 2000[29]; Trivedi, 2010[30]; Zahra, Gedajlovic, Neubaum & Shulman., 2009[31]) have shown that in social entrepreneurship, instead of mere emotions providing the foundation of an entrepreneur's motivation, it is more important for an entrepreneur's long-term success to set realistic and practical goals. These must, specifically, provide satisfactory financial returns, an independent

[22] Boschee, J., & McClurg, J. (2003). *Toward a better understanding of social entrepreneurship: Some important distinctions.* Caledonia. United Kindom. URL: https://www.law.berkeley.edu/php-programs/courses/fileDL.php?fID=7289

[23] Emerson, J. (Ed.). (1999). *Five challenges in social purpose enterprise development.* San Francisco. The Roberts Enterprise Development Fund.

[24] Musselman, K. P. (2010). *Why turn away free money? Spurring the economic independence of not for profit organizations.* Graduate Thesis. Saint Joseph's University, Haub School Of Business, Philadelphia, United States.

[25] Tracey, P., Phillips, N., & Haugh, H. (2005). Beyond philanthropy: Community enterprise as a basis for corporate citizenship. *Journal of Business Ethics,* 58(4), 327-344.

[26] Amin, A., Cameron, A., & Hudson, R. (2003). *Placing the Social Economy.* London. Routledge.

[27] Bridge, S., Murtagh, B., & O'Neill, K. (2008). *Understanding the social economy and the third sector.* NewYork. United States. Palgrave Macmillan.

[28] Altinay, L., & Roper, A. (2005). The entrepreneurial role of organisational members in the internationalisation of a franchise system. *International Journal of Entrepreneurial Behavior & Research,* 11(3), 222-240.

[29] Miner, J. B. (2000). Testing a psychological typology of entrepreneurship using business founders. *The Journal of Applied Behavioral Science,* 36(1), 43-69.

[30] Trivedi, C. (2010). Towards a social ecological framework for social entrepreneurship. *Journal of Entrepreneurship,* 19(1), 63-80.

[31] Zahra, S. A., Gedajlovic, E., Neubaum, D. O., & Shulman, J. M. (2009). A typology of social entrepreneurs: Motives, search processes and ethical challenges. *Journal of Business Venturing,* 24(5), 519-532.

identity and innovations along with the psychological satisfaction which arises from achieving social goals for the society. Therefore, it is important to develop business mechanisms that could equally benefit entrepreneurs and end-users, most of whom are socially deprived in some way.

Correspondingly, scholarly literature strongly suggests that researchers need to further explore and acknowledge those emerging social organizations which could generate their own income, while maintaining their innovative capacity to provide solutions that could appropriately meet some of the social needs of the society. Part of such a useful study would identify how best to allow individuals to become a part of the system as entrepreneurs and, where possible, to effectively replicate their solutions elsewhere.

1.1.3 The significance of private sector organizations for social development in emerging markets

Private social organizations have added significant contributions in different social sectors of emerging markets (Kanter, 1999[32]; Young & Salamon, 2002[33]). Some of the reasons for this success are that private organizations offer competition, provide choices in price and quality, whereas governments tend to keep a monopoly in public sectors – usually with a concomitant lack of choice (Kettl, 1993[34]). In addition, complicated political and economic factors, involved

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[32] Kanter, R. M. (1999). *From spare change to real change: The social sector as beta site for business innovation.* Boston. Harvard Business Review.

[33] Young, D. R., & Salamon, L. M. (2002). *The state of nonprofit America.* London. Brookings Institutional Press.

[34] Kettl, D. F. (1993). *Sharing power: Public governance and private markets.* Washignton. Brookings Institution Press.

in the public sector of emerging markets allow private business organizations to boldly respond to the novel, complex and dynamic social needs of communities (Vanevenhoven, 2013[35]).

Nevertheless, it is a known fact that an entrepreneur's personal motivations as well as financial returns abundantly influence his or her choice, performance and long-run commitment to run a private business model (Albort-Morant & Oghazi, 2016[36]; Carsrud & Brännback, 2011[37]; Delmar & Wiklund, 2008[38]; Wiklund, Davidsson, & Delmar, 2003[39]; Yitshaki & Kropp, 2016[40]). Based on the factual importance of financial returns, private social organizations, that can set a win-win situation for entrepreneurs and end-users (society) has been the focus of attention for many academic researchers exploring private social organizations in emerging markets (Zurbrügg, Drescher, Rytz, Sinha, & Enayetullah, 2005[41]).

Social entrepreneurs and social organizations manage to generate sufficient revenue for their survival. They therefore manage to deal with tough social issues such as the economy, health and education. These days private businesses in social sectors are becoming successful

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[35] Vanevenhoven, J. (2013). Advances and Challenges in Entrepreneurship Education. *Journal of Small Business Management,* 51(3), 466-470.

[36] Albort-Morant, G., & Oghazi, P. (2016). How useful are incubators for new entrepreneurs? *Journal of Business Research,* 69(6), 2125-2129.

[37] Carsrud, A., & Brännback, M. (2011). Entrepreneurial motivations: what do we still need to know? *Journal of Small Business Management,* 49(1), 9-26.

[38] Delmar, F., & Wiklund, J. (2008). The effect of small business managers' growth motivation on firm growth: A longitudinal study. *Entrepreneurship Theory and Practice,* 32(3), 437-457.

[39] Wiklund, J., Davidsson, P., & Delmar, F. (2003). What do they think and feel about growth? An expectancy-value approach to small business managers' attitudes toward growth. *Entrepreneurship Theory and Practice,* 27(3), 247-270.

[40] Yitshaki, R., & Kropp, F. (2016). Motivations and opportunity recognition of social entrepreneurs. *Journal of Small Business Management,* 54(2), 546-565.

[41] Zurbrügg, C., Drescher, S., Rytz, I., Sinha, A. M. M., & Enayetullah, I. (2005). Decentralised composting in Bangladesh, a win-win situation for all stakeholders. *Resources, Conservation and Recycling,* 43(3), 281-292.

and experiencing tremendous growth. For instance, the growth and success of franchising is a well-established fact in today's world. It is a popular organizational form in several business sectors and it significantly contributes toward the economy by creating employment opportunities as well as through service provision (Dant & Berger, 1996[42]; Doherty & Alexander, 2006[43]). However, the domestic saturation, growing competition and shrinking profits in developed markets have now pushed franchisors to explore and allocate business opportunities in markets other than the developed world.

In recent years, franchisors have also begun to seek expansion opportunities in emerging markets (Alon, 2004[44]; Alon, Toncar, & Le, 2002[45]; Alon & Welsh, 2001[46]). International and domestic franchising have diverse economic and social impacts in emerging markets. Some of the socioeconomic impacts are increased tax revenue, the development of local small and medium entrepreneurship, franchising skills and education transfer, improvements in the education levels of the labor force, steady prices and job creation.

Major social sectors in emerging markets in which private social organizations have strongly contributed are education, health and economy. Pakistan has been upgraded from the status of frontier market to emerging market by various supra analyst organizations including the

[42]Dant, R. P., & Berger, P. D. (1996). Modelling cooperative advertising decisions in franchising. *Journal of the Operational Research Society,* 47(9), 1120-1136.

[43] Doherty, A. M., & Alexander, N. (2006). Power and control in international retail franchising. *European Journal of Marketing,* 40(11/12), 1292-1316.

[44] Alon, I. (2004). Global franchising and development in emerging and transitioning markets. *Journal of Macromarketing,* 24(2), 156-167.

[45] Alon, I., Toncar, M., & Le, L. (2002). American franchising competitiveness in China. *Journal of Global Competitiveness,* 10(1), 65-83.

[46] Alon, I., & Welsh, D. H. (2001). *International franchising in emerging markets: China, India, and other Asian countries.* Riverwoods. US. Chicago Cch Incorporated.

International Monitory Fund, BRICKS, FTSE, MSCI and the EM Bond Index. It is a country with major scope for domestic and international private social organizations. Accordingly, I have designed my study to explore the recent emergence and prosperity of franchising in the education sector (social sector) of Pakistan.

1.2 Framework of the study

Social ventures have often been criticized and have been presented as an uncertain business model (Doherty, Thompson, & Spear, 2006[47]; Peredo & McLean, 2006[48]). Mostly, social ventures are poorly defined, widely misunderstood, and even labeled as a government policy to privatize social welfare sectors (Nicholls, 2008[49]). However, the importance and popularity of social ventures in practice is a growing trend.

One of the important types of social venture is social franchising which adopts the franchise model to attain social goals. If compared to social entrepreneurship and social economy, social franchising is a young concept both in practice and in the scientific literature which examines its effects (Tracey & Jarvis, 2006[50]).

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[47] Doherty, B., Thompson, J., & Spear, R. (2006). Social entrepreneurship: a different model? *International Journal of Social Economics,* 33(5/6), 399-410.

[48] Peredo, A. M., & McLean, M. (2006). Social entrepreneurship: A critical review of the concept. *Journal of World Business,* 41(1), 56-65.

[49] Nicholls, A. (2006). *Social Entrepreneurship: New Models of Sustainable Social Change.* New York. Oxford University Press.

[50] Tracey, P., & Jarvis, O. (2006). *An Enterprising Failure Why a promising social franchise collapsed.* Stanford Social Innovation Review.

There are several issues in the social franchising mechanism that still require further explanations, arguments, justifications and understanding. These include arriving at a working definition of social franchising, the determinants of the social franchising format and the way it operates. Furthermore, it is also important to investigate how social franchising is different from traditional franchising.

Other issues upon which franchising researchers need to focus include the explanation behind the emergence of social franchising, legislation related to the social franchising mechanism, network partner selection and the training of the franchisees. Another important question that remains unanswered in social franchising concerns how they set about creating a balance between social and commercial goals.

The challenges, strengths, weaknesses and sustainability of social franchising are also important questions for franchising researchers. Franchising researchers have already started investigating some of these issues (Aliouche & Fernandez, 2015[51]; Cumberland & Litalien,

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[51] Aliouche, H., & Fernandez, D. (2015). Social franchising: A Panacea for Emerging Countries – The Case ofAlgeria. *7th Internatinal Conference on Economics and Management of Networks (EMNet)*, Capetown, South Africa. December 3-5.

2016[52]; Mavra, 2011[53]; Nijmeijer, Fabbricotti, & Huijsman, 2015[54]; Schlein, De La Cruz, Gopalakrishnan, & Montagu, 2013[55]; Volery & Hackl, 2009[56]).

However, existing franchise literature often addresses developed markets, such as Anglo-Saxon markets, in Australia and the US. It also tends to explore traditional sectors such as the hotel and restaurants trade (Dant, Perrigot, & Cliquet, 2008)[57]. It is therefore novel, important and interesting to understand first the phenomenon of franchising and then social franchising in the social sectors of developing or emerging markets. Therefore, first I will briefly introduce phenomenon of franchising and then I will focus on social franchising.

1.2.1 Introduction to franchising

The concept of franchising is not a recent phenomenon as it has been present, in different countries and in different forms, for centuries. The word "franchise" means freedom or a special privilege granted to an individual or to a group. The word franchise originated from the ancient

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[52] Cumberland, D. M., & Litalien, B. C. (2016). *Social franchising: A systematic review.* Paper presented at the *International Society of Franchising(ISoF)*, Groningen, Nethersland, June 9-11.

[53] Mavra, L. (2011). *Growing social enterprise: research into social replication.* London. Social Enterprise Coalition.

[54] Nijmeijer, K. J., Fabbricotti, I. N., & Huijsman, R. (2015). Creating Advantages with Franchising in Healthcare: An Explorative Mixed Methods Study on the Role of the Relationship between the Franchisor and Units. *PloS One,* 10(2), 1-21.

[55] Schlein, K., De La Cruz, A. Y., Gopalakrishnan, T., & Montagu, D. (2013). Private sector delivery of health services in developing countries: a mixed-methods study on quality assurance in social franchises. *BMC Health Services Research,* 13(4) 32-51.

[56] Volery, T., & Hackl, V. (2009). The promise of social franchising as a model to achieve social goals. HandBook of Social Entrepreneurship.155-179.

[57] Dant, R. P., Perrigot, R., & Cliquet, G. (2008). A Cross-Cultural Comparison of the Plural Forms in Franchise Networks: United States, France, and Brazil. *Journal of Small Business Management,* 46(2), 286-311.

French word "franc"[58]. Scholars have long disagreed over the history and origin of franchising. Some describe franchising as a European innovation (Hackett, 1976)[59], others consider it an American innovation (Castrogiovanni, Combs, & Justis, 2006b[60]; Dant, 2008[61]; Godley, 2006[62]) while more consider it to be a typical British innovation (Hoffman & Preble, 1991)[63].

To provide examples, I would like to add that few sources associate the origin of franchising to Germany. Yet it was here that brewers allowed the right of selling beer under their brand name in the 1840s (Hackett, 1976)[64]. On other hand, franchising has long been considered by some as a US innovation because of the way that the Singer Sewing Company allowed their business associates to sell sewing machines in the middle of 1880s (Godley, 2006)[65]. Those who claim franchising is a British innovation believe that it originated when the British government began granting rights to certain elected citizens to collect taxes on behalf of the government

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[58] Merriam-Webster Dictionary: http://www.merriam-webster.com/dictionary/franchise

[59] Hackett, D. W. (1976). The international expansion of US franchise systems: Status and strategies. *Journal of International Business Studies,* 7(1), 65-75.

[60] Castrogiovanni, G. J., Combs, J. G., & Justis, R. T. (2006a). Resource scarcity and agency theory predictions concerning the continued use of franchising in multioutlet networks. *Journal of Small Business Management,* 44(1), 27-44.

[61] Dant, R. P. (2008). A futuristic research agenda for the field of franchising. *Journal of Small Business Management,* 46(1), 91-98.

[62] Godley, A. (2006). Selling the sewing machine around the world: Singer's international marketing strategies, 1850–1920. *Enterprise and Society,* 7(2), 266-314.

[63] Hoffman, R. C., & Preble, J. F. (1991). Franchising: Selecting a strategy for rapid growth. *Long Range Planning,* 24(4), 74-85.

[64] Hackett, D. W. (1976). The international expansion of US franchise systems: Status and strategies. *Journal of International Business Studies,* 7(1), 65-75.

[65] Godley, A. (2006). Selling the sewing machine around the world: Singer's international marketing strategies, 1850–1920. *Enterprise and Society,* 7(02), 266-314.

(Hoffman & Preble, 1991)[66]. Therefore, the origin, time and place of franchising remains a matter of controversy among franchise researchers.

The scientific literature offers various definitions for franchising. These include: "a relationship where a firm (franchisor) sells the right to use its brand name, operating systems, and product specifications to a person or a firm (franchisee) who is permitted to market franchisor's products/services within a specific geographical area and time period" (Combs & Ketchen, 2003, p. 443)[67]. It is also defined as "a long-term contractual agreement between two types of firms — a franchisor who has recognized an opportunity and created a new venture to exploit it and a group of franchisees who see value in the opportunity and purchase the rights to replicate the venture in new geographic markets" (Combs, Ketchen, & Short, 2011, p. 413)[68]. The franchising phenomenon encompasses a wide range of firms and covers a large array of goods and service, including the food industry, retailing industry and real estate services (Kosová & Lafontaine, 2012)[69]. Thus, franchising is a business strategy to establish a relationship between firms and individuals.

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[66] Hoffman, R. C., & Preble, J. F. (1991). Franchising: Selecting a strategy for rapid growth. *Long Range Planning, 24*(4), 74-85.

[67] Combs, J. G., & Ketchen, D. J. (2003). Why do firms use franchising as an entrepreneurial strategy? A meta-analysis. *Journal of Management, 29*(3), 443-465.

[68] Combs, J. G., Ketchen Jr, D. J., & Short, J. C. (2011). Franchising research: Major milestones, new directions, and its future within entrepreneurship. *Entrepreneurship Theory and Practice, 35*(3), 413-425.

[69] Kosová, R., & Lafontaine, F. (2012). Much ado about chains: A research agenda. *International Journal of Industrial Organization, 30*(3), 303-308.

1.2.2 Theoretical perspectives in franchising

There are several theoretical explanations that illustrate why firms tend to adopt franchising. For instance, the resource scarcity theory is regarded as one of the core theories behind franchise adoption, as franchisors can finance their expansion through franchisees (Cliquet, 2000)[70]. In this case, expansion becomes a source of earning by receiving initial fees and royalties, and firms share the risk of involving their personal capital (Combs & Ketchen, 1999[71]; Hoogvelt, 1997[72]). Furthermore, the resource scarcity view explains that firms face a shortfall in capital at the beginning of their lifecycle and often adopt a franchise agreement in order to meet the financial needs created by expansion (Combs & Ketchen, 2003[73]). Several researchers have explained the significance of firms' adopting franchises by referring to the resource scarcity theory (Castrogiovanni, Combs, & Justis, 2006a[74]; Castrogiovanni, Combs, & Justis, 2006b[75]; Combs & Ketchen, 1999, 2003[76]; Combs, Ketchen Jr, & Hoover, 2004[77]; Hussain, Perrigot, Mignonac,

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[70] Cliquet, G. (2000). Plural form chains and retail life cycle: An exploratory investigation of hotel franchised/company-owned systems in France. *Journal of Business and Entrepreneurship,* 12(2), 75.

[71] Combs, J. G., & Ketchen, D. J. (1999). Can capital scarcity help agency theory explain franchising? Revisiting the capital scarcity hypothesis. *Academy of Management Journal,* 42(2), 196-207.

[72] Hoogvelt, A. (1997). *The History of Capitalist Expansion.* London. Springer.

[73] Combs, J. G., & Ketchen, D. J. (2003). Why do firms use franchising as an entrepreneurial strategy? A meta-analysis. *Journal of Management,* 29(3), 443-465.

[74] Castrogiovanni, G. J., Combs, J. G., & Justis, R. T. (2006a). Resource scarcity and agency theory predictions concerning the continued use of franchising in multioutlet networks. *Journal of Small Business Management,* 44(1), 27-44.

[75] Castrogiovanni, G. J., Combs, J. G., & Justis, R. T. (2006b). Shifting imperatives: An integrative view of resource scarcity and agency reasons for franchising. *Entrepreneurship Theory and Practice,* 30(1), 23-40.

[76] Combs, J. G., & Ketchen, D. J. (1999). Can capital scarcity help agency theory explain franchising? Revisiting the capital scarcity hypothesis. *Academy of Management Journal,* 42(2), 196-207.

[77] Combs, J. G., Ketchen Jr, D. J., & Hoover, V. L. (2004). A strategic groups approach to the franchising–performance relationship. *Journal of Business Venturing,* 19(6), 877-897.

Akremi, & Herrbach, 2013[78]; Hussain & Windsperger, 2011[79]; Perrigot, 2008[80]; Perrigot, Kacker, Basset, & Cliquet, 2012[81]; Windsperger, 2004[82]). Some use agency theory which argues that firms are less interested in hiring business managers because of the behavioural risks of managers at a firm's outlet. Managers might be self-interested and willing to sacrifice a firm's interest in order to achieve their personal goals (Eisenhardt, 1989)[83].

Further, it has also been described in literature that, by adopting franchising, firms may reduce their transaction cost (Klein, 1980[84]; Manolis, Dahlstrom, & Nygaard, 1995[85]). Property right theory has also been used to explain why firms adopt franchising (Windsperger & Dant, 2006)[86].

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[78] Hussain, D., Perrigot, R., Mignonac, K., Akremi, A. E., & Herrbach, O. (2013). Determinants of multiunit franchising: An organizational economics framework. *Managerial and Decision Economics,* 34(3/5), 161-169.

[79] Hussain, D., & Windsperger, J. (2011). Multi-unit franchising: a comparative case analysis. *Journal of Applied Business Research,* 27(1), 103-112.

[80] Perrigot, R. (2008a). Franchising networks survival: an approach through population ecology and survival analysis. *Recherche et Applications en Marketing (English Edition),* 23(1), 21-36.

[81] Perrigot, R., Kacker, M., Basset, G., & Cliquet, G. (2012). Antecedents of early adoption and use of social media networks for stakeholder communications: Evidence from franchising. *Journal of Small Business Management,* 50(4), 539-565.

[82] Windsperger, J. (2004). *The dual network structure of franchising firms property rights, resource scarcity and transaction cost explanations.* Economics and Management of Franchising Networks: Springer Inc.

[83] Eisenhardt, K. M. (1989). Agency theory: An assessment and review. *Academy of Management Review,* 14(1), 57-74.

[84] Klein, B. (1980). Transaction cost determinants of "unfair" contractual arrangements. *The American Economic Review,* 70(2), 356-362.

[85] Manolis, C., Dahlstrom, R., & Nygaard, A. (1995). A preliminary investigation of ownership conversions in franchised distribution systems. *Journal of Applied Business Research,* 11(2), 1-22.

[86] Windsperger, J., & Dant, R. P. (2006). Contractibility and ownership redirection in franchising: A property rights view. *Journal of Retailing,* 82(3), 259-272.

There are some other theoretical perspectives that have been used to explain the motives of firms for adopting franchise; such as risk sharing view (Combs & Castrogiovanni, 1994[87]; Roh, 2002[88]), organization learning theory (Darr, Argote, & Epple, 1995)[89] and signalling theory (Dant & Kaufmann, 2003[90]; Gallini & Lutz, 1992[91]; Lafontaine, 1993[92]). The main factors highlighted in these theories in their explanation of the phenomenon of franchising, are initial fees, royalties and the proportion of company-owned units.

The franchising phenomenon has offered viable business opportunities to countless individuals who have used them to set up new businesses (Weiss, 2014)[93]. Franchising may seem appealing to the individuals who do not or cannot invest substantial amounts of time and effort in establishing sophisticated a business, designing efficient operating systems and developing the brand name and trust which often fuel a business success. Instead, they seek to join already established businesses with good reputations and standing in the market (Van-Osnabrugge &

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[87] Combs, J. G., & Castrogiovanni, G. J. (1994). Franchisor strategy: A proposed model and empirical test of franchise versus company ownership. *Journal of Small Business Management,* 32(2), 37-48.

[88] Roh, Y. S. (2002). Size, growth rate and risk sharing as the determinants of propensity to franchise in chain restaurants. *International Journal of Hospitality Management,* 21(1), 43-56.

[89] Darr, E. D., Argote, L., & Epple, D. (1995). The acquisition, transfer, and depreciation of knowledge in service organizations: Productivity in franchises. *Management Science,* 41(11), 1750-1762.

[90] Dant, R. P., & Kaufmann, P. J. (2003). Structural and strategic dynamics in franchising. *Journal of Retailing,* 79(2), 63-75.

[91] Gallini, N. T., & Lutz, N. A. (1992). Dual distribution and royalty fees in franchising. *Journal of Law, Economics, & Organization,* 8(3), 471-501.

[92] Lafontaine, F. (1993). Contractual arrangements as signaling devices: evidence from franchising. *Journal of Law, Economics, & Organization,* 9(2), 256-289.

[93] Weiss, J. W. (2014). *Business ethics: A stakeholder and issues management approach.* Oakland. Berrett-Koehler Publishers.

Robinson, 2000)[94]. Franchising often enables entrepreneurs to focus immediately on starting a successful business with tested expertise and experience behind it which can offer crucial initial know-how and training. Franchising also often allows franchisees to advertise their businesses in as part of national or even global advertisement campaigns, despite their own often limited budgets. The franchisees may also benefit from cost-effective business models with high quality and low cost supplies. This enables them to offer highly competitive products to their potential customers. The phenomenon of franchising has also offered individuals the opportunity to become semi-autonomous partners of successful franchise firms.

Therefore, franchising has emerged at times as a fine solution for the growth of firms and individuals. Consequently it has been adopted almost all around the world. We should not therefore be surprised that nowadays, franchising is a growing trend in many emerging markets (Alon, 2007[95]; Alon, Toncar & Le, 2002[96]).

1.2.3 Franchising in emerging markets

The Franchising phenomenon is being adopted widely in many emerging markets (Azevedo & Silva, 2003)[97]. Several authors have started exploring franchising in leading emerging markets such as Brazil, China, India, Russia and South Africa (Altinay, Brookes, Yeung, & Aktas,

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[94] Van-Osnabrugge, M., & Robinson, R. J. (2000). *Angel Investing: Matching Startup Funds with Startup Companies--The Guide for Entrepreneurs and Individual Investors.* New York. John Wiley & Sons.

[95] Alon, I. (2007). Master international franchising in China: The case of The Athlete's Foot. *International Journal of Entrepreneurship and Small Business,* 4(1), 41-51.

[96] Alon, I., Toncar, M., & Le, L. (2002). American franchising competitiveness in China. *Journal of Global Competitiveness,* 10(1), 65-83.

[97] Azevedo, P. F., & Silva, V. L. (2003). Food franchising and backward co-ordination: an empirical analysis of Brazilian firms. *Journal on Chain and Network Science,* 3(1), 33-44.

2014[98]; Azevedo & Silva, 2007[99]; Dant, Perrigot, & Cliquet, 2008[100]; Doherty, Chen, & Alexander, 2014[101]; Engel, Fischer, & Galetovic, 2000[102]; Jauhari, Vaishnav & Altinay, 2009[103]; Leite & De-Carvalho, 1998[104]). More specifically, these markets are considered attractive for international franchisors (Alon & Welsh, 2002)[105].

About 80 percent of the world's population lives in emerging markets (Welsh, Alon & Falbe, 2006)[106]. The population in these markets continues to grow at a faster pace than that of developed markets. The growth of consumer demand is also usually faster there and this helps to fuel growth levels for franchisors in emerging markets.

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[98] Altinay, L., Brookes, M., Yeung, R., & Aktas, G. (2014). Franchisees' perceptions of relationship development in franchise partnerships. *Journal of Services Marketing,* 28(6), 509-519.

[99] Azevedo, P. F., & Silva, V. L. (2007). *Governance inseparability in franchising: Multi-case study in France and Brazil*. Economics and Management of Networks (pp. 97-115): Springer.

[100] Dant, R. P., Perrigot, R., & Cliquet, G. (2008). A Cross-Cultural Comparison of the Plural Forms in Franchise Networks: United States, France, and Brazil. *Journal of Small Business Management,* 46(2), 286-311.

[101] Doherty, A., Chen, X., & Alexander, N. (2014). The franchise relationship in China: agency and institutional theory perspectives. *European Journal of Marketing,* 48(9/10), 1664-1689.

[102] Engel, E., Fischer, R., & Galetovic, A. (2000). *Franchising of infrastructure concessions in Chile: A policy report.* Centro de Economía Aplicada, Universidad de Chile.

[103] Jauhari, V., Vaishnav, T., & Altinay, L. (2009). The franchise partner selection process and implications for India. *Worldwide Hospitality and Tourism Themes,* 1(1), 52-65.

[104] Leite, V. F., & De-Carvalho, F. A. (1998). Franchising as an alternative to public management in Brazil: the case of postal services. *International Studies of Management & Organization,* 28(2), 38-53.

[105] Alon, I., & Welsh, D. (2002). Global franchising in emerging and transitioning economies. *International Journal of Business and Economics,* 2(1), 332-343.

[106] Welsh, D. H., Alon, I., & Falbe, C. M. (2006). An examination of international retail franchising in emerging markets. *Journal of Small Business Management,* 44(1), 130-149.

These markets also possess more than fifty percent of the world's natural resources (Hogan, Lipton, & Olson, 2012; Luo & Tung, 2007)[107]. Recently, the World Bank anticipated that, over next five years, economic growth in emerging markets will be more than double that of developed economies (WorldBank, 2014)[108]. The bank also forecasts that the emerging economies of Brazil, China, India, Russia and South Africa will collectively grow larger in dollar terms than the economies of the G-6 (US, Japan, UK, Germany, France and Italy) before the middle of twenty-first century (Goldman, 2015)[109]. These factors attract international franchisors looking for expansion in emerging markets, a phenomenon which has been recognized in the franchising literature (Alon, 2007)[110].

Emerging markets are accelerating growth opportunities specifically for international franchisors. Corporate strength, industrial growth, improved profitability, growth in shareholder equity and consumption growth are some of the major factors which fuel success for international companies in general and international franchise networks in particular. Even though franchising is becoming popular in many emerging markets, many franchisors in these markets still have to face sometimes daunting challenges, such as unstable political systems, insufficient domestic infrastructures, variations in foreign exchange rates and liquidity risks.

[107] Hogan, K. M., Lipton, A. F., & Olson, G. T. (2012). An Evaluation of Country Risk in Assessing Direct Foreign Investment. *Applications of Management Science,* 15(2012), 251-276.

[108] WorldBank. (2014). Global Economic Prospects. *A World Bank Group*. Washington DC 20433.

[109] Goldman, S. (2015). *2015 Annual report*. The Goldman Sachs Inc. Reterieved on January, 17 2017 from http://www.goldmansachs.com/investor relations/financials/current/annual-reports/2015-annual-report/.

[110] Alon, I. (2007). Master international franchising in China: The case of The Athlete's Foot. *International Journal of Entrepreneurship and Small Business,* 4(1), 41-51.

Several authors (both industry analysts and academics) have pointed out the need to further explore the topic of emerging markets from the perspective of franchising (Kaufmann & Leibenstein, 1988)[111]. For instance, Wang, Zhu and Terry (2008)[112] described how franchising started in China when McDonald's and KFC arrived there in the late 1980s following Deng Xiaoping's economic reforms and open-door policies. They explored opportunities and threats with respect to the customer habits in the Chinese restaurant industry. They further highlighted the marketing strategies that may be employed by franchisor while entering China. They particularly focused on an exploration of customer habits and how to create a feasible environment for foreign franchised restaurants in Shanghai market.

Alon and Banai (2000)[113] explored the Russian market for international franchisors. They examined various entry strategies for prospective franchisors, specifically focusing on the environmental factors associated with international franchising and describing the rules of thumb for new franchisors. They also examined what became known as the four Ps which could help franchisors to prepare a marketing strategy for growth and success in Russia.

Azevedo & Silva (2007)[114] analyzed 21 case-studies of food franchises in Brazil and France dealing with governance inseparability. They compared franchise chains that share

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[111] Kaufmann, P. J., & Leibenstein, H. (1988). *International business format franchising and retail entrepreneurship: A possible source of retail know-how for developing countries.* NewYork. Sage International.

[112] Wang, Z. J., Zhu, M., & Terry, A. (2008). The development of franchising in China. *Journal of Marketing Channels,* 15(2/3), 167-184.

[113] Alon, I., & Banai, M. (2000). Franchising opportunities and threats in Russia. *Journal of International Marketing,* 8(3), 104-119.

[114] Azevedo, P. F., & Silva, V. L. (2007). *Governance inseparability in franchising: Multi-case study in France and Brazil.* Economics and Management of Networks (pp. 97-115): Springer.

similar business features such as the operation of McDonald's in Brazil and France and concluded that a firm chooses governance mechanism to govern their set of transactions between franchisor and franchisees. Further, they asserted that upstream and downstream governance mechanisms are reciprocal and there will be an indirect effect on the design of the franchise contracts if quality regulation and competition policies confine the upstream governance mechanism.

Leite & De-Carvalho (1998)[115] investigated the franchising mode as an alternative for government in providing postal services. Specifically, they studied why Brazilian Post and Telegram Company (ECT) have adopted the phenomenon of franchising and how users reacted towards this organizational innovation. They concluded that franchising has successfully met the needs and demands of customers in Brazil. Risner (2001)[116] also investigated franchising in the Brazilian market by conducting a study on McDonalds, Dunkin Donuts, Subway and Pizza Hut.

Jauhari, Vaishnav & Altinay (2009)[117] explored the Indian market from the franchisees' perspective in Indian in order to understand the criteria which franchisees used to select a chain. They conducted in-depth interviews with franchisees and managers of franchises and concluded that profitability, brand name and operational support were the key elements which franchisees took into account when selecting chains.

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[115] Leite, V. F., & De-Carvalho, F. A. (1998). Franchising as an alternative to public management in Brazil: the case of postal services. *International Studies of Management & Organization,* 28 (2), 38-53.

[116] Risner, M. E. (2001). Successful fast-food franchising in Brazil and the role of culture: Four cases. Florida. University of Florida.

[117] Jauhari, V., Vaishnav, T., & Altinay, L. (2009). The franchise partner selection process and implications for India. *Worldwide Hospitality and Tourism Themes,* 1(1), 52-65.

Engle, Fischer & Galetovic (2000)[118] mentioned that the government of Chile has adopted franchising for upgrading the country's highway system. Moreover, Alharbi (2014)[119] studied the Saudi Arabian market by measuring the barriers which local franchisors and franchisees generally have to face when launching small and medium enterprises and startups.

Hamid, Othman, Selamat & Mastor, (2003)[120] explored the Malaysian market to identify and investigate the encouraging factors which support the increasing trend towards franchising there. They found that the initial assistance, continuous training, brand name, well established operating systems and the ethos of strong communication with customers were all factors that spurred the growth of franchising in Malaysia.

Other studies investigated Mexico as an emerging market for the protection of franchising rights (Lafontaine & Oxley, 2004[121]; McKnight & Muggenburg, 1993[122]).

Hence, we can see that franchising in emerging markets is a successful and a growing trend. Therefore, I intend to focus this investigation upon a new emerging and unexplored market, Pakistan. Before I present rationales of focusing on Pakistani market, I will explain the role of social franchising in practice and literature.

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[118] Engel, E., Fischer, R., & Galetovic, A. (2000). *Franchising of infrastructure concessions in Chile: A policy report.* Centro de Economía Aplicada, Universidad de Chile.

[119] Alharbi, M. M. (2014). Barriers to franchising in Saudi Arabia. *Journal of Marketing Channels,* 21(3), 196-209.

[120] Hamid, A. B. A., Othman, M. H. M., Selamat, R., & Mastor, N. (2003). An encouraging factor for entrepreneur in franchising: A Malaysia experience. Paper presented at the 16th Annual Conference of *Small Enterprise Association of Australia and New Zealand.* September, 28 September to October, 01.

[121] Lafontaine, F., & Oxley, J. E. (2004). International franchising practices in Mexico: Do franchisors customize their contracts? *Journal of Economics & Management Strategy,* 13(1), 95-123.

[122] McKnight, J. B., & Muggenburg, R. (1993). *Mexico's new intellectual property regime: Improvements in the protection of Industrial property, Copyright, License, and franchise rights in Mexico.* Mexico. HeinOnline.

1.2.4 Introduction to social franchising

The social enterprise sector has attained significant global attention in recent years as it acts on social issues and helps to ensure social equity. The extent to which this sector has matured can be assessed from the fact that social enterprises there have felt sufficiently confident to adopt various enterprise models. One of the important models is social franchising. Interestingly, besides social enterprises, charity organizations and nonprofit organizations have also been adapting to this model and Marie Stopes International (MSI)[123] and Population Services International (PSI)[124] are two successful examples.

Social franchising involves the application of commercial franchising techniques to gain social benefits. Therefore, it is a business technique that is used to elevate social issues[125] in society. Although it is a fast growing trend in practice, the literature on social franchising is quite recent and scant (Ahlert & Fleischer, 2008[126]; Beckmann & Zeyen, 2013[127], 2014[128]; McBride, Longfield, Sievers, & Monatgu, 2017[129]; Koehlmoos, Gazi, Hossain, & Rashid, 2011[130];

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[123] Marie Stopes International: www.mariestopes.org

[124] Population Services International: www.psi.org

[125] Drug addiction, education , health facilities and provisions for homeless people are some examples.

[126] Ahlert, D., & Fleischer, H. (2008). *Social franchising: A way of systematic replication to increase social impact; practical guidelines, case studies, checklists.* Berlin. Germany. Bundesverband Deutscher Stiftungen.

[127] Beckmann, M., & Zeyen, A. (2013). Franchising as a strategy for combining small and large group advantages (Logics) in social entrepreneurship: A hayekian perspective, *Nonprofit and Voluntary Sector Quarterly,* 43(3), 502 522.

[128] Beckmann, M., & Zeyen, A. (2014). Franchising as a Strategy for Combining Small and Large Group Advantages (Logics) in Social Entrepreneurship A Hayekian Perspective. *Nonprofit and Voluntary Sector Quarterly,* 43(3), 502-522.

[129] McBride, J., Longfield, K., Sievers, D., & Monatgu, D. (2017). *Social franchising: strengthening health systems through private sector approaches.* Oxford Medicine Online. pp. 217-230.

McKague, Wong, & Siddiquee, 2017[131]; Sivakumar & Schoormans, 2011b[132]; Tracey & Jarvis, 2007[133]; Volery & Hackl, 2009[134]).

Some experts indicate social franchising has become a business strategy which has been successfully adopted by nonprofit organizations such as non-government organizations and social enterprises. These organizations have adapted business models in which they provide social goods and services by using commercial franchising but without personal profits (Montagu, 2002)[135].

Some experts believe that, following on from the development of commercial franchising as a business-format and trade-name, social franchising now represents a third generation form of franchising development (Alon, 2014)[136]. In literature, social franchising has been viewed as

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[130] Koehlmoos, T., Gazi, R., Hossain, S., & Rashid, M. (2011). *Social franchising evaluations: a scoping review.* London. EPPI. URL: https://eppi.ioe.ac.uk/cms/Portals/0/PDF%20reviews%20and%20summaries/Social%20Franchising%202011Koehlmoos%20report.pdf?ver=2011-06-06-160355-757

[131] McKague, K., Wong, J., & Siddiquee, N. (2017). Social franchising as rural entrepreneurial ecosystem development: The case of Krishi Utsho in Bangladesh. *The International Journal of Entrepreneurship and Innovation,* 18(1), 47-56.

[132] Sivakumar, A., & Schoormans, J. P. (2011b). Sustainable rural healthcare and social franchisee selection–an India study. *Journal of Medical Marketing: Device, Diagnostic and Pharmaceutical Marketing,* 11(3), 230-236.

[133] Tracey, P., & Jarvis, O. (2007). Toward a theory of social venture franchising. *Entrepreneurship Theory and Practice,* 31(5), 667-685.

[134] Volery, T., & Hackl, V. (2009). The promise of social franchising as a model to achieve social goals. HandBook of Social Entrepreneurship.155-179.

[135] Montagu, D. (2002). Franchising of health services in low-income countries. *Health Policy and Planning,* 17(2), 121-130.

[136] Alon, I. (2014). *Social Franchising*. London, UK. Palgrave Macmillan, e-book. Doi:10.1057/9781137455840.

an innovation and a new phenomenon (Toit, 2007[137]). Simultaneously it has been considered as a practice that had been adopted a long time ago (Murray, Caulier-Grice, & Mulgan, 2010)[138]. In developed markets social franchising is understood as a means of achieving a social purpose (Tracey & Jarvis, 2007[139]) whereas, in emerging and developing markets it is seen more as a means of balancing social inequilities (Aliouche & Fernandez, 2015)[140].

However, despite having different views, practitioners and researchers agreed upon the fact that social franchising is a successful way of approaching socially affected communities in countries where their public sector has not responded effectively, such as where people live in extreme poverty and must cope with disease, illiteracy, unemployment, homelessness and starvation, or in disadvantaged communities such as disabled groups, drug addicts or vulnerable people living in extreme social crisis (Aliouche & Fernandez, 2015[141]; Toit, 2007[142], Sivakumar & Schoormans, 2011a[143]; Sutherland & Krige, 2017[144]).

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[137] Toit, D. A. (2007). The financing and mentoring of emerging franchisees through tandem franchising. In the Proceedings of the 3rd International Conference on *Economics and Management of Networks*. Rotterdam, NL: Rotterdam School of Management.

[138] Murray, R., Caulier-Grice, J., & Mulgan, G. (2010). *The open book of social innovation.* London, Uinted Kingdom. Social Innovator Series. The Young Foundation.

[139] Tracey, P., & Jarvis, O. (2007). Toward a theory of social venture franchising. *Entrepreneurship Theory and Practice,* 31(5), 667-685.

[140] Aliouche, H., & Fernandez, D. (2015). Social franchising: A Panacea for Emerging Countries - The Case of Algeria. *7th Internatinal Conference on Economics and Management of Networks (EMNet)*, Capetown, South Africa. December 3-5.

[141] Aliouche, H., & Fernandez, D. (2015). Social franchising: A Panacea for Emerging Countries - The Case of Algeria. *7th Internatinal Conference on Economics and Management of Networks (EMNet)*, Capetown, South Africa. December 3-5.

[142] Toit, D. A. (2007). The financing and mentoring of emerging franchisees through tandem franchising. In the Proceedings of the 3rd International Conference on *Economics and Management of Networks*. Rotterdam, NL: Rotterdam School of Management.

Social franchising concepts play diverse roles in developed and emerging markets. They can be effective in delivering quality social services and products at affordable prices and this can benefit large disadvantaged segments of societies. They can screen for highly motivated and potentially effective social providers and often recruit inexperienced individuals and transform them into well trained social franchisees. By branding social services they often introduce improvements through standardization and raise public awareness of important social issues using the tools of social marketing.

Moreover, the social franchising concept has helped to minimize discrimination in deprived societies. It has also raised a voice for women's rights and empowerment and contributed to the resolution of social problems on a large scale. For example, it often helps women to create micro businesses which enable them to send their children to school.

Some other positive contributions of social franchising are to mobilize the silent economic resources of society; exchange cost-effective operational techniques; share financial burdens; activate volunteers in the society; gain political capital through size; allow social innovations through networking. Therefore, franchising has no single universal use or a meaning. Nevertheless, it appears that consultants, entrepreneurs, researchers and some governments have their own understanding of what social franchising is, depending on their needs.

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[143] Sivakumar, A., & Schoormans, J. P. L. (2011a). Franchisee selections for social franchising success. *Journal of Nonprofit & Public Sector Marketing,* 23(3), 213-225.

[144] Sutherland, M., & Krige, K. (2017). Unjani "clinics in a container": social franchising in South Africa. *Emerald Emerging Markets Case Studies,* 7(1), 1-23.

Many types of organizational models are striving to better the delivery of services to society. These include dissemination, joint ventures, licensing, non-government organization (NGOs), non-profit-organizations (NPOs), partnership, social franchising, social economy, social entrepreneurship and wholly-owned. However, I intend to investigate social franchising model because of its unique characteristics in the way that it provides entrepreneurial ownership, brand name, established as well as replicate operational systems, and the opportunity to generate revenues by nominally charging the customers for social services. Consequently, key players of social franchising may become self-sustained entrepreneurs, availing of opportunities for high growth and brand development (as in commercial franchising) along with achieving significant social goals for their society.

The significance of social franchising has been gaining momentum around the world. Social franchising has been utilized in different business formats yet no standard definition of social franchising has been established. This sometimes causes confusion as to whether or not to classify a certain franchising business format under social franchising. There is an unmet need for better understanding of the different forms of social franchising by exploring their distinctive features in different markets and contexts, as well as to clarify their fundamental meanings and significance. Below, I have presented an overview of some definitions of social franchising which have been established by scholars.

1.2.5 Social franchising definitions

Although there is no single agreed definition of social franchising (Fleisch, 2008[145]; Koehlmoos, Gazi, Hossain, & Rashid, 2011[146]) yet, it can be viewed as "a process by which the developer of a successfully tested social concept, the franchisor, to scale up the coverage of target groups and the quality of products (services) enables others, the franchisees (sic) to replicate the model, using the tested system, brand name, in return for social results, system development and information on the impact" (Ahlert & Fleischer, 2008, p. 35)[147]. It is also defined as "the application of commercial franchising methods and concepts to achieve socially beneficial ends. Or, to put it slightly differently: social franchising is the use of a commercial franchising approach to replicate and share proven organizational models for greater social impact" (Temple, 2011, p. 3)[148]. Sivakumar and Schoormans (2011)[149] define social franchising as ''a franchising system that uses commercial franchising principles to attain social goals'' (p. 214).

Furthermore, Zafeiropoulou and Koufopoulos (2013)[150] explained social franchising for developed countries as an interorganizational format essentially consisting of a social enterprise

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[145] Fleisch, B. (2008). Primary education in crisis: Why South African schoolchildren underachieve in reading and mathematics. South Africa. Juta and Company Limmited.

[146] Koehlmoos, T., Gazi, R., Hossain, S., & Rashid, M. (2011). *Social franchising evaluations: a scoping review*-London.EPPI.URL:https://eppi.ioe.ac.uk/cms/Portals/0/PDF%20reviews%20and%20summaries/Social%20Franchising%202011Koeh moos%20report.pdf?ver=2011-06-06-160355-757

[147] Ahlert, D., & Fleischer, H. (2008). *Social franchising: A way of systematic replication to increase social impact; practical guidelines, case studies, checklists.* Berlin. Germany. Bundesverband Deutscher Stiftungen.

[148] Temple, N (2011). The social franchising manual. *Social Enterprise Collation.* United Kingdom. Retrieved July 10, 2016, from http://www.socialenterprise.org.uk/uploads/files/2011/11/social_franchising_manual.pdf.

[149] Sivakumar, A., & Schoormans, J. P. (2011a). Franchisee selection for social franchising success. *Journal of Nonprofit & Public Sector Marketing,* 23(3), 213-225.

[150] Zafeiropoulou, F. A., & Koufopoulos, D. N. (2013). The influence of relational embeddedness on the formation and performance of social franchising. *Journal of Marketing Channels,* 20(1-2), 73-98.

(the franchisor) with a standardized and tested social concept centered on offering a product or service while having a strong social impact, entering in a continuing contractual relationship with the franchisees, independently owned and managed, often already established, social enterprises, operating under the franchisor's trade-name to offer the social concept by producing and or marketing goods or services according to a format specified by the franchisor".(p. 78).

Montagu (2002)[151] describes social franchising as a system of contractual relationships ''usually run by a non-governmental organization, which uses the structure of a commercial franchise to achieve social goals'' (p. 129). Oster (1992)[152] argued that the franchise system is a response to many of the key characteristics of nonprofit operations: the trust required for service, the problem of fundraising, inadequate access to capital, and the absence of quantitative criteria for managerial performance. Indeed, the franchise structure seems an almost ideal form for the nonprofit enterprise precisely because it is a compromise between complete local autonomy and centralized control (p. 230).

The terms "social franchising" covers a wide spectrum of industries and markets. Some relate social franchising to a similar phenomenon observed in micro-franchising and tandem franchising. Burand & Koch (2010)[153] characterize micro-franchising as "a business model that, although adopting many of the business practices employed in mainstream commercial franchising, involves businesses that are affordable enough to be owned and operated by people

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[151] Montagu, D. (2002). Franchising of health services in low-income countries. *Health Policy and Planning,* 17(2), 121-130.

[152] Oster, S. M. (1992). Nonprofit organizations as franchise operations. Nonprofit Management & Leadership, 2(3), 223–238. doi:10.1002/nml.4130020303

[153] Burand, D., & Koch, D. W. (2010). Microfranchising: A business approach to fighting poverty. *Franchise Law Journal*, 30(1), 24–34.

living at the base of the economic pyramid'' (p. 25). Toit (2007)[154] refers to tandem franchising as "a funding and mentoring program for franchisees from previously disadvantaged backgrounds . . . focused on creating an alternative funding mechanism that enables transfer of ownership over time, in tandem with achieving skills transfer through a mentoring program'' (p. 1).

One of the interesting facts is that many academic articles published on social franchising do not use the term "social franchising" (Tracey & Jarvis, 2007[155]; Oster, 1992[156]). Tracey & Jarvis, (2007)[157] utilized "social venture franchising" to explore the case study of Aspire in UK (a social enterprise uses franchising for social ambitions) within which they applied agency theory and resource scarcity theory (which are used to explore commercial franchising). Similarly, Oster (1995[158] & 1996[159]), used "nonprofit franchising" (instead of social franchising) to identify nonprofit organizations in US that use franchising to achieve social purpose and mentioned that 90% of the largest nonprofit organizations in US are using the franchising model

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[154] Toit, D. A. (2007). The financing and mentoring of emerging franchisees through tandem franchising. In the Proceedings of the 3rd International Conference on *Economics and Management of Networks*. Rotterdam, NL: Rotterdam School of Management.

[155] Tracey, P., & Jarvis, O. (2007). Toward a theory of social venture franchising. *Entrepreneurship Theory and Practice,* 31(5), 667-685.

[156] Oster, S. M. (1992). Nonprofit organizations as franchise operations. *Nonprofit Management & Leadership*, 2(3), 223–238.

[157] Tracey, P., & Jarvis, O. (2007). Toward a theory of social venture franchising. *Entrepreneurship Theory and Practice,* 31(5), 667-685.

[158] Oster, S. M. (1995). Strategic management for nonprofit organizations, Oxford, UK: Oxford University Press.

[159] Oster, S. M. (1996). Nonprofit organizations and their local affiliates: A study in organizational forms. *Journal of Economic Behavior & Organization*, 30(1), 83–95.

for achieving social purposes. Hence, researchers have made different uses of the term "social franchising" and this shows that the meanings of social franchising are not same for everyone.

However, all researchers indicate two fundamental components of social franchising. First, social franchising incorporates commercial franchising in some way. Second, social franchising contains the component of social purpose (or social goals, social impact, social results or social welfare purposes which are not necessarily integral to other forms of franchising.

The failure to arrive at one fundamental definition for social franchising has left researchers to struggle with the task of identifying more social franchising indicators to enable a better understanding of the meanings and purpose of social franchising. The researchers have mostly derived the parameters of social franchising from commercial franchising and social enterprise (Spencer, 2015)[160]. Further, social franchising mechanism could be clarified by highlighting some global examples and social franchising models in practice.

1.2.6 Social franchising – a global overview

The increasing populairty of social franchising is not limited to emerging and developing markets but its impacts are evolving on a global scale (Asemota & Chahine, 2016)[161]. Social franchising exists in several markets around the globe, including Australia, Begium, Brazil, Canada, China, Denmark, France, Germany, India, Indonesia, Italy, Ireland, Malaysia, Myanmar,

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[160] Spencer, C. E. (2015). Deriving meaning for social franchising from commercial franchising and social enterprise. *Journal of Marketing Channels,* 22(3), 163-174.

[161] Asemota, J., Chahine. T. (2016). *Social franchising as an option for scale.* International Society for Third-Sector Research. Heidelberg: Springer Verlag.

Netherlans, Pakistan, Philippines, Poland, Russia, South Africa, Sweden, Vietnam, the UK and the USA.

The concept of social franchising has a wide range of different meanings for different people. In Europe, the social franchising concept refers to the replication of a social enterprise, a charity or a social project through a franchise agreement. It also includes those who do not intend to make profits (Smith & Risi, 2002)[162]. In the United States, social franchising usually refers to a means of fund-raising used by nonprofit organizations (Keyssar, 2009)[163]. In other markets, social franchising is sometimes known as the "socialization" of commercial franchisees to deliver direct social benefits to communities (Lefebvre, Hastings, Angus, & Bryant, 2011)[164]. In some social franchising formats, financially disadvantaged people are trained and supported to take on an income-generating activity through franchise agreements. Nevertheless, a major concern of these social franchising arrangements is to provide an opportunity to a certain segment of the society to escape poverty or to reduce or even eliminate social problems (Felstead, 1991)[165].

I argue that social franchising concepts are widely present in practice and that they use many different settings in different markets but that the information, understanding and scientific

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[162] Smith, E., & Risi, L. (2002). *Social franchising reproductive health services: can it work: a review of the experience.* New York. Marie Stopes International.

[163] Keyssar, A. (2009). *The right to vote: The contested history of democracy in the United States.* New York. Basic Books.

[164] Lefebvre, R. C., Hastings, G., Angus, K., & Bryant, C. (2011). *Social models for social marketing: social diffusion, social networks, social capital, social determinants and social franchising.* The Handbook of Social Marketing. Newburg Park. Sage.

[165] Felstead, A. (1991). The Social Organization of the Franchise: A Case ofControlled Self-Employment'. *Work, Employment & Society,* 5(1), 37-57.

literature regarding social franchise concepts is still limited, especially when compared to that of commercial franchising. However, there are some organizations striving to create, scale, sustain and highlight the global social impact of social franchising, such as European Social Franchising Network[166], International Center for Social Franchising[167], Social Franchising Programme[168] and Association of Social Franchise for Health[169].

Furthermore, recently some international research conferences have been held on social franchising and these have provided opportunities to social franchisors, policy makers, social entrepreneurs and researchers to sit together and learn about the growth and impact of social franchising. These conferences included the Global Conference on Social Franchising for Health[170]and European Social Franchising Conference[171].

Many scholars have recently started exploring the different formats and applications of social franchising in developed, emerging and developing markets (Tracey & Jarvis, 2007[172]; Sivakumar & Schoormans, 2011a[173]; Nijmeijer, Fabbrricotti & Huijsman, 2015[174]; Zafeiropoulou

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[166] http://www.socialfranchising.coop/home

[167] http://www.the-icsf.org/

[168] http://www.socialfranchisingni.com/

[169] http://www.asfh.org/member-organisations/

[170] 2014 Global Conference on Social Franchising for Health was held in Cebu, Philippines, October, 22-24.

[171] The first conference was organized in 2011 and second was organized in 2014.

[172] Tracey, P., & Jarvis, O. (2007). Toward a theory of social venture franchising. *Entrepreneurship Theory and Practice,* 31(5), 667-685.

[173] Sivakumar, A., & Schoormans, J. P. L. (2011a). Franchisee selections for social franchising success. *Journal of Nonprofit & Public Sector Marketing,* 23(3), 213-225.

[174] Nijmeijer, K. J., Fabbricotti, I. N., & Huijsman, R. (2015). Creating Advantages with Franchising in Healthcare: An Explorative Mixed Methods Study on the Role of the Relationship between the Franchisor and Units. *PloS one,*

& Koufopoulos, 2013[175]; Mavra, 2011[176]; Lambie-Mumford, 2013[177]; Aliouche & Fernandez, 2015[178]; Hackl, 2009[179], Koehlmoos, Gazi, Hossain and Rashid, 2011[180]; Beckmann & Zeyen, 2014[181]; Sivakumar & Schoormans, 2011b[182]; Schlein, De La Cruz, Gopalakrishnan, and Montagu's, 2013[183]; Thurston, Chakraborty, Hayes, Mackay & Moon, 2015[184]). However, the scope and use of social franchising in developed and emerging markets is different.

1.2.6.1 Social franchising scope in developed markets

In developed markets such as France, Germany and the UK, social franchising has been mostly

10(2), 1-21.

[175] Zafeiropoulou, F. A., & Koufopoulos, D. N. (2013). The Influence of Relational Embeddedness on the Formation and Performance of Social Franchising. *Journal of Marketing Channels,* 20(1/2), 73-98.

[176] Mavra, L. (2011). *Growing social enterprise: research into social replication.* London. Social Enterprise Coalition.

[177] Lambie-Mumford, H. (2013). 'Every town should have one': emergency food banking in the UK. *Journal of Social Policy,* 42(01), 73-89.

[178] Aliouche, H., & Fernandez, D. (2015). Social franchising: A Panacea for Emerging Countries - The Case of Algeria. *7th Internatinal Conference on Economics and Management of Networks (EMNet)*, Capetown, South Africa. December 3-5.

[179] Hackl, V. (2009). *Social Franchising: Social Entrepreneurship.* Bamberg, Germany. The University of St. Gallen.

[180] Koehlmoos, T., Gazi, R., Hossain, S., & Rashid, M. (2011). *Social franchising evaluations: a scoping review.* London. EPPI. URL: https://eppi.ioe.ac.uk/cms/Portals/0/PDF%20reviews%20and%20summaries/Social%20Franchising%202 11Koeh moos%20report.pdf?ver=2011-06-06-160355-757

[181] Beckmann, M., & Zeyen, A. (2014). Franchising as a Strategy for Combining Small and Large Group Advantages (Logics) in Social Entrepreneurship A Hayekian Perspective. *Nonprofit and Voluntary Sector Quarterly,* 43(3), 502-522.

[182] Sivakumar, A., & Schoormans, J. P. (2011b). Sustainable rural healthcare and social franchisee selection–an India study. *Journal of Medical Marketing: Device, Diagnostic and Pharmaceutical Marketing,* 11(3), 230-236.

[183] Schlein, K., De La Cruz, A. Y., Gopalakrishnan, T., & Montagu, D. (2013). Private sector delivery of health services in developing countries: a mixed-methods study on quality assurance in social franchises. *BMC Health Services Research,* 13(4) 32-51.

[184] Thurston, S., Chakraborty, N. M., Hayes, B., Mackay, A., & Moon, P. (2015). Establishing and scaling-up clinical social franchise networks: lessons learned from Marie Stopes International and Population Services International. *Global Health: Science and Practice,* 3(2), 180-194.

adopted by associations, co-operatives, foundations and mutual insurance companies to achieve social goals in various sectors, such as fair trade, drug addiction, unemployment, micro-credit, organic vegetables and fruits, promoting cultural diversity, helping homeless people, social re-integration, rehabilitation of poor or disabled persons, protecting the environment and recycling. For instance, in France, social franchising mainly deals with production of organic vegetables and fruits, fair trade and micro-credit, Biocoop[185], Ethiquable[186] and Babyloan[187] are few examples. In the UK, social franchising mainly deals with providing for homeless and disable people, unemployment issues, food banks and other disadvantaged communities. Examples include Aspire[188] and Barka[189]. In Germany, social franchising enterprises mainly deals with disadvantaged people, elderly people and people with physical disabilities, Dialogue Enterprises[190] is a famous example of social franchising in Germany.

Many developed markets have witnessed remarkable growth in social franchising. These include Australia, Germany and the UK (Bartilsson, 2012)[191]. The International Center of Social Franchising (ICSF) has recently identified 110 social franchises operating in Begium, France, Germany, Italy, Ireland, the Netherlands, Poland, Sweden and the UK. It concludes that social franchising is a growing phenomenon in Europe. Similarly, in another study, ICSF identified 130

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[185] http://www.biocoop.fr/

[186] http://www.ethiquable.coop/

[187] http://www.babyloan.org/en/innovative-approach-to-csr#

[188] http://aspire.works/

[189] http://www.barkauk.org/about/

[190] http://www.dialogue-se.com/

[191] Bartilsson, S. (2012). *Social Franchising – Obtaining higher returns from investments for jobs in social enterprises.* Coompanion Göteborgsregionen, Sweden. European Social Franchising Network.

social franchise systems operating across Europe. Moreover, a survey report recently highlighted 19 social franchising networks in Europe with a turnover of $220 million and 6,800 employees (Sven, 2012)[192]. Further, European Social Franchising Network (ESFN) conducted a survey in 2011 which included 12 European countries and identified 56 social franchising networks. However, in Europe, the UK leads in terms of numbers of social franchising systems as compared to the other European countries (Stanworth & Kaufmann, 1996)[193]. Furthermore, ICSF identified 95 social franchising systems operating across the UK and mentioned that there is still a wide room for the growth of social franchising across Europe and in other developed markets such as Australia and the US.

1.2.6.2 Social franchising scope in emerging markets

In emerging markets such as India, Indonesia, Malaysia, Myanmar, Pakistan, the Philippines, and Vietnam, social franchising has been adopted by supranational organizations such as UNESCO, by governments and non-profit organizations such as PSI and MSI and by private organizations which are operating in social sectors to achieve social goals, such as education, healthcare and rural development.

Here we find categorically different sectors in which social franchising is flourishing. In developed markets, education, health and rural development has been controlled mainly by governments but in developing and emerging markets the inefficiency of governments has left a

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[192] Sven, B. (2012). *Social franchising – Obtaining higher returns from investments for jobs in social enterprises.* Goteborg. European Social Franchising Network.

[193] Stanworth, J., & Kaufmann, P. (1996). Similarities and differences in UK and US franchise research data: towards a dynamic model of franchisee motivation. *International Small Business Journal, 14*(3), 57-70.

huge gap between increasing populations and essential social facilities like education and health. Therefore, social enterprises have increasingly taken over the responsibility to fill this gap. Among social enterprises, social franchising has been proved immensely successful. For instance, in Brazil, social franchising mainly deals with education, the health care system, family planning and midwife associations. Wizard ldiomas[194], Escolas Fisk[195] and CCAA[196] are some examples.

In South Africa, social franchising mainly focuses on child development, youth employment and the empowerment of minority communities: Sport For All[197] and The Shaftesbury Partnership[198] are examples. In Pakistan, Green Start[199] and UmeedSay[200] are two examples in the health sector. Marie Stopes[201], BlueStar Vietnam[202] are examples of health sector social franchises in Vietnam.

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[194] http://www.wizard.com.br/

[195] http://www.fisk.com.br/

[196] http://www.ccaa.com.br/

[197] http://www.sportforall.co.za/

[198] http://www.shaftesburypartnership.org/

[199] https://www.greenstar.org.pk/

[200] http://www.dktinternational.org/country-programs/pakistan/

[201] http://www.mariestopes.org.vn/

[202] http://healthmarketinnovations.org/program/bluestar-vietnam

1.2.7 Formats of social franchising

It is widely agreed that the social franchising phenomenon is still at its initial stages (Tracey & Jarvis, 2007)[203]. Therefore, it is interesting for researchers and practitioners to further investigate and understand the mechanisms and developments behind this concept. Some researchers have investigated and presented guidelines, explanations and clarifications to help understand this concept (Sivakumar & Schoormans, 2011[204]; Zafeiropoulou & Koufopoulos, 2013[205]). For instance, Ahlert, Duong, Fleisch, Heußler, Kilee and Meuter (2008)[206] pointed out different formats of social franchising in practice to enhance our understanding about the concept of social franchising. These different formats in social franchising are briefly discussed with some examples as following.

1) The first format of chains seeks to establish the non-profit replication system using the core elements of franchising but without charging royalty or profit elements by the franchisors. However, in this social franchising format, franchisees are allowed to earn profits. PSI and MSI are examples of such chains. These two chains operate in many developing and emerging markets with the objective of improving health conditions without maximizing profits.

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[203] Tracey, P., & Jarvis, O. (2007). Toward a theory of social venture franchising. *Entrepreneurship Theory and Practice,* 31(5), 667-685.

[204] Sivakumar, A., & Schoormans, J. P. (2011). Franchisee selection for social franchising success. *Journal of Nonprofit & Public Sector Marketing,* 23(3), 213-225.

[205] Zafeiropoulou, F. A., & Koufopoulos, D. N. (2013). The influence of relational embeddedness on the formation and performance of social franchising. *Journal of Marketing Channels,* 20(1-2), 73-98.

[206] Ahlert, D., Ahlert, M., Duong Dinh, H. V., Fleisch, H., Heußler, T., Kilee, L., Meuter, J. (2008). *Social franchising: A way of systematic replication to increase social impact.* Berlin. Germany. Internationales Centrum für Franchising und Cooperation.

2) The second format of chains offers a subsidized franchise system in order to make social services available at a lower cost than those provided by commercial solutions. The purpose of such a format is to adopt commercial franchising techniques for the social benefit of the society by generating controlled profits for the franchisor and franchisees. A retail sector concept in Pakistan, named Utility Stores Corporation is one example which operates under public-private partnership through franchising. It has emerged as a low-price grocery store that offers low cost groceries to specific segments of society and acts as a price moderator for the commercial retailing sector.

3) The third format of chains is closer to the notion of commercial franchising. In this format of social franchising, the primary motive of franchisors and franchisees is financial gain but it might be categorized as social franchising due to the social nature of their sector and business activity. They bring significant improvements in socially deprived communities. Chains in the education sector are the good examples, they strive to achieve profits through fees. However, they improve literacy rates and make a great social impact on the society. In this format franchisors and franchisees use core operational methods of business commercial franchising such as entrance (initial) fees and royalties. The franchised education chains in Pakistan such as Punjab Group of Colleges and The Educators are successful examples. Both are using this format.

1.2.8 Perspectives of social franchising

The inability to resolve a standard definition and coherent conceptual framework for social franchising has left researchers struggling to characterize its parameters, indicators and meanings using different perspectives. From a legal perspective, Doeringer (2010)[207] suggest that the major obstacle to understanding and illustrating the legal use of social franchising is the lack of a clear and concise definition. The shortage of a common understanding towards unified definition hinders transnational statistical comparisons and makes it difficult to monitor best practices or successful regulatory frameworks among different markets.

From managerial perspective, Sung & Choi (2014)[208] emphasize that without agreeing upon unanimous understanding of social franchising the collection of systematic data in relation to it will remain an unachieved target. Therefore, crafting social franchising themes and frameworks is of the utmost importance in academic literature.

Spencer (2015)[209] conducted a detailed analysis to craft the theme of social franchising. The author synthesized the multiple definitions of social franchising into one article and then discussed the intersection of various disciplines (law, social science) to interpret meanings of social franchising. She adopted eight key indicators suggested by Dees (1998)[210]; Laidler-

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[207] Doeringer, M. F. (2010). Fostering social enterprise: A historical and international analysis. *Duke Journal of Comparative & International Law,* 20(2), 291-329.

[208] Sung, S. Y., & Choi, J. N. (2014). Multiple dimensions of human resource development and organizational performance. *Journal of Organizational Behavior,* 35(6), 851-870.

[209] Spencer, C. E. (2015). Deriving meaning for social franchising from commercial franchising and social enterprise. *Journal of Marketing Channels,* 22(3), 163-174.

[210] Dees, J. G. (1998). The meaning of social entrepreneurship. *Kauffman Center for Entrepreneurial Leadership.* Stanford University—Graduate School of Business.

Kylander & Simonin (2009)[211]; Oster (1995)[212] to consider how these indicators function together in social franchising. Later she referred to these eight indicators as providing the means to arrive at a definition of social franchising. The first four indicators are referred as features of commercial franchising and the last four indicators are referred as features of social enterprises. Hence, social franchising is a mix of commercial franchising and social enterprises. The author mentioned the indicators of social franchising as; the grant of a right, usually in the form of a license, to exploit another's business model, including the system or marketing plan and trademark, usually for a fee; where there is control exercised and/or assistance provided by the franchisor; where social purpose prevails over the aim of delivering profit to shareholders; where organizational culture, structure, management, processes, and resources are less centralized than those of strictly commercial enterprise; imperatives to collaborate prevail over market competition and there is greater complexity in the involvement and interests of stakeholders/customers.

1.2.8.1 Theoretical perspectives of social franchising

Exploring different perspectives and parameters of social franchising in practice is a matter of concern for many researchers because social franchising indicates the adoption of multiple-format-strategy and can achieve significant social goals in different settings.

Recently, some scholars who have explored the theoretical perspectives of social franchising, applied resource scarcity theory and agency theory to explain the motivations of

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[211] Laidler-Kylander, N., & Simonin, B. (2009). How international nonprofits build brand equity. *International Journal of Nonprofit and Voluntary Sector Marketing,* 14(1), 57-69.

[212] Oster, S. M. (1995). Strategic management for nonprofit organizations, Oxford. Oxford University Press.

social entrepreneurs to adopt social franchising (e.g., Tracey and Jarvis, 2007),[213]. Zafeiropoulou and Koufopoulos (2013)[214] used social network theory to understand the success of social franchising. They highlighted that training in social franchising is a critical issue and that negotiating bank loans is often challenging for social franchisees due to legislative issues. Hackl (2009)[215] examined three social ventures (Dialogue in the Dark, Science-Lab: Natural Sciences for Children and Vision Spring: Glasses to Restore Eyesight) that relied on individual franchisees. They applied agency theory and social capital theory to analyze the structure and coordination of social franchises.

1.2.8.2 Practical perspectives of social franchising

Exploring the practical perspective of social franchising has become the primary focus of various studies. For example, Sivakumar and Schoormans (2011a)[216] discussed the importance of franchisee selection for social franchising success. Nijmeijer, Fabbrricotti & Huijsman (2015)[217] used a case study of three Dutch social franchise systems, using surveys and interviews to investigate how franchisors recruit social franchisees and the impact of franchisor-franchisee relationship in social franchising.

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[213] Tracey, P., & Jarvis, O. (2007). Toward a theory of social venture franchising. *Entrepreneurship Theory and Practice,* 31(5), 667-685.

[214] Zafeiropoulou, F. A., & Koufopoulos, D. N. (2013). The Influence of Relational Embeddedness on the Formation and Performance of Social Franchising. *Journal of Marketing Channels,* 20(1/2), 73-98.

[215] Hackl, V. (2009). *Social Franchising: Social Entrepreneurship.* Bamberg, Germany. The University of St. Gallen.

[216] Sivakumar, A., & Schoormans, J. P. L. (2011a). Franchisee selections for social franchising success. *Journal of Nonprofit & Public Sector Marketing,* 23(3), 213-225.

[217] Nijmeijer, K. J., Fabbricotti, I. N., & Huijsman, R. (2015). Creating Advantages with Franchising in Healthcare: An Explorative Mixed Methods Study on the Role of the Relationship between the Franchisor and Units. *PloS one,* 10(2), 1-21.

Lambie-Mumford (2013)[218] studied a social franchise network of 148 food banks (Trussell Trust Foodbank Network) across the UK. Aliouche and Fernandez (2015)[219] examined the development of social franchise concepts in Algeria. They explored how these social franchise concepts have proved successful in helping young people to find employment opportunities.

Koehlmoos, Gazi, Hossain and Rashid (2011)[220] explored low and middle-income countries in Asia and Africa to describe social franchising development there. They asserted that social franchising has emerged as a means of improving the provision of social services.

Beckmann and Zeyen (2014)[221] used a Hayekian perspective to explain why social franchising is a suitable scaling up strategy for small scale entrepreneurs.

Sivakumar & Schoormans (2011b)[222] adopted qualitative approach and conducted in-depth interviews with non-profits (using franchising) in India to measure their perception and understanding of social franchising.

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[218] Lambie-Mumford, H. (2013). 'Every town should have one': emergency food banking in the UK. *Journal of Social Policy,* 42(01), 73-89.

[219] Aliouche, H., & Fernandez, D. (2015). Social franchising: A Panacea for Emerging Countries - The Case of Algeria. Paper presented at the *Economics and Management of Networks(EMNet)*, Capetown, South Africa. December 3-5.

[220] Koehlmoos, T., Gazi, R., Hossain, S., & Rashid, M. (2011). *Social franchising evaluations: a scoping review.* London. EPPI. URL: https://eppi.ioe.ac.uk/cms/Portals/0/PDF%20reviews%20and%20summaries/Social%20Franchising%202011Koeh moos%20report.pdf?ver=2011-06-06-160355-757

[221] Beckmann, M., & Zeyen, A. (2014). Franchising as a Strategy for Combining Small and Large Group Advantages (Logics) in Social Entrepreneurship A Hayekian Perspective. *Nonprofit and Voluntary Sector Quarterly,* 43(3), 502-522.

[222] Sivakumar, A., & Schoormans, J. P. (2011b). Sustainable rural healthcare and social franchisee selection–an India study. *Journal of Medical Marketing: Device, Diagnostic and Pharmaceutical Marketing,* 11(3), 230-236.

Schlein, De La Cruz, Gopalakrishnan, and Montagu's (2013)[223] investigated 13 social franchise chains operating in Asia and Africa and found that the assurance of quality services in hospitals has become the main social goal of these franchise chains.

Thurston, Chakraborty, Hayes, Mackay and Moon (2015)[224] investigated 17 social networks with MSI and 25 social networks with PSI to explore how these organizations recruit social franchisees in emerging markets.

The social franchising sector does not have a significant amount of scientific data. It is therefore difficult to explain its distinctive features or attributes. However, on the basis of existing literature I will focus on to describe the characteristics of social franchising in all possible details.

1.2.9 Social franchising comparison with commercial franchising

The concepts of commercial and social franchising are somehow identical to each other (Sivakumar & Schoormans, 2011a).[225] However, some differences persist. Commercial franchising focuses on maximizing financial gains and social franchising focuses on social gain (along with financial benefits in some social franchising concepts). The basic business concepts

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[223] Schlein, K., De La Cruz, A. Y., Gopalakrishnan, T., & Montagu, D. (2013). Private sector delivery of health services in developing countries: a mixed-methods study on quality assurance in social franchises. *BMC Health Services Research,* 13(4) 32-51.

[224] Thurston, S., Chakraborty, N. M., Hayes, B., Mackay, A., & Moon, P. (2015). Establishing and scaling-up clinical social franchise networks: lessons learned from Marie Stopes International and Population Services International. *Global Health: Science and Practice,* 3(2), 180-194.

[225] Sivakumar, A., & Schoormans, J. P. L. (2011a). Franchisee selections for social franchising success. *Journal of Nonprofit & Public Sector Marketing,* 23(3), 213-225.

are identical in both formats, for example, franchise agreement, brand name, transfer of know-how, initial and ongoing training and assistance for franchisees.

In some social franchising formats customers or users do not pay for social products or services. However, in commercial franchising customers have to pay for products and services (Peters, Mirchandani, & Hansen, 2004)[226]. Donors in social franchising are a third entity which might, in some cases, partially finance franchisee activities and franchisees can raise funding in their local community (Tracey & Jarvis, 2007)[227]. This option is not usually available in commercial franchising. Thus, in social franchising, the franchisee often plays a vital role in the success of the social franchising venture.

In commercial franchising, the brand name remains highly important for the chain's success (Gessner & Morisseau, 1980)[228]. In many cases, social franchisors such as nonprofit franchisors like PSI, MSI), do not intend to generate income from initial fees and periodic royalty payments. On the other hand, all commercial franchisors intend to use these methods to generate income. Therefore, contrary to commercial franchising where economic benefits

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[226] Peters, D. H., Mirchandani, G. G., & Hansen, P. M. (2004). Strategies for engaging the private sector in sexual and reproductive health: how effective are they? *Health policy and planning,* 19(1), 5-21.

[227] Tracey, P., & Jarvis, O. (2007). Toward a theory of social venture franchising. *Entrepreneurship Theory and Practice,* 31(5), 667-685.

[228] Gessner, T. L., & Morisseau, D. S. (1980). Under the golden psi: the franchising of mental health. *Psychiatry,* 43(4), 294-302.

dominate, it is the franchisor-franchisee relationship that dominates in the social franchising system (Lönnroth, Aung, Maung, Kluge, & Uplekar, 2007)[229].

Another difference is the uniqueness of the social product or service provided. Social franchisors specifically offer social services such as education, health, homes, anti-poverty programs and rural development, while commercial franchisors offer commercial products such as fast food, clothing and car rental services. The use of social services by specific communities eventually reduces the internal and external competition for the chains and this often results in stable financial returns, which in turn reduces the number of franchisee failures in the social franchising phenomenon. However, in commercial franchising this lessening of internal and external competition does not usually apply and the laws of the market operate in a natural and sometimes extreme manner (Zafeiropoulou, 2013)[230].

Zafeiropoulou & Koufopoulos (2013)[231] explained the factors which differentiate social franchising from commercial franchising. The author emphasized that it is highly recommended for commercial franchisees to choose ideal commercial locations for their ventures, while in social franchising franchisees are more likely to be effective if they target a larger area where social deprivation is high. Further, the success of commercial franchising largely depends on the popularity of the brand name, whereas the brand name is usually of secondary importance in

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[229] Lönnroth, K., Aung, T., Maung, W., Kluge, H., & Uplekar, M. (2007). Social franchising of TB care through private GPs in Myanmar: an assessment of treatment results, access, equity and financial protection. *Health policy and planning,* 22(3), 156-166.

[230] Zafeiropoulou, F. A. (2013). Social franchising formation: A systems approach that enhances formation to resolve issues created by the financial crises. Presented at the 26th *Annual, International Society of Franchising Conference. Beijing Normal University- Zhuhai.* Zhuhai, China. March 13-16, 2013.

[231] Zafeiropoulou, F. A., & Koufopoulos, D. N. (2013). The Influence of Relational Embeddedness on the Formation and Performance of Social Franchising. *Journal of Marketing Channels,* 20(1/2), 73-98.

social franchising, where the quality of the social service provided is usually a fundamental element.

Also, although training plays an important role in commercial franchising, franchisee training is considered more challenging, and critical to a venture's success in social franchising. Brand expansion, maximizing entrance fees and collecting royalties are central targets of commercial franchisors. However, along with these goals, the achievement of social goals remains the ultimate target of social franchisors. It is worth making the distinction that while social franchising customers are socially affected people, commercial franchising customers are commercial customers.

Ahlert, Ahlert, Duong, Fleisch, Heußler, Kilee & Meuter, (2008)[232] elaborated comparisons between commercial franchising and social franchising. They highlighted that commercial franchising is rule-based while social franchising is value-based. In commercial franchising finances are derived from profits while in social franchising finances may also involve additional recourse to various types of grants. Social franchisees sometimes have an aversion to debt which is not shared by commercial franchise ventures.

In commercial franchising success is measured through financial performance, network growth and increased competitive barriers while in social franchising success is measured through the growth of the franchise's social impact and its effectiveness in delivering social

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[232] Ahlert, D., Ahlert, M., Duong Dinh, H. V., Fleisch, H., Heußler, T., Kilee, L., Meuter, J. (2008). *Social franchising: A way of systematic replication to increase social impact.* Berlin. Germany. Internationales Centrum für Franchising und Cooperation.

products or services. Therefore, there exist certain similarities and differences between commercial and social franchising concepts.

1.3 Focus of the study

The governments in most developed markets have been successful in managing social sectors to effectively improve the living standards of their residents. They assure and use their resources to provide essential services such as education, health, water, sanitation and public transport. In addition, most of the social welfare sectors such as education and health have been managed by governments in developed markets.

Many governments (Austria, France, Germany, and Norway) offer free education, as an educated population is the backbone of a nation's prosperity (Eurich & Wade, 1986[233]; Hughes, Im, Kwok, Cham, & West, 2015[234]; Pettifor, Levandowski, MacPhail, Padian, Cohen, & Rees, 2008[235]; White, 1975[236]). By improving the provision of education, public living standards can be improved, economic growth can be sustained and a balanced, disciplined society can be created. However, on the other hand, the governments of many emerging markets such as

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[233] Eurich, N. P., & Wade, B. K. (1986). Corporate classrooms: The learning business. *The Journal of Continuing Higher Education,* 34(1), 20-22.

[234] Hughes, J. N., Im, M., Kwok, O. m., Cham, H., & West, S. G. (2015). Latino Students' Transition to Middle School: Role of Bilingual Education and School Ethnic Context. *Journal of Research on Adolescence,* 25(3), 443-458.

[235] Pettifor, A. E., Levandowski, B. A., MacPhail, C., Padian, N. S., Cohen, M. S., & Rees, H. V. (2008). Keep them in school: the importance of education as a protective factor against HIV infection among young South African women. *International Journal of Epidemiology,* 37(6), 1266-1273.

[236] White, T. H. (1975). The relative importance of education and income as predictors in outdoor recreation participation. *Journal of Leisure Research,* 7(3), 191-223.

Malaysia, Pakistan and Turkey are unable to provide essential social services such as school education to its masses.

More-specifically, in some emerging markets, the public schooling sector is insufficient to provide adequate educational services. Thus, the private sector gets a chance to involve itself in the education sector along with the often-struggling public sector schools. For instance, in Pakistan, 72% of the schools are managed by the government and 28% are owned by the private sector (Malik, 2011)[237]. In Pakistan, the non-government entities started to invest in the schooling sector during the privatization process in 1970s (Naqvi & Kemal, 1991)[238]. Thus, Pakistan has both public and private schools.

The private schools include international school systems such as the International School of Choueifat and Pak-Turk International Schools and Colleges; private elite schools such as the Beaconhouse School System and The City School. It also includes individual private schools such as Al-Ahmar High School and Rashid Primary School, as well as schools operated by national and international NGOs such as Sufi Foundation Schools, Pakistan Community Welfare Schools. There are also school systems operated by government departments, including military schools, such as the Army Public Schools and Garrison High Schools. In addition to all of these, there are franchise chains of schools such as The Educators and Allied Schools.

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[237] Malik, Z. I. (2011). *Pakistan education statistics.* Islamabad. Government of Pakistan. Ministry of professional and technical training.

[238] Naqvi, S. N. H., & Kemal, A. R. (1991). The privatization of the public industrial enterprises in Pakistan. *The Pakistan Development Review,* 30(2), 105-144.

This long list clearly indicates that commercial involvement in education in Pakistan has a long and busy history, with many enterprises joining the school sector of Pakistan.

A clear attraction of the education sector is that it can achieve significant commercial and social benefits at the same time. Government has also been willing to allow entrepreneurs to operate in the education sector because government itself is unable to provide quality education services for every child in public schools. Successive governments have therefore found it necessary to look for a development partner willing to invest in improving the school education. Thus, government encourages enterprises to explore and promote educational services that meet the needs of local communities. At the same time, the government monitors and ensures the provision of high quality education through holding private schools accountable for their results. All of which continues to make the entry and operation of the private sector a welcome and effective partner which successive Pakistani governments have been happy to embrace in order to meet the growing educational needs of their society.

In 2002, an elite private school in Pakistan adopted the franchising concept to cope with various challenges. These included the need to expand educational services to rural and deprived areas of Pakistan, improve facilities[239] in primary, secondary and higher secondary schools, achieve standardization in delivering education, improving curricula, increase the number of children enrolled in rural areas and offer quality pre-school educational services.

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[239] Appropriate school building, experienced teaching staff, well-defined curriculum, appropriate furniture and healthy learning environment, etc.

These newly emerged franchising schools have made a dynamic and impressive contribution to improving school level education services in Pakistan. To date, the franchising method they have adopted has been flourishing in the country's social schooling sector.

The objectives of the empirical research which follows are to highlight the impact of franchising in the schooling sector in Pakistan. This study also focuses on exploring whether franchising in the education sector is a form of social franchising. I focus on a comparison between social franchising and other social organizational forms such as NGOs, NPOs, co-operatives, social economy and social entrepreneurship, to help develop an understanding of how social franchising is distinctive.

In addition, one of the objectives of this study is to broaden the scientific literature on franchising in emerging markets. This study is the first of its kind to recognize full-time school studies offered by franchising chains in emerging market such as Pakistan. This study will also provide a guideline for other markets where the public schooling sector is unable to perform efficiently. Moreover, this research can also provide guidelines for policy makers, supra-national organizations and governments interested in improving the provisions of the school education.

I focus on using theoretical framework (organizational ecology theory, social capital theory and social network theory) which has rarely been explored by franchising scholars. These theories will allow me to understand and explain the interaction between chain members (franchisor and franchisees), to analyze social alliances within chains and to explain how to develop a mutual trust and sense of reciprocity.

I have chosen the Pakistani market for my investigation and my rationale for doing so is multi-fold. First, franchise schools in Pakistan have been successful in delivering high quality educational services to young people through offering them full-time school studies[240]. Second, most of education franchising chains in Pakistan have set a milestone for the improvement of the society through providing access to quality education even in the remote and deprived areas where literacy rates are very low and public schools are almost non-existent. Third, the success of education franchising in Pakistan has allowed franchisors to expand their networks to other countries including Bangladesh, Malaysia, Thailand, Saudi Arabia, the UAE and the UK. However, no previous study has highlighted the reasons for and factors behind this development.

1.4 Research gap

The existing social franchising literature mainly focuses on areas of the health sector such as reproductive health services, pre and post-delivery services to mothers and early child care services. However, very few studies investigate the presence of social franchising in other social sectors such as the education sector and more specifically in schooling sector. Consequently, there are very few studies that deal with franchising in the education sector (Casson, 2011[241]; Davies & Aurini, 2006)[242] but these studies demonstrate the role of franchising in part-time studies such as tuition services. Education franchising for full-time school services is a relatively new phenomenon. Some of the previous studies focus on its practice through an examination of

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[240] These franchise schools are alternative of public schools. They offer full day study for school children which are about six to eight hours of education services.

[241] Casson, M. (2011). Franchising the american elementary and secondary educational system. *Forum for Social Economics,* 34(1-2), 61-70.

[242] Davies, S., & Aurini, J. (2006). The franchising of private tutoring: a view from Canada. *Phi Delta Kappan*, 88(2), 123-128.

micro concepts in educational franchise, mainly explored in developed markets, including Canada and the US.

For instance, Kolderie (1999)[243] proposed that the US revitalize its state (public) school education sector by allowing franchise chains to operate there in order to provide a wide choice and alternative to the existing public schooling. Further, Casson (2011)[244] examined the US market and explored how franchising in secondary and elementary schools had come to be regarded as a positive competitive force for improving the public education system. Davies & Aurini (2006)[245] identified the franchise chains which provided private tutoring in Canada and declared these private tutoring chains to be a successful phenomenon. Riep (2014)[246] explored the performance of franchise schools in Ghana and suggested government should allow their expansion as a way to assist in the standardization of educational services.

However, there is no previous study that highlights the use of franchising in the schooling sector for full-time study in emerging markets, particularly in Pakistan. Where the domestic franchising sector in Pakistan has made massive success in the schooling sector this has come

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[243] Kolderie, T. (1990). *Beyond Choice to New Public Schools: Withdrawing the Exclusive Franchise in Public Education.* Washington. ERIC.

[244] Casson, M. (2011). Franchising the american elementary and secondary educational system. *Forum for Social Economics,* 34(1-2), 61-70.

[245] Davies, S., & Aurini, J. (2006). The franchising of private tutoring: a view from Canada. *Phi Delta Kappan*, 88(2), 123-128.

[246] Riep, C. (2014). Omega Schools Franchise in Ghana:"affordable" private education for the poor or for profiteering? Education, Privatisation and Social Justice: Case studies from Africa, South Asia and South east Asia. Oxford: Symposium Books.

about because they have adopted efficient education techniques[247]. These have enabled them to efficiently utilize teaching staff and provide standardized education in urban and deprived areas. These strategies have also allowed them to achieve significant social goals for Pakistani society.

I have found a prominent research gap in existing scientific literature as no prominent study highlights the operation of franchising in full-time education services. As education franchising chains in Pakistan have long been providing full time school services from pre-school to higher secondary level, it will be interesting to study the factors which favoured the immense success of the franchising concept in the social educational sector of an emerging market (Pakistan). Because franchising in full-time school services is a unique phenomenon, it would be further valuable to explore its social impacts on Pakistani society. The results of this study will add a novel contribution to existing scientific literature about social franchising. Therefore, I will focus this investigation on the specific market of Pakistan to highlight the role of franchise chains in the education sector.

This study will focus on increasing our understanding of the reasons for the emergence of these franchise chains and their social impact on the society. It will render the views of franchisors, franchisees and employees regarding the main characteristics of working through a franchise chain in the education sector. It will explore the experience of parents and students regarding franchising in the education sector, analyze how franchising in the education sector

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[247] Curriculum according to international standards, intensive teacher training session, special focus on student personal grooming, provision of digital classroom for advanced and healthy learning environment, lesson plans for teachers, strengthen parent-teacher relationship.

corresponds to social franchising and identify the challenges and the growth potential of social franchising in the education sector in Pakistan.

1.5 Research questions

The purpose of this study is to explore the circumstances behind the emergence and success of the franchising model in the social sector (education sector) of an emerging market, namely Pakistan. I intend to investigate the question of why and how these franchise chains have emerged; the characteristics of these franchise chains, their commercial and social aspects; the issues, challenges, strengths of these chains and what the future holds for them. My investigative questions for this research are as following.

RQ1   Why franchise schools emerge in Pakistan? Are public schools in Pakistan underperforming or insufficient? If so, then what are the major factors hindering improvements in public schools?

RQ2   What are the main characteristics of franchise chains in the education sector compared to franchise chains in commercial sectors?

RQ3   Who are the franchisors and the franchisees in school chains? And why people are willing to pay fees in franchise schools instead of other private schools. Can the masses afford the fees of franchise schools?

RQ4   Does franchising in the education sector provide a self-sustenance mechanism? How independent are these franchise chains from external funding and government subsidies?

RQ5   Are these franchise chains successful in achieving a balance between commercial and social ambitions? How do these chains react towards social pains of the society and do these chains have significant social impacts on the masses? If so, what are these social impacts? And can franchising in the education sector really be described as social franchising?

RQ6   What are the main issues, challenges, strengths and future of education franchise chains in Pakistan?

These are the valuable questions that must be addressed and investigated if we are to understand the process of franchising in education sector of Pakistan. The answers to these questions will provide guidelines for entrepreneurs, social organizations, governments and supra-national organizations who are interested in investing in social sectors through franchising.

This study will also elaborate on how to ensure the provision of school education to the deprived segments of society when public means are insufficient. In addition, this investigation will set protocols for organizations and individuals who are interested in developing successful independent social businesses which provide high quality school education in other emerging markets.

1.6 Organization of the dissertation

This dissertation is further divided into six main chapters. Chapter two is mainly divided into four main sections. The first section presents a review of the literature on social franchising and presents detailed comparisons of social franchising with NGOs, NPOs, co-operatives, social economy and social entrepreneurship. The second section describes the theoretical framework of the study. The third section presents a review of the literature relating to social franchising in emerging markets. Section four presents a review of social franchising literature in the education sector in emerging markets. Finally the conclusion of literature review is presented.

Chapter three describes the research methodology. The first part of the chapter provides an overview of the Pakistani market, followed by an overview of commercial and social franchising in Pakistan and of franchising in the education sector in Pakistan. The second part of the chapter describes the selection of methodological choice, data collection, data analysis, profiles of interviewees and profiles of franchise chains under investigation are discussed.

Chapter four presents research findings of the study.

The last chapter, chapter five presents discussion on the findings and presents contributions to literature and practice, limitations of the study and directions for the future research. Figure 1.1 appended below presents a summary of the flow of the thesis.

Figure 1.1 Organization of the Dissertation

Chapter 1: Introduction

- **Background of the study**

- **Conceptual framework of the study**

- **Focus of the study**

- **Research gap**

- **Research questions**

- **Research implications**

Chapter 2: Literature Review

- **Social franchising**

- **Theoretical framework of the study**

- **Social franchising in emerging markets**

- **Social franchising in emerging markets in the education sector**
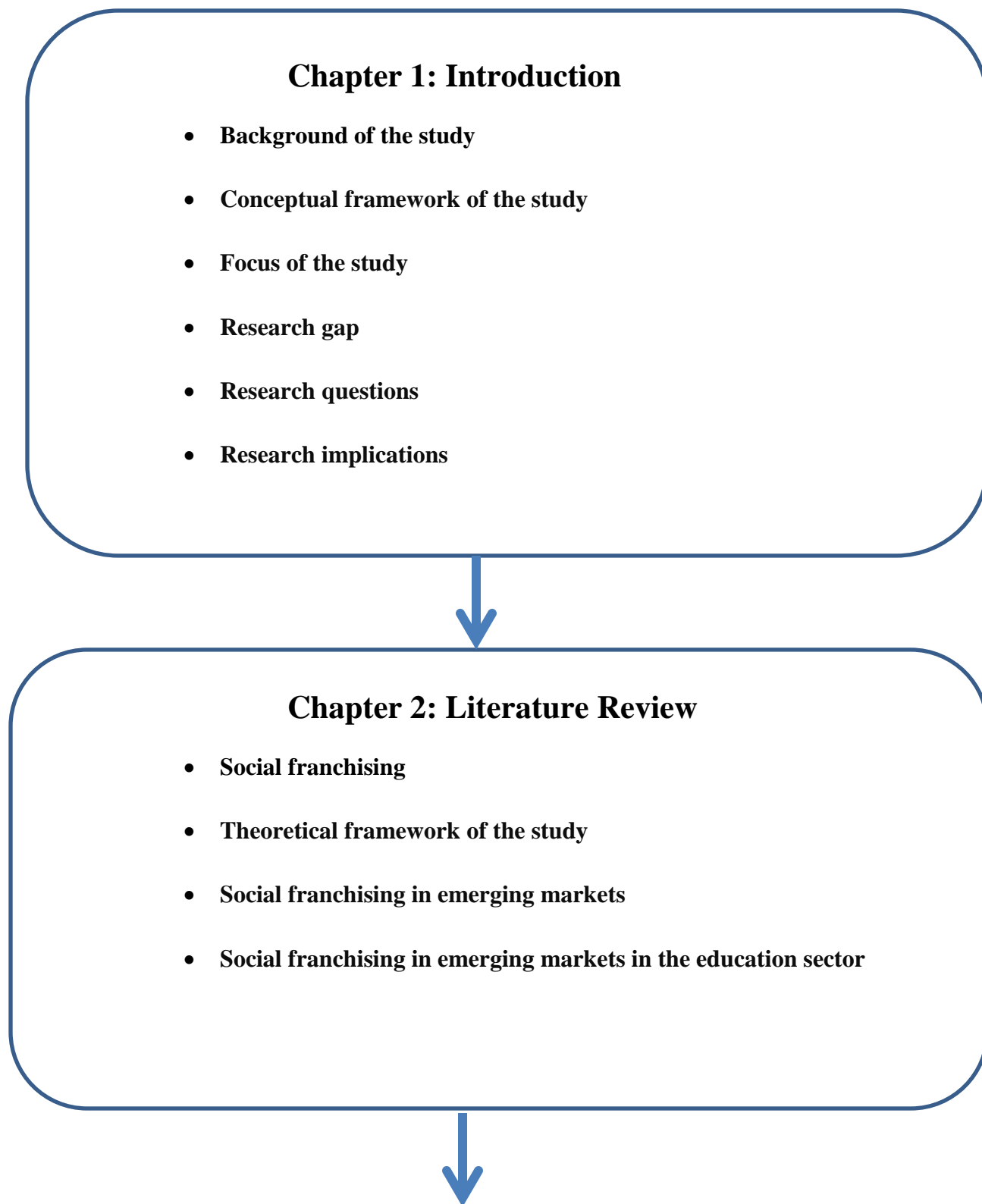
Chapter 3: Research Methodology

- **Overview of Pakistani Market**

- **Multi-level approach: qualitative analysis**

- **Data Collection**

- **Profiles of franchise chains and respondents**

- **Travel plan**

- **The data analysis**

- **Validity and Reliability**

Chapter 4: Research Findings

Chapter 5: Discussion

- **Discussion**

- **Theoretical implications of the findings**

- **Contributions of the study**

- **Limitations of the study**

- **Directions for the future research**

- **Conclusion**

CHAPTER 2

LITERATURE REVIEW

This chapter is divided into four main sections. The first section presents the review of literature on social franchising and presents detailed comparisons of social franchising with NGOs, NPOs, co-operatives, social economy and social entrepreneurship. The second section describes the theoretical framework of the study. The third section presents a review of the literature on social franchising in emerging markets. Section four presents a review of social franchising literature in the education sector in emerging markets. This then, finally, leads to the conclusion of the literature review.

2.1 Social franchising and its comparison with other social organization

Economic and political forces have encouraged non-profits to generate their income through trading (Gronbjerg, 1998[248]; Porter & Kramer, 1999[249]; Yunus, 2006[250]). Thus, a large number of social enterprises have started adopting the techniques of franchising to achieve economies of

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[248] Gronbjerg, K. A. (1998). *Markets, politics, and charity: Nonprofits in the political economy Private Action and the Public Good.* Yale University Press: France. (pp. 137-150).

[249] Porter, M. E., & Kramer, M. R. (1999). *Philanthropy's new agenda: creating value.* Harvard Business Review. 121-130.

[250] Yunus, M. (2006). Social business entrepreneurs are the solution. Paper presented at *the Skoll World Forum on Social Entrepreneurs*. Said School of Business, University of Oxford, UK.

scale (Tracey & Jarvis, 2007)[251]. Social franchising is one of these offshoots and a relatively new concept in the academic literature (Ahlert, Duong-Dinh, Fleisch, Heußler, Kilee & Meuter, 2008[252]; Piggot, 2004b[253]; Sivakumar & Schoormans, 2011a[254]; Tracey & Jarvis, 2007[255]; Zafeiropoulou & Koufopoulos, 2013) [256] and is explained in several ways by different authors (Hackl, 2009[257]; Montagu, 2002[258]; Spencer, 2015[259]). Therefore, the literature on social franchising is scant (Ahlert & Fleischer, 2008[260]; Aliouche & Fernandez, 2015[261]; Beckmann & Zeyen, 2013[262]; McBride, Longfield, Sievers, & Monatgu, 2017[263]; Koehlmoos, Gazi, Hossain,

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[251] Tracey, P., & Jarvis, O. (2007). Toward a theory of social venture franchising. *Entrepreneurship Theory and Practice,* 31(5), 667-685.

[252] Ahlert, D., Ahlert, M., Duong Dinh, H. V., Fleisch, H., Heußler, T., Kilee, L., Meuter, J. (2008). *Social franchising: A way of systematic replication to increase social impact.* Berlin. Germany. Internationales Centrum für Franchising und Co-operation.

[253] Piggot, C. (2004b). Up, up and away. The possibilities of social franchising. *Social Enterprise,* 3(1), 8-10.

[254] Sivakumar, A., & Schoormans, J. P. L. (2011a). Franchisee selections for social franchising success. *Journal of Nonprofit & Public Sector Marketing,* 23(3), 213-225.

[255] Tracey, P., & Jarvis, O. (2007). Toward a theory of social venture franchising. *Entrepreneurship theory and practice,* 31(5), 667-685.

[256] Zafeiropoulou, F. A., & Koufopoulos, D. N. (2013). The influence of relational embeddedness on the formation and performance of social franchising. *Journal of Marketing Channels,* 20(1-2), 73-98.

[257] Hackl, V. (2009). *Social Franchising: Social Entrepreneurship.* Bamberg, Germany. The University of St. Gallen.

[258] Montagu, D. (2002). Franchising of health services in low-income countries. *Health Policy and Planning,* 17(2), 121-130.

[259] Spencer, C. E. (2015). Deriving meaning for social franchising from commercial franchising and social enterprise. *Journal of Marketing Channels,* 22(3), 163-174.

[260] Ahlert, D., & Fleischer, H. (2008). *Social franchising: A way of systematic replication to increase social impact; practical guidelines, case studies, checklists.* Berlin. Germany. Bundesverband Deutscher Stiftungen.

[261] Aliouche, H., & Fernandez, D. (2015). Social franchising: A Panacea for Emerging Countries - The Case of Algeria. *7th Internatinal Conference on Economics and Management of Networks (EMNet)*, Capetown, South Africa. December 3-5.

[262] Beckmann, M., & Zeyen, A. (2013). Franchising as a strategy for combining small and large group advantages (Logics) in social entrepreneurship: A hayekian perspective, *Nonprofit and Voluntary Sector Quarterly,* 43(3), 502-522.

& Rashid, 2011[264]; McKague, Wong, & Siddiquee, 2017[265]; Sivakumar & Schoormans, 2011b[266]; Sivakumar & Schoormans, 2011a[267]; Sutherland & Krige, 2017[268]; Tracey & Jarvis, 2007[269]; Volery & Hackl, 2009[270]) and as such there is no single agreed definition of social franchising (Koehlmoos, Gazi, Hossain, & Zaman, 2009)[271]. It can be viewed as "a process by which the developer of a successfully tested social concept, the franchisor, in order to scale up the coverage of target groups and the quality of products (services), enables others, the franchisees (sic), to replicate the model, using the tested system, using the brand name, in return for social results, system development, information on the impact" (Ahlert & Fleischer, 2008, p.

[263] McBride, J., Longfield, K., Sievers, D., & Monatgu, D. (2017). *Social franchising: strengthening health systems through private sector approaches.* Oxford Medicine Online. pp. 217-230.

[264] Koehlmoos, T., Gazi, R., Hossain, S., & Rashid, M. (2011). *Social franchising evaluations: a scoping review.* London. EPPI. URL: https://eppi.ioe.ac.uk/cms/Portals/0/PDF%20reviews%20and%20summaries/Social%20Franchising%202011Koehlmoos%20report.pdf?ver=2011-06-06-160355-757

[265] McKague, K., Wong, J., & Siddiquee, N. (2017). Social franchising as rural entrepreneurial ecosystem development: The case of Krishi Utsho in Bangladesh. *The International Journal of Entrepreneurship and Innovation,* 18(1), 47-56.

[266] Sivakumar, A., & Schoormans, J. P. (2011b). Sustainable rural healthcare and social franchisee selection–an India study. *Journal of Medical Marketing: Device, Diagnostic and Pharmaceutical Marketing,* 11(3), 230-236.

[267] Sivakumar, A., & Schoormans, J. P. L. (2011a). Franchisee selections for social franchising success. *Journal of Nonprofit & Public Sector Marketing,* 23(3), 213-225.

[268] Sutherland, M., & Krige, K. (2017). Unjani "clinics in a container": social franchising in South Africa. *Emerald Emerging Markets Case Studies,* 7(1), 1-23.

[269] Tracey, P., & Jarvis, O. (2007). Toward a theory of social venture franchising. *Entrepreneurship Theory and Practice,* 31(5), 667-685.

[270] Volery, T., & Hackl, V. (2009). *The promise of social franchising as a model to achieve social goals.* HandBook of Social Entrepreneurship.155-179.

[271] Koehlmoos, T. P., Gazi, R., Hossain, S. S., & Zaman, K. (2009). *The effect of social franchising on access to and quality of health services in low-and middle-income countries.* New York. PubMed. NCBI.

35)[272].

Moreover, some writers have defined social franchising as "the application of commercial franchising methods and concepts to achieve socially beneficial ends. Or, to put it slightly differently: social franchising is the use of a commercial franchising approach to replicate and share proven organizational models for greater social impact (Temple, 2011, p. 3)[273]. Despite these multiple definitions, there is no consensus on the precise meaning of social franchising among scholars as it is a relatively new area of research and it is essential to drive its explicit parameters in order to agree on one definition at this stage.

Recently, Spencer (2015)[274] conducted a detailed analysis to clarify the meanings of social franchising by bringing together social franchising, commercial franchising and social enterprises. The author synthesized the multiple definitions of social franchising into one article and then discussed the intersection of various disciplines, including law and social science, to interpret various meanings of social franchising. Spencer concluded that social franchising can be said to have two fundamental elements. First, it employs techniques of commercial franchising and, second, it achieves a social purpose. He characterizes social franchising as "the grant of a right, usually in the form of a license, including the system or marketing plan and trademark, that may involve payment of a fee. There is assistance provided by the franchisor and, for one or both franchisor and/or franchisee, social purpose prevails over the aim of delivering

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[272] Ahlert, D., & Fleischer, H. (2008). *Social franchising: A way of systematic replication to increase social impact; practical guidelines, case studies, checklists.* Berlin. Germany. Bundesverband Deutscher Stiftungen.

[273]Temple, N (2011). The social franchising manual. *Social Enterprise Collation.* United Kingdom. Retrieved July 10, 2016, from http://www.socialenterprise.org.uk/uploads/files/2011/11/social_franchising_manual.pdf.

[274] Spencer, C. E. (2015). Deriving meaning for social franchising from commercial franchising and social enterprise. *Journal of Marketing Channels,* 22(3), 163-174.

profit to shareholders. Organizational culture, structure, management, processes, and resources are likely to be less centralized than those of strictly commercial enterprise. Imperatives to collaborate prevail over market competition and there is greater complexity in the involvement and interests of stakeholders/customers" (Spencer, 2015, p. 172)[275].

Ritchie, Shine & Hawkins (2011)[276] aimed to provide clarity about what social franchising is and what are the implications of a social franchising business model compared to commercial franchising. The authors conclude that social franchising concepts should have both commercial and social objectives and a social objective should strive to improve difficult situations in the society. Furthermore, they highlight that the need and opportunity for social franchising models is high today and there is also a need to employ the characteristics, experiences and expertise of commercial franchising to social franchising concepts for future growth.

However, the literature on defining social franchising needs to further explore this growing phenomenon for establishing a common definition; produce case studies to learn more lessons from practice; identify potential sources of friction between commercial and social franchising that need resolution and pilot a common methodology for developing social franchise concepts so as to help spread awareness of social franchising to institutional investors.

Several authors have begun to respond to the call from practitioners and scholars for

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[275] Spencer, C. E. (2015). Deriving meaning for social franchising from commercial franchising and social enterprise. *Journal of Marketing Channels,* 22(3), 163-174.

[276] Ritchie, S. M., Shine, P., & Hawkins, A. (2011). Social franchising: Scaling up for success. London. The Shaftesbury Partnership.

further research into social franchising concepts (Cumberland & Litalien, 2016[277]; Mavra, 2011[278]; Nijmeijer, Fabbricotti & Huijsman, 2015[279]; Volery & Hackl, 2009[280]). However, the social franchising literature is still limited and consists of only a few papers explored in some developed, emerging and developing markets. Hence, firstly I will present a brief overview of these papers and then compare social franchising with other social organizational forms such as NGOs, NPOs, co-operatives, social economy and social entrepreneurship in order to uncover the distinct features of social franchising.

Tracey and Jarvis (2007)[281] were most likely the first to apply resource scarcity theory and agency theory to explain the motivations of social entrepreneurs to adopt social franchising. The authors studied the case of Aspire – a UK-based social franchising concept dedicated to improving the wellbeing of homeless people. They found that access to resources, such as financial, managerial and local knowledge, is a key motivation for the use of social franchising. The franchisors and the franchisees should both be organizations or even profit-making enterprises rather than individuals. They further asserted that the franchisor should develop a "socially oriented" business model which can propose real economies of scale and franchisees

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[277] Cumberland, D. M., & Litalien, B. C. (2016). *Social franchising: A systematic review.* Paper presented at the *International Society of Franchising(ISoF)*, Groningen, Nethersland , June 9-11.

[278] Mavra, L. (2011). *Growing social enterprise: research into social replication.* London. Social Enterprise Coalition.

[279] Nijmeijer, K. J., Fabbricotti, I. N., & Huijsman, R. (2015). Creating Advantages with Franchising in Healthcare: An Explorative Mixed Methods Study on the Role of the Relationship between the Franchisor and Units. *PloS one,* 10(2), 1-21.

[280] Volery, T., & Hackl, V. (2009). *The promise of social franchising as a model to achieve social goals.* HandBook of Social Entrepreneurship.155-179.

[281] Tracey, P., & Jarvis, O. (2007). Toward a theory of social venture franchising. *Entrepreneurship Theory and Practice,* 31(5), 667-685.

should be able to simultaneously focus on both social and commercial objectives while considering their local needs. The franchisor and the franchisees could share ideas through a common social franchising brand and the system should be able to make profits in order to develop the business. Tracey and Jarvis found that franchisee selection is a real challenge for social franchisors.

Zafeiropoulou and Koufopoulos (2013)[282] used social network theory to understand the success of social franchising. They emphasized that training in social franchising is often an issue and that negotiating bank loans can be challenging due to legislative issues.

Higgins, Smith & Walker (2008)[283] provided a report on case studies from the UK and USA on social enterprises to draw out lessons about social franchising and its replication in social enterprise. The authors also provided recommendations about how this growth might be supported. Further, they asserted that social franchising can become more successful in the UK and USA by advancing awareness and broadening understanding of the use and advantages of the social franchising business model.

Likewise, Fabbrricotti & Huijsman (2015)[284] used a case study of three Dutch social franchise systems with surveys and interviews to understand how franchisors recruit social franchisees and the impact of the franchisor-franchisee relationship in social franchise. The

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[282] Zafeiropoulou, F. A., & Koufopoulos, D. N. (2013). The Influence of Relational Embeddedness on the Formation and Performance of Social Franchising. *Journal of Marketing Channels,* 20(1/2), 73-98.

[283] Higgins, G., Smith, K., & Walker, R. (2008). *Social Enterprise Business Models: an introduction to replication and franchising.* Scotland. CEiS.

[284] Nijmeijer, K. J., Fabbricotti, I. N., & Huijsman, R. (2015). Creating Advantages with Franchising in Healthcare: An Explorative Mixed Methods Study on the Role of the Relationship between the Franchisor and Units. *PloS one,* 10(2), 1-21.

authors found that having trusting and co-operative relationships plays an important role between the parties. It ensures satisfaction to the key players and allows franchisees to maintain their focus on achieving social targets instead of adopting opportunistic behavior.

Moreover, in a recent study, Montagu & Goodman (2016)[285] assert that the private for-profit sector has failed to deliver social benefits to the society. Therefore, enterprises and individuals need to turn towards more efficient business models (such as social franchising) which could allow them to become a part of the larger community. They further concluded that social franchising is emerging as an innovative and efficient business model positively reacting towards the social pains of society.

Amies (2000)[286] further provided insights into the social franchising concept, focusing on the developing world. The author explained how social franchising could be helpful for nonprofit organizations to achieve social goals. He also looked at different models of social franchising in practice and compared them to commercial franchising.

Sivakumar and Schoormans (2011a)[287] discussed the importance of franchisee selection for social franchising success. They concluded that the success of social franchising is highly dependent on selecting appropriate franchisees. Further, they explained that the criteria of franchisee selection are the same for both social and commercial franchising models. Nijmeijer,

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[285] Montagu, D., & Goodman, C. (2016). Prohibit, constrain, encourage, or purchase: how should we engage with the private health-care sector? *The Lancet,* 388(10044), 613-621.

[286] Amies, M. (2000). Not-For-Profit Franchising? *Franchising World,* 32(6), 38-40.

[287] Sivakumar, A., & Schoormans, J. P. L. (2011a). Franchisee selections for social franchising success. *Journal of Nonprofit & Public Sector Marketing,* 23(3), 213-225.

Mavra (2011)[288] interviewed 22 social networks in the UK to investigate the reasons why social enterprises are interested in choosing the social franchising model instead of social licensing and partnership agreements. The author asserted that social franchising allows them to replicate established practices and a successful operating system. It also enables them to hire trusted local people to deliver social services.

Lambie (2013)[289] studied a social franchise network of 148 food banks (Trussell Trust Foodbank Network) across the UK. It was found that these food banks choose social franchising in order to achieve rapid expansion, maintain quality control and ensure a community-owned approach.

Beckmann and Zeyen (2014)[290] used a Hayekian perspective to explain why social franchising is a suitable scaling up strategy for small scale entrepreneurs. They argued that when small scale social entrepreneurs start growing as large companies they often face difficulties. In this situation, the social franchising model offers them a suitable strategy to replicate the small group instead of system-wide scaling. It reduces agency cost through the mechanism of self-selection and self-monitoring, and also helps entrepreneurs to decentralize accessible social capital. As explained earlier, the literature on social franchising is still in its infancy and very few articles explain social franchising or highlight its use in developed and emerging markets.

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[288] Mavra, L. (2011). *Growing social enterprise: research into social replication.* London. Social Enterprise Coalition.

[289] Lambie Mumford, H. (2013). 'Every town should have one': emergency food banking in the UK. *Journal of Social Policy,* 42(1), 73-89.

[290] Beckmann, M., & Zeyen, A. (2014). Franchising as a Strategy for Combining Small and Large Group Advantages (Logics) in Social Entrepreneurship A Hayekian Perspective. *Nonprofit and Voluntary Sector Quarterly,* 43(3), 502-522.

Before exploring social franchising literature in emerging markets, I will briefly compare social franchising with other social organizations such as NGOs, NPOs, co-operatives, social economy and social entrepreneurship in order to highlight how social franchising differs from existing social organizations and why we need to innovate a new organizational form of social franchising even though there are so many social organizations in the market.

In the following sub sections, social franchising is compared with some other social organizations that strive to achieve social goals for the society. The purpose of this comparison is to understand how the social franchising mechanism stands-out from existing social organizations. Some of these popular social organizations include NGOs, NPOs, co-operatives, social economy and social entrepreneurship.

2.1.1 Social franchising, NGOs and NPOs

NGOs and NPOs are the social organizations which depend mainly upon philanthropy, government subsidies and public charity for their existence. In other words, they do not have a self-sufficient revenue generation strategy. This strategic dependency has presented such social organizations with significant challenges (Boschee & McClurg, 2003[291]; Emerson, 1999[292]). The level of accountability within these organizations remains highly questionable (Kearns, 1996)[293]. In addition, these organizations do not experience higher growth. Indeed, growth opportunities

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[291] Boschee, J., & McClurg, J. (2003). *Toward a better understanding of social entrepreneurship: Some important distinctions.* Caledonia. United Kindom. URL: https://www.law.berkeley.edu/php-programs/courses/fileDL.php?fID=7289.

[292] Emerson, J. (Ed.). (1999). *Five challenges in social purpose enterprise development.* San Francisco. The Roberts Enterprise Development Fund.

[293] Kearns, K. P. (1996). *Managing for accountability: Preserving the public trust in public and nonprofit organizations.* San Francisco. Jossey-Bass Publishers.

are very limited for them and their long-term survival is one of their greatest challenges. Furthermore, monitoring their operational activities and remittances for CEOs and directors leads to excess endowments which can create greater agency problems (Core, Guay, & Verdi, 2006)[294]. Governability is often open to challenge because of the extent to which donors can retain control and this can further restrict the ability to spend effectively and avail of useful local knowledge. Therefore, the ability of these organizations to bring adequate social improvement to a deprived society often cannot be relied upon in the future (Townsend, Porter, & Mawdsley, 2002)[295].

However, if we compare social franchising with NGOs and NPOs, we can see that the social franchising phenomenon is completely independent of philanthropy, government subsidies and public charities. Rather, it generates its own income through selling a profit-based social product or service. Further, it does not have to bear the accountability burdens which any government bureau is likely to face. This freedom erases the monitoring costs faced by government. Moreover, income generation through commercial techniques in social franchising does not allow for unwelcome influence on the part of politicians or donors with regard to decisions over spending, growth and who to hire. Hence, social franchising allows social franchisors to freely design their growth and franchisee selection strategies as well as to enjoy

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[294] Core, J. E., Guay, W. R., & Verdi, R. S. (2006). Agency problems of excess endowment holdings in not-for-profit firms. *Journal of Accounting and Economics,* 41(3), 307-333.

[295] Townsend, J. G., Porter, G., & Mawdsley, E. (2002). The role of the transnational community of non government organizations: Governance or poverty reduction? *Journal of International Development,* 14(6), 829-839.

low search cost theory (Minkler, 1992)[296] mainly because there is no third party interference.

2.1.2 Social franchising and co-operatives

Co-operatives, as an organizational form, generally do not suffer from long-run survival risk. However, co-operatives are owned and controlled by their members. This democratic management system is very time-consuming. This can make the organization strategically inefficient because sometimes it fails to response quickly to rapid market change, particularly where competition is intense. Therefore, the performance measurement of co-operatives is an incomprehensible system (Peterson, 1992)[297]. Furthermore, inessential interference by political parties can restrict the functioning of co-operatives, particularly in developing and emerging markets (Talwar, 2011)[298]

Another problem for co-operatives is that disagreements between members can create managerial limitations. Limited resources and limited credit facilities are among other major barriers to the growth which they would require in order to effectively respond to the social pain often felt by large segments of society.

The main difference between social franchising and co-operatives is that the latter usually operates through a centralized decision-making system. In social franchising, franchisors make the network managing decisions on their own and this enables both them and franchisees to react

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[296] Minkler, A. P. (1992). Why firms franchise: A search cost theory. *Journal of Institutional and Theoretical Economics,* 148(2), 240-259.

[297] Peterson, C. H. (1992). The economic role and limitations of cooperatives: An investment cash flow derivation. *Journal of Agricultural Cooperation,* 7(1), 61-78.

[298] Talwar, S. (2011). Jewel to Rust: Sleazy Co-operative Sector. *SCMS Journal of Indian Management,* 8(3), 29-46.

swiftly and boldly to changing markets. This more highly centralized system also helps to prevents disagreement between members of the network (franchisees).

2.1.3 Social franchising and social economy

Social economy has been a growing trend over recent years, particularly in the developed markets like Canada, Hong Kong, the United States and Western Europe. However, out of all these countries only Spain was the first to pass a legal resolution for social economy in 2011 (Carlos, 2011)[299].

The imprecise historical dynamics of social economy and the constantly changing social economy practices which it produces makes it very difficult to compile a single worldwide definition of precisely what it is. Therefore, different countries define social economy differently. In France, which is also known as the founder of social economy as "économie sociale", it is defined as "the set of entities not belonging to the public sector that with democratic practices and management and equal rights and obligations of members, exercise a special system of ownership and distribution of profits, using the year's surplus for the entity's growth and for the improvement of the services provided to the community" (Carlos, 2011 p.1)[300].

Indeed, the concept of social economy is understood as a family of hybrids between state, civil society and market. Therefore, understanding the organizational structure of social economy

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[299] Carlos, J. (2011). *Confederación Empresarial Española de Economía Social.* Madrid: Spanish Parliament Document.

[300] Carlos, J. (2011). *Confederación Empresarial Española de Economía Social.* Madrid: Spanish Parliament Document.

is a complex challenge (Li & Wong, 2007[301]; Moulaert & Ailenei, 2005[302]; Sayer & Walker, 1992[303]). It co-exists with public and private sector for mobilizing economic resources and achieving social development goals (Moulaert & Ailenei, 2005)[304].

The organizational structure of social economy is mainly structured around associations, co-operatives, foundations, mutual societies, not-for-profit organizations and voluntaries (Carlos, 2011)[305]. The sustainability of social economy is largely dependent on states' commitment to it as an economic model and these commitments are prone to fluctuation (Haugh & Kitson, 2007)[306], which is a clear sign of uncertainty on the part of lawmakers over its desirability and efficacy. Moreover, the global financial crises over the last decade have increased competition for funds and it this makes it more difficult for non-profit drivers of social economy to finance their growth.

Paradoxically, these social economy drivers have also served at times to accelerate the social innovation capability for societal improvement during the time of crises because governments growing support and interest in the possibility of social improvement without

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[301] Li, S., & Wong, T. (2007). *Social Enterprise Policies of the United Kingdom, Spain and Hong Kong.* Hong Kong. Research and library services division of legislative council secretariat.

[302] Moulaert, F., & Ailenei, O. (2005). Social economy, third sector and solidarity relations: A conceptual synthesis from history to present. *Urban Studies, 42*(11), 2037-2053.

[303] Sayer, A., & Walker, R. (1992). *The new social economy: Reworking the division of labor.* Cambridge. Blackwell Publishers.

[304] Moulaert, F., & Ailenei, O. (2005). Social economy, third sector and solidarity relations: A conceptual synthesis from history to present. *Urban Studies, 42*(11), 2037-2053.

[305] Carlos, J. (2011). *Confederación Empresarial Española de Economía Social.* Madrid: Spanish Parliament Document.

[306] Haugh, H., & Kitson, M. (2007). The Third Way and the third sector: New Labour's economic policy and the social economy. *Cambridge Journal of Economics, 31*(6), 973-994.

exchequer funding. The significance of social economy sector will probably gradually decrease when the current global financial crisis ends.

The organizational structure of social the economy is primarily based on organizations which are not capable of standing alone without government support. It is therefore likely that as an organizational model it will face several challenges and operational limitations. It lacks the capacity for good governance and medium and long-term sustainability of social economy is in doubt.

However, social franchisors have no financial and managerial commitments with or from the state. This allows them freedom to better negotiate credit facilities with financial institutions, instead of depending on a state's commitment. Thus, social franchising has emerged as a self-sufficient social organizational form with high growth capabilities and better financial sustainability. Social franchising is also effective in reducing the fiscal deficits of governments (Zafeiropoulou, 2013)[307].

2.1.4 Social franchising and social entrepreneurship

The culmination of advancements in entrepreneurship on economic and social levels results in their developing transformative, specific and more sophisticated mechanisms to cope with the challenges which they face (Fayolle & Matlay, 2010)[308]. These challenges include micro entrepreneurship, rural entrepreneurship and social entrepreneurship. These new mechanisms of

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[307] Zafeiropoulou, F. A. (2013). Social franchising formation: A systems approach that enhances formation to resolve issues created by the financial crises. Presented at the 26th *Annual, International Society of Franchising Conference. Beijing Normal University- Zhuhai.* Zhuhai, China. March 13-16, 2013.

[308] Fayolle, A., & Matlay, H. (2010). *Handbook of research on social entrepreneurship.* Cheltenham Edward Elgar Publishing Limited.

entrepreneurship are not only providing solutions to modern economic and social needs in industrially developed countries, but also responding creatively to the economic and social needs of less industrially developed countries as well as for those in transition. One of these successful entrepreneurial mechanisms is social entrepreneurship (Leff, 1979)[309].

The research on social entrepreneurship presents immense debate on multiple emerging issues such as providing definition and ethics in social entrepreneurship (Alvord, Brown, & Letts, 2004[310]; Chell, 2007[311]; Dees, 1994[312]; Dorado, 2006[313]). Some researchers explored entrepreneurship models and approached for social innovation (Donaldson & O'Toole, 2007[314]; Elliott, 2006[315]; Obstfeld, 2005[316]); scaling up the social entrepreneurship concept (Bishai, Shah, Walker, Brieger, & Peters, 2008[317]; Bradach, 1995[318]; Lyon & Fernandez, 2012[319]; Piggot,

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[309] Leff, N. H. (1979). Entrepreneurship and economic development: The problem revisited. *Journal of Economic Literature,* 17(1), 46-64.

[310] Alvord, S. H., Brown, L. D., & Letts, C. W. (2004). Social entrepreneurship and societal transformation an exploratory study. *The journal of applied behavioral science,* 40(3), 260-282.

[311] Chell, E. (2007). Social enterprise and entrepreneurship towards a convergent theory of the entrepreneurial process. *International small business journal,* 25(1), 5-26.

[312] Dees, J. G. (1994). *Social enterprise: Private initiatives for the common good.* Harvard Business School.

[313] Dorado, S. (2006). Social entrepreneurial ventures: different values so different process of creation, no? *Journal of Developmental Entrepreneurship,* 11(04), 319-343.

[314] Donaldson, B., & O'Toole, T. (2007). *Strategic market relationships: From strategy to implementation.* New York. John Wiley & Sons.

[315] Elliott, S. (2006). *Letting consumers control marketing: Priceless.* New York Times,URL: http://www.nytimes.com/2006/10/09/business/media/09adcol.html.

[316] Obstfeld, D. (2005). Social networks, the tertius iungens orientation, and involvement in innovation. *Administrative Science Quarterly,* 50(1), 100-130.

[317] Bishai, D. M., Shah, N. M., Walker, D. G., Brieger, W. R., & Peters, D. H. (2008). A social franchising to improve quality and access in private health care in developing countries. *Harvard Health Policy Review,* 9(1), 184-197.

[318] Bradach, J. L. (1995). Chains within chains: The role of multi-unit franchisees. *Journal of Marketing Channels,* 4(1-2), 65-81.

2004[320]; Sezgi & Mair, 2010[321]) and social investment (Nicholls, 2010)[322]. Other identified the

steps and the process of social entrepreneurship for entrepreneurs (Defourny & Nyssens, 2007[323];

Henry, Treanor, Griffiths, Gundry, & Kickul, 2013[324]). Many provided insights on economic

development and community sustainability (Seelos & Mair, 2005[325]; Young & Young, 2008[326]);

on poverty alleviation and sustainability (Thurman, 2016)[327]; on operational processes of social

entrepreneurship using resource-based view (Eisenhardt & Schoonhoven, 1996)[328]; on measuring

the role of socio-political factors using systems approaches, institutional theory and institutional

entrepreneurship (Greenwood & Suddaby, 2006[329]; Lenssen, Berghe, Louche, Roper, & Cheney,

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[319] Lyon, F., & Fernandez, H. (2012). Strategies for scaling up social enterprise: lessons from early years providers. *Social Enterprise Journal,* 8(1), 63-77.

[320] Piggot, C. (2004). Up, up and away. The possibilities of social franchising. *Social Enterprise,* 3(1), 8-10.

[321] Sezgi, F., & Mair, J. (2010). *To control or not control: a coordination perspective to scaling.* Scaling Social Impact (pp. 29-44): Springer.

[322] Nicholls, A. (2010). The institutionalization of social investment: The interplay of investment logics and investor rationalities. *Journal of Social Entrepreneurship,* 1(1), 70-100.

[323] Defourny, J., & Nyssens, M. (2007). *Defining social enterprise: Social Enterprise.* NewYork. Routledge.

[324] Henry, C., Treanor, L., Griffiths, M. D., Gundry, L. K., & Kickul, J. R. (2013). The socio-political, economic, and cultural determinants of social entrepreneurship activity: An empirical examination. *Journal of Small Business and Enterprise Development,* 20(2), 341-357.

[325] Seelos, C., & Mair, J. (2005). *Sustainable development: How social entrepreneurs make it happen. SSRN: Working Paper Series.* URL: https://papers.ssrn.com/sol3/Papers.cfm?abstract_id=876404.

[326] Young, C., & Young, D. (2008). *Sustainable Paths to Community Development: Helping deprived communities to help themselves.* London. School for Social Entrepreneurs.

[327] Thurman, P. W. (2016). *Entrepreneurship and sustainability: business solutions for poverty alleviation from around the world.* London. Routledge Corporation.

[328] Eisenhardt, K. M., & Schoonhoven, C. B. (1996). Resource-based view of strategic alliance formation: Strategic and social effects in entrepreneurial firms. *Organization Science,* 7(2), 136-150.

[329] Greenwood, R., & Suddaby, R. (2006). Institutional entrepreneurship in mature fields: The big five accounting firms. *Academy of Management Journal,* 49(1), 27-48.

2005[330]; Mair & Marti, 2006[331]; Terjesen, Hessels, & Li, 2016[332]); on performance and managing social entrepreneurship using organizational theory (Alvord, Brown & Letts, 2004[333]; Santos, 2012[334]). The recent areas of research on social entrepreneurship are focused on the social investment market, the formation of specific financial models and resource strategy (Steffel & Ellis, 2009)[335].

However, the scientific literature on social entrepreneurship is only two decades old (Hoogendoorn, Pennings, & Thurik, 2010[336]; Short, Moss & Lumpkin, 2009[337]). Indeed, the extraction of academic articles published in peer-reviewed journals (Short, Moss & Lumpkin, 2009)[338] presents a pragmatic overview of increasing interest of academic community in social entrepreneurship from different fields (management, marketing, political science, economics and sociology) which, in general, could be a good tool to measure the success of some key concepts.

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[330] Lenssen, G., van den Berghe, L., Louche, C., Roper, J., & Cheney, G. (2005). The meanings of social entrepreneurship today. Corporate Governance. *The International Journal of Business in Society,* 5(3), 95-104.

[331] Mair, J., & Marti, I. (2006). Social entrepreneurship research: A source of explanation, prediction, and delight. *Journal of World Business,* 41(1), 36-44.

[332] Terjesen, S., Hessels, J., & Li, D. (2016). Comparative International Entrepreneurship A Review and Research Agenda. *Journal of Management,* 42(1), 299-344.

[333] Alvord, S. H., Brown, L. D., & Letts, C. W. (2004). Social entrepreneurship and societal transformation an exploratory study. *The Journal of Applied Behavioral Science,* 40(3), 260-282.

[334] Santos, F. M. (2012). A positive theory of social entrepreneurship. *Journal of Business Ethics,* 111(3), 335-351.

[335] Steffel, R. V., & Ellis, S. R. (2009). Structural and social bonds of commitment in inter-firm relationships. *The Journal of Applied Business and Economics,* 10(1), 1-18.

[336] Hoogendoorn, B., Pennings, E., & Thurik, R. (2010). *What do we know about social entrepreneurship: An analysis of empirical research.* Roterdam. Erasmus Research Institute of Management.

[337] Short, J. C., Moss, T. W., & Lumpkin, G. (2009). Research in social entrepreneurship: Past contributions and future opportunities. *Strategic Entrepreneurship Journal,* 3(2), 161-194.

[338] Short, J. C., Moss, T. W., & Lumpkin, G. (2009). Research in social entrepreneurship: Past contributions and future opportunities. *Strategic Entrepreneurship Journal,* 3(2), 161-194.

The authors concluded that social entrepreneurship is a fruitful domain for future research. Furthermore, out of many, two successful social entrepreneurship examples are the Green Belt Movement and the Grameen Bank which were also Nobel Prize winners in 2004 and 2006 respectively. Indeed, the origin of the social entrepreneurship phenomenon in practice is believed to have been in existence long before it was identified as such (Dees, 1998[339]; Hoogendoorn, Pennings & Thurik, 2010[340]).

The so-far the known history of social entrepreneurship in the literature is depicted differently by various historians. Some describe how social entrepreneurship originated by the mid-1800s, when co-operatives in the United Kingdom started functioning as means to market goods and services to poorer people. Others describe how later, in the early 1960s non-profits in the United States created jobs for disadvantaged segments of the population with co-operation of local enterprises (Alter, 2007)[341]. Others define social entrepreneurship as having been started by the banks in 1970s for economic development which incorporated social values (Nicholls, 2006)[342]. Then again, others associate the origin of social entrepreneurship with the health sector as when the hospitals also started working on what were then referred to as mentally retarded

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[339] Dees, J. G. (1998). *The meaning of social entrepreneurship.* Kauffman Center for Entrepreneurial Leadership. Stanford University—Graduate School of Business.

[340] Hoogendoorn, B., Pennings, E., & Thurik, R. (2010). *What do we know about social entrepreneurship: An analysis of empirical research.* Roterdam. Erasmus Research Institute of Management.

[341] Alter, K. (2007). *Social enterprise typology.* Washington, US. Virtue Venures LLC.

[342] Nicholls, A. (2006). *Social Entrepreneurship: New Models of Sustainable Social Change.* New York. Oxford University Press.

people in the late-1900s (Bornstein, 2007)[343].

As with social franchising, social entrepreneurship also does not have a single agreed upon definition (Austin, Stevenson, & Wei-Skillern, 2006[344]; Mulgan, Tucker, Ali, & Sanders, 2007[345]; Tan, Williams, & Tan, 2005[346]). However, I must acknowledge the influential work of defining social entrepreneurship by Dees (1998)[347] who designated Tan, Williams and Tan's definition as an "idealized definition". Theirs is perhaps the most commonly cited definition of social entrepreneurship (Tracey & Phillips, 2007)[348]. They described five factors which define social entrepreneurship and lists them as "the organization which adopt a mission to create and sustain social value (not just private value); recognize and relentlessly pursue new opportunities to serve that mission; engage in a process of continuous innovation, adaptation, and learning; act boldly without being limited by resources currently in hand; and exhibit a heightened sense of accountability to the constituencies served and for the outcomes created" (p, 4). However, this most commonly used definition of social entrepreneurship lacks one fundamental feature, which differentiates social entrepreneurship from the non-profit sector, namely "generating earned

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[343] *Bornstein, D. (2007). How to change the world: Social entrepreneurs and the power of new ideas. New York: Oxford University Press.*

[344] Austin, J., Stevenson, H., & Wei-Skillern, J. (2006). Social and commercial entrepreneurship: same, different, or both? *Entrepreneurship Theory and Practice,* 30(1), 1-22.

[345] Mulgan, G., Ali, R., Halkett, R., & Sanders, B. (2007). *In and out of sync: The challenge of growing social innovations*. London. NESTA.

[346] Tan, W.-L., Williams, J., & Tan, T.-M. (2005). Defining the 'social' in 'social entrepreneurship': Altruism and entrepreneurship. *The International Entrepreneurship and Management Journal,* 1(3), 353-365.

[347] Dees, J. G. (1998). *The meaning of social entrepreneurship.* Kauffman Center for Entrepreneurial Leadership. Stanford University—Graduate School of Business.

[348] Tracey, P., & Jarvis, O. (2007). Toward a theory of social venture franchising. *Entrepreneurship Theory and Practice,* 31(5), 667-685.

income" (Boschee & McClurg, 2003)[349]. Whereas, earned income is that revenue which is generated through direct exchange of product or services (Boschee, 2006)[350], social entrepreneurs get government subsidies and philanthropy, just like the non-profit sector, but ultimately social entrepreneurs do not depend upon donations as their main source of income. Rather they ensure their sustainability through self-earned income, which ultimately ensures the survival of the organization in the long run. Perhaps non-profits also have pockets of earning opportunities in existing projects but these opportunities are not sufficient for their survival (Boschee & McClurg, 2003)[351].

Two other major distinctive features which distinguish social entrepreneurship from the non-profit sector are social innovation and risk tolerance. Social innovation is defined as "innovative activities and services that are motivated by the goal of meeting a social need and that are predominantly developed and diffused through organizations whose primary purposes are social" (Mulgan, Tucker, Ali, & Sanders, 2007, p.8)[352]. Emission trading and fair trade are examples of social innovation. The nonprofit sector may also be able to innovate but its intolerance of risk and limited room for engaging in competition are major barriers to innovation. Therefore, in general, social entrepreneurship is considered as an advanced form of the non-

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[349] Boschee, J., & McClurg, J. (2003). *Toward a better understanding of social entrepreneurship: Some important distinctions.* Caledonia. United Kindom. URL: https://www.law.berkeley.edu/php-programs/courses/fileDL.php?fID=7289

[350] Boschee, J. (2006). *Migrating from innovation to entrepreneurship: How nonprofits are moving toward sustainability and self-sufficiency.* NewYork: Encore Press.

[351] Boschee, J., & McClurg, J. (2003). *Toward a better understanding of social entrepreneurship: Some important distinctions.* Caledonia. United Kindom. URL: https://www.law.berkeley.edu/php-programs/courses/fileDL.php?fID=7289.

[352] Mulgan, G., Tucker, S., Ali, R., & Sanders, B. (2007). *Social innovation: What it is, why it matters and how it can be accelerated.* England. Skoll Centre For Social Entrepreneurship.

profit sector (Badelt, 1997)[353].

In social entrepreneurship, entrepreneurs have to re-invest a certain amount of profits for system sustainability (Austin, Stevenson, & Wei-Skillern, 2006[354]; Mair & Marti, 2006[355]) and to raise their risk-bearing capacity (McMullen & Shepherd, 2006)[356]. On the other hand, commercial enterprises seek to maximize profits (Curhan, 1973[357]; Pepin, 2005[358]), minimize risk (Li & Sun, 2008[359]; Walia & Kiran, 2009[360]) and seek to gain prestige in the market (Carsrud & Brännback, 2011)[361]. Thus, along with other inquiries, there is a fundamental need to explore what motivates entrepreneurs to join social entrepreneurship and invests their personal profit to sustain the system (Miller, Grimes, McMullen & Vogus, 2012[362]; Stevenson & Jarillo,

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[353] Badelt, C. (1997). Entrepreneurship theories of the non-profit sector. *International Journal of Voluntary and Nonprofit Organizations,* 8(2), 162-178.

[354] Austin, J., Stevenson, H., & Wei-Skillern, J. (2006). Social and Commercial Entrepreneurship: Same, Different, or Both? *Entrepreneurship Theory and Practice,* 30(1), 1-22.

[355] Mair, J., & Marti, I. (2006). Social entrepreneurship research: A source of explanation, prediction, and delight. *Journal of World Business,* 41(1), 36-44.

[356] McMullen, J. S., & Shepherd, D. A. (2006). Entrepreneurial action and the role of uncertainty in the theory of the entrepreneur. *Academy of Management Review,* 31(1), 132-152.

[357] Curhan, R. C. (1973). Shelf space allocation and profit maximization in mass retailing. *The Journal of Marketing,* 37(3), 54-60.

[358] Pepin, J. (2005). Venture capitalists and entrepreneurs become venture philanthropists. *International Journal of Nonprofit and Voluntary Sector Marketing,* 10(3), 165-173.

[359] Li, J., & Sun, Y. (2008). The Risk Study and Control in Investment Decision. *International Journal of Business and Management,* 3(7), 140-145.

[360] Walia, N., & Kiran, R. (2009). An analysis of investor's risk perception towards Mutual Funds services. *International Journal of Business and Management,* 4(5), 106-120.

[361] Carsrud, A., & Brännback, M. (2011). Entrepreneurial motivations: what do we still need to know? *Journal of Small Business Management,* 49(1), 9-26.

[362] Miller, T. L., Grimes, M. G., McMullen, J. S., & Vogus, T. J. (2012). Venturing for others with heart and head: how compassion encourages social entrepreneurship. *Academy of Management Review,* 37(4), 616-640.

1990[363]). Indeed, measuring entrepreneurs' motivations, aspirations and intentions has been under academic investigation for decades (Deutsch & Krauss, 1965[364]; Freud, 1953[365]; Maslow, 1943[366]). Knowing these elements can help in forecasting likely risk-taking behavior (Carsrud & Brännback, 2011)[367] and, thereby, help to reduce the failure ratio.

2.1.4.1 Issues and challenges in social entrepreneurship

Several non-monetary issues and challenges have been explored in social entrepreneurial literature (Leadbeater, 1997[368]; Miller, Grimes, McMullen & Vogus, 2012)[369] but the primary inquiry still needs an answer to the question: "which factors motivate an entrepreneur to become a social entrepreneur?" In the past, it was emphasized that the achievement of social goals along with sustained financial returns (Deeks, 1973)[370], autonomy (Kourilsky, 1980)[371], the need for non-monetary achievement in the society (Pandey & Tewary, 1979)[372] and profound personal

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[363] Stevenson, H. H., & Jarillo, J. C. (1990). A paradigm of entrepreneurship: entrepreneurial management. *Strategic Management Journal,* 11(5), 17-27.

[364] Deutsch, M., & Krauss, R. M. (1965). Theories in social psychology. *Oxford: American Psychological Association.*

[365] Freud, S. (1953). The interpretation of dreams. *Hogarth Press. London.* United Kingdom.

[366] Maslow, A. H. (1943). A theory of human motivation. *Psychological Review,* 50(4), 370.

[367] Carsrud, A., & Brännback, M. (2011). Entrepreneurial motivations: what do we still need to know? *Journal of Small Business Management,* 49(1), 9-26.

[368] Leadbeater, C. (1997). *The rise of the social entrepreneur.* London. Demos.

[369] Miller, T. L., Grimes, M. G., McMullen, J. S., & Vogus, T. J. (2012). Venturing for others with heart and head: how compassion encourages social entrepreneurship. *Academy of Management Review, 37*(4), 616-640.

[370] Deeks, J. (1973). The Small Firm—Asset or Liability? *Journal of Management Studies, 10*(1), 25-47.

[371] Kourilsky, M. (1980). Predictors of Entrepreneurship in a Simulated Economy. *The Journal of Creative Behavior, 14*(3), 175-198.

[372] Pandey, J., & Tewary, N. (1979). Locus of control and achievement values of entrepreneurs. *Journal of Occupational Psychology, 52*(2), 107-111.

satisfaction (Solomon & Winslow, 1988)[373] are major factors which motivate entrepreneurs to join social entrepreneurship.

Recently, Miller, Grimes, McMullen & Vogus, (2012)[374] explored "compassion" as an influencing factor in an entrepreneurial decision to become a social entrepreneur. They defined compassion as "a pro-social motivator characterized by other-orientation and an emotional connection to others in suffering" (p, 620). These orientations include increasing integrative thinking and pro-social cost benefits analysis (Miller, Grimes, McMullen & Vogus, 2012)[375]. Later, regarding compassion as an elementary influencing variable for becoming a social entrepreneur was criticized by Arend (2013)[376], who suggested that compassion involves many negative consequences because compassion itself could be ill-informed, wrongly directed and self-serving. I feel it is necessary to ask that if compassion is the elementary measure of becoming the social entrepreneur then is this phenomenon also successful in commercial sectors,? Or will an entrepreneur with a high level of compassion only be successful in social sectors like education and health?

Therefore, to better understand social entrepreneurship, I strongly suggest adopting some alternative theoretical framework which uses different empirical variables to analyze social

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[373] Solomon, G. T., & Winslow, E. K. (1988). Toward a descriptive profile of the entrepreneur. *The Journal of Creative Behavior, 22*(3), 162-171.

[374] Miller, T. L., Grimes, M. G., McMullen, J. S., & Vogus, T. J. (2012). Venturing for others with heart and head: how compassion encourages social entrepreneurship. *Academy of Management Review,* 37(4), 616-640.

[375] Miller, T. L., Grimes, M. G., McMullen, J. S., & Vogus, T. J. (2012). Venturing for others with heart and head: how compassion encourages social entrepreneurship. *Academy of Management Review,* 37(4), 616-640.

[376] Arend, R. J. (2013). A heart-mind-opportunity nexus: Distinguishing social entrepreneurship for entrepreneurs. *Academy of Management Review,* 38(2), 313-315.

entrepreneurship on a different level and other than that of their perceived emotions. Another unanswered complication is about time (Arend, 2013[377]; Dees, 2007[378]; Mair & Marti, 2006[379]). When it is appropriate for an entrepreneur to become a social entrepreneur? Moreover, lack of advancement in theory building, lack of construct legitimacy and undefined theoretical content and boundaries are major challenges for social entrepreneurship (Short, Moss & Lumpkin, 2009)[380]. In short, we have to identify and look for certain exceptional behavioral traits in entrepreneurs so as to find that rare breed, the social entrepreneur (Dees, 1998)[381].

However, social entrepreneurship is a successful phenomenon if compared to other social organizations such as NGOs, NPOs, co-operatives and the social economy. In social entrepreneurship, entrepreneurs re-invest for sustainability (Gawell, 2013)[382]. Being identical to commercial franchising, in the social franchising mode, franchisees also pay a certain amount as royalties to the franchisor for the use of certain services (Brickley, 2002)[383] or, for example, for

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[377] Arend, R. J. (2013). A heart-mind-opportunity nexus: Distinguishing social entrepreneurship for entrepreneurs. *Academy of Management Review,* 38(2), 313-315.

[378] Dees, J. G. (2007). Taking social entrepreneurship seriously. *Social Science and Modern Society,* 44 , pp. 24-31. Springer.

[379] Mair, J., & Marti, I. (2006). Social entrepreneurship research: A source of explanation, prediction, and delight. *Journal of World Business,* 41(1), 36-44.

[380] Short, J. C., Moss, T. W., & Lumpkin, G. (2009). Research in social entrepreneurship: Past contributions and future opportunities. *Strategic Entrepreneurship Journal,* 3(2), 161-194.

[381] Dees, J. G. (1998). *The meaning of social entrepreneurship.* Kauffman Center for Entrepreneurial Leadership. Stanford University—Graduate School of Business.

[382] Gawell, M. (2013). Social entrepreneurship-innovative challengers or adjustable followers? *Social Enterprise Journal,* 9(2), 203-220.

[383] Brickley, J. A. (2002). Royalty rates and upfront fees in share contracts: Evidence from franchising. *Journal of Law, Economics, and Organization,* 18(2), 511-535.

permission to use a brand name (Norton, 1988)[384], to distribute of technical know-how (Windsperger, 2004)[385] and avail of continuous assistance (Chiou, Hsieh, & Yang, 2004)[386]. These royalties are exclusively for franchisors but franchisors also recognize the fact that the optimal royalty payment design also leads to faster chain growth (Sen, 1993)[387]. Thus, the royalty payments made by social franchisees can be considered as a type of re-investment in the system for higher growth and higher sustainability, like social entrepreneurship.

Social franchising and social entrepreneurship also have certain differences. The selection criteria are one of the major differences. Social franchising selection criteria do not depend on factors like compassion or on any other emotional factors. It is similar to commercial franchising, where franchisors consider the age, experience, personality and financial strength of franchisees (Jambulingam & Nevin, 1999)[388]. The assessment of a personal profile is the most complicated aspect to access in social franchising (Sivakumar & Schoormans, 2011a)[389]. Anyhow, social franchisors do not have to certainly look for a rare breed like in social entrepreneurship. However, when to become a social entrepreneur? The question of time in

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[384] Norton, S. W. (1988). Franchising, brand name capital, and the entrepreneurial capacity problem. *Strategic Management Journal,* 9(1), 105-114.

[385] Windsperger, J. (2004). *The dual network structure of franchising firms property rights, resource scarcity and transaction cost explanations.* Economics and Management of Franchising Networks: Springer Inc.

[386] Chiou, J. S., Hsieh, C. H., & Yang, C. H. (2004). The effect of franchisors' communication, service assistance, and competitive advantage on franchisees' intentions to remain in the franchise system. *Journal of Small Business Management,* 42(1), 19-36.

[387] Sen, K. C. (1993). The use of initial fees and royalties in business-format franchising. *Managerial and Decision Economics,* 14(2), 175-190.

[388] Jambulingam, T., & Nevin, J. R. (1999). Influence of franchisee selection criteria on outcomes desired by the franchisor. *Journal of Business venturing,* 14(4), 363-395.

[389] Sivakumar, A., & Schoormans, J. P. L. (2011a). Franchisee selections for social franchising success. *Journal of Nonprofit & Public Sector Marketing,* 23(3), 213-225.

social franchising is not a complex phenomenon to answer. Indeed, it is the social pain that determines the appropriate time and place for the social franchisor to find social franchisees. Unlike social entrepreneurship, social franchising techniques have been proved successful in commercial sectors – for example in retailing through public-private partnership. *Utility Stores Corporation* in Pakistan is one of the successful examples of social franchising success in the retailing sector. Thus, the challenges of social entrepreneurship are somehow easy to deal in social franchising.

2.1.4.2 Issues, challenges and strengths of social franchising

There are issues and challenges that have been pointed out by several authors for social franchisors which commercial franchisors generally do not have to face. Tracey & Jarvis (2007)[390] asserted that only organizations can become social franchisees not the individuals. Sivakumar & Schoormans (2011a)[391] explained that selecting an appropriate franchisee is most relevant for social franchising success as the risk of organizational mortality may increase in the case of wrong partner selection (Oertel & Walgenbach, 2009)[392]. However, in the case of social franchising the election of a wrong partner (franchisees) may not cost a risk of network mortality as franchisees are generally smaller partners and the failure of one franchisee does not have significant effect on the network. Thus, the internal structure of social franchise is strong enough to prevent the organizational death.

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[390] Tracey, P., & Jarvis, O. (2007). Toward a theory of social venture franchising. *Entrepreneurship Theory and Practice,* 31(5), 667-685.

[391] Sivakumar, A., & Schoormans, J. P. L. (2011a). Franchisee selections for social franchising success. *Journal of Nonprofit & Public Sector Marketing,* 23(3), 213-225.

[392] Oertel, S., & Walgenbach, P. (2009). How the organizational ecology approach can enrich business research on small and medium-sized enterprises–Three areas for future research. *Schmalenbach Business Review,* 61(7), 250-269.

The most challenging situation for social franchisors is to create a straightforward clear model when they want to expand in largely distant rural or deprived geographical locations (Koehlmoos, Gazi, Hossain, & Zaman, 2009)[393]. Also, the selection and training of franchisees is also believed to be of crucial importance to success (Sivakumar & Schoormans, 2011a)[394]. Another challenge faced in social franchising is to measure the social achievement in the specific area and the measurement of end-user satisfaction.

However, the major limitations in social franchising literature concerns the clear inability to test the appropriate theories which purport to explain both the interaction between network members (franchisor and franchisees) and how it is that they develop a mutual trust and sense of reciprocity, etc. Tracey & Jarvis (2007)[395] explained the applicability of a resource-based view and agency theory to explain social franchising. Yet, these theories can be criticized because of their narrow assumption about human behavior, which stresses self-interest, profit maximizing, motivation through purely external incentives and engagement only at arm's length between the various network members. These theories also present a one-sided focus on the franchisor. Thus, I suggest the value of emphasizing more attractive theories which stem from the concept of social networks and explain through organizational sociology.

2.2 Social franchising in emerging markets

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[393] Koehlmoos, T. P., Gazi, R., Hossain, S. S., & Zaman, K. (2009). *The effect of social franchising on access to and quality of health services in low-and middle-income countries.* New York. PubMed. NCBI.

[394] Sivakumar, A., & Schoormans, J. P. L. (2011a). Franchisee selections for social franchising success. *Journal of Nonprofit & Public Sector Marketing,* 23(3), 213-225.

[395] Tracey, P., & Jarvis, O. (2007). Toward a theory of social venture franchising. *Entrepreneurship Theory and Practice,* 31(5), 667-685.

Social franchising is growing in several emerging markets, including Brazil, China, India, Indonesia, Malaysia, Myanmar, Pakistan, Philippines, Russia, South Africa and Vietnam. Many scholars have focused on social franchising in the healthcare sector in various emerging markets, including India, Indonesia, Pakistan, South Africa and Vietnam (Agha, Karim, Balal, & Sosler, 2007[396]; Bashir, Kazmi, Eichler, Beith, & Brown, 2009[397]; Lönnroth, Aung, Maung, Kluge, & Uplekar, 2007[398]; Ngo, Alden, Hang, & Dinh, 2009[399]; Shah, Wang, & Bishai, 2011[400]).

In such markets, social franchising has been adopted by supranational organizations and governments to achieve social goals in different sectors, such as education and healthcare. For instance, in Indonesia, social franchising mainly deals with family planning, the health care system, early childhood development and midwife associations. DKT International and the Centre for Health Market Innovation (CHMI) are two such examples.

In South Africa, social franchising mainly focuses on child development, youth employment and the empowerment of minority communities: Sport For All and The Shaftesbury Partnership are examples.

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[396] Agha, S., Karim, A. M., Balal, A., & Sosler, S. (2007). The impact of a reproductive health franchise on client satisfaction in rural Nepal. *Health Policy and Planning,* 22(5), 320-328.

[397] Bashir, H., Kazmi, S., Eichler, R., Beith, A., & Brown, E. (2009). *Pay for performance: Improving maternal health services in Pakistan.* Islamabad, Pakistan. Health Finance and Governance, Health systems 20/20 projects.

[398] Lönnroth, K., Aung, T., Maung, W., Kluge, H., & Uplekar, M. (2007). Social franchising of TB care through private GPs in Myanmar: an assessment of treatment results, access, equity and financial protection. *Health Policy and Planning,* 22(3), 156-166.

[399] Ngo, A. D., Alden, D. L., Hang, N., & Dinh, N. (2009). Developing and launching the government social franchise model of reproductive health care service delivery in Vietnam. *Social Marketing Quarterly,* 15(1), 71-89.

[400] Shah, N. M., Wang, W., & Bishai, D. M. (2011). Comparing private sector family planning services to government and NGO services in Ethiopia and Pakistan: how do social franchises compare across quality, equity and cost? *Health Policy and Planning,* 26(1), 63-71.

In Pakistan, Green Start and UmeedSay are two examples. In India, Apollo Clinic, Mission Health and Fayth Clinic are some examples of franchising in the health sector. Marie Stopes, Blue Star Vietnam are examples in Vietnam.

Furthermore, many non-profit organizations such as PSI and MSI have adopted social franchising to improve health facilities. Currently, PSI operates in 33 health franchises in 30 countries including various regions of Asia, Africa and Latin America. Further, the World Health Organization (WHO) has also started to improve health facilities through investment in the health franchising sector. Family planning practices, mother and baby centers, clinics for new-born babies and child health care are among some of the services provided by these health centers in developing and emerging markets including Afghanistan, Indonesia, India, Kenya, Nigeria, Pakistan and South Africa. Social franchising has also started growing as a way to deal with societal issues such as finding employment opportunities for young people in Algeria (Aliouche & Fernandez, 2015)[401], providing clean water supplies in Kenya (Fertig & Tzaras, 2007)[402] and reducing the levels of malnutrition in various African countries (Raheem & Chukwuma, 2001[403]; Weatherspoon & Reardon, 2003[404]).

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[401] Aliouche, H., & Fernandez, D. (2015). Social franchising: A Panacea for Emerging Countries - The Case of Algeria. *7th Internatinal Conference on Economics and Management of Networks (EMNet)*, Capetown, South Africa. December 3-5.

[402] Fertig, M., & Tzaras, H. (2007). *Franchising Health Care for Kenya: The HealthStore Foundation Model.* Edward Elgar Publishing Limited.

[403] Raheem, D., & Chukwuma, C. (2001). Foods from cassava and their relevance to Nigeria and other African countries. *Agriculture and Human Values,* 18(4), 383-390.

[404] Weatherspoon, D. D., & Reardon, T. (2003). The rise of supermarkets in Africa: implications for agrifood systems and the rural poor. *Development Policy Review,* 21(3), 333-355.

Aliouche & Fernandez (2015)[405] examined the development of social franchise concepts in Algeria. They found that these social franchise concepts have proved successful in helping young people to find jobs. Volery & Hackl (2009)[406] The authors examined three social franchise ventures (Dialogue in the dark, Science-Lab: Natural sciences for children and Vision Spring: Glasses to restore eyesight) that relied on individual franchisees. They applied agency theory and social capital theory to analyze the structure and co-ordination of social franchises and found that each of them had adopted the practices of commercial franchising to achieve a social goal.

Koehlmoos, Gazi, Hossain & Rashid (2011)[407] described how social franchising developments have emerged as a means of improving the provision of social services in low and middle-income countries. They evaluated 12 studies in Asian and African markets and concluded that franchises provide better services than private social service providers. The customers also showed their satisfaction towards the quality of social services provided by franchisees and reported that they intended to return.

Sivakumar & Schoormans (2011b)[408] adopted a qualitative approach and conducted in-

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[405] Aliouche, H., & Fernandez, D. (2015). Social franchising: A Panacea for Emerging Countries - The Case of Algeria. *7th Internatinal Conference on Economics and Management of Networks (EMNet)*, Capetown, South Africa. December 3-5.

[406] Volery, T., & Hackl, V. (2009). *The promise of social franchising as a model to achieve social goals.* HandBook of Social Entrepreneurship.155-179.

[407] Koehlmoos, T., Gazi, R., Hossain, S., & Rashid, M. (2011). *Social franchising evaluations: a scoping review.* London.   EPPI.   URL: https://eppi.ioe.ac.uk/cms/Portals/0/PDF%20reviews%20and%20summaries/Social%20Franchising%202011Koehl moos%20report.pdf?ver=2011-06-06-160355-757

[408] Sivakumar, A., & Schoormans, J. P. (2011b). Sustainable rural healthcare and social franchisee selection–an India study. *Journal of Medical Marketing: Device, Diagnostic and Pharmaceutical Marketing,* 11(3), 230-236.

depth interviews with non-profit organizations (using franchising) in India to measure their perception and understanding about social franchising. They found that smaller NGOs are mostly unaware of social franchising practices. However, larger operators such as PSI had a clear and standardized method for selecting franchisees, approving appropriate locations, maintaining customer profiles, training franchisees, managing customer load and maintaining quality and pricing according to the contract.

Similarly, Schlein, Cruz, Gopalakrishnan, & Montagu's (2013)[409] investigated 13 social franchise chains operating in Asia and Africa in the health sector. They found that the assurance of quality services, including the provision of facilities that allow privacy, appropriate toilets, cleanliness, adequate supplies of disinfectants, sterilizing equipment and an adequate pharmacy, were the main social goals of franchise chains. Further, franchisors sought to recruit franchisees who had a valid license and could provide the required quality of clinical care for patients. Moreover, they concluded that defining a better quality assurance and frequent quality measurement plan can improve the performance of social franchise chains in Asia and Africa. particularly in health and other social sectors.

Thurston, Chakraborty, Hayes, Mackay & Moon (2015)[410] investigated 17 social networks with MSI and 25 social networks with PSI to explore how these organizations recruit social franchisees. The authors asserted that finding appropriate and qualified franchisees is

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[409] Schlein, K., De La Cruz, A. Y., Gopalakrishnan, T., & Montagu, D. (2013). Private sector delivery of health services in developing countries: a mixed-methods study on quality assurance in social franchises. *BMC Health Services Research,* 13(4) 32-51.

[410] Thurston, S., Chakraborty, N. M., Hayes, B., Mackay, A., & Moon, P. (2015). Establishing and scaling-up clinical social franchise networks: lessons learned from Marie Stopes International and Population Services International. *Global Health: Science and Practice,* 3(2), 180-194.

challenging for both organizations. However, MSI cope with this challenge by offering potential franchisees an opportunity to speak with existing franchisees in order to understand the responsibilities, possible returns and other benefits of the network. A brief summary of social franchising literature is presented in the end of chapter 2 in Table 1.7.

The analysis of social franchising literature has shown that social franchising is a growing phenomenon in many markets, particularly in emerging markets. Franchisors, governments, NGOs, supranational organizations and entrepreneurs are interested in adopting social franchising in order to efficiently respond to the social pains of their societies. However, as mentioned earlier, there is no study that highlights the use of franchising in the education sector in Pakistan, even though it is a fast growing phenomenon. Education is an unmet need of emerging markets like Pakistan. Therefore this study will be a guideline for other markets similar to the Pakistani market. It will help us to understand the emergence of franchising in the education sector, its development, characteristics, commercial and social aspects, issues, challenges, strengths and future growth. I intend to establish whether or not franchising in the education sector in Pakistan really is a form of social franchising. From the perspective of the Pakistani market franchising in the education sector is specifically playing a major role in the expansion of education among low and middle income population.

2.3 Social franchising in the education sector

The education sector is believed to be a social welfare sector for the society and one of the important factors in social resource development of economies and societies. It also creates opportunities for socially and economically deprived segments of the society (Brown & Lauder,

1996)[411]. Many markets have recognized free access to primary and secondary education as a fundamental constitutional and enforceable right of every child. Brazil[412], Pakistan[413], Germany[414] all claim to subscribe to this view. But in addition to the public schooling system, franchising in the education sector has appeared in many emerging as well as in developed markets, including Canada, Ghana, India, Malaysia, South Africa and the US.

In developed markets, such as Austria, Finland, France, Germany and Norway, education is almost free and mainly operated and managed by the public sector. Moreover, the public in these countries have a positive perception of the public schooling sector. However, in most emerging markets education is either free nor fully operated or managed by the public sector. In many emerging markets the provision of quality education has become a social issue for the society and for the development of the economy (Pusser, 2002[415]; Teixeira, 2000[416]). Even though, education promotion and public schools performance should be a priority for every government, in some emerging markets such as Ghana and Pakistan this is clearly not the case. To supplement the shortfall in quality teaching, the private sector, more specifically franchisors,

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[411] Brown, P., & Lauder, H. (1996). Education, globalization and economic development. *Journal of Education Policy,* 11(1), 1-25.

[412] The constitution of Brazil, Article 206, defines that every child holds a right of free primary and secondary education access in Brazil. http://www.loc.gov/law/help/child-rights/brazil.php

[413] The constitution of Pakistan, Article 25-A, recognizes free education access for every primary and secondary student. http://unesdoc.unesco.org/images/0022/002297/229718E.pdf

[414] The legislative and executive power under article GG, art. 7 allows children to have free primary and secondary education excess. http://www.loc.gov/law/help/child-rights/germany.php

[415] Pusser, B. (2002). *Higher education, the emerging market, and the public good.* Washington, DC: National Academies Press.

[416] Teixeira, P. N. (2000). A Portrait of the Economics of Education, 1960-1997. *History of Political Economy,* 32(5), 257-288.

have made massive investments in the education sector by providing full-time study services. They have adopted international curriculums and provided quality teaching and management, thereby transferring benefits to students and ultimately to the society as whole.

Franchisors have explored the opportunities to invest in the education sector by adopting the approach of franchising as a mean of business expansion. The use of franchising in the education sector in emerging markets can contribute to achieve various social goals for the society, such as improving levels of literacy from primary to higher secondary school level, providing private education as a substitute for that available in overcrowded, underfunded public schools by offering full-time school studies, and providing education in rural and remote areas. In doing all of this, franchises have helped to raise education awareness, reduce gender inequalities, offer a low-fee policy, and fee reductions for deserving and needy students, and scholarships and awards for bright students. All of this has helped to promote women's rights, encourage illiterate families to educate their children, create employment opportunities for new graduates, especially for girls and more specifically for girls in rural areas. Franchise schools have also helped to reduce child labor and encourage economic activity. These social achievements are believed to be significant for the society.

Moreover, franchisors in the education sector can also successfully achieve significant commercial goals such as profitability, customer service, retention, efficiency and growth. Franchisors operating in the education) can remain independent from philanthropic means, government subsidies and external funding. This can yield successful growth for them. In addition to lightening the social burdens of society, franchising in the education sector also

provides entrepreneurial opportunities for franchisees to invest in a worthy cause (Aurini & Davies, 2004)[417].

Franchising in the education sector is not just a business model for franchisors and franchisees. Its success in emerging markets has been acknowledged by governments in India, Pakistan and Qatar. Franchisors and franchisees are now recognized as partners in the development of education by some supranational organizations including UNECIF, UNESCO and the OECD. Franchising concepts in some, mostly developed, markets are often limited to after-school learning centers such as homework assistance given by instructors at student houses or in private centers and centers for students with learning difficulties. Examples are Kumon and the Huntington Learning Center. But in some emerging markets, such as Pakistan, franchising is mainly used for full-time studies from pre-primary to higher-secondary schools. These franchise chains are often committed to serve as substitutes for public schools. However, very few authors have explored franchising in the education sector (Aurini & Davies, 2004[418]; Casson, 2011[419]; Davies & Aurini, 2006[420]). Among the few who did, (Casson, 2011[421] & Kolderie, 1999[422])

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[417] Aurini, J., & Davies, S. (2004). The transformation of private tutoring: Education in a franchise form. *The Canadian Journal of Sociology,* 29(3), 419-438.

[418] Aurini, J., & Davies, S. (2004). The transformation of private tutoring: Education in a franchise form. *The Canadian Journal of Sociology,* 29(3), 419-438.

[419] Casson, M. (2011). Franchising the american elementary and secondary educational system. *Forum for Social Economics, 34*(1-2), 61-70.

[420] Davies, S., & Aurini, J. (2006). The franchising of private tutoring: a view from Canada. *Bloomington*.

[421] Casson, M. (2011). Franchising the american elementary and secondary educational system. *Forum for Social Economics, 34*(1-2), 61-70.

[422] Kolderie, T. (1990). Beyond Choice to New Public Schools: Withdrawing the Exclusive Franchise in Public Education. Policy Report No. 8. ERIC.

explored franchising in the education sector in the US, and Davies and Aurini (2006)[423] explored increasing demand for franchises in the Canadian market. Riep (2014)[424] explored the performance of franchise schools in Ghana.

Kolderie (1999) proposed that the US commit to revitalizing the public school education system by allowing franchise chains to operate in the education sector in order to provide wide choice and alternative of public schooling to parents and students. In addition to the choice, he argued, that franchise schools would adopt innovative techniques to expand their networks and raise the quality of education through standardization. He also discussed the limited government potential for restructuring public schools and the way in which the monopoly which government held on the education sector led to uncompetitive educational services. These practices, he argued, led to major problems at secondary school level education in the US and these would only be solved when franchise schools were allowed to operate under government supervision.

Casson (2011)[425] pointed to the impact of franchising on elementary and secondary education in the US, concluding that franchising has improved the quality of education and has become a positive competitive force for the government education system in secondary level public schooling.

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[423] Davies, S., & Aurini, J. (2006). The franchising of private tutoring: a view from Canada. *Bloomington*.

[424] Riep, C. (2014). Omega Schools Franchise in Ghana:"affordable" private education for the poor or for profiteering? Education, Privatisation and Social Justice: Case studies from Africa, South Asia and South east Asia, Oxford: Symposium Books.

[425] Casson, M. (2011). Franchising the american elementary and secondary educational system. *Forum for Social Economics,* 34(1-2), 61-70.

Davies and Aurini (2006)[426] mentioned that after-school educational services (private tutoring) is an increasing trend in Canada and this increasing demand has been successfully recognized and met by franchise chains. Parents and students are satisfied with the services and charges of these franchise chains and they are expected to continue growing.

Riep (2014)[427] argued that public schools in Ghana were not performing according to public expectation. Therefore, the trend of private schools was increasing and will continue to increase in future. Franchise schools are one of the best-performing and acceptable options, due to affordable fees and he emphasized that these schools are performing better than public schools. He connected this success to "McDonaldisation", or the standardization of schools. However, there is not a single study that combines the reasons for the emergence of franchise schools in emerging markets, underlines profiles of franchising key players, highlights its characteristics, analyses the commercial and social aspects of franchise schools and identifies the issues, challenges, strengths and future of franchise schools in any developed or emerging market. Most importantly, none of these studies identify whether franchise chains in the education sector are a form of social franchising or a form of commercial franchising. Therefore, I intend to explore these aspects using a theoretical framework based on organizational ecology theory, social capital theory and social network theory.

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[426] Davies, S., & Aurini, J. (2006). The franchising of private tutoring: a view from Canada. *Phi Delta Kappan*, 88(2), 123-128.

[427] Riep, C. (2014). *Omega Schools Franchise in Ghana:"affordable" private education for the poor or for profiteering?* Education, Privatisation and Social Justice: Case studies from Africa, South Asia and South east Asia. Oxford: Symposium Books.

Table 2.1: Summary of Social Franchising Literature

Author	Title	Summary
(Ahlert, et al., 2008)[428]	Social franchising: a way of systematic replication to achieve social impact	A report on social franchising from the international conference in Berlin. This report provides a useful introduction to the social franchising format. It provides various definitions of social franchising and identifies its pros and cons.
(Aiken, 2007)[429]	What is the role of social enterprise in finding, creating and maintaining employment for disadvantaged groups?	Discussion on a social enterprise that refers to the concept of social franchising as part of a wider paper.
(Amies, 2000)[430]	Not for profit franchising	The author provides useful insights to introduce the concept of social franchising focusing on emerging markets.
(Ashton, 2011)[431]	Social franchising: the next big thing for social enterprise is here (again)	This article highlights the challenges faced by social enterprises when they adopt social franchising.

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[428] Ahlert, D., Ahlert, M., Duong Dinh, H. V., Fleisch, H., Heußler, T., Kilee, L., Meuter, J. (2008). *Social franchising: A way of systematic replication to increase social impact.* Berlin. Germany. Internationales Centrum für Franchising und Cooperation.

[429] Aiken, M. (2007). *What is the role of social enterprise in finding, creating and maintaining employment for disadvantaged groups*. London. UK. Social Enterprise Think Piece for the Office of the Third Sector, Cabinet Office.

[430] Amies, M. (2000). Not-For-Profit Franchising? *Franchising World,* 32(6), 38-40.

[431] Ashton, A. (2011). Social franchising: the next big thing for social enterprise is here (again). London, UK. The Guardian.

(Bradach, 1999)[432]	Going to scale: the challenge of replicating social programs	The author highlights that social enterprises are successful in meeting social goals for society by focusing on small segments of society. However, the major challenge is to replicate that success for larger segment of society.
(Wang, 2011)[433]	Bricks and Bread Sustainable Living Centre: Replication of a community sustainable enterprise hub by the creation of a social franchise model	This report explains the progress of replicating the Bricks and Bread concept by applying the social franchise model. This study was conducted with the support of NESTA's Big Green Diffusion project.
(Kazantseva, 2013)[434]	Franchising in frontier markets	A study that explores various franchise models and the factors critical to their future success. It focuses on frontier markets. This study has also mentioned useful data on commercial franchising.
(Volery & Hackl, 2009)[435]	The promise of social franchising as a model to achieve social goals	This study provides an overview of research and advancements on social entrepreneurship. In provides multiple definitions, concepts and strategies for social entrepreneurs and includes a critical overview of future research for social enterprises.

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[432] Bradach, J. L. (1999). *Going to scale: the challenge of replicating social programs.* California. Stanford Social Innovation Review. Stanford University.

[433] Wang, C. L. (2011). *The Bricks and Bread Sustainable Living Centre.* London. Enterpreneurs Retreat.

[434] Kazantseva, Y. S. (2013). *Franchising in frontier markets. Whats working, Whats not, and Why.* Conshohocken. John Templeton Foundation.

[435] Volery, T., & Hackl, V. (2009). *The promise of social franchising as a model to achieve social goals.* HandBook of Social Entrepreneurship.155-179.

(Higgins, Smith, & Walker, 2008)[436]	Social enterprise business models: An introduction to replication and franchising	This report uses case studies from the UK and US markets to provide lessons about franchising and its replication for the social enterprise. This report also provides useful recommendations about how this growth could be supported. The report was Commissioned by the Scottish government,
(Leach, 2010)[437]	Believing in people – social franchising – A model for implementation	Brief comparison of commercial and social franchising. In this study the author has also discussed different models of social franchising.
(Leat, 2003)[438]	Replicating successful voluntary sector projects	The author provides a brief history of replication for spreading successful social enterprises on a larger scale. The author explores the case for replication and describes some of the costs as well necessary steps for replication.
(Litalien, 2006)[439]	Era of the social franchise: where franchising and non-profits come together	The author provides a brief description of the background against which social franchises have emerged. The report focuses on the idea of merging non-profits with social enterprises.

[436] Higgins, G., Smith, K., & Walker, R. (2008). *Social Enterprise Business Models: an introduction to replication and franchising.* Scotland. CEiS.

[437] Leach, S. (2010). *Believing in People – Social Franchising – A Model for Implementation.* Goteborg, European Social Franchise Network.

[438] Leat, D. (2003). *Replicating Successful Voluntary Sector Projects.* London. Asociation of Charitable Foundation.

[439] Litalien, B. (2006). *Era of the Social Franchise: where franchising and non-profits come together.* Washington. International Franchise Association.

(Mavra, 2011)[440]	Growing social enterprise: research into social replication	This report explored the issues and challenges faced when trying to replicate successful social enterprises, especially in relation to franchising and licensing. It makes recommendations in relation to finance, intellectual property, understanding and capacity. These are based on interviews with practitioners.
(Ritchie, Shine, & Hawkins, 2011)[441]	Social franchising: Scaling up for success	This paper aims to provide clarity about what is social franchising and its relationship to commercial franchising. It provides some thoughts about what needs to happen next for the field to develop.
(Menzies, 2010)[442]	Social franchising: The magic bullet?	A short article giving an overview of social enterprise And options for replication with a focus on social franchising.
(Meuter, 2007)[443]	International Social Franchise Summit – Summit Report	Presentation of 13 key thoughts from speakers on increasing social impact by not reinventing the wheel at International Social Franchise Summit arranged in 2007.
(Mulgan,	In and out of sync: The challenge	A report on social innovation by the Young Foundation.

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[440] Mavra, L. (2011). *Growing social enterprise: research into social replication.* London. Social Enterprise Coalition.

[441] Ritchie, S. M., Shine, P., & Hawkins, A. (2011). Social franchising: Scaling up for success. London. The Shaftesbury Partnership.

[442] Menzies, L. (2010). *Social Franchising: The Magic Bullet?* London. LKMco, The Education and youth 'think and action-tank'.

[443] Meuter, J. (2007). International Social Franchise Summit-Summit Report. *In Association of German Foundations*, Berlin, Germany. December 6, 2007.

Ali, Halkett, & Sanders, 2007)[444]	of growing social innovations	which, although looking at a more general framework and understanding for how social innovations can be scaled, draws consistently on franchising, and includes case studies of Big Issue and Aspire.
(Norton, 2010)[445]	Social franchising: A mechanism for scaling up to meet social need	This paper examines a UK-based case study. It was presented in a Research Seminar held at Graduate School of Business, University of Cape Town.
(Pinnell, 2009)	Best practices in social and private enterprise franchising	Canadian research report which aggregates lessons from an examination of three case studies (Aspire, ACCION and Fifteen), to provide recommendations for Canadian organizations considering franchising.
(Sally, 2008)	Social firms UK flagship firms programme –Evaluation report	Flagship firms was a franchising and replication project ran by Social Firms UK between April 2004 and March 2006 to support the development of 15-20 high profile Social Firms.
(Richardson & Turnbull, 2008)	Opposites attract: how social franchising can speed up the growth of social enterprise	Introduction to social franchising, including several case studies as appendices, as part of wider European trans-national project.

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[444] Mulgan, G., Ali, R., Halkett, R., & Sanders, B. (2007). *In and out of sync: The challenge of growing social innovations*. London. NESTA.

[445] Norton, M. (2010). *Social Franchising: A Mechanism for Scaling Up to Meet Social Need.* Cape Town. Graduate School of Business, University of Cape Town.

(Kirjapaino, 2007)	SIPS transnational partnership conference book	Report that emerged from a European-funded social franchising trans-national partnership, with different chapters (social franchising, business models, European case studies) authored by different partners.
(Smith & Risi, 2002)[446]	Social franchising reproductive health services: can it work?	This piece of research is drawn from the work of Marie Stopes International (MSI) discussing social franchising in the world of international developing world health.
(Temple, 2011)[447]	Social franchising – Franchisees manual	General introduction to social franchising from the perspective of the franchisee. It also provides advice on how to decide if franchising is the right choice for franchisees and how to build a successful relationship with a franchisor.
(Tracey & Jarvis, 2007)[448]	Toward a theory of social venture franchising	Explains social franchising using the case of Aspire. Authors use agency theory and resource scarcity theory to explain social franchising.

Source: International Center of Social Franchising (ICSF)

http://www.the-icsf.org/

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[446] Smith, E., & Risi, L. (2002). *Social franchising reproductive health services: can it work: a review of the experience.* New York. Marie Stopes International.

[447] Temple, N. (2011). *Social Franchising – Franchisees Manual.* London. Social Enterprise.

[448] Tracey, P., & Jarvis, O. (2007). Toward a theory of social venture franchising. *Entrepreneurship Theory and Practice,* 31(5), 667-685.

2.4 Theoretical framework of the study

Social franchising has some similarities with commercial franchising but in many ways it is different. The primary purpose of social franchising is not to maximize profits but rather to achieve a balance in maximizing profits and achieving social goals. Social franchising is more successful if ownership is local as local owners can effectively respond to the local needs. Social franchising operates in different forms in terms of business format and ownership. Nevertheless it is clearly evident that in social franchising business should have a social purpose and it should make profit because without making profit it will be forced into dependence on philanthropy and will not survive in the long-run.

Social franchising in the education sector is a novel phenomenon, particularly in relation to full-time schooling. Due to the lack of scientifically based literature on education franchising and upon the dynamic nature of social franchising, I intend to explain the theoretical framework of my study by analyzing the following three important theories: organizational ecology, social capital and social network theory.

2.4.1 Organizational ecology theory

Designing organizational structure is a critical matter for every organization but even more so for social organizations and for the wellbeing of the wider economy (Nonaka, 1994)[449]. Indeed, in the present competitive scenario, social organizations have to be responsive towards the constant need to adapt their internal and external structures. The external structure is referred to the

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[449] Nonaka, I. (1994). A dynamic theory of organizational knowledge creation. *Organization Science,* 5(1), 14-37.

capacity of organization for reacting towards environmental changes, whereas, internal structure refers to their ability to improve product quality, capability to innovate and customer satisfaction.

Freeman (1977)[450] was the first to highlight the importance of designing the organizational structure according to the external environment. Later, this idea, the population ecology of organizations (now known as organizational ecology theory) became one of the most influential lines of thought to specifically focus on explaining the reasons for organizational growth and mortality (Beck, 2008[451]; Carroll, 1984[452]). The organizational ecology utilizes insights from biology, economics and sociology to understand the conditions in which organizations emerge, grow, and die. Freeman (1977)[453] explained that organizational decline ultimately leads to an organization's death. However, the death awareness for organizations can strongly enhance their motivation for achieving long term stability and performance (Amburgey & Rao, 1996[454]; Freeman, 1977[455]; Grant & Wade-Benzoni, 2009[456]; Young, 1988[457]).

According to organizational ecology theory, long term organizational stability highly

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[450] Freeman, J. (1977). The Population Ecology of Organizationsl. *American Journal of Sociology,* 82(5), 929-964.

[451] Beck, N. (2008). Organizational ecology as a theory of competition. *New York: Oxford Univesity Press*.

[452] Carroll, G. R. (1984). Organizational ecology. *Annual Review of Sociology,* 10(1), 71-93.

[453] Freeman, J. (1977). The Population Ecology of Organizationsl. *American Journal of Sociology,* 82(5), 929-964.

[454] Amburgey, T. L., & Rao, H. (1996). Organizational ecology: Past, present, and future directions. *Academy of Management Journal,* 39(5), 1265-1286.

[455] Freeman, J. (1977). The Population Ecology of Organizationsl. *American Journal of Sociology,* 82(5), 929-964.

[456] Grant, A. M., & Wade-Benzoni, K. A. (2009). The hot and cool of death awareness at work: Mortality cues, aging, and self-protective and prosocial motivations. *Academy of Management Review,* 34(4), 600-622.

[457] Young, R. C. (1988). Is population ecology a useful paradigm for the study of organizations? *American Journal of Sociology,* 94(1), 1-24.

depends on formulating an appropriate organizational structure (Smith & Miner, 1983[458]; Zucker, 1987[459]). The benefits of organizational stability are multi-fold. On a macro level, the long term organizational survival and success is not only fruitful for organizations. It also indicates that their economic stability can be seen as a sign of economic development (Carroll & Hannan, 2000)[460]. On a micro level, it improves employees' well-being and prevents counterproductive work behavior (Sun, Aryee, & Law, 2007)[461]. Thus, organizational structures should be carefully designed so as to absorb the inertial pressure which arises from internal arrangements that arise in response to external pressure and environmental variations. This enables public legitimation regarding organizational activity which, in turn, increases the likely organizational life expectancy.

Using organizational ecology, Menon & Pfeffer, (2003)[462] argue that these days, external knowledge is believed to be more precious than internal knowledge for the organization. This was not a very strict condition few decades ago but two major incidences which occurred in the last decade have led to a different set of priorities emerging – namely the nine eleven attacks (Marks & Sun, 2007)[463] and the 2008 financial crisis (Erkens, Hung, & Matos, 2012)[464]. Both

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[458] Smith, N. R., & Miner, J. B. (1983). Type of entrepreneur, type of firm, and managerial motivation: Implications for organizational life cycle theory. *Strategic Management Journal,* 4(4), 325-340.

[459] Zucker, L. G. (1987). Normal change or risky business: Institutional effects on the hazard of change in hospital organizations. *Journal of Management Studies,* 24(6), 671-700.

[460] Carroll, G. R., & Hannan, M. T. (2000). *The demography of corporations and industries.* New Jersey. United States. Princeton University Press.

[461] Sun, L.-Y., Aryee, S., & Law, K. S. (2007). High-performance human resource practices, citizenship behavior, and organizational performance: A relational perspective. *Academy of Management Journal,* 50(3), 558-577.

[462] Menon, T., & Pfeffer, J. (2003). Valuing internal vs. external knowledge: Explaining the preference for outsiders. *Management Science,* 49(4), 497-513.

[463] Marks, D. E., & Sun, I. Y. (2007). The impact of 9/11 on organizational development among state and local law enforcement agencies. *Journal of Contemporary Criminal Justice,* 23(2), 159-173.

have changed and continue to change a variety of organizational development processes (Garicano & Posner, 2005[465]; Marks & Sun, 2007[466]). Therefore nowadays, to ensure stable organizational life for social organizations, it is becoming necessary for social organizations to react boldly towards external environmental changes. However, there are already so many types of organizations (Freeman, 1977)[467] that instead of introducing a new organizational model, I argue that it is usually more effective to explore and develop new mechanisms from within an existing form of organization, selected according to the perceived changing environmental threat.

Indeed, the need to arrange such reactive organizational mechanisms has intensified, especially since the 2008 financial crisis. The near meltdown of the global financial system has led to the identification, and possibly invention, of a host of modern economic, financial and even social concerns for the globe (Greenglass, Antonides, Christandl, Foster, Katter, Kaufman & Stephen, 2014[468]; Stiglitz, 2009[469]).

To some extent, economic and financial complications could be controlled, or reduced,

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[464] Erkens, D. H., Hung, M., & Matos, P. (2012). Corporate governance in the 2007–2008 financial crisis: Evidence from financial institutions worldwide. *Journal of Corporate Finance,* 18(2), 389-411.

[465] Garicano, L., & Posner, R. A. (2005). Intelligence failures: An organizational economics perspective. *Journal of Economic Perspectives,* 19(4), 151-170.

[466] Marks, D. E., & Sun, I. Y. (2007). The impact of 9/11 on organizational development among state and local law enforcement agencies. *Journal of Contemporary Criminal Justice,* 23(2), 159-173.

[467] Freeman, J. (1977). The Population Ecology of Organizationsl. *American journal of sociology,* 82(5), 929-964.

[468] Greenglass, E., Antonides, G., Christandl, F., Foster, G., Katter, J. K., Kaufman, B. E & Stephen, E. G. (2014). The financial crisis and its effects: Perspectives from economics and psychology. *Journal of Behavioral and Experimental Economics,* 50(1), 10-12.

[469] Stiglitz, J. (2009). The global crisis, social protection and jobs. *International Labour Review,* 148(1/2), 1-13.

by applying monitory solutions (Allen & Wood, 2006[470]; Chambet & Gibson, 2008[471]). Whereas, obstacles to social development, for example increasing literacy rates and improving the health condition of citizens cannot be improved only by implying monitory techniques. These social requisites have greater, long term and deeper ramifications on societies than the impacts of economic and financial distress. Indeed, at a time of financial crisis governments can expeditiously offer many reliefs such as emergency liquidity assistance (Berger, Herring, & Szegö, 1995)[472], and bailouts (Crotty, 2009)[473]. They can also respond quickly enough to rescue ailing banking sectors (Dell'Ariccia, Detragiache, & Rajan, 2008)[474]. For managing economic crises, governments revise monetary policies (Christiano, Gust, & Roldos, 2004)[475], manage inflation (Nowotny, 1980)[476], control asset bubbles (Grossman & Yanagawa, 1993)[477] and recover the confidence of consumers and firms (Ludvigson, 2004)[478]. However, governments seldom respond with the same urgency to the modern social crises involving the need to increase

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[470] Allen, W. A., & Wood, G. (2006). Defining and achieving financial stability. *Journal of Financial Stability,* 2(2), 152-172.

[471] Chambet, A., & Gibson, R. (2008). Financial integration, economic instability and trade structure in emerging markets. *Journal of International Money and Finance,* 27(4), 654-675.

[472] Berger, A. N., Herring, R. J., & Szegö, G. P. (1995). The role of capital in financial institutions. *Journal of Banking & Finance,* 19(3), 393-430.

[473] Crotty, J. (2009). Structural causes of the global financial crisis: a critical assessment of the 'new financial architecture'. *Cambridge journal of economics,* 33(4), 563-580.

[474] Dell'Ariccia, G., Detragiache, E., & Rajan, R. (2008). The real effect of banking crises. *Journal of Financial Intermediation,* 17(1), 89-112.

[475] Christiano, L. J., Gust, C., & Roldos, J. (2004). Monetary policy in a financial crisis. *Journal of Economic Theory,* 119(1), 64-103.

[476] Nowotny, E. (1980). Inflation and taxation: Reviewing the macroeconomic issues. *Journal of Economic Literature,* 18(3), 1025-1049.

[477] Grossman, G. M., & Yanagawa, N. (1993). Asset bubbles and endogenous growth. *Journal of Monetary Economics,* 31(1), 3-19.

[478] Ludvigson, S. C. (2004). Consumer confidence and consumer spending. *The Journal of Economic Perspectives,* 18(2), 29-50.

literacy rates and improve poor health conditions (Heclo, 2010[479]; Jones, 2008[480]; Payne, 2014[481]). Therefore, such social pains can also be seen as a source of opportunity for private sector organizations to grow (Brockner & James, 2008)[482] by forming new organizational mechanisms.

In fact, the idea of having the private sector involve itself in the social developments of society is already well appreciated in the scientific literature (Kanter, 1999[483]; Young & Salamon, 2002[484]). The private sector offers competition and the public sector may not. The private sector provides choice, in price and quality, while the public sector does not. The private sector offers competition whereas the public sector may keep monopoly (Kettl, 1993)[485]. In addition, the public sector efficiency and performance in social sectors is different in developed and emerging markets (La-Porta, Lopez-de-Silanes, Shleifer, & Vishny, 1999)[486]. This strongly signals the need for private organizations to operate in social sector developments. Some governments have even reduced their regulatory burdens in response to increasing globalization

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[479] Heclo, H. (2010). Modern social politics in Britain and Sweden. *ECPR Press*.

[480] Jones, B. G. (2008). The global political economy of social crisis: Towards a critique of the 'failed state'ideology. *Review of International Political Economy,* 15(2), 180-205.

[481] Payne, M. (2014). *Modern social work theory.* New York. Palgrave Macmillan.

[482] Brockner, J., & James, E. H. (2008). Toward an understanding of when executives see crisis as opportunity. *The Journal of Applied Behavioral Science,* 44(1), 94-115.

[483] Kanter, R. M. (1999). *From spare change to real change: The social sector as beta site for business innovation.* Boston. Harvard Business Review.

[484] Young, D. R., & Salamon, L. M. (2002). *The state of nonprofit America.* London. Brookings Institutional Press.

[485] Kettl, D. F. (1993). *Sharing power: Public governance and private markets.* Washignton. Brookings Institution Press.

[486] La-Porta, R., Lopez-de-Silanes, F., Shleifer, A., & Vishny, R. (1999). The quality of government. *Journal of Law, Economics, and Organization,* 15(1), 222-279.

and as a desire to move towards neoliberalism (Bartley, 2003)[487]. Therefore, this is the time for existing private organizations to boldly respond towards the new complex and dynamic needs of the markets (Vanevenhoven, 2013)[488] and form new social mechanisms as an opportunity to grow.

These social mechanisms should specifically fulfill the simultaneous arrangement of yielding social and commercial ambitions, so that the social crisis could also be managed. Further, these ambitions must strongly impact upon and bring about a positive improvement in the social sectors of society and drive valuable social change, along with achieving continuous organizational growth (Dees, Anderson, & Wei-Skillern, 2004)[489]. Such evolvements could be achieved by integrating the existing populations of organizations (Lewin, Long, & Carroll, 1999)[490], or by driving the existing organizational evolvement into new mechanisms. At first, it seems strange that a commercial organization can bring an adequate social change in the society (Roberts & Woods, 2005)[491]. Indeed, the transformation of social franchising from commercial franchising is an example of deriving new mechanisms from existing organizations. A substantive body of literature is available on commercial franchising. However, few authors have used organizational ecology theory to explain the success and failure of franchising concepts.

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[487] Bartley, T. (2003). Certifying forests and factories: States, social movements, and the rise of private regulation in the apparel and forest products fields. *Politics & Society,* 31(3), 433-464.

[488] Vanevenhoven, J. (2013). Advances and Challenges in Entrepreneurship Education. *Journal of Small Business Management,* 51(3), 466-470.

[489] Dees, J. G., Anderson, B. B., & Wei-Skillern, J. (2004). Scaling social impact. *Stanford Social Innovation Review,* 1(4), 24-33.

[490] Lewin, A. Y., Long, C. P., & Carroll, T. N. (1999). The coevolution of new organizational forms. *Organization Science,* 10(5), 535-550.

[491] Roberts, D., & Woods, C. (2005). *Changing the world on a shoestring: The concept of social entrepreneurship.* Auckland. University of Auckland Business Review.

While applying organizational ecology theory to franchising, Perrigot (2008)[492] explored using the lens of organizational ecology theory, how different franchising networks managed to survive. This study investigated 912 franchising networks in France during the years 1992-2002. It concluded that only one-third of the franchising networks survived for longer than 10 years and that the networks which had a mix of company-owned units and franchise units had a markedly higher chance of survival. Pilling, Henson, & Yoo (1995)[493] applied organizational ecology theory to understand commercial franchising. More specifically, they focused on studying the franchising environment and the relationship between the franchisee unit and company-owned units within the franchise networks. They found that company-owned units brought positive impact for the franchisor and increased network life and strength.

Yoo, Donthu, & Pilling (1998)[494] measured the efficiency of franchise and non-franchise systems using organizational ecology theory. They explored the overall competitiveness of franchise over a non-franchise system by comparing the operating efficiency through data envelopment analysis (which is an operations research-based methodology). They measured performance efficiency in units characterized by multiple inputs and outputs and concluded that, compared to non-franchise systems, the franchise system can react to external changes more efficiently.

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[492] Perrigot, R. (2008). Franchising networks survival: an approach through population ecology and survival analysis. *Recherche et Applications en Marketing (English Edition), 23*(1), 21-36.

[493] Pilling, B., K, Henson, S., W , & Yoo, B. (1995). Competition Among Franchises, Company-Owned Units and Independent Operators: A Population Ecology Application. *Journal of Marketing Channels, 1*(2), 177-195.

[494] Yoo, B., Donthu, N., & Pilling, B. K. (1998). Channel efficiency: Franchise versus non-franchise systems. *Journal of Marketing Channels, 6*(3-4), 1-15.

Aldrich & Auster (1986)[495] linked organizational ecology and business strategy literatures by focusing on liabilities of age and size and their strategic implications. They discussed the fact that internal and external liabilities are associated with the age and size of organizations and concluded that the strengths of large and old organizations are often the weakness of small and new organizations and vice versa. They examined franchising, corporate entrepreneurship and loose coupling strategies such as sub-contracting. They emphasized that at the population level, these strategies create new forms which may improve the viability of whole populations of organizations. While at the organization level, these strategies may help large and old organizations as well as young and small organizations to compensate for their weakness.

Many authors have argued that the organizational ecology framework is capable of generating useful insights about the franchising environment (Yoo, Donthu, & Pilling, 1998[496]; Kaufmann & Dant, 1995[497]; Low & MacMillan, 1998[498]). Therefore, organizational ecology theory is relevant to analyzing the stability of the newly emerged concept of social franchising in the education sector of Pakistan. Moreover, I intend to explore how the internal structure of these franchise chains is designed to react if a change occurs in the external environment. Specifically, in-case of external environment changes, such as an improvement in the performance of public schools, how these franchise chains will be able to react and survive.

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[495] Aldrich, H., & Auster, E. R. (1986). Even dwarfs started small: Liabilities of age and size and their strategic implications. *Research in Organizational Behavior,* 8(1), 165-186.

[496] Yoo, B., Donthu, N., & Pilling, B. K. (1998). Channel efficiency: Franchise versus non-franchise systems. Journal of Marketing Channels, 6(3/4), 1-15

[497] Kaufmann, P. J., & Dant, R. P. (1995). *Franchising: Contemporary Issues and Research.* Pennsylvania. The Haworth Press, Inc.

[498] Low, M., B, & MacMillan, L., C. (1998). Entrepreneurship: Past Research and Future Challenges. *Journal of Management,* 14(2), 139-161.

2.4.2 Social capital theory

Social capital theory has emerged as one of the significant social science theory of the 1990s (Manning, 2010)[499]. It is used to analyze the dynamics of relational and structural embeddedness in shaping organizational behavior. Social capital is defined as the "processes of forming and mobilizing social actors' network connections within and between organizations to gain access to other actors' resources" (Knoke, 1999, p. 17)[500]. Putnam (2001)[501] describes social capital theory as networks working together with shared norms, values and understandings that facilitate co-operation within or between groups. The social capital refers to the institutions, relationships and the norms that shape the quality and quantity of a society's social interactions. Moreover, in social capital the social cohesion is considered critical for the stability of the economic development of societies. Some researchers explained social capital as the transfer of valued information between communities (Proenza, 2001)[502]. For example, farmers and business managers require timely information on input and product market, government policies and regulations, production and processing technologies to efficiently manage their occupation. More and better information can help several communities to strengthen local service provision and develop social capital.

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[499] Manning, P. (2010). Explaining and developing social capital for knowledge management purposes. *Journal of Knowledge Management,* 14(1), 83-99.

[500] Knoke, D. (1999). *Organizational Networks and Corporate Social Capital.* New York. Springer.

[501] Putnam, R. (2001). Social capital: Measurement and consequences. *Canadian Journal of Policy Research,* 2(1), 41-51.

[502] Proenza, F. J. (2001). *Telecenter sustainability-Myths and opportunities.* Agricultural Management, Marketing and Finance occasional paper No 9. Food and Agricultural organization of the United Nations.

Social capital is not only the sum of the institutions which underpin a society. Indeed, it bonds the society together and describes the quantity and quality of people's relationships and the resources available to them through their social interactions (Lin, 2001[503]; Putnam, 2001[504]). Organizations with a large and diverse network of connections and contacts are thought to have more social capital than those which have less diverse connections. The premise is that these connections influence how well organizations are connected to the society and how community holds these organization together (Battilana, Leca, & Boxenbaum, 2009)[505]. This shared social wealth of confidence, compassion, friendliness, helpfulness, solidarity, trust and hospitality also enables organizations to compete and achieve social goals much better than the gated social networks of organizations. Social capital involves a continuous flow of social resources to engender social capabilities within that specific community. These factors make the society a dynamic entity to highlight, tackle and solve its social dilemmas. In other words, the society highlights the social challenges and social organizations take advantage from it and lead the social changes that communities are demanding.

Some researchers argue that social capital is an individual-level trait. Social capital is the accumulated trust, good-will, familiarity, power, control and relationships within socially affected segments of the society. They insist that social capital is similar to financial capital. Individuals can even invest or spend their earned social capital. However, others argue that social

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[503] Lin, N. (2001). Social Capital: *A Theory of Structure and Action.* London and New York. Cambridge University Press.

[504] Putnam, R. (2001). Social capital: Measurement and consequences. *Canadian Journal of Policy Research,* 2(1), 41-51.

[505] Battilana, J., Leca, B., & Boxenbaum, E. (2009). 2 how actors change institutions: towards a theory of institutional entrepreneurship. *The Academy of Management Annals,* 3(1), 65-107.

capital can only be gained through large social networks and instead of individuals only those who occupy a high-position in social network can gain social capital (Manning, 2010)[506]. There are very few studies that explore social capital within the franchising phenomenon.

Kalnins & Chung (2006)[507] explored the value of social capital in the heavily franchised hotel industry in the USA, focusing on Gujarati immigrant entrepreneurs. They highlighted that these entrepreneurs often rely on their local community group's social capital to establish and maintain their businesses. Even if these immigrant entrepreneurs have few personal resources they survive because they receive help from those possessing more resources in their ethnic group. The authors emphasized this element of mutual support so as to reinforce the importance of social capital not only for immigrant entrepreneurs but also for any entrepreneurs belonging to ethnic, professional, religious, or social groups. Consequently social capital theory is suitable for exploring if the franchise networks in the education sector of Pakistan are successful in their bid to acquire social capital values. Further, the theory lends itself to study of in which capacity and how successfully these networks are connected to their society and government in terms of gaining social capital.

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[506] Manning, P. (2010). Explaining and developing social capital for knowledge management purposes. *Journal of Knowledge Management,* 14(1), 83-99.

[507] Kalnins, A., & Chung, W. (2006). Social capital, geography, and survival: Gujarati immigrant entrepreneurs in the US lodging industry. *Management Science,* 52(2), 233-247.

2.4.3 Social network theory

Social network theory allows us to view the whole network as one entity and to identify the social properties that influence it (Håkansson & Ford, 2002[508]; Krause, Croft, & James, 2007[509]; Sloane & O'Reilly, 2013[510]). More specifically, it is defined as "a set of nodes (e.g. persons and organizations) linked by a set of social relationships (friendship, transfer of funds, overlapping membership) of a specified type" (Gulati, 1998, p. 295)[511]. Recently, many authors have indicated social network theory as one of the most appropriate ways for studying an organization's motives to form a social alliance (Granovetter, 2005[512]; Sloane & O'Reilly, 2013[513]). In addition, social network theory is used to create a visual picture of social capital by linking the connections between people and the characteristics of these connections (Gunaratne, 2008[514]; Nahapiet & Ghoshal, 1998[515]; Portes, 2000[516]).

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[508] Håkansson, H., & Ford, D. (2002). How should companies interact in business networks? *Journal of Business Research,* 55(2), 133-139.

[509] Krause, J., Croft, D., & James, R. (2007). Social network theory in the behavioural sciences: potential applications. *Behavioral Ecology and Sociobiology,* 62(1), 15-27.

[510] Sloane, A., & O'Reilly, S. (2013). The emergence of supply network ecosystems: a social network analysis perspective. *Production Planning & Control,* 24(7), 621-639.

[511] Gulati, R. (1998). Alliances and networks. *Strategic Management Journal,* 19(4), 293-317.

[512] Granovetter, M. (2005). The impact of social structure on economic outcomes. *The Journal of Economic Perspectives,* 19(1), 33-50.

[513] Sloane, A., & O'Reilly, S. (2013). The emergence of supply network ecosystems: a social network analysis perspective. *Production Planning & Control,* 24(7), 621-639.

[514] Gunaratne, S. A. (2008). Falsifying Two Asian Paradigms and De-Westernizing Science. *Communication, Culture & Critique,* 1(1), 72-85.

[515] Nahapiet, J., & Ghoshal, S. (1998). Social capital, intellectual capital, and the organizational advantage. *Academy of Management Review,* 23(2), 242-266.

[516] Portes, A. (2000). *Knowledge and Social Capital: Foundations and Applications.* ButterWorth-Heinemann. Elsevier.

Generally, there are three types of social networks, namely ego-centric, socio-centric and open-system networks). The ego-centric networks are connected with a single node or an individual. For example, a franchise network, the node, connected to all its users (employees, students and parents). The socio-centric networks are closed networks by default. For example, the children in a classroom or employees within their organization. Whereas in open-system networks the boundary lines are not clearly defined, for example, the connection between the American elite social class and corporations. Due to the lack of clearly-defined boundaries, this type of network is considered the most difficult to study (Donckels & Lambrecht, 1997[517]; Obstfeld, 2005[518]; Provan & Milward, 1995[519]; Simmel, 1910[520]).

The fundamental measures such as the density, centrality and cohesion of social networks can also be explored by studying social networks theory (Valente, 1996)[521]. However, it requires a certain set of assumptions to best describe and explain social phenomena of interest. Thus, network analysis does not assume that the environment, attributes, or circumstances affect the actors independently. Rather it simply analyzes how they systemically interact and condition the final result.

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[517] Donckels, R., & Lambrecht, J. (1997). The network position of small businesses: An explanatory model. *Journal of Small Business Management,* 35(2), 13.

[518] Obstfeld, D. (2005). Social networks, the tertius iungens orientation, and involvement in innovation. *Administrative Science Quarterly,* 50(1), 100-130.

[519] Provan, K. G., & Milward, H. B. (1995). A preliminary theory of interorganizational network effectiveness: A comparative study of four community mental health systems. *Administrative Science Quarterly,* 40(1), 1-33.

[520] Simmel, G. (1910). How is society possible? *The American Journal of Sociology,* 16(3), 372-391.

[521] Valente, T. W. (1996). Social network thresholds in the diffusion of innovations. *Social networks,* 18(1), 69-89.

Moreover, there are four fundamental principles, namely: the independence of actors; relations or ties consisting in the flow or transfer of resources; constraining and/or enabling of individual actors by networks and, finally, the generation of long-lasting ties and networks by social structures which describe business models using social network theory (Anderson, Wasserman, & Crouch, 1999)[522]. Gulati (1998)[523] explained that there is an increasing trend to analyze firms through the influence of the social context. The elements of this social context have been categorized as cognitive, cultural, institutional and structural.

There are two kinds of analytical approaches through which academics examine the impact of social networks. The first approach targets the differential informational advantages provided by the social networks. The second approach focuses on identifying the control benefits that actors can gain if they are advantageously positioned within a social network. However, these benefits could overlap since the latter provides the former. The informational advantages can be presented by two types of mechanisms: the relational embeddedness and/or the cohesion perspectives and structural embeddedness and/or positional perspective. The relational embeddedness, or the cohesion perspective, is based on actors with cohesive ties, who can possess more common knowledge and information that can promote trust and diminish uncertainty. However, the positional perspectives and/or structural embeddedness emphasize the position of an organization in the structure of the network that provides it with higher informational advantages (Gulati, 1998)[524]. When exchanges become more relational, this can

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[522] Anderson, C. J., Wasserman, S., & Crouch, B. (1999). A p* primer: Logit models for social networks. *Social networks,* 21(1), 37-66.

[523] Gulati, R. (1998). Alliances and networks. *Strategic Management Journal,* 19(4), 293-317.

[524] Gulati, R. (1998). Alliances and networks. *Strategic Management Journal,* 19(4), 293-317.

create a distinct social order within the relationship itself and promote characteristics such as commitment, flexibility, mutuality, trust, solidarity, role integrity, harmonization of conflict and restraint of power (Kaufmann & Dant, 1999).

Granovetter, (1973)[525] used social network theory to investigate how individuals' level of embeddedness influences their behavior and how the same argument could be used for the organizations. As with an individual, organizations can also be interconnected with other organizations through various social and economic relationships. Therefore, channeling the information between organizations can help them to discover new social alliance opportunities by forming a social network. Further, McGinn & Keros (2002)[526] argued in the same direction that social networks of prior alliances not only influence the creation of new social alliances but also affect their structure, choice of potential partners, successful performance and evolution, as they turn to existing relationships for potential ones. They further argued that when two or more organizations decide to form social alliance, their proximity in the network can influence the governance structure that will be formed. Finally, the level to which they will be embedded can influence their behavior and the future success of the organizational social alliance.

There are few investigations that use social network theory to understand franchising but one that did was by Paswan, Loustau, & Young in 2001[527]. This study asserted that the framework of social network theory helps to identify and define the social relationships between

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[525] Granovetter, M. S. (1973). The strength of weak ties. *American Journal of Sociology*, 78(6), 1360-1380.

[526] McGinn, K. L., & Keros, A. T. (2002). Improvisation and the logic of exchange in socially embedded transactions. *Administrative Science Quarterly,* 47(3), 442-473.

[527] Paswan, A. K., Loustau, J., & Young, J. A. (2001). Franchising network organizations: Toward a virtual reality. Proceedings of the 15th Annual Conference of the *International Society of Franchising* (ISoF), paper No 10. Minneapolis, USA. University of St. Thomas.

key franchising players. Jones, Hesterly, & Borgatti (1997)[528] described the social network theory perspective as an important characteristic of franchise network philosophy. They concluded that the network perspective is based on the notion that economic actions are influenced by the social context in which they are embedded and that actions can be influenced by the position of actors in social networks.

(Paswan, Wittmann, & Young, 2004)[529] proposed a conceptual model for business-to-business firms using social network theory. They used the context of a franchise system for their model-development. The authors discussed advantages and disadvantages associated with franchise systems as network organizations. Further, they incorporated an electronic communication system as a catalyst of movement towards social network organization and a franchise system. However, social network theory has not been used to study social franchising in the education sector. I therefore aim to investigate whether social franchising in the education sector of Pakistan has sufficient potential to build successful social alliances. If such a capacity exists then it is worth identifying and studying the major characteristics that could lead franchise networks to formulate social alliances in the education sector.

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[528] Jones, C., Hesterly, W. S., & Borgatti, S. P. (1997). A general theory of network governance: Exchange conditions and social mechanisms. *Academy of Management Review,* 22(4), 911-945.

[529] Paswan, A. K., Wittmann, C. M., & Young, J. A. (2004). Intra, extra, and internets in franchise network organizations. *Journal of Business to Business Marketing,* 11(1-2), 103-129.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Overview of Pakistani market

Pakistan, officially the Islamic Republic of Pakistan, is a federal parliamentary republic in South Asia on the crossroads of Central and Western Asia. It emerged on the world map as an independent sovereign state in August 1947. Today, it is the 6th most populous country in the world. According to UNESCO estimate, Pakistan's population in 2016 was 191.71 million[530]. Pakistan has been ranked as 33rd largest country in the world in term of area with of 881,913 square kilometers[531]. A brief overview of Pakistani market is presented below.

3.1.1 Geographical importance

The strategic location of Pakistan cannot be overlooked as it has common borders with Afghanistan, China, India and Iran. It is also close to the Central Asian states of Tajikstan, the Gulf countries and the Middle East. The recently inaugurated China-Pakistan economic corridor has made Pakistan the most important country in South-Asian region (Hussain, 2017[532]; Wolf, 2016[533]). This corridor is supposed to play a vital role in the economy of country. The

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[530] UNESCO. (2016). UNESDOC Data Base. Retrieved May 12, 2016, from https://en.unesco.org/.

[531] Pakistan Bureau of Statistics: Retrieved June 08, 2017, from http://www.pbs.gov.pk/

[532] Hussain, M. (2017). Impact of India-United States civil nuclear deal on China-Pakistan strategic partnership. *Journal of South Asian Studies,* 1(1), 13-25.

[533] Wolf, S. O. (2016). The China-Pakistan Economic Corridor: An Assessment of its Feasibility and Impact on Regional Cooperation. South Asia Democratic Forum held in Brussels, Belgium on June 28, 2016. Available at SSRN: https://ssrn.com/abstract=2834599

development of a sea-port in Gawadar, located at the southwestern coast of Pakistan on the Arabian Sea, is seen as providing a future hub linking China, the second largest economy in the world, the oil-rich Gulf and the emerging Central Asia (Hussain & Yaqub, 2010)[534].

3.1.2 Economic strength

The economy of Pakistan has been ranked as the 40th largest in the world (Hussain & Yaqub, 2010)[535]. The International Monetary Fund and World Bank recently forecast an annual growth rate of 4.7 percent in GDP in 2017, it may increase from $270 billion to around $300 billion and the purchasing power parity may cross $1trillion (Dar, Muhammad & Mehmood, 2016)[536]. Pakistan has also been ranked 144th out of 190 countries in terms of ease in doing business (Kite & McCartney, 2017)[537].

In 2018, many large economies are expected to invest in Pakistan, such as over 78% of US companies have indicated that are willing to invest there. Similarly, Chinese firms have already started investing, mainly in energy and infrastructural developments in partnership with the Pakistani government (Dogar & Butt, 2017)[538].

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[534] Hussain, D., & Yaqub, M. (2010). Micro-entrepreneurs: Motivations, success factors, and challenges. *International Research Journal of Finance and Economics,* 56(1), 22-28.

[535] Hussain, D., & Yaqub, M. (2010). Micro-entrepreneurs: Motivations, success factors, and challenges. *International Research Journal of Finance and Economics,* 56(1), 22-28.

[536] Dar, A. A., Muhammad, T., & Mehmood, B. (2016). Is there a relationship between foreign direct investment, human capital, trade openness and economic growth of Pakistani economy? *Science International, 28*(1), 715-719.

[537] Kite, G., & McCartney, M. (2017). Pro-business and pro-market reforms in Pakistan: economic growth and

stagnation 1950–51 to 2011–12. *Journal of the Asia Pacific Economy, 22*(3), 454-476.

[538] Dogar, M. N., & Butt, M. A. E. (2017). *Growth Structure of Exports, Remittances and Foreign Direct Investment in Pakistan*. Peri Policy Brief. Punjab Economic Research Institute Planning and Development Department, Government of the Punjab.

The country has recently seen expansion in the retail sector, foreign exchange, the number of active taxpayers, exports, foreign direct investment, stock markets, remittances from citizens working abroad, the banking sector and its auto industry. A decline in Pakistan's debt-to-GDP ratio has allowed the economy to continue its transition from a frontier economy to an increasingly important emerging market (World Bank, 2017)[539]. Many supra-analyst groups such as the International Monitory Funds, BRICKS, FTSE, MSCI and EM Bond Index have recently declared Pakistan an emerging market.

Pakistan has been chosen for this empirical study due to the rapid development of franchise chains in commercial and social sectors[540]. There are a number of reasons why it makes sense to focus on the Pakistani market. First, Pakistan is an unexplored market in the franchising literature. Second, the franchise schools in Pakistan have been successful in that they deliver high quality educational services to young people by offering them full-time school studies[541] as a substitute of public, as in state-run, schools. Third, most of education franchise chains in Pakistan have set a milestone for the improvement of the society through providing accessibility of quality education to the remote and deprived areas to Pakistan where the illiteracy ratio is very high and public schools are almost non-existent. Fourth, the success of education franchising in Pakistan has allowed franchisors to expand their franchise chains to international territories, including Bangladesh, Malaysia, Thailand, Saudi Arabia, the UAE and the UK. However, no previous study has highlighted the reasons for and factors behind this development.

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[539] World Bank. (2017). Economy and Growth. Retrieved on June 08, 2017 from http://www.worldbank.org/en/news/press-release/2017/05/19/pakistan-to-record-highest-growth-rate-in-nine-years-wb-report.

[540] For detailed rationales of selecting Pakistan for this investigation, please see section "1.3: Focus of the study"

[541] These franchise schools are alternative of public schools. They offer full day study for school children which are about six to eight hours of education services.

This chapter explains the research methodology. First, I present the overview of the Pakistani market, commercial and social franchising in Pakistan and franchising in the education sector. Second, I discuss the selection of qualitative approach. Third, I also explain data collection techniques, profiles of franchise school chains, selection of respondents and communication with respondents. Lastly, I explained the data analysis process.

3.1.3 Commercial franchising in Pakistan

There is no franchise federation in Pakistan from which to collect data. However, the Chamber of Commerce[542] and some industrial analysts[543] present data about franchising in Pakistan. The franchising business in Pakistan has gained substantial exposure to a diverse range of international franchise chains, including a wide array of businesses, such as automotive, car rentals, clothing, fashion industry, financial services, hotels, quick service restaurants, real estate, retail stores, shoes and telecommunication. Among the leading international franchise chains that operate in commercial sectors are Avis and Hertz for car rentals, Clarks, Debenhams, Levi's, Mango, Mothercare, Next, Zara, Charles & Keith, NineWest, Zara. For footwear there is Nike, Skechers and Adidas. Hotels include Best Western, Marriott, Ramada and Sheraton. For food, Burger King[544], Domino's Pizza[545], Dunkin Donuts[546], Fatburger[547], Hardee's[548], Johnny

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[542] Lahore Chamber of Commerce and Karachi Chamber of Commerce.

[543] The Pakistan Food Association.

[544] Burger King has 12 units in Pakistan. This information is retrieved on June 11, 2017 from http://brandspakistan.pk/burger-king-pakistan-outlet-79.aspx

[545] Domino's Pizza has 26 units in Pakistan. This information is retrieved on June 11, 2017 from https://www.dominos.com.pk/location

[546] Dunkin Donuts has 13 units in Pakistan. This information is retrieved on June 11, 2017 from http://www.dunkindonuts.com.pk/stores.php

Rockets[549], KFC[550], McDonald's[551], Nando's[552], Papa John's, PizzaHut[553] and Subway[554]. There is also Butler's, Cinnabon, Second Cup and Gloria Jean's, for coffee shops, FedEx and TNT for courier and postal services, Carrefour/Hyperstar, Metro and Macro for supermarkets and Telenor, Warid and Zong for telecommunications.

It is interesting to note that franchising paved its way to Pakistan through international food franchise chains in the late 1990s (Augment, 2017)[555]. In 1993, Pizza Hut was the first major international major brand to enter the Pakistani market[556] and rapidly became successful. Consequently, several other international food chains followed suit, such as KFC in 1997[557], McDonald's[558] and Subway[559] in 1998, followed by Dunkin' Donuts in 1999[560] and then this

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[547] Fat Burger has 4 units in Pakistan. This information is retrieved on June 11, 2017 from http://www.fatburger.com.pk/

[548] Hardee's has 22 units in Pakistan. This information is retrieved on June 11, 2017 from http://m-maps.hardees.com/stores/search?country=PK

[549] Jonny Rockets has 7 units in Pakistan. This information is retrieved on June 11, 2017 from http://www.johnnyrockets.com.pk/locations/locations.html

[550] KFC has 80 units in Pakistan. This information is retrieved on June 11, 2017 from http://brandspakistan.pk/kfc-outlet-54.aspx

[551] McDonald's has 37 units in Pakistan. This information is retrieved on June 11, 2017 from https://mcdonalds.com.pk/learn/locate-us

[552] Nando's has 11 units in Pakistan. This information is retrieved on June 11, 2017 from http://tossdown.com/nandospk/maps/

[553] Pizza Hut has 50 units in Pakistan. This information is retrieved on June 11, 2017 from https://www.pizzahut.com.pk/home/locator.php

[554] Subway has 48 units in Pakistan. This information is retrieved on June 11, 2017 from http://tossdown.com/subway/maps

[555] Augment. (2017). Franchise oppurtunities in Pakistan.   Retrieved 08 January, 2017, from http://augmentfranchise.com/.

[556] Retrived on June 10, 2017 from https://www.pizzahut.com.pk/home/

[557] This information is retrieved on June 10, 2017 from https://kfcpakistan.com/

[558] This information is retrieved on June 10, 2017 from https://www.mcdonalds.com.pk/

trend has kept on going. In 2012, the Pakistan Food Association estimated that the annual sales value of international franchise food chains in Pakistan had reached $150 million[561].

The presence of international franchisors indicates the high potential that they perceive for the franchise industry in Pakistan and this also also points the way to investment opportunities for domestic investors. Correspondingly, the Pakistani market has crafted many successful domestic franchise chains and these domestic chains have produced incredible growth over the last two decades.

The most famous domestic franchise chains in Pakistan are mostly from the food sector such as AFC; Bar B.Q. Tonight ; Bombay Chopati ; Chacha Jee; Lal Qila; Student Biryani; Sarpino's Pizza and United Bakers. Some of these domestic food franchise chains have successfully expanded their operations beyond international borders. They include: BarBQ Tonight[562] (Dubai, Kuala Lumpur and Singapore), Lal Qila (Abu Dhabi, Dubai and India), United King Bakery (expanded in 25 countries) and Student Biryani (Australia, Canada, Oman, Saudi Arabia and UAE). Examples of successful domestic franchise chains in the clothing sector include: AlKaram[563], Bareeze[564], ChenOne[565], Ideas[566], Origins[567] and Out Fitter[568]. Some of the

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[559] This information is retrieved on June 10, 2017 from https://subwaypakistan.pk/

[560] This information is retrieved on June 10, 2017 from http://www.dunkindonuts.com.pk/index.php

[561] This information is retrieved on June 10, 2017 from http://augmentfranchise.com/franchising-in-pakistan/

[562] BarBQ Tonight has awarded 2015 International Franchisor of the Year by FLA Singapore.

[563] Alkaram has 24 franchise units in Pakistan. Retrieved on June 10, 2017 from http://www.alkaram.com/corporate/akgroup.html

[564] Bareeze has 65 franchise units in Pakistan. This information is retrieved on June 10, 2017 from https://www.bareeze.com/

[565] ChenOne has 25 franchise units in Pakistan. This information is retrieved on June 10, 2017 from http://chenone.com/

domestic clothing franchise chains have also successfully expanded their operations into international territories. These include: Khaddi (Malaysia, UAE and UK), Nishat Linen (Canada, Saudi Arabia and UAE), Bareeze (UAE), Junaid Jamshed (UAE) and Chen One (UAE and Saudi Arabia). To conclude, the wide presence of international and domestic franchise chains in many commercial sectors indicates that the phenomenon of commercial franchising is constantly growing in Pakistan.

3.1.4 Social and non-traditional franchising in Pakistan

The growth of franchising in Pakistan is not only limited to "commercial sectors" such as hotels, restaurants and clothing. Rather, franchising is gaining popularity in several non-commercial/social sectors, including education, health and rural development. More specifically, the franchise chains are widely spreading in two important social sectors, namely health and education.

In the health sector, one of the pioneer franchise chains is Green Star. This chain provides health services in the reproductive and family planning sectors. Since its beginning, due to their social service, they have gained public trust and are now operating about 7,000 franchised clinics all over Pakistan. Among private organizations, Green Star alone distributes 53% of all contraceptive in Pakistan[569]. Just a few years ago, family planning was a taboo in the Pakistani

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[566] Ideas has 50 franchise units in Pakistan. This information is retrieved on June 10, 2017 from http://www.ideas.com.pk

[567] Origins has 40 franchise units in Pakistan. This information is retrieved on June 10, 2017 from http://www.originsestore.com/

[568] OutFitter has 7 franchise units in Pakistan. This information is retrieved on June 10, 2017 from https://www.outfitters.com.pk/

[569] http://www.psi.org/country/pakistan/#about

society (Islam, Malik & Basaria, 2002)[570]. However, franchising products have significantly contributed by enhancing public awareness towards the importance and benefits of family planning and through offering affordable, effective and high quality products. This shows that franchising techniques cannot only provide social products or services according to community needs but can also be used to enhance public awareness and change conservative perceptions.

Some more examples of franchise chains in the healthcare sector are UmeedSey in reproductive health, Falah in reproductive health and family planning, the Shaukat Khanum Memorial Cancer Hospital and Research Centre as well as Agha Khan University Hospital for their laboratory collection centers located outside their hospitals across Pakistan.

Other examples of social franchise chains in Pakistan are: the Rural Development Foundation of Pakistan which aims to alleviate poverty and improve the quality of life for rural people, and the Utility Stores Corporation, which distributes cheap food through a public-private partnership using franchising techniques. It is clear that social franchising is a vigorous and growing sector in Pakistan (Azmat, Shaikh, Hameed, Mustafa, Hussain, Asghar, Ishaque, Ahmed, Bilgrami, 2013)[571].

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[570] Islam, A., Malik, F., & Basaria, S. (2002). Strengthening primary health care and family planning services in Pakistan: some critical issues. *JPMA. The Journal of the Pakistan Medical Association, 52*(1), 2-7.

[571] Azmat, S. K., Shaikh, B. T., Hameed, W., Mustafa, G., Hussain, W., Asghar, J., Ishaque, m., Ahmed, A., Bilgrami, M. (2013). Impact of social franchising on contraceptive use when complemented by vouchers: a quasi-experimental study in rural Pakistan. *PLoS One,* 8(9), 12-27.

3.1.5 Franchising in the education sector in Pakistan

In Pakistan, the state is obliged by the constitution to provide education (Malik, Amin, Ahmad, Mukhtar, Saleem, & Kakli, 2014)[572]. However, due to the inefficiency of the government, different private business concepts have entered into the education sector. Of these, franchising has been considered one of the most successful.

The domestic franchise chains are operating in Pakistan at pre-primary, primary and middle education levels. These chains include Allied Schools, The Educators and The Knowledge School. They are also operating successfully at secondary and higher secondary education level through companies such as the Punjab Group of Colleges and The Leadership Colleges.[573] Several international franchise chains have also been operating in primary, secondary and higher secondary education. These include the American Lyceum International School from the US, Pak Turk International Schools and Colleges from Turkey and The International School of Choueifat from Lebanon.

Recently, some public universities in Pakistan, including the University of Sargodha and The Virtual University of Pakistan, have also launched their franchise campuses.

Some of the domestic franchise chains have expanded their operations into foreign markets. These include the Beaconhouse Group which has further expanded its franchise

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[572] Malik, A. B., Amin, N., Ahmad, K., Mukhtar, M. E., Saleem, M., & Kakli, M. B. (2014). *Pakistan Education for All*. Islamabad.

[573] Pre-primary age group: 3-5 years; Primary age group: 6-10 years; Middle school age group: 11-13 years; Secondary education: 14-15 years; Higher secondary education: 16-17 years; Higher education: 18 years and above (Malik, 2011).

operations to several developed and emerging countries, including Malaysia, Oman, the Philippines, Thailand, the UAE and the UK. (BeaconhouseschoolsystemWebsite, 2016).

The City School has expanded its franchise operations in Dubai, Oman and Saudi-Arabia[574].

Therefore, the growth of franchising in the education sector in Pakistan is similar to the growth of franchising in commercial sectors. Currently, there are 22 school franchise chains in Pakistan, including 4,127 franchise schools with approximately 1,310,200 full-time students[575]. These franchise schools promise to deliver greater accessibility by having schools in remote areas and a higher quality product for pre-primary, primary, middle, secondary and higher secondary school education in Pakistan.

Recently, supranational organizations including The World Bank, UNESCO, and some foreign governments, such as the United Arab Emirates, have also started to invest in the education sector in Pakistan to strengthen non-governmental educational companies[576], such as franchise chains, in order to make education accessible for everyone, specifically for poor people in rural areas and more specifically for girls in rural areas (OECD, 2017)[577] as franchised schools charge lower fees and wide coverage of remote areas as comapred to other private schools. However, the franchising concepts in the education sector in Pakistan are mostly domestic or

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[574] This information has been retrieved on June 10, 2017 from http://thecityschool.edu.pk/

[575] These figures are estimated by the author based on review of franchise chain websites.

[576] These supra-national organizations and foreign governments decided to invest in non-government education companies in Pakistan due to government's continuous failure in meeting "United Nations Millennium Development Goals" for improving education provisions and literacy rates.

[577] OECD. (2017). Retrieved 10 June, 2017 from http://www.oecd.org/countries/pakistan/

operated by private educational companies, private universities and public sector universities. The franchised There is clear evidence that the expansion of franchise chains in the education sector has produced fruitful results in Pakistan and these results are penetrating to the grass root level of the society.

Below, I will present the selection of qualitative methodology, the data collection process, the selection of franchise chains and profiles of the franchise chains interviewed for this study. I will also explain the method used to select respondents, arrive at a travel plan and design the data analysis process.

3.2 Multi-level approach: qualitative analysis

The objective of this empirical research is to explore the dynamics of franchising in the education sector (a social sector) in Pakistan. To date, no prominent scientific study has been conducted to understand the emergence and success of franchise chains in the education sector in Pakistan. Therefore, many important questions have been left unanswered in the scientific literature. These include, why parents are willing to pay fees in franchise schools when public schools are available free of cost? Whether the masses can afford the fees of these franchise schools? Who are the franchisors and the franchisees in school chains? Why has government allowed franchise chains to invest in the education sector? How independent are the educational franchises from external funding, government subsidies and philanthropic means? How successful are franchise chains in achieving the balance between commercial goals and alleviating the problems of society? Do these chains have significant social impacts on the general population? And is franchising in the education sector really social franchising and what

are the main issues, challenges, strengths and future of education franchise chains in Pakistan? Therefore, this study might be categorized as an attempt to lay out the primary evidence which emerges from a systematic investigation and exploration of franchise schools that offer full-time school services[578].

To conduct this study, I have adopted a multi-level qualitative approach as it has been widely accepted as an appropriate strategy to explore new emerging topics that have not been researched thoroughly (Henderson, 1991[579]; Lewis, 2015[580]; Shah & Corley, 2006[581]).

To further support my argument about the qualitative approach as a methodological choice, I would like to add that the qualitative research has been perceived as a systematic, subjective approach used to describe newly emerged and existing organizational mechanisms and define real-life settings or experiences by interpreting its meaning (Denzin & Lincoln, 1994)[582]. Therefore, to extract rich data about an emerging and new research topic, such as franchising in the education sector in emerging markets, the qualitative approach was considered as an appropriate choice.

In addition, the depth of interaction between researcher and participant is also believed to be critical in terms of gathering valuable knowledge about a new research topic, which can be

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[578] Full-time school studies cover pre-primary to higher secondary school education.

[579] Henderson, K. A. (1991). *Dimensions of choice: A qualitative approach to recreation, parks, and leisure research.* Alberta. Canada. Venture Publishing, Inc.

[580] Lewis, S. (2015). *Qualitative inquiry and research design: Choosing among five approaches.* California. Sage Publication Inc.

[581] Shah, S. K., & Corley, K. G. (2006). Building Better Theory by Bridging the Quantitative–Qualitative Divide. *Journal of Management Studies,* 43(8), 1821-1835.

[582] Denzin, N. K., & Lincoln, Y. S. (1994). *Handbook of qualitative research.* NewYork. Sage Publications, Inc.

adequately obtained by adopting a qualitative approach (Silverman, 2006)[583]. In contrast, the quantitative approach does not fully allow the researcher to interact with, understand and study a targeted group of people in a way which enables the researcher to interpret social interactions.

Further, quantitative data can only be collected through precise measurements using structured and validated data collection instruments. However, it cannot focus on abstracting multi-dimensional and contrasting information which could be collected through qualitative approach like in-depth interviews, open-ended responses, discussions, observing participants, field notes and reflections (Marshall & Rossman, 2014[584]; Smith, 2015[585]). Within the quantitative approach, a researcher can specifically construct objectivity, define numbers, statistical values and identify statistical relationships but cannot expect subjectivity using different patterns, features and themes of data which it is only possible to investigate using a qualitative approach (Maxwell, 2012)[586]. Hence, in quantitative approach, a researcher can focus through a narrow-angle lens produced by testing specific hypotheses but cannot focus a wide-angle lens by examining the breadth and depth of the phenomenon as in qualitative approach. Often, the objective of a quantitative approach is to describe, explain and predict a single reality

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[583] Silverman, D. (2006). *Interpreting qualitative data: Methods for analyzing talk, text and interaction.* Boise. Sage International.

[584] Marshall, C., & Rossman, G. B. (2014). *Designing qualitative research*. New York. Sage Publications Inc.

[585] Smith, J. A. (2015). *Qualitative psychology: A practical guide to research methods*. London. Sage Publications Inc.

[586] Maxwell, J. A. (2012). *Qualitative research design: An interactive approach*. New York. Sage Publications Inc.

while the objectives of a qualitative approach are to explore, discover and construct multiple realities in a subjective manner (Johnson & Christensen, 2008[587]; Lichtman, 2006[588]).

Consequently, the settings of a qualitative approach allow the researcher to lay out research design in such a manner that it could emerge and unfold new research directions as the study progresses rather than construct its parameters prior to the study. Indeed, generalizability is not the goal of qualitative research, rather it aims to understand the phenomenon of interest for a group of participants within a very small slice of time (Bertaux & Thompson, 2006[589]; Dallos & Denford, 2008[590]).

Philosophically, the belief is that realities are multiple, contrasting, can change over time and may not be duplicated anywhere else (Shah & Corley, 2006[591]; Weiss, 1995[592]). Therefore, a qualitative approach specifically aims to explore the research topic as comprehensively as possible and reveal facts rather than simply verifying already existing facts and claims or

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[587] Johnson, B., & Christensen, L. (2008). *Educational research: Quantitative, qualitative, and mixed approaches.* Thousand Oaks. Sage Publications.

[588] Lichtman, M. (2006). *Qualitative research in education: A user's guide.* Thousand Oaks. Sage Publications Inc.

[589] Bertaux, D., & Thompson, P. R. (2006). *Pathways to social class: A qualitative approach to social mobility.* NewJersey. Transaction Publishers.

[590] Dallos, R., & Denford, S. (2008). A qualitative exploration of relationship and attachment themes in families with an eating disorder. *Clinical Child Psychology and Psychiatry,* 13(2), 305-322.

[591] Shah, S. K., & Corley, K. G. (2006). Building Better Theory by Bridging the Quantitative–Qualitative Divide. *Journal of Management Studies,* 43(8), 1821-1835.

[592] Weiss, R. S. (1995). *Learning from strangers: The art and method of qualitative interview studies.* New York.

Free Press: Simon and Schuster.

particularly analyze the surface description of a large sample of a population (Jick, 1979[593]; Yin, 2003[594]).

The qualitative approach has often been adopted by researchers to explore emerging topics. For instance, Ahmad & Seet (2009)[595] used a qualitative approach to study dissecting behaviours associated with business failures in Australia and Malaysia. The authors interviewed 20 business owners in both countries to draw on real life lessons and to understand behavioral differences in the context of business failure in two relatively different cultural settings.

Heinonen & Poikkijoki (2006)[596] also adopted a qualitative approach to explore the entrepreneurial-directed approach to teaching entrepreneurship. The author discussed different teaching techniques aimed at infusing entrepreneurial skills and behavior among university students. The study concluded that the entrepreneurial-directed approach seems to be appropriate for teaching university students because it encourages them to broaden their perspectives and helps them to develop the entrepreneurial skills and behavior needed for their studies.

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[593] Jick, T. D. (1979). Mixing qualitative and quantitative methods: Triangulation in action. *Administrative Science Quarterly,* 24(4), 602-611.

[594] Yin, R. K. (2003). *Case study research: Design and methods. (3 ed.).* New York. SAGE Publications, Incorporated.

[595] Ahmad, N. H., & Seet, P.-S. (2009). Dissecting behaviours associated with business failure: A qualitative study of SME owners in Malaysia and Australia. *Asian Social Science, 5*(9), 98.

[596] Heinonen, J., Poikkijoki, S. A. (2006). An entrepreneurial-directed approach to entrepreneurship education: mission impossible? *Journal of Management Development,* 25(1), 80-94.

Similarly, Carson (1990)[597] adopted a qualitative approach by interviewing people from 80 small firms. The author used the qualitative approach to develop a marketing model to make marketing accessible for small firms and to improve their marketing planning and performance.

Researchers interested in franchising have also often used the qualitative approach. To study developed markets, Weaven & Frazer (2007)[598] and Perrigot & Herrbach (2012)[599] have interviewed franchisees from several chains and several industries to investigate multi-unit franchising in Australia and plural form in France, respectively. Perrigot, Basset & Cliquet (2011)[600], in their case study on Subway, interviewed franchisees and development agents to analyse Subway's communication strategies towards prospective franchisees in the French market.

Forte & Carvalho (2013)[601] in their case study on the Portuguese chain, Parfois, conducted interviews with staff responsible for chain internationalization.

As far as emerging markets are concerned, Swerdlow and Welsh (1992)[602] conducted in-depth interviews with students to investigate the future of franchising in Russia.

[597] Carson, D. (1990). Some Exploratory Models for Assessing Small Firms′ Marketing Performance (A Qualitative Approach). *European journal of marketing, 24*(11), 8-51.

[598] Weaven, S., & Frazer, L. (2007). Mature franchise systems use multiple unit franchising to leverage learning economies and sustain systemwide growth. *Asia Pacific Journal of Marketing and Logistics,* 19(2), 107-126.

[599] Perrigot, R., & Herrbach, O. (2012). The plural form from the inside: a study of franchisee perception of company-owned outlets within their network. *International Journal of Retail & Distribution Management,* 40(7), 544-563.

[600] Perrigot, R., Basset, G., & Cliquet, G. (2011). Multi-channel communication: the case of Subway attracting new franchisees in France. *International Journal of Retail & Distribution Management,* 39(6), 434-455.

[601] Forte, R., & Carvalho, J. (2013). Internationalisation through franchising: the Parfois case study. *International Journal of Retail & Distribution Management,* 41(5), 380-395.

Doherty (2009)[603] carried out semi-structured interviews in China with senior managers and employees from six UK-based fashion retailers, including franchisors, to understand the factors influencing the selection of specific markets for international expansion of retail chains.

Harif (2012)[604] interviewed Malaysian franchisors to measure the role and extent of marketing capability and market orientation as applied by franchisors in developing and operating their franchise businesses. The author suggested useful information that provides the guidelines for the success of franchise business operators in Malaysia.

Jauhari, Vaishnav, & Altinay (2009)[605] adopted a qualitative approach by interviwing Indian franchisees regarding their decision-making criteria to select franchisees for a franchise chain in India. The authors concluded that Indian franchisees use brand name, profitibility and operational support as decision-making criteria.

Thus we can see that the use of qualitative approach is common amoung scholars interested in exploring emerging topics in both developed and emerging markets.

Correspondingly, adopting a qualitative research approach allowed me to enhance my understanding about the topic of my investigation through interactions with participants and by observing actual organizational environment and structure – in other words their characteristics -

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[602] Swerdlow, S., & Welsh, D. H. B. (1992). The future of franchising in the U.S.S.R. A statistical analysis of the opinions of Soviet university students. Presented at 6th *International Society of Franchising Conference*.

[603] Doherty, A. M. (2009). Market and partner selection processes in international retail franchising. *Journal of Business Research,* 62(5), 528-534.

[604] Harif, M. (2012). The extent of marketing capability and market orientation in franchise business in Malaysia. *International Journal of Business and Social Science,* 3(10), 325-334.

[605] Jauhari, V., Vaishnav, T., & Altinay, L. (2009). The franchise partner selection process and implications for India. *Worldwide Hospitality and Tourism Themes,* 1(1), 52-65.

during the interviews. In addition, a qualitative approach allowed me to understand how and why the research participants have derived certain perceptions and assumptions from their surroundings and how these perceptions and assumptions influence their behaviors. Importantly, a qualitative approach equipped me to explore several interesting phenomena through observing a respondent's behavior, body language, voice intonation, perceptions, emotions and desires which, though these cannot be quantified, helped me to understand the organizational layout of educational networks in Pakistan.

Consequently, a qualitative approach allowed me to record in-depth the behavior of participants in their environment through observation. Observation in research is a type of correlation which is non-experimental and in which a researcher observes ongoing behavior. In fact, observation has proved as a useful tool for generating in-depth descriptions about the topic under investigation in a manner that is otherwise inaccessible (Patton, 2005)[606].

I used multi-dimensional sources to collect the data. Indeed, multiple sources of data strengthen the positive points of qualitative research as they contribute to establishing the validity and reliability of the findings (Johnson, Onwuegbuzie, & Turner, 2007[607]; Yin, 2008[608]). The data was collected by conducting 44 in-depth face-to-face interviews and analyzing documents, and online resources. The use of in-depth interviews has been widely acknowledged

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[606] Patton, M. Q. (2005). *Qualitative research.* Encyclopedia of Statistics in Behavioral Science.Wiley Online Library.

[607] Johnson, R. B., Onwuegbuzie, A. J., & Turner, L. A. (2007). Toward a definition of mixed methods research. *Journal of Mixed Methods Research,* 1(2), 112-133.

[608] Yin, R. K. (2008). *Case study research: Design and methods. (5 ed.).* New York. *SAGE Publications, Incorporated.*

by several researchers in franchising (Doherty, 2009[609]; Forte & Carvalho, 2013[610]; Hussain & Windsperger, 2011[611]; Kaufmann & Dant, 1999[612]; Perrigot, Basset, & Cliquet, 2011[613]; Perrigot & Herrbach, 2012[614]; Swerdlow & Welsh, 1992[615]; Weaven & Frazer, 2007[616]).

The documents included annual research reports on the education sector in Pakistan[617], handbooks on Pakistani education statistics[618], research reports, technical reports, and other annual publications issued by the Ministry of Education in Pakistan. The online resources include flyers and articles about the education companies available on their own and third party websites.

To conclude: This empirical research is the first of its kind to investigate franchise school chains in Pakistan. Thus, I need to understand the in-depth subjective factors which favored the

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[609] Doherty, A. M. (2009). Market and partner selection processes in international retail franchising. *Journal of Business Research,* 62(5), 528-534.

[610] Forte, R., & Carvalho, J. (2013). Internationalisation through franchising: the Parfois case study. *International Journal of Retail & Distribution Management,* 41(5), 380-395.

[611] Hussain, D., & Windsperger, J. (2011). Multi-unit franchising: a comparative case analysis. *Journal of Applied Business Research,* 27(1), 103-112.

[612] Kaufmann, P. J., & Dant, R. P. (1999). Franchising and the domain of entrepreneurship research. *Journal of Business Venturing,* 14(1), 5-16.

[613] Perrigot, R., Basset, G., & Cliquet, G. (2011). Multi-channel communication: the case of Subway attracting new franchisees in France. *International Journal of Retail & Distribution Management,* 39(6), 434-455.

[614] Perrigot, R., & Herrbach, O. (2012). The plural form from the inside: a study of franchisee perception of company-owned outlets within their network. *International Journal of Retail & Distribution Management,* 40(7), 544-563.

[615] Swerdlow, S., & Welsh, D. H. B. (1992). The future of franchising in the U.S.S.R. A statistical analysis of the opinions of Soviet university students. Presented at 6th *International Society of Franchising Conference.*

[616] Weaven, S., & Frazer, L. (2007). Mature franchise systems use multiple unit franchising to leverage learning economies and sustain systemwide growth. *Asia Pacific Journal of Marketing and Logistics,* 19(2), 107-126.

[617] These research reports are prepared by supranational organizations e.g., UNESCO, UNICEF and OECD, etc.

[618] The hand books on Pakistani education statistics are issued by the Ministry of Education, Pakistan.

emergence of franchise school chains. For this purpose, I aimed to explore an explicit rendering of the structure, order and broad pattern among a group of participants, focusing on educational franchise chains in Pakistan. I therefore argue that the qualitative approach is an appropriate approach for this study.

3.3 Data collection

Limited literature exists about franchising in the education sector. Particularly, no concrete scientific study has ever been conducted to explore education franchise in Pakistan. There is no franchise federation in Pakistan. Therefore, I managed to collect detailed information about educational franchise networks on my own. To accomplish this, I adopted various prudent strategies to make sure that I approached all small and large-sized networks, both old and new. To extract the necessary information, first, I contacted the Ministry of Education, Pakistan for a detailed list of franchise networks. Further, I contacted some of public and private universities in different cities to learn more about local networks. I also searched the internet and finally I made personal observation and notes during my research travels within Pakistan.

3.3.1 Interview guides

Franchising researchers and professionals have widely contributed to my study by generating decisive, valuable, and practically useful scientific literature. Thanks to the existing literature and the co-operative and worthy supervision of Dr Rozenn Perrigot, I have been able to develop a comprehensive interview guide. I constructed four different interview guides focusing franchisors and government official, franchisees, teachers, employees, students and parents. The multiple interview guides were prepared due to the diverse nature of interview questions and the

fact that some of the questions asked of franchisors might not be relevant to teachers, parents and students. Each interview guide is comprised of four main parts – in addition to the introduction and conclusion.

3.3.1.1 Franchisors and government officials

The interview guide for franchisors and government official was composed of four sections: (1) the education sector, as well as franchising in the education sector, (2) the practices and strategies of the franchise chains in the education sector, (3) the services provided to the franchisees and to the customers, and (4) the social impact of franchising in the education sector. The interview guide for franchisors and government officials is attached to the thesis as Appendix A.1.

3.3.1.2 Franchisees

Similarly, the interview guide for franchisees was composed of: (1) the education franchise and its characteristics, (2) comparison of public and franchise schools, (3) the services provided by the franchisor and to the customers, and (4) the commercial and social impact of franchising in the education sector. The interview guide for franchisees is attached to the thesis as Appendix A.2.

3.3.1.3 Teachers/employees

Further, the teachers and employees interview guide was comprised of: (1) the education sector and franchising in the education sector, (2) performance of public and franchise schools, (3) limitations and future of franchise schools, and (4) the benefit of franchise schools for the

society. The interview guide for teachers and franchisee employees is attached to the thesis as Appendix A.3.

3.3.1.4 Parents and students

Lastly, the students and parents interview guide was composed of: (1) the benefits of franchise schools for customers, (2) characteristics of franchise schools, (3) limitations and future of franchise schools, and (4) benefits of franchise schools for the society. For further reference I have attached interview guides as Appendix A.4.

3.3.2 Selection of franchise chains

In the Pakistani market, there are 22 franchise chains operating in the schooling sector[619]. I approached nine franchise chains[620] and interviewed altogether 44 respondents[621]. These semi-structured interviews were conducted face-to-face in the province of Punjab[622] during August, September and October 2014.

For data collection, I selected those franchise chains which differ one from each other in terms of school locations (urban, rural and deprived areas)[623], users (varying income level and social status) and fee structure so that I could gain diverse perspectives and perceptions regarding

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[619] The details of each franchise chain is mentioned in table ----.

[620] Group profile of each chain is discussed below.

[621] Further details of respondents are mentioned in Table No---

[622] The Province of Punjab has a leading literacy rate of 62%, followed by the Province of Sindh (60%), the Province of Khyber Pakhtaunkhwa (52%) and the Province of Balochistan (44%). 56% of Pakistan's total population resides in the Punjab province.

[623]63% of the population in Pakistan lives in rural areas (Mukhtar, 2011).

the growth of franchising in the education sector. Moreover, I selected franchise chains which offer full-time educational services from primary to secondary or higher secondary education. These sampling criteria further enabled me to select the most relevant interviewees for the study.

I will briefly introduce the profiles of franchise chains that I selected for this study and then I will discuss selection of respondents and the data analysis process.

3.3.3 Profiles of selected franchise chains

I approached nine franchise chains and the profiles of each franchise chain are mentioned below. The information and statistics given in this section have been personally collected from multiple sources that include: information from interviewees, information from company brochures and leaflets obtained from the head-offices of franchise schools, information from education company websites and third party websites.

3.3.3.1 Punjab Group of Colleges

Punjab Group of Colleges is a franchise network of the Punjab Group. The Punjab Group set its roots in the education sector in 1985 when they first launched the Punjab College of Commerce[624] in Lahore. In 32 years, the Group has expanded its educational services from Playgroup to doctoral level.

The Punjab Group offers multi-dimensional academic domains including medical sciences, engineering, social sciences and the arts. Nowadays, The Punjab Group is comprised of

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[624] Punjab College of Commerce offers higher secondary school education.

three universities: the University of Central Punjab[625], Mohammad Ali Jinnah University[626] and the Capital University of Science and Technology[627]. It has 335 Punjabi Group campuses and these include both franchised and company-owned units. It also has 730 Allied Schools campuses – fully franchised, 165 Education for All School System campuses – fully franchised, 45 Resource Academia School System campuses – fully franchised, Punjab Law College – company-owned, Tower Technologies[628], Dunya TV[629], Roznama Dunya[630] and the Dunya Foundation[631].

Punjab Group of Colleges offers higher secondary education and is famous in offering wide scholarships and fee reductions for students. They offer remarkable fee reductions (mostly free) for disabled and orphan students. Further, they offer brand new cars and motorcycles for their top 30 best performing students of their chain in order to motivate, encourage and attract more students.

Over the last ten years, Punjab Group of Colleges has been successful in capturing multiple positions in the list of top performing students in higher secondary education in Pakistan. The Punjab Group of Colleges network is known as one of the most highly developed franchise education systems in Pakistan where franchisees are not eligible to handle the

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[625] Established in 1999, offers courses from under-graduate to PhD programs in seven different faculties.

[626] Founded in 1998, offers courses from under-graduate to PhD programs in three diversified faculties.

[627] Instituted in 1998,

[628] A software company with 225 experts in developing IT solutions for Punjab Group, specifically for education brands.

[629] A television channel for broadcasting live news in Pakistan and now expanding its services overseas.

[630] A creditable national wide newspaper published daily in major cities of Pakistan.

[631] A non-profit organization

academic affairs of the campus and every franchisee has to appoint a principal assigned by the franchisor.

The student fees for all franchise units are supposed to be deposited directly in the franchisor bank account and then later on the franchisor will calculate and transfer the franchisees' share into their account. The Punjab Group of Colleges also requires each franchisee to construct new buildings according to their design, in order to ensure the uniformity in infrastructure and the standardization of facilities.

Therefore, the management of Punjab Group of Colleges is known as a bureaucratic management style in the franchise sector in Pakistan. In total, they have 330 campuses in 85 cities of Pakistan with approximately 360,000 full-time students. The Punjab Group intensively advertises its distinguishing features on their own national level television channel (Dunya News) and at national level in the daily newspaper Roznama Dunya so as to attract new franchisees as well as new customers, both parents and students. The growth of the Punjab Group of Colleges over 10 years is displayed in Figure No 3.1.

Figure No 3.1: Ten year growth chart of Punjab Group of Colleges

Source: http://www.pgc.edu/growth-over-years
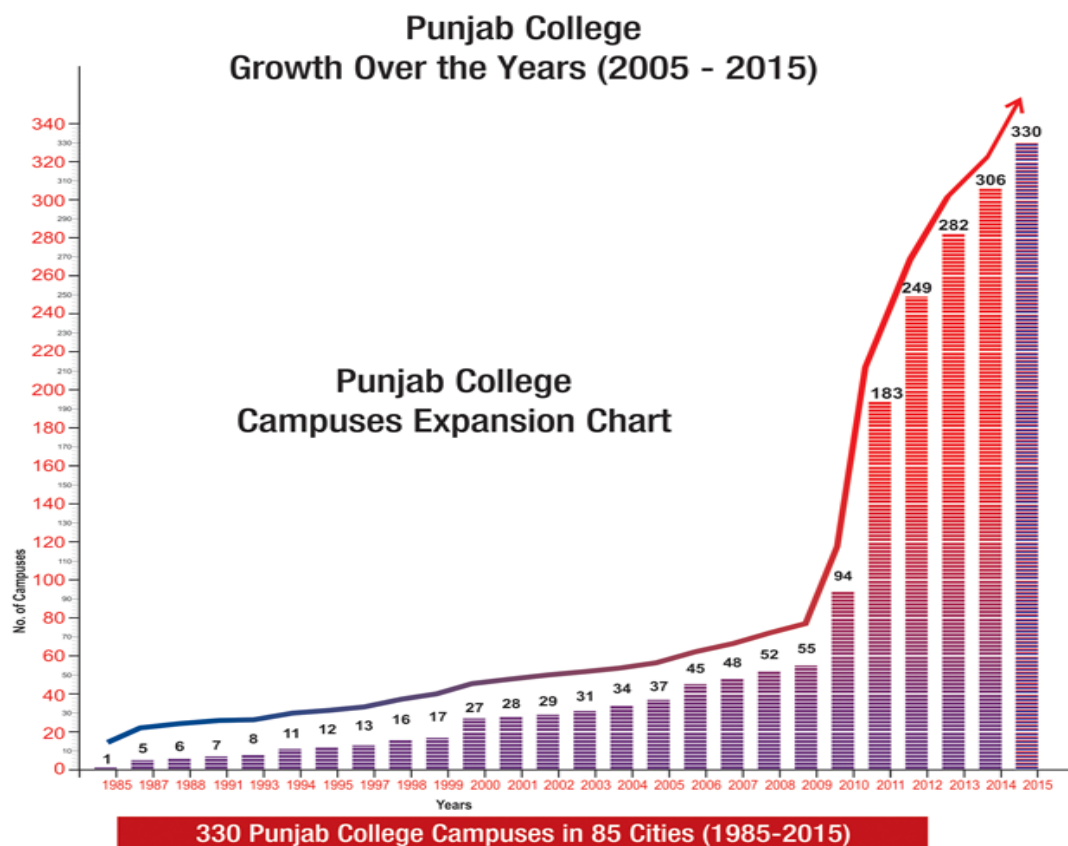
3.3.3.2 Allied Schools – A Project of Punjab Group of Colleges

Allied Schools is a franchised chain of Punjab Group of Colleges. This network is a fully franchised concept without any company-owned unit. It was launched in 2009 and is offers educational services right through from pre-primary to secondary level schools. It has experienced remarkable growth and has established 730 franchised campuses with 195,000 enrollments including urban, rural and remote areas of Pakistan in only seven years. Allied

Schools is well-known because of its low fees policy ($18 per month), standardized educational services and the large territory it covers across Pakistan.

The Allied Schools franchisor, the Punjab Group of Colleges, offers initial and ongoing training sessions for franchisees and their principals. However, the Allied Schools franchisees are however to select their school principal or to become a principal themselves after completing certain training sessions.

The aim of Allied Schools is to groom and train students from pre-primary to secondary level and then prepare them for admission to the Punjab Group of Colleges for higher secondary school education. From there they can opt for higher studies and, if successful, ensure their admissions to various universities in the Punjab Group.

The students of Allied Schools get significant fee reductions if they choose to study in the Punjab Group of Colleges for higher secondary education. In order to promote school education, Allied Schools offer fee reduction programs for siblings, orphans and needy students. Allied Schools have adopted modern technologies to establish strong communication with parents. Every franchised unit has an excess to free SMS service provided by franchisor for sharing daily attendance, student performance in class tests and assessments with parents. Clearly, the teacher-parents relationship has a significant value in Allied Schools.

Moreover, free educational assurance is ensured for every student if their parents die while the student is still attending school or college. Further, the franchisor has established a special designated team of doctors with a fully equipped mobile hospital. These medics visit every Allied Schools campus to provide a free mental and physical health check-up of every

enrolled student. Allied Schools has alliances with various strategic partners, including Intel Pakistan and the Rising Sun Education & Welfare Society. Collectively, they strive to design advanced communication techniques between franchisors and franchisees, teachers and parents, and develop training programs for network employees. They also design diversified curricula and efficient lesson plans.

3.3.3.3 The Educators – A Project of Beaconhouse School System

The Educators is a project of Beaconhouse, which was the first education franchise chain in Pakistan. Beaconhouse started providing education services when it opened its first Montessori for toddlers "Les Anges Montessori Academy" in Lahore in 1975. It went on to establish the Beaconhouse School System in 2002. Today, the Beaconhouse School System is considered as a major private educational force within Pakistan. It has also expanded successfully internationally into many developed, emerging and developing markets, including Bangladesh, Indonesia, Malaysia, Oman, the Philippines, Thailand, the UK and the UAE. Currently, the Beaconhouse School System has 260,000 students worldwide. The Beaconhouse Group has also established various educational and welfare organizations in Pakistan other than The Educators. These include the Beaconhouse National University[632], Concordia Colleges[633], The Discovery Center Smart School[634], TNS Beaconhouse[635], Gymboree Play & Music[636], The Early Years[637],

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[632] It is the first Liberal Arts University in Pakistan founded in 2003 with 243 faculty members and 2560 enrolled students.

[633] This concept offers high school studies in comparative low fees with the aim of fulfilling the social responsibility of bringing a positive change to the society in terms of offering quality education and intellectual development in young students.

[634] The Centre's philosophy is to engage students in their project-based learning through integrated technologies such as digital filmmaking, computers and the Internet.

[635] This concept focuses on non-passive children who tend to learn by projects/practice by adopting Reggio Emilia Approach.

Bubbles[638], the Beaconhouse teacher training and development center (initiated in collaboration with Bradford University), and a public-private partnership with the Abu Dhabi Education Council in order to design an educational franchise model for them. Its various arms include Beaconhouse educational services limited[639], Premier Trading Services[640] and Beaconhouse Estates[641]. The Beaconhouse Group has 14,000 employees, of whom approximately 10,500 are teachers. The Beaconhouse Group paved the way for many others in 1996 when The World Bank extended its support for the development of private education in Pakistan. In many ways, this led to a paradigm shift in the way banks perceived schools.

However, The Educators, a Project of Beaconhouse, is known as the pioneer because it was the first schools chain to adopt franchising in the education sector in Pakistan. The Educators is a fully franchised concept – without a single company-owned unit. It offers educational services from pre-primary to secondary school and has successfully extended to reach 700 franchised units and 175,000 enrolled students. In doing so, it has created 9,200 jobs (academic and non-academic). The Educators is present in all five provinces of Pakistan, including urban, rural and deprived areas. In 2012, The Educators won the brand of the year award presented by the brand foundation, which is a public company monitored by the

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[636] It provides early childhood development programs. Beaconhouse School System acquires master franchise of this concept in Pakistan.

[637] A day care center for young children ages 3 to 36 months. It provides opportunities for them to interact with the environment, to explore and to learn by 'trying out' things for themselves.

[638] Bubbles is a one year playgroup program.

[639] A Beaconhouse School System department based in UK, responsible for international expansion of the group.

[640] It was established in 1995 for commercial activity e.g., printing and supply of books, stationary and school uniform, etc.

[641] An affordable residential program for Beaconhouse employees

Government of Pakistan. The most successful feature of The Educators is the tuition fee ($18 per month) which is a fraction of the fee charged at Beaconhouse School System and other private schools. The Educators is prospering even while it provides a quality learning environment for students and quality training for the faculty through excellence in education within the relevant socio-cultural framework of Pakistan. The success of The Educators lies both in its strong brand and its ability to continuously add new products and services for its network associates (franchisees) including, most recently, The Educators Edge (newsletter) and free student health insurance.

3.3.3.4 Dar-e-Arqam Schools

Dar-e-Arqam Schools was established in 1991. In 2011 they adopted franchising and within a few years it has expanded its reach to a total of 525 franchised campuses, a mix of company-owned and franchised campuses. Dar-e-Arqam Schools currently educate 150,000 fulltime students from pre-primary to higher secondary schools. It is also known as a pioneer which provides a blend of contemporary and religious education in Pakistan. Dar-e-Arqam Schools is specifically famous for offering intense training to franchisees. They have a partnership with a Turkish Education Company for training both franchisees and teachers. The management offers an annual entertaining tour with franchisees for few days where the training sessions are held. Dar-e-Arqam Schools management is also well known for establishing an efficient team of on-field consultants.

3.3.3.5 The Knowledge School – A Project of ILM Trust

The Knowledge School is a project of ILM Trust and University of Management and Technology (UMT). The ILM Trust started its educational services in 1990 and expanded in 2011 when they launched a fully franchised school chain (The Knowledge School). This offers high quality education from pre-primary to higher secondary school. The Knowledge School network has now 217 franchised campuses with 47,000 students.

The management of The Knowledge School offers a viable and attractive investment opportunity for potential investors[642]. Its associates get valuable support from its universities (ILM & UMT) to improve educational management and enhance school progress. Franchisees also benefit from the interaction with university professors in order to improve their skills. The Knowledge School has adopted an advanced and centralized curriculum to cope with modern needs and knowledge in an increasingly technological society. The Knowledge School specifically focuses on providing school education for girls living in deprived areas and prepares them to continue their higher education in group universities through an easy admission policy and low fees. The Knowledge School also offers evening school classes to accommodate the maximum number of students. They specifically focus on expanding their network in rural areas, where educational facilities and literacy rates are still unsatisfactory. In order to attract franchisees from rural areas, the management also runs targeted marketing campaigns in rural areas of Pakistan and these continue to attract parents and students. The Knowledge School franchisor frequently manages nationwide marketing campaigns on television and newspapers to promote education awareness.

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[642] Details can be seen in Table No 2

3.3.3.6 The Smart Schools

The Smart Schools is a franchise project of The City School. The City School was established in 1978 in Karachi, and in 2011, they launched the franchise network The Smart Schools with a focus on offering low fees for parents and standardized education for children from pre-primary to higher secondary school. The Smart Schools has opened 250 franchised campuses and enrolled 95,000 students.

The schools specialize in offering advanced education with the latest technologies by adopting e-learning techniques. The Smart Schools is the first institution in Pakistan to introduce the e-classrooms where every student is equipped with a personal computer and an electronic tablet. Moreover, all lectures are delivered through multi-media and projectors. The students are trained to use digital libraries and teachers have to attend regular training sessions in order to manage teaching through modern techniques.

The students are enabled to foster their learning capabilities, creativity and develop research skills through e-learning. Moreover, parents also have their personal online accounts where they can follow daily progress, school updates and lesson plans. The Smart Schools network has experienced a quick expansion across the national borders of Pakistan, delivering standardized educational services. Encouraged by the overwhelming success of The Smart Schools, The City School management has now decided to launch The Smart College following the technological model of The Smart Schools.

3.3.3.7 The Spirit School

The Spirit School is a franchise school network of the Superior Group of Colleges. The Superior Group operates as a domestic private hand for the improvement of standards in education, health and other sectors. They have established Superior University[643], Superior Group of Colleges[644], Azra Naheed Medical College[645], Chaudhry Muhammad Akram Teaching and Research Hospital[646], The Superior Solutions[647], Breeo[648] and Daily Nai Baat[649], Support Business[650], Boom FM[651] and a unit of Corporate Social Responsibility[652]. The Spirit School franchise school network was launched in 2010 and today it has established a total number of 75 franchised units by educating 16,500 students in urban and rural areas of Pakistan. It offers educational services from pre-primary to secondary school.

To enrich the learning experience of students the network has adopted e-learning techniques where every class has to be equipped with multi-media, laptop and internet access. The network has designed a curriculum which allows students to actively learn and discover the

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[643] A national level university, established in 2000, offer more than 50 graduation degrees programs in 40 campuses to 45000 students

[644] A network that offers higher secondary education in the province of Punjab, Pakistan

[645] A newly established Private Medical College to produce high quality medical doctors for the society

[646] A hospital attached to the medical college with 650 beds

[647] A company that operates for IT solutions for the group as well as for local and international clients which are looking for developing websites, ERP Modules, web portals and educational software

[648] It is a free consultancy center for students of Superior Group, which guide students about the best fitting possibilities for their academic and professional path ways.

[649] A national wide news paper published 7 days a week

[650] A research and development wing which strive to find new business opportunities in Pakistan and act as auditing unit for the group

[651] A radio channel which provides a platform for students where they get entertainment and also raise their voice

[652] A voluntary unit of students funded by Superior Group which spontaneously act in the case of natural climates

world around them instead of learning knowledge that is exclusively based on books. The objective of the network is to provide students with an environment where they can establish individual bonds with teachers in order to open their minds and gain personal self-confidence.

The Spirit School specifically focuses on enabling students to develop social and moral values by frequently offering free workshops and seminars with a focus on building their sense of responsibility. The objective is to train students to be faithful to their society and the rule of law. The Spirit Schools also offer unique educational services to students who are disabled or suffer from mild learning deficiencies in order to allow them to complete schooling with normal students instead of learning in special schools. To realize the maximum potential and capabilities of all students, the network-parent liaison has a special value in Spirit School campuses. Teachers are obliged to point out and share the strengths and weaknesses of children with their parents and all franchised campuses have to establish a digital contact such as SMS or email with parents in order to facilitate academic monitoring and help parents to track the performance of their child.

3.3.3.8 Al-Hamd Institute of Science

The Al-Hamd Group is an affiliated[653] institute which offers specialized studies in finance and accounting for secondary and higher secondary school students. It was established in 1998 and recently expanded its educational services in the international market[654]. In 2010 the Al-Hamd Group decided to franchise the concept of the Al-Hamd Institute of Science. This newly

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[653] The group has affiliations with The Institutes of Chartered Accountants of Pakistan, The Chartered Institute of Management Accountants (UK), The Association of Chartered Certificate Accountants (UK), University of Karachi, Pearson VUE, Pakistan Institute of Public Finance Accountants and Board of Intermediate Education Karachi

[654] The recent network expansion has been made in Kingdom of Saudi Arabia

launched franchise succeeded in making 9000 enrollments in 36 franchised campuses. Along with regular morning sessions, the Al-Hamd Institute of Science offers special extensive evening sessions to those students who failed their final school examination. They are also noted for offering free counseling to parents and students to help them find their best possible careers and study options.

3.3.4 Selection of respondents

I approached multiple key players of education franchise chains in Pakistan, such as franchisors, franchisees, principals of franchisees[655], administrators of franchisees[656], teachers, parents, students and government education district officers[657] to explore the underlying diverse, contrasting and distinct perspectives and perceptions regarding franchising in the education sector in Pakistan. I interviewed 8 franchisors, 9 franchisees, 9 teachers, 8 parents, 9 students and 1 Government official. Those who agreed to be interviewed,[658] I tried to arrange the interviews at suitable and convenient times for them, usually at their school campus. One out of three people agreed to be interviewed.

3.3.4.1 Franchisors

I selected franchisors for interviews because they are the key players in the launch of franchising in a social welfare sector, namely education. The interviews with franchisors helped me to

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[655] A principal is an experienced manager employed by the franchisee (sometimes appointed by the franchisor) who specifically deals with academic affairs, i.e., improving teacher performance and maintaining academic checks and balances within the campus.

[656] An administrator is a person in charge of administrative work (e.g., financial reports, student admission status, monitoring of school expenses and maintenance).

[657] Education district officer who is responsible for public schools in a district.

[658] One out of three people I contacted agreed to be interviewed.

understand when, how and why these franchise chains have evolved in Pakistan. They also helped me to identify the major issues, challenges, strengths and potential future prospects of these franchise chains.

3.3.4.2 Franchisees

It was pivotal to explore franchisees' views about the franchise business in the education sector. It was interesting to delve underneath the facts and witness how the franchisees manage to remain independent from philanthropy and government subsidies while operating in a social sector. It was also useful to see their expectations in relation to the growth of franchise schools, how these schools have been successful in establishing networking with the society and what their survival strategy would be if the government improves public schools.

3.3.4.3 Employees and teachers

Employees' interviews helped me to comprehend how franchising has improved or affected their teaching quality, skills and how they manage to deliver uniform standardized educational services within a network.

3.3.4.4 Parents and children

I also conducted interviews with parents and students as they are the users of the franchised education chains and it is important to analyze how the end users perceive the services rendered.

3.3.4.5 Government employees

It was also important to explore the viewpoint and opinion of the government and to understand the government's stance over education franchise chains and what rules and regulations it plans to impose upon them.

3.3.5 Communication with respondents

Different communication means were used to approach the interviewees. Some directly confirmed their appointment through emails and phone calls while most of them asked me to visit them by pre-arranged appointment before they would consent to be interviewed. Thus, most of my interviews needed more than one visit. A high percentage of respondents (about 60%) were reluctant to allow audio recording of their interviews. The reluctance seemed to be due to their fear of providing sensitive information (Kaufmann & Dant, 1999)[659] so anonymity and confidentiality were assured to increase their comfort level.

However, it was also observed that once the interviewees developed confidence that this is strictly a research interview and that their identity, views and suggestions would only be used for research purposes, most of them grew comfortable and started sharing their detailed views, ideas and experiences. I audio recorded these interviews to facilitate the discussion with interviewees and to avoid making mistakes in my notes. Most candidates agreed to audio record the interviews and those who did not agree were exempted from the interviewees list. Two out of three people agreed to audio recording.

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[659] Kaufmann, P. J., & Dant, R. P. (1999). Franchising and the domain of entrepreneurship research. *Journal of Business venturing,* 14(1), 5-16.

All 44 interviews were conducted in the Urdu language,[660] audio-recorded and afterwards fully translated and transcribed into English. The average length of the interview was 54 minutes, with a minimum of 12 minutes and a maximum of 1 hour 5 minutes. The total length of recording was 39 hours 33 minutes and this corresponds to a total of 725 transcribed pages in English.

3.3.6 Semi-structured interviews

The most frequent method use to gather qualitative data is interview (Denzin & Lincoln, 1994)[661]. Out of different interviews types, such as structured, semi-structured, unstructured, I decided to conduct semi-structured interviews. The rationale behind this choice was that I had to conduct each of the interviews in one sitting per interviewee and a semi-structure interview, along with an interview guide, is the best option to accomplish this task. Other conveniences and benefits are that questions may be developed prior to the interview through the interview guide and the interviewer may be well prepared for the job (Maxwell, 2012[662]; Turner, 2010[663]). Likewise, interviewees may respond in detail and in their own words. Above all, semi-structured interviews help to generate reliable, rich and comparable qualitative data. The Interview guide was carefully and cautiously designed by myself under the valuable and worthy guidance of my research supervisor Dr Rozenn Perrigot.

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[660] Urdu is the official language of Pakistan.

[661] Denzin, N. K., & Lincoln, Y. S. (1994). *Handbook of qualitative research.* NewYork. Sage Publications, Inc.

[662] Maxwell, J. A. (2012). *Qualitative research design: An interactive approach*. California. Sage publications Inc.

[663] Turner, D. W. (2010). Qualitative interview design: A practical guide for novice investigators. *The Qualitative Report,* 15(3), 754-760.

3.4 Profile of franchise chains and respondents

To get a multi perspective, multi-dimensional view and rich data I tried to select diverse candidates from different chains for interviews. Tables 3.1 and 3.2 summarize the information about all 22 networks and the profiles of 44 interviewees respectively.

Figure 3.1: Profiles of franchise school chains in Pakistan

Franchise Chain	Year of Establishment	Franchised Units	No. of Students	Education Level	Organizational Form	Entry Fees in PKR Millions	Royalties (monthly)
Allied Schools	2009	730	195,000	Up to Higher Secondary School	Fully-franchised	1.0	10%
Air Foundation School System	2012	77	16,000	Up to Secondary School	Plural form franchising	1.0	9%
American Lycetuff School System	2011	87	20,000	Up to Higher Secondary School	Plural form franchising	2.0	12%
Al-hamd Institute of Science	2010	36	9,000	Only Higher Secondary School	Plural form franchising	1.5	10%
American Lyceum International School	2014	22	5,500	Up to Secondary School	Plural form franchising	2.0	12%

British International School System	2014	30	7500	Up to Higher Secondary School	Plural form franchising	1.5	10%
Concordia Colleges	2014	22	19500	Only Higher Secondary School	Fully-franchised	7.0	10%
Dar-e-Arqam Schools	2011	525	150,000	Up to Secondary School	Plural form franchising	0.7	7.5%
Education for All School System	2014	165	45,000	Up to Secondary School	Fully-franchised	1.0	10%
Falah School System	2009	120	30,000	Up to Secondary School	Fully franchise	1.0	10%
International Islamic University School	2011	85	22,500	Up to Higher Secondary School	Fully-franchised	1.0	10%
Islamic International School System	2013	26	3,000	Up to Secondary School	Fully-franchised	1.0	10%

Leads School System	2011	61	12,500	Up to Secondary School	Plural form franchising	1.0	10%
Native School System	2014	20	4,300	Up to Secondary School	Plural form franchising	1.0	9%
Punjab Group of Colleges	2000	330	360,000	Only Higher Secondary School	Plural form franchising	8.0	10%
Resource Academia	2012	45	17,200	Only Higher Secondary School	Fully-franchised	2.0	12%
The Educators	2002	700	175,000	Up to Secondary School	Fully-franchised	1.8 (for ten years)	Rs. 200 per student
The Smart School	2011	250	95,000	Up to Secondary School	Fully-franchised	1.1	9%
The Knowledge School	2007	215	47,000	Up to Secondary School	Fully-franchised	0.8	10%

The Country School	2007	75	17,000	Up to Secondary School	Plural form franchising	0.5	10%
The Spirit School	2010	75	16,500	Up to Secondary School	Fully-franchised	1.5	10%
Roots Schools System	2005	26	5000	Up to Secondary School	Fully-franchised	1.0	10%

Sources: http://www.alliedschools.edu.pk/   http://www.airfoundation.org.pk/   http://www.americanlycetuff.edu.pk/   http://www.alhamd.edu.pk/

http://www.americanlyceum.com/   http://british.edu.pk/   http://www.concordia.pk/   http://www.dar-e-arqam.org.pk/   http://efaschools.edu.pk/

http://www.falahschool.org.pk/   http://www.iiu.edu.pk/index.php?page_id=4598   http://www.iiss.edu.pk/contact_us.php   http://leadsschools.com.pk/

http://native.edu.pk/   http://pgc.edu/   http://www.resourceacademia.edu.pk/   http://www.educators.edu.pk/   http://thesmartschools.edu.pk/

http://tks.edu.pk/ http://www.thecountryschool.edu.pk/ http://www.tss.edu.pk/ http://www.rootsschool.edu.pk/

Table 3.2: Profiles of interviewees

Interviewee No.	Franchise Chain	Category of Interview	Designation of Interviewee	Gender	Age (in years)	Place of Interview	City of Interview	Duration of interview (min:sec)
1	Network E	Franchisor	Senior Manager Finance	Male	53	Head-office	Lahore	80:13
2	Network A	Franchisor	Director sales	Male	47	Head-office	Lahore	20:34
3	Network I	Franchisor	G.M Franchise Development	Male	40	Head-office	Lahore	82:26
4	Network B	Franchisor	Principal & Manager of on-campus operations	Male	38	On-campus	Raiwind	54:09
5	Network C	Franchisor	Senior Marketing Manager	Male	50	Head-office	Lahore	36:20
6	Network F	Franchisor	Manager Franchise Development	Male	39	Head-office	Lahore	43:42

7	Network D	Franchisor	Principal & Member of Franchise Development Wing	Male	68	On-campus	Lahore	103:40
8	Network C	Franchisor	Manager Franchise Development	Male	57	Head-office	Lahore	31:09
9	Network G	Franchisee	Franchisee	Male	38	On-campus	Qasoor	50:13
10	Network A	Franchisee	Franchisee	Male	35	On-campus	Lahore	60:12
11	Network H	Franchisee	Franchisee	Female	34	On-campus	Gujranwala	60:39
12	Network C	Franchisee	Franchisee	Male	42	On-campus	Sialkot	52:22
13	Network D	Franchisee	Franchisee	Male	32	On-campus	Chawinda	52:35
14	Network E	Franchisee	Principal	Female	38	On-campus	Lahore	52:25
15	Network B	Franchisee	Franchisee	Male	44	On-campus	Sheikhupura	64:28
16	Network D	Franchisee	Teacher & Campus Administrator	Male	38	On-campus	Gujranwala	65:10
17	Network F	Franchisee	Franchisee	Male	31	On-campus	Sialkot	35:02

18	Network F	Employee	Teacher	Female	29	On-campus	Gujranwala	49:08
19	Network C	Employee	Principal	Male	47	On-campus	Lahore	47:19
20	Network A	Employee	Teacher	Male	51	On-campus	Lahore	65:12
21	Network A	Employee	Teacher	Male	27	On-campus	Qasoor	48:23
22	Network G	Employee	Teacher	Male	41	On-campus	Sheikhupura	45:02
23	Network B	Employee	Teacher	Male	36	On-campus	Lahore	63:18
24	Network H	Employee	Teacher	Male	35	On-campus	Gujarat	52:42
25	Network D	Employee	Teacher	Female	28	On-campus	Sialkot	44:12
26	Network C	Employee	Teacher	Female	28	On-campus	Lahore	37:00
27	Network A	Parents	Mother and student	Female & Male	38 & 16	Home	Daska	61:02
28	Network C	Parents	Mother	Male	43	Home	Lahore	47:38
29	Network E	Parents	Father	Male	45	Home	Lahore	48:00
30	Network F	Parents	Father	Male	42	Home	Gujranwala	45:16
31	Network B	Parents	Father	Male	43	Home	Sialkot	59:08

32	Network A	Parents	Father	Male	37	Home	Lahore	46:04
33	Network A	Parents	Father	Male	41	On-campus	Okara	47:32
34	Network D	Parents	Mother	Female	36	Home	Lahore	54:32
35	Network C	Student	Student	Male	17	Home	Okara	50:34
36	Network E	Student	Student	Male	14	On-campus	Gujarat	48:03
37	Network A	Student	Student	Male	16	Home	Lahore	48:52
38	Network F	Student	Student	Male	17	Home	Sheikhupura	47:36
39	Network D	Student	Student	Male	15	On-campus	Lahore	46:37
40	Network B	Student	Student	Male	16	Home	Lahore	74:43
41	Network H	Student	Student	Male	14	Home	Daska	11:37
42	Network E	Student	Student	Male	14	Home	Gujranwala	45:05
43	Network G	Student	Student	Male	13	On-campus	Lahore	45:33
44	Govt. employee	District In-charge of Schools	Executive District Officer (EDO) Education	Female	54	Ministry of Education Office	Lahore	45:02

3.5 Travel plan

To conduct these interviews, I traveled a total of 1,250 kilometers by road in six major districts of Punjab province, covering many urban, rural and deprived demographical locations. Because of the difficulty involved in using trains or buses to such a variety of places I opted to travel by car. [664]. I first decided to conduct the first interviews in urban areas then move on to rural and deprived areas before returning to complete the remaining interviews in urban areas. This travel plan enabled me to identify the contrasting perceptions prevailing in various demographical locations within Pakistan. It helped me to understand how local culture, tradition, social norms, religion, language, lifestyle and consumption levels affect different key franchising players operating in the education sector and ultimately on education franchise networks in Pakistan. For reference, a map is presented below which shows the areas where the data were collected from.

Figure 3.2: Travel map for interviews in Pakistan

Source: (https://www.google.com/maps)

3.6 Data analysis

Qualitative data analysis is a dynamic, creative and perceptive procedure which involves inductive reasoning and theorizing (Hennink, Hutter, & Bailey, 2010[665]; Turner, 2010[666]). To commence the data analysis, qualitative data must be systematically arranged and searched for coding and categorizing. After data coding, specific patterns and themes are identified which subsequently are followed by drawing logical interpretations to answer the research questions.

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[665] Hennink, M., Hutter, I., & Bailey, A. (2010). *Qualitative research methods*. London. Sage Publications Ltd.

[666] Turner, D. W. (2010). Qualitative interview design: A practical guide for novice investigators. *The Qualitative Report,* 15(3), 754-760.

Coding is the most critical and crucial stage in qualitative data analysis (Basit, 2003)[667]. It involves a thorough analysis as well as subdividing and assigning categories to the transcribed data. In practice, mainly two methods are being used to conduct qualitative data coding: manual and computer-assisted qualitative data analysis software (CAQDAS). The selection of data analysis techniques has stimulated a wide debate in social science literature (Bryman & Burgess, 1994[668]; Coffey & Atkinson, 1996[669]; Dey, 2003[670]; Jennifer, 1996[671]; Mason, 1996[672]; Miller, 2000[673]). However, it is worth noting that, in practice, many researchers use a combination of both manual and computer-assisted qualitative data analysis software (Mason, 1996)[674].

3.6.1 Rationale for using computer-assisted software for data analysis

Advances in computer software technology have combined effectively with the development of more sophisticated programs with which to conduct qualitative analysis. It is widely accepted that computer-assisted software merely helps to mark, sort and cut the relevant information, which can often only be generated manually by using colored pencils, note papers and scissor. The significant difference is that software programs enhance the efficiency by greatly speeding the process of sorting and coding as well as grouping the information

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[667] Basit, T. (2003). Manual or electronic? The role of coding in qualitative The data analysis. *Educational research, 45*(2), 143-154.

[668] Bryman, A., & Burgess, B. (1994). *Analyzing qualitative data.* London, United Kingdom. Routledge.

[669] Coffey, A., & Atkinson, P. (1996). *Making sense of qualitative data: complementary research strategies.* California. Sage Publications, Inc.

[670] Dey, I. (2003). *Qualitative The data analysis: A user friendly guide for social scientists.* New York. Routledge.

[671] Jennifer, M. (1996). *Qualitative researching.* Thousand Oaks. *Sage International.*

[672] Mason, J. (1996). *Qualitative researching.* Thousand Oaks. Sage International.

[673] Miller, T. (2000). *An exploration of first time motherhood: narratives of transition.* Thesis submitted for PhD Degree at University of Warwick.

[674] Mason, J. (1996). *Qualitative researching.* Thousand Oaks. Sage International.

based on coded themes. Computer software programs therefore do not perform the analysis, rather they ease the analysis process by managing and organizing larger data. In arguing for the use of software for data analysis I would like to mention that in general practice, researchers first organize the data for analysis by coding text and breaking it down into more manageable chunks (Miller, 2000[675]; Siccama & Penna, 2008[676]).

For some researchers, it is indeed a laborious task to manually cut down the transcript into various portions before analysis (Labuschagne, 2003)[677] while some scientists comment that using computer-assisted qualitative analysis software for coding the data may lead the researcher in a specific direction (Hinchliffe, Crang, Reimer, & Hudson, 1997[678]; Kelle, 2004[679]). However, most researchers argue that computer-assisted qualitative data analysis software serves to facilitate and develop transparency and accuracy. The data analysis process allows the researcher a simple and quick way of measuring who said what and when. This, in turn, provides a reliable and general picture of the data and allows the qualitative data researcher to gain reliable, rigorous and accurate findings from the data.

Nevertheless, all researchers agree on the importance of carrying out the qualitative research in a thorough and transparent manner (Hennink, Hutter, & Bailey, 2010[680]; Siccama

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[675] Miller, T. (2000). *An exploration of first time motherhood: narratives of transition.* Thesis submitted for PhD Degree at University of Warwick.

[676] Siccama, C. J., & Penna, S. (2008). Enhancing validity of a qualitative dissertation research study by using NVivo. *Qualitative Research Journal,* 8(2), 91-103.

[677] Labuschagne, A. (2003). Qualitative research-airy fairy or fundamental? *The Qualitative Report,* 8(1), 100-103.

[678] Hinchliffe, S. J., Crang, M., Reimer, S. M., & Hudson, A. (1997). Software for qualitative research: 2. Some thoughts on 'aiding'analysis. *Environment and Planning A,* 29(6), 1109-1124.

[679] Kelle, U. (2004). *Computer-assisted qualitative The data analysis.* California. Sage Publications.

[680] Hennink, M., Hutter, I., & Bailey, A. (2010). *Qualitative research methods.* London. Sage Publications Ltd.

& Penna, 2008[681]). Accordingly, the analysis of data through computer-assisted qualitative data analysis software can be scrutinized and opened to debate. Using software for qualitative data analysis processes adds rigor to the findings. Also, using the search facility in such software facilitates the interrogation of data enabling it to be searched in terms of attributes. Thus, data analysis through software yields more reliable results.

However some qualitative researchers consider that using software for data analysis may produce misleading results (Bryman & Burgess, 1994[682]; Siccama & Penna, 2008[683]). Therefore, to abstract accurate and transparent data from my transcribed interviews, I used both techniques, manual as well as the computer-assisted qualitative data analysis software. Different computer-assisted qualitative data analysis software (CAQDAS) was available, like QDA MINER, MAXQDA and NVivo. I selected NVivo along with manual analysis to conduct my analysis because it efficiently performs data management, data query, modeling and reporting.

3.6.2 Data analysis using NVivo 10

The use of NVivo has been encouraged by researchers for qualitative data analysis (Denardo, 2002[684]; Hoover & Koerber, 2011[685]; Hutchison, Johnston, & Breckon, 2010[686]; Kolbe &

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[681] Siccama, C. J., & Penna, S. (2008). Enhancing validity of a qualitative dissertation research study by using NVivo. *Qualitative Research Journal,* 8(2), 91-103.

[682] Bryman, A., & Burgess, B. (1994). *Analyzing qualitative data.* London, United Kingdom. Routledge.

[683] Siccama, C. J., & Penna, S. (2008). Enhancing validity of a qualitative dissertation research study by using NVivo. *Qualitative Research Journal,* 8(2), 91-103.

[684] Denardo, A. M. (2002). *Using NVivo to analyze qualitative data.* Pennsylvania. CiteSeerX.

[685] Hoover, R. S., & Koerber, A. L. (2011). Using NVivo to answer the challenges of qualitative research in professional communication: Benefits and best practices tutorial. *Professional Communication, IEEE Transactions on,* 54(1), 68-82.

[686] Hutchison, A. J., Johnston, L. H., & Breckon, J. D. (2010). Using QSR-NVivo to facilitate the development of a grounded theory project: An account of a worked example. *International Journal of Social Research Methodology,* 13(4), 283-302.

Burnett, 1991[687]; Siccama & Penna, 2008[688]; Stemler, 2001[689]; Walsh, 2003[690]; Welsh, 2002[691]). Furthermore, many researchers specifically in the field of franchising have endorsed the use of NVivo for qualitative data analysis (Bennett, Frazer, & Weaven, 2009[692]; Kistruck, Webb, Sutter, & Ireland, 2011[693]; Nguyen, Kim, Keithly & Hajeebhoy, 2014[694]). The evolving process of coding data by using auto coding or queries method, writing memos, finding emerging themes in transcribed data, and the ability to link, annotate and create relationships within the data, reshaping and re-organizing coding and node structures, categorizing and theorizing data enabled me to efficiently manage the transcribed data through NVivo.

3.6.2.1 Coding with nodes

To begin my analysis, I transcribed all the audio interviewees into Word document files. Below I have described the stepwise process of coding through NVivo.

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[687] Kolbe, R. H., & Burnett, M. S. (1991). Content-analysis research: an examination of applications with directives for improving research reliability and objectivity. *Journal of Consumer Research,* 18(2), 243-250.

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[689] Stemler, S. (2001). An overview of content analysis. *Practical assessment, research & evaluation,* 7(17), 137-146.

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[691] Welsh, E. (2002). Dealing with data: Using NVivo in the qualitative The data analysis process. Paper presented at *The Forum Qualitative Sozialforschung/Forum: Qualitative Social Research.*

[692] Bennett, S., Frazer, L., & Weaven, S. (2009). Is the franchising model attractive to independent small business operators. Paper presented at 23rd Annual International Society of Franchising Conference, Manchester Grand Hyatt San Diego, U.S.A. February 12-14, 2009.

[693] Kistruck, G. M., Webb, J. W., Sutter, C. J., & Ireland, R. D. (2011). Microfranchising in Base-of-the-Pyramid markets: Institutional challenges and adaptations to the franchise model. *Entrepreneurship theory and practice,* 35(3), 503-531.

[694] Nguyen, P. H., Kim, S. S., Keithly, S. C., Hajeebhoy, N., Tran, L. M., Ruel, M. T., et al. (2014). Incorporating elements of social franchising in government health services improves the quality of infant and young child feeding counselling services at commune health centres in Vietnam. *Health policy and planning,* 29(8), 1008-1020.

a) **Project file:** To work with software the first stage is to create a project file in NVivo, I therefore clicked the "File", "New", "New project" on upper left corner and saved it under the name "social franchising-education sector-Pakistan".

b) **Import data:** After creating the project file, the next step was to import the transcribed interviewees (Word document) for analysis. This was done by browsing the required file under the icon "Documents", once I browsed, selected and clicked "OK" files were imported into the NVivo programme as "Internals" (data source) in "Sources".

c) **Nodes:** After all documents were imported I started to review them and gathered them under specific themes or categories (in NVivo this process is called coding). This was accomplished by creating a "Node". Nodes function like sticky notes on documents which allow the researcher to find that a particular part of document belongs to a specific theme. For this purpose, first I opened the file (in my case it was a transcribed interview), the text was opened in a window called "Detail view". This is the main window where document are opened, enabling them to be worked on at the left of which I could find "navigation view" window. Along with, careful and thorough reading of documents I kept on creating appropriate nodes. To create nodes, I clicked "Nodes" in navigation window (to the left of main or document window) then by further clicking on "New nodes" I got an option of labeling and saving the nodes (themes, categories). This practice needed very detailed and critical reading and analysis of documents. For coding the text, I highlighted the interesting text and dragged it to the corresponding and relevant node, once text had been

dragged to the node it changed its color and got associated with that node

as "coding strip". Likewise, I coded the text under parent and child nodes.

This is how coding was accomplished by desegregating the transcribed data into segments, by observing differences and similarities and finally, by assembling conceptually similar data into their corresponding nodes. The examples of internals and nodes folder can be seen in figure 3.3 and figure 3.4 simultaneously.

Figure No 3.3: NVivo- Internals
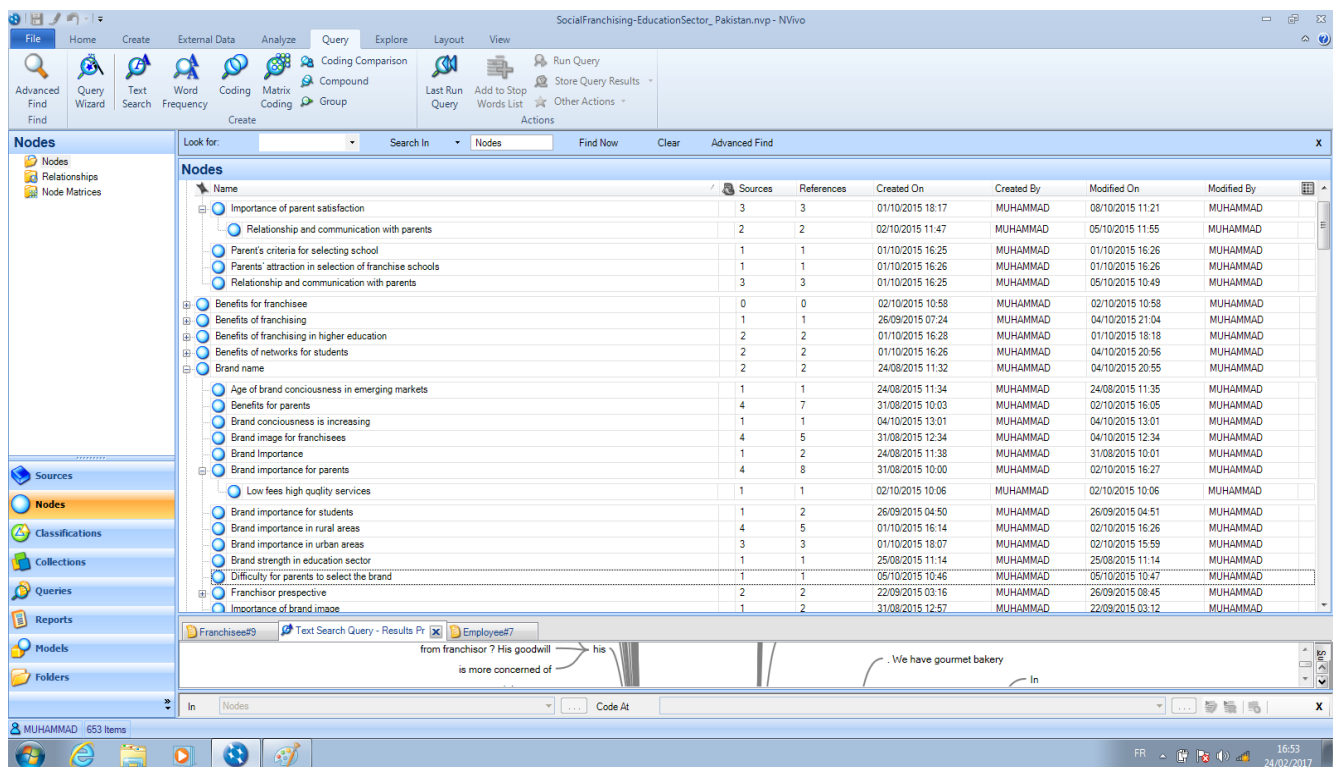
Figure No 3.4: NVivo- Internals
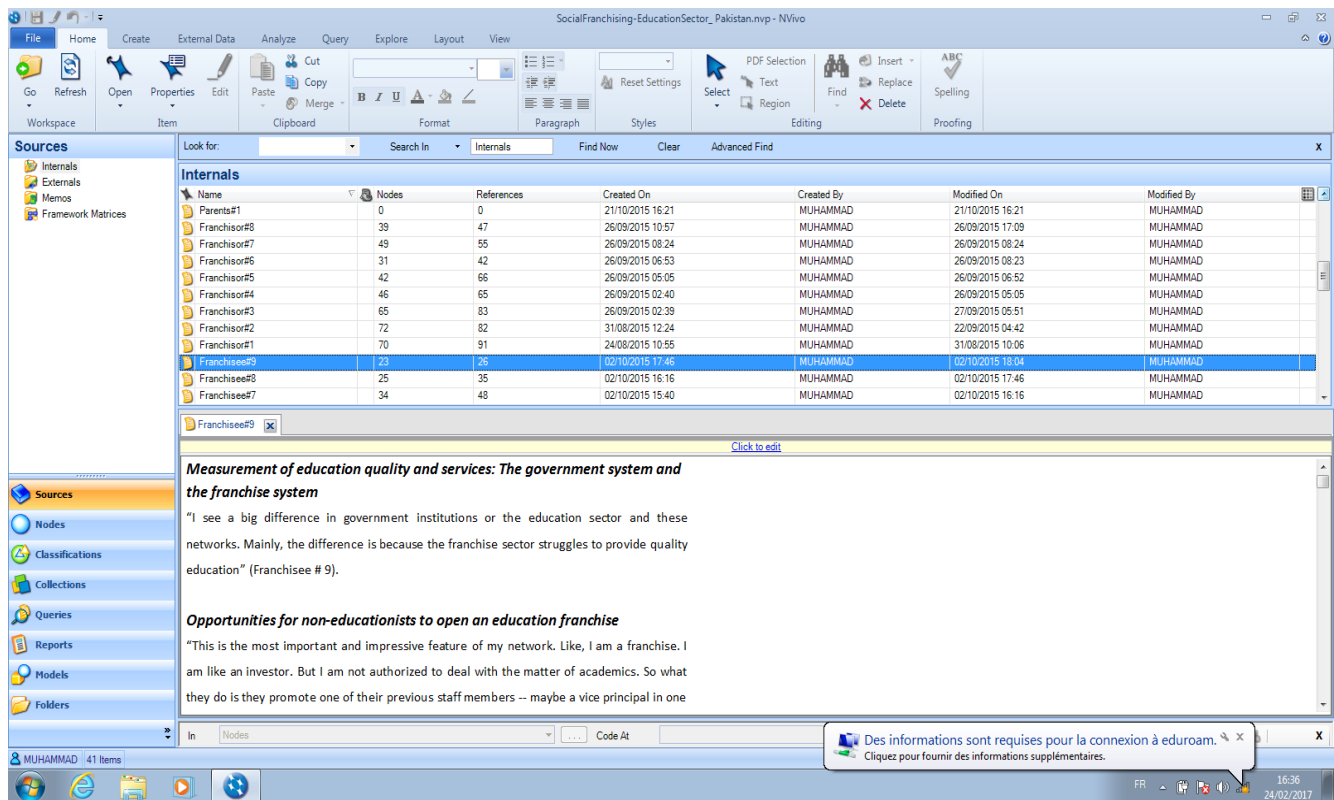
Further, I explored connections between my nodes and started organizing my nodes into a hierarchy, using tree nodes and child nodes – the total numbers of nodes were 704. The node classification tool in navigation menu allowed me to keep track of the demographic attributes of my interviewees (i.e., age and gender). The collections tool in navigation menu allowed me to gather a group of sources or nodes into a set.

3.6.2.2 Text search query

The most versatile characteristic of NVivo is its ability to query the data to get results. It sifts the coded data to find the quotes, examples or instances which we want to investigate. Therefore, once I had done with coding, I then focused on investigating and exploring various

questions associated to that coded text. This was made possible by using the coding query method. This method enabled me to explore various ideas, information and interesting topics prevalent in my data such as how interviewees used a certain terminology like brand name, customer satisfaction, origins of franchising, network challenge and network strength. It also helped me to gather similar passages that contain a particular word or a phrase such as on-going training, assistance in franchise chains, profits in franchise chains and investment opportunity for investors.

The text search query allowed me to explore all possible matches in my data. I later saved these search results in new nodes using a shortcut menu which further assisted me to explore code references. The text search query method helped me to code my source material and organize it into a broad category. I often used the word tree search method by clicking a branch to match the context. Figure 3.5 (below) presents two examples of text search query and tree query. The results of my queries automatically got saved in "results" tool, which I often used during analysis.

Figure No 3.5: NVivo Text Search Query
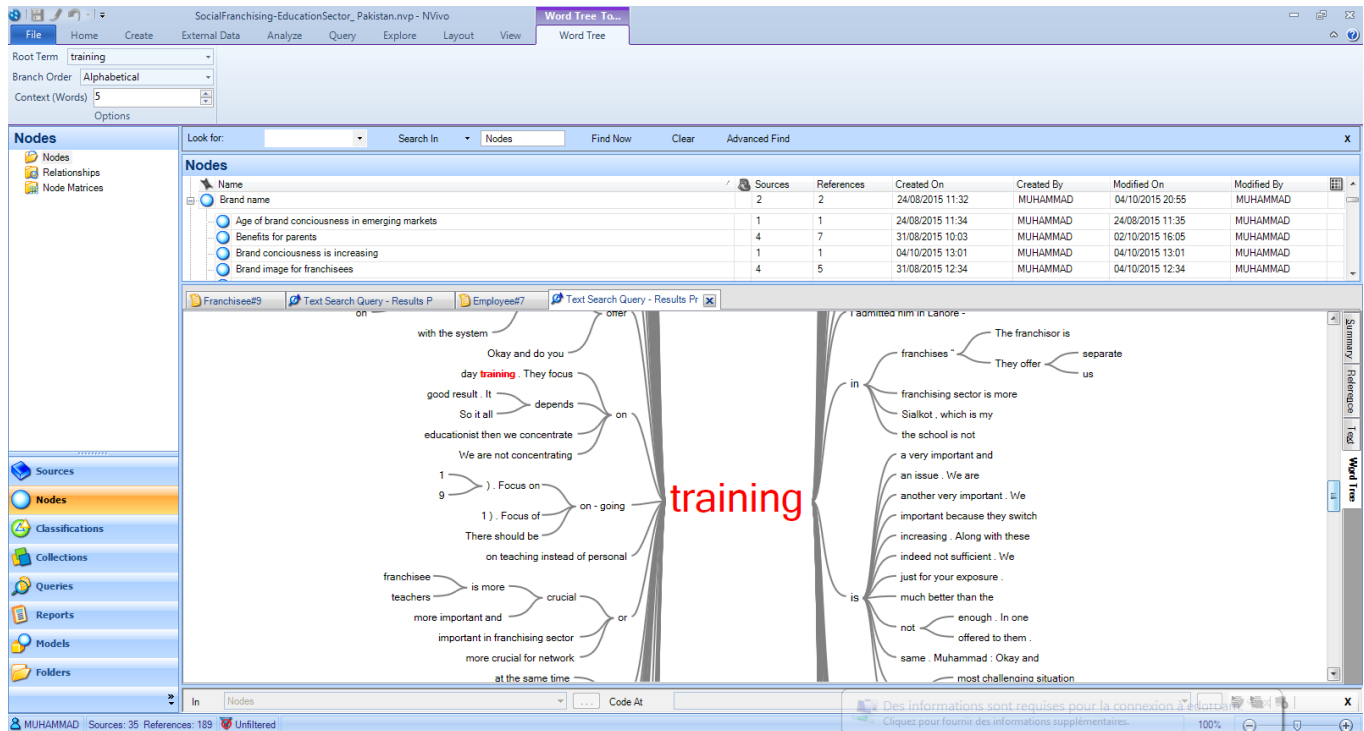
3.6.2.3 Memos

Qualitative data analysis requires a detailed and thorough study of documents. While reading the documents, several ideas, different ways of thinking, the views of critics and various rationales emerge and NVivo facilitates the researcher by enabling them to efficiently record all these ideas about their research project in "Memos". This function is also useful to track the overall progress of the project while working. For this, I first clicked "navigation view" and under "sources" I clicked "memo" which further opened a "new memo" dialogue box. After entering description or name of memo I clicked OK to create a new memo. Memos may function like a document, as many other memos might have attached to it and it might be placed under nodes.

NVivo eased the analysis and enhanced my research quality. It helped me to save time by avoiding manual coding so that I could spend more time on critical thinking, identifying categories and themes, and driving valuable conclusions. It allowed me to access all information on my computer screen by displaying navigation view, list view and display view simultaneously. After coding[695] the data, I used "coding stripes" to explore and emerge the themes within my data.

Indeed, this coding and mapping of transcribed text, through NVivo, allowed me to approach inter-relationships or links among different themes. These thematic ideas allowed me to derive multiple propositions from the data. Further, I compared these propositions with the franchising and social franchising literature and linked them with my theoretical framework to explain the research questions of my project.

3.7 Validity and reliability

In scientific research, validity and reliability refer to consistency and accuracy respectively (Carmines & Zeller, 1979[696]; Golafshani, 2003[697]; Hammersley, 1987[698]). The validity of research signifies the appropriateness of the research tool, design, sampling, data collection and analysis. I worked hard to develop an effective interview guide and tried to delve logically underneath the research problems. Moreover, as mentioned earlier, I took advantage of the existing literature and availed of the extensive and exclusive experience of my research supervisor to develop my interview guide as an appropriate research tool. I used open-ended,

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[695] Coding is the way you organize your interview material into themes by creating nodes.

[696] Carmines, E. G., & Zeller, R. A. (1979). *Reliability and validity assessment.* Thousand Oaks, California. Sage Publications Inc.

[697] Golafshani, N. (2003). Understanding reliability and validity in qualitative research. *The qualitative report, 8*(4), 597-606.

[698] Hammersley, M. (1987). Some notes on the terms 'validity' and 'reliability'. *British Educational Research Journal, 13*(1), 73-82.

non-leading, specific and precise questions. I took into the account the social and cultural context of all the queries mentioned in the guide so that I could get data with rich and appropriate information. Moreover, face-to-face interviews, along with audio recording and personal notes further enhanced the validity of my research. For The data analysis, use of computer-assisted software (NVivo) along with manual data scrutiny enhanced the reliability of my research. In addition, a diverse and relevant data varying in age (17-68 years), gender (male, female), demography (urban, rural and deprived areas) profession (franchisors, franchisees, teachers, and government officials), social classes (low income, medium income, high income) contributed to ensure validity and reliability of my research project.

CHAPTER 4

RESEARCH FINDINGS

4.1 Origin of franchising in the education sector

Due to the continuous negligence of government, many public schools in Pakistan lack basic facilities such as furniture, toilets, clean drinking water and playgrounds. Some of the public schools exist only on paper as all-too-often the allocated place for schools has been used by local landowners for other purposes.

It is common to see groups of children eager to get an education forced to study under trees or in the open air. Because of these catastrophic realities, parents have adopted alternative solutions. Poor parents prefer to send their children to the madrassas (religious schools which do not charge fees) and middle class people send their children to private schools which are usually expensive. For decades the Government of Pakistan has shown itself unable to improve the condition of public schools. That is the scenario which has paved the way for the emergence of franchise chains in the education sector. This section (i.e., 4.1) highlights and analyzes in detail the underlying reasons why public schools are underperforming in Pakistan and how franchise chains emerged and became successful in the education sector.

4.1.1 The limitations of public schools

"Education is considered as the cheapest defense of a nation"[699]. It brings prosperity and is considered as the most important investment on individuals by a country. Correspondingly,

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[699] Edmund Burke quote from www.brainyquote.com

Article 25-A of the Constitution of Pakistan recognizes free access to education as a fundamental constitutional and enforceable right of every child from ages five to 16[700] (Malik, Amin, Ahmad, Mukhtar, Saleem, & Kakli, 2014)[701]. Nevertheless, the public schooling system has failed to provide adequate educational services in Pakistan, and has not even managed to provide a sufficient number of trained teachers and appropriate facilities for school students[702] All too often, buildings, furniture, computer centers and science laboratories do not exist. The lack of financial and human resources and of the necessary real estate combines with political instability, poor teacher performance, inadequate checks and balances, a rapidly increasing population and a growing demand for education to thwart the intentions of successive governments.

Due to the continuous poor performance of the public education sector, Pakistan has the second highest out-of-school children ratio in the world, with 5.1 million children out of the school. Of these 63% are girls (UNESCO, 2012)[703]. Pakistan was ranked at 136th position in terms of literacy rates (Malik, Amin, Ahmad, Mukhtar, Saleem, & Kakli, 2014[704]; UNESCO, 2012[705]).

Many parents do not trust the public schooling system anymore and prefer to pay school fees for their children in private and franchise schools. This increasing trend has increased pressure on the government to improve and accelerate the effective reforms of the

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[700] There are 52 million children in Pakistan that ages five to sixteen (Mosharraf, 2015).

[701] Malik, A. B., Amin, N., Ahmad, K., Mukhtar, M. E., Saleem, M., & Kakli, M. B. (2014). *Pakistan Education for All*. Islamabad.

[702] School students are recognized as those students who are studying in primary to higher secondary education.

[703] UNESCO. (2012). Reterieved on June 14, 2017 from unesco.org.pk/documents/gmr_2012/pc_PakistanToday.pdf

[704] Malik, A. B., Amin, N., Ahmad, K., Mukhtar, M. E., Saleem, M., & Kakli, M. B. (2014). *Pakistan Education for All*. Islamabad. UNESCO.

[705] UNESCO. (2012). *Education in Pakistan*. Oslo. Education for All Global Monitoring Report.

education system. In response, the government announced that it would increase the education budget (Malik, Amin, Ahmad, Mukhtar, Saleem, & Kakli, 2014)[706]. The government also offered the incentive of free books and free education in order to reduce the number of out-of-school children. However, despite of these improvements interviewees shared their perceptions of the public schooling system in Pakistan as follows:

"The government does not have enough buildings for schools and colleges and, on the top of that, our population is increasing every day. Government must immediately invest in constructing new schools and colleges. Then, they must improve and increase the faculty and establish proper check and balance system. The core problem is budget. Government is not willing to increase budget reasonably for the education sector, so how will the government bring an improvement? The public education sector is almost inexistent." (Employee # 4)

"It must be very clear to all of us that government has been unable to manage existing schools for decades. Now, when and how the government will establish new and better schools? In my view, it is not going to happen in the near future." (Franchisor # 5)

"In my view, we have faculty better than private sector but mismanagement, lack of budget, inefficient policies, political interference, lack of buildings and lack of facilities are challenging for us. Recently, government took many actions to improve public schools and introduced policies for strict check and balance on teachers which has a positive impact so far but if education budget

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[706] Malik, A. B., Amin, N., Ahmad, K., Mukhtar, M. E., Saleem, M., & Kakli, M. B. (2014). *Pakistan Education for All*. Islamabad. UNESCO.

will not increase and we will not build new schools, we will not be able to gain

public trust." (Government Official)

The interviewees explained that the downtrodden condition of state education in Pakistan bears ample testimony to the fact that government is unable to eradicate the limitations found in state schools. Although around 70 years has passed and 23 education policies and action plans have been introduced[707] since the foundation of the state, government schools in Pakistan are still awaiting the arrival of a savior. Nowadays, despite some changes in government policies, education remains one of the most poorly-run state sectors (Alderman, Orazem, & Paterno, 2001[708]; Andrabi, Das, & Khwaja, 2002[709]; Aslam, 2009[710]; Banerjee & Duflo, 2007[711]). Most interviewees showed disappointment at the quality of education and facilities in state schools and foresee that these limitations in will persist into the foreseeable future. Two of them explained as follows:

"Government is not fulfilling basic requirements and necessities in their

schools. Definitely, parents and students are no more interested in public

schools. Teachers' performance, poor check and balance, insufficient funds

provision and lack of educational policies are in front of everyone. The public

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[707] National Education Policy: 2009, Ministry of Education, Government of Pakistan, Islamabad. URL: unesdoc.unesco.org/images/0022/002297/229718E.pdf

[708] Alderman, H., Orazem, P. F., & Paterno, E. M. (2001). School quality, school cost, and the public/private school choices of low-income households in Pakistan. *Journal of Human Resources*, 36(2), 304-326.

[709] Andrabi, T., Das, J., & Khwaja, A. (2002). *The rise of private schooling in Pakistan: Catering to the urban elite or educating the rural poor?* World Bank and Harvard University.

[710] Aslam, M. (2009). The relative effectiveness of government and private schools in Pakistan: are girls worse off? *Education Economics,* 17(3), 329-354.

[711] Banerjee, A. V., & Duflo, E. (2007). The economic lives of the poor. *The Journal of economic*

*perspectives,*21(1), 141-167.

schooling sector has simply failed due to its own negligence and inappropriate

policies." (Franchisee # 4)

"The problem is not only related to the quality of education in government

schools. The government school management, number of schools, teachers and

facilities everything needs to be improved." (Franchisee # 7)

The data shows that nowadays most people do not prefer public sector schooling for their children in Pakistan. Respondents emphasized that the government's continuous negligence has brought public school performance to a very unsatisfactory stage and they have concluded that there is less hope towards future progress in public schools.

4.1.1.1 Increasing population and inadequate resource allocation

Many interviewees perceive Pakistan's continuously increasing population and inadequate resource allocation as one of the major reasons for limited progress on improving public schools. Pakistan has been identified as an overpopulated country (Sathar, 2001)[712]. Unfortunately, no census has been performed for last 18 years so it is impossible to estimate th country's population. The fifth and the last population census in Pakistan was conducted in 1998. The population of Pakistan was 134 million according to the 1998 census (Saleem, 2015)[713]. However, recently UNESCO[714] estimated a total population of 180 million, whereas, some others estimate the population of Pakistan crossing 190 million (Trading Economics,

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[712] Sathar, Z. A. (2001). *Fertility in Pakistan: Past, Present and Future.* New York. Population division, Department of Economics and Social Affairs. United Nations, Secretariat.

[713] Saleem, R. (2015). *Population Census: Pakistan Bureau of Statistics.* Islamabad, Pakistan. Ministry of Economic Affairs and Statistics Division.

[714] UNESCO. (2016). UNESDOC Data Base. Retrieved October 28, 2016, from https://en.unesco.org/.

2016)[715]. Nonetheless, Pakistan is ranked as the 6th most populous country in the world, with 39.20% living in urban areas and 60.80% in rural areas. The median age is calculated at 22.7 years (Khokhar, Gill, & Malik, 2004)[716].

However, despite of the country's high population, the government has earmarked a budget of only $84.91 million for the year 2016-2017 for pre-primary and primary education, whereas, for secondary and higher secondary education it allocated only $9.54 million (Khan, 2016)[717]. Many interviewees argue that budget allocation to the public schooling sector is significantly insufficient. Pakistan is already facing a youth surge which is an alarming and precarious situation for a low performing public education sector. Many interviewees suggest that there is a need to significantly increase the public schooling budget to achieve a better performance.

However, while interviewees were critical of how small the education budget has traditionally been, many believe that if the population of Pakistan keeps on growing at its current pace, this will intensify the educational and social challenges facing the government on financial, economic, societal, operational and managerial fronts. The government has stated that it intends to control the rate of population increase but, due to a scarcity of resources and unfavorable social and cultural norms, it has failed to accomplish its goals (Saleem & Pasha, 2008)[718].

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[715] Trading Economics. (2016). Trading Economics Data Base. Retrived December 26, 2016. http://www.tradingeconomics.com/pakistan/population.

[716] Khokhar, N., Gill, M. L., & Malik, G. J. (2004). General seroprevalence of hepatitis C and hepatitis B virus infections in population. *Journal of the College of Physicians and Surgeons Pakistan.* 14(9), 534-536.

[717] Khan, W. M. (2016). *Budget in Brief.* Islamabad. Pakistan. Federal Budget: Government of Pakistan, Finance Division.

[718] Saleem, A., & Pasha, G. (2008). Women's reproductive autonomy and barriers to contraceptive use in Pakistan. *The European Journal of Contraception & Reproductive Health Care,* 13(1), 83-89.

Several interviewees speculate that this imbalance caused by the lack of government resources and a rapidly growing population does not allow government to adequately provide satisfactory educational and other social services to citizens, including health, rural development and transportation. Thus, according to many interviewees, increasing population is a major issue when discussing realistic budges for public schools. Here are some of their comments:

> *"Population is the main reason of limitations of public schools. If we cannot control our population we will keep on suffering." (Franchisor # 3)*

> *"Increasing population is the major challenge for public schools. We cannot manage our resources if population keeps on increasing. Our resources are already squeezed." (Franchisor # 1)*

Some interviewees identified that public schools buildings are few in number and a large number of public schools do not have a building or classrooms. Most of the public schools in rural areas only have a designated piece of land and students are therefore forced to sit on ground under the shade of trees, often enduring harsh weather. The number of public schools in urban areas is also insufficient because of the increasing urbanization and dense population. Many interviewees conclude that if the population keeps on increasing at its current rate then public schooling will not be possible in future because government lacks the resources for the necessary expansion and there are simply too few existing public schools. Many interviewees suggested that population increase must be controlled to manage government resources. Here is what one of them said:

> *"People do not understand, they want more and more children without looking at their resources. It is not just about resources of individuals. We must also*

consider our national resources. How will we educate all these children? We

do not have enough public schools and we cannot afford such intense increase

in our population without waiting for increase in our resources." (Parents # 4)

On the contrary, some interviewees advocated the increase in population as a national strength. According to them, limits in public schools are not related to increasing population. They emphasize that government uses increasing population as a justification for low performing public schools. They mention that public schools are performing poorly due to the government's neglect of them. Some interviewees argued that many countries in the South-Asian region, including China and India, have massive populations but they do not suffer from the same education woes as Pakistan.

Many interviewees believe that increasing population is a strength for Pakistan and that government must see the increase as a resource and utilize it for the betterment of the economy. Others mentioned that government has the resources but will not prioritize improving public schools and blames their inefficiency on increasing population.

"Increasing population has nothing to do with limitations of public schools. It

is just a useless argument by the government. Limitations of public schools are

due to poor performance of the government and shortage of the government

budget and funding." (Employee # 2)

"I agree our population is increasing fast but I do not think that it the major reason of

failure of public schools. Major reason is the government's preference. Government

does not invest in constructing new schools or improving facilities in the existing

schools. They do not put check and balances on public school teachers. They do not

improve curriculum. They have lost the trust of parents and students. I think failure of

public schools is not related to increasing population or squeezing government resources. It is all about government preferences. Our political parties do not prefer to educate their nation." (Franchisor # 6)

Further, some interviewees argued that increasing population in Pakistan is a fact and it could be the one reason of underperforming public schools, however, it may not be the main reason for failure in public schools. They criticized government policies and mentioned the government's lack of interest as the supreme reason for failing public schools. Some pointed to government unwillingness to invest in new public school buildings or even in improving facilities in existing schools, many of which lack adequate furniture, computer centers and science laboratories. Further, interviewees criticized government for failing to put strong checks and balances within the state education system, especially in relation to teachers, who some interviews blamed for sinking the reputation of public schools.

"In my view, increasing population is good for economy. Many countries are facing a shortage of manpower. We should use our manpower to shift our economy from agriculture to manufacturing and exporting labor to developed countries, for example, exporting trained labor to Germany. They have a shortage of young skilled labor. Our government can also attract foreign investment by offering low cost labor in exchange. I do not think that increasing population is a cause of limitations of public schools. Increasing population is indeed good for our economy." (Parents # 1)

"I am sure limitations of public schools are not due to increasing population. We must consider our neighbor countries, China, India and Russia. They are also overpopulated. I am not sure whether their public schools are performing well or not but at least, they are getting strong economically and are

prospering at international level, and they could not prosper without

impressive public schools. Therefore, poor public schools performance in

Pakistan is not because of increasing population." (Student # 7)

Certainly, the population is rising significantly in Pakistan and most interviewees and secondary data point out that government is unable to allocate sufficient resources for improving public schools' performance. It demonstrates that if the population of Pakistan continues to grow at the same pace and appropriate resources are not allocated for the betterment of public schools then their reputation cannot be expected to improve.

4.1.1.2 Poor facilities and poor infrastructure

Most interviewees mentioned that another major limitation on the success of public schools is the poor provision of facilities and infrastructure in these schools. The majority of public schools lack appropriate school buildings, sufficient classrooms, fans for harsh summer weather, adequate lighting, clean drinking water, sanitation facilities, electricity, writing boards, doors, windows, furniture, appropriate playgrounds, computer centers, science laboratories, libraries and boundary walls.

Interviewees revealed that in some rural areas public school buildings have been converted into cattle sheds by local landowners. Furthermore, they described how many public schools do not have appropriate buildings and children are forced to study under trees or out in the open air. The facilities and infrastructure in public schools is going from bad to worse and almost all interviewees expressed dissatisfaction with the existing facilities and infrastructure of public schools. Some said:

"I am sorry to say that our public schools are in a miserable condition. They

have no facilities, no proper infrastructure, no trained teachers, very old

curriculum and now for so many years public schools have been unable to

achieve top positions in secondary or higher secondary examination. Public

schools are getting worse." (Parents # 2)

"Limitations in public schools are due to limited facilities. Today people want

to avail facilities everywhere. If government will not provide facilities in public

schools, no one will be interested to send their children to public schools. The

reason is that schooling is not just about learning curriculum but it is about

children's grooming and when there are no facilities how can you train your

children?" (Employee # 8)

The interviewees perceive that students are unable to concentrate on studies because of the lack of basic living and learning facilities in public schools. Most of interviewees showed immense disappointment and mentioned that they have lost their hopes for an improvement of facilities and infrastructure in public schools. They emphasized that government must take immediate actions to improve the infrastructure of public schools so that, the provision of public education could be improved in Pakistan. Two said:

"Public schools have a very bad image in Pakistan. Mainly it is because of

poor teacher behavior and lack of facilities in public schools. The government

is not serious in improving public schools at-all." (Employee # 5)

"Public schools are not good at all. Their performance is below average. They

offer no facilities to students. They offer no entertainment, no appropriate

classrooms, no laboratories and no facilities for sports. Franchised schools

offer all facilities and excellent infrastructure." (Student # 3)

The data presents significant limitations of basic facilities and infrastructure at public schools.

4.1.1.2.1 Shortage of classrooms

Many interviewees pointed out that public schools in Pakistan had a shortage of classrooms. About 9% of public schools in Pakistan do not have any classroom, 18% of public schools are known as "single classroom schools" and 38% of public schools operate without classrooms in unsatisfactory conditions (Ailaan, 2016)[719]. The public schools that have classrooms are mostly overcrowded with students and this eventually becomes a challenging situation for teachers in that it makes it physically difficult for them to instruct, discipline or evaluate students. The interviewees asserted that effective teaching becomes difficult in schools without classrooms or with overcrowded classrooms.

> *"Most public schools in rural areas do not have classrooms or just have one tiny room which is used by teachers as their office or for sitting and relaxing. Students have to study in the open air and they can take free showers when it rains." (Employee # 5)*

Some interviewees highlighted that there is a shortage of classrooms in public schools across Pakistan (including metropolitan cities) and government must concentrate on building new classrooms in existing public schools instead of constructing new public schools. Many interviewees pointed out that government has devoted large pieces of land in the name of public schools but unfortunately these so called public schools have no classrooms or teachers. According to many interviewees the shortage of classrooms in public schools makes student life difficult in Pakistan.

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[719] Ailaan, A. (2016). *Why do so many children drop out of Pakistani schools?* Islamabad, Pakistan. Pakistan Education Statistics 2014-15 factsheet.

"In our times, we as students as well as our parents were not so concerned about facilities in schools. We used to sit on mud floor and we were okay with it, but nowadays, children do not accept it because they see other students studying in lavish classrooms which are completely equipped with advanced technologies. The government must build new classrooms according to the needs of the time." (Parents # 4)

The interviewees made it plain that public schooling sector has a shortage of classrooms in urban and rural areas across Pakistan.

4.1.1.2.2 Shortage of furniture and fixtures

Many interviewees discussed that public schools suffer from a shortage of furniture and fixtures in classrooms, often lacking chairs, tables, fans, lights, computers and projectors. Further, some interviewees pointed out that if tables and chairs are present in public schools classrooms most of them are outdated, broken and in need of repair. No public school has projectors for students to learn through advanced technologies. Recently, government has equipped some public schools with computers in some metropolitan cities but unfortunately several students have to share a single computer which does not allow them to advance their learning skills Some interviewees shared their views as follows:

"If some public school has classrooms then they will not have furniture in the classrooms. If they have furniture in the classrooms then most of the times it is insufficient or maybe in a bad condition." (Employee # 1)

Interviewees conclude that due to financial stringency many public schools are unable to provide furniture and necessary fixtures, even in urban areas. This shortage is worsening in rural areas where pupils often have no access to appropriate furniture or fixtures in

classrooms. The secondary data, however, shows that government has started to release small funds as part of the non-salary budget and part of that small budget is to be spent on the maintenance of furniture and fixtures in some public schools located in urban areas where the population is growing. However, such investments are perceived as insignificant by most interviewees who see them as insufficient for appropriately improving furniture or fixtures provision in public schools.

4.1.1.2.3 Insufficient arrangements for harsh weather

Many interviewees pointed out that there are no proper arrangements for coping with harsh weather in public schools in Pakistan. Temperatures in the summer[720] can reach up to 45-50 degrees centigrade in some parts of the country and experts suggest that extreme harsh weather can directly affect the performance and learning capabilities of school children and reduces their potential (Afzal & Barbhuiya, 2011)[721]. Whereas, many interviewees identified that lack of basic equipment such as ceiling fans or heating or other means of ameliorating the severe effects of harsh weather in public schools reduces students' sense of comfort and creativity in public schools, leaving them less motivated to study than their counterparts in private or franchised schools.

> "Many students faint in public schools due to improper arrangement for hot weather." (Student # 6)

> "I am sure public schools have no facilities to deal with very hot weather. This is very unhealthy for public school students. I just do not like summer. It

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[720] The summer season starts from April and ends in September.

[721] Afzal, M., & Barbhuiya, S. (2011). *Effects of extreme weather events in Pakistan and their impacts on sustainable development*. Scotland. University of the West of Scotland.

becomes too hot. If I have to study in summer without an air conditioner, I am

sure, I will fail every class." (Student # 2)

The insufficient arrangements to cope with the harsh weather in public schools result in an unhealthy learning environment. Most interviewees suggested government needs to ensure the provision of electricity, fans and clean drinking water.

4.1.1.2.4 Insufficient and inadequate student libraries

It has been said "a nation's production and consumption of books is likely to be a very good index of its general stage of social and economic development" (Hiebert, 1964, p. 11)[722]. Libraries are book houses and a school library plays an important role in the life of every student. It exhibits a positive impact on the academic achievement of students and is known as the store house of knowledge for school students. School teachers also frequently need library resources as a support to the teaching and learning processes. It has been proved that schools with appropriate libraries perform better than schools with no libraries (Clarke, 1999[723]). Thus, a school library has significant importance in the educational development of students. However, a high percentage of public schools in Pakistan do not have appropriate libraries. A number of interviewees suggested that public schools must have organized and operational libraries. Some interviewees mentioned that few public schools in metropolitan cities have library buildings and even when they do, the books in these libraries are usually limited and outdated. These libraries are recognized by interviewees as being a "show piece" rather than a source of knowledge. Two of them said:

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[722] Hiebert, R. E. (1964). *Books in human development.* Washington. The American University.

[723] Clarke, S.O. (1999). *Fundamentals of library science.* Lagos: Functional Publishers.

"School library is a necessity and our public schools do not have libraries at all. This is the basic reason why our youth do not read books because they are not used to go to libraries as they do not have libraries in their schools." *(Employee # 9)*

"Public schools in Pakistan do not have libraries. They do not even have appropriate classrooms until now, so how can they have appropriate libraries? I am not disappointed but cannot imagine how and when public schools will improve. I do not see any signs of improvements." *(Employee # 4)*

Most interviewees suggested that government must invest in building new libraries in public schools and improve existing libraries by equipping them with advanced books and adequate facilities.

4.1.1.2.5 Lack of facilities in science and technology laboratories

Many interviewees highlighted that public schools do not have enough science and technology labs. If there is a science laboratory then basic equipment to conduct scientific experiments is absent. Besides that, few public schools have computer centers and those that do have an insufficient number of computers for students. Some interviewees mentioned that most recently government has established computer centers in some of the public schools in metropolitan cities. However, these centers are very few in numbers and will not have significant impact in general. Many interviewees emphasized that to improve the contemporary scientific knowledge of students public the state must immediately move to build science and technology laboratories. One interviewee said:

"Science laboratories need lot of equipment and regular supplies. Even franchised schools are not so successful in providing well equipped science

laboratories but at least they have functional laboratories. Public schools do not have even buildings for science laboratories. Now, you may wonder that every student must pass science practical exams in secondary and higher secondary schools. These students have to pay for practicing science practical in private science laboratories established by science teachers. This is an extra financial burden on parents, but when public schools do not have laboratories, students have no other choice. (Employee # 2)

The interviewees suggested government must allocate a sufficient budget for science and technology laboratories so that the cognitive abilities of public school students might be improved.

4.1.1.2.6 Unhealthy and unfriendly teaching and learning environment

Teachers play an essential role in the development of a country's future citizens. Most interviewees expressed the view that public school teachers have got away with failing to provide on effective and quality teaching because government has not put in place the kind of strong checks and balances that would ensure they perform to a reasonable standard. Therefore, over time, the teaching and learning environment in many public schools has deteriorated. Quality teaching is linked to effective management and public school teachers lack the motivation to bring about the kind of radical change needed to improve their schools. Most teachers do not complain about or react to the chronic shortage of classrooms, of subject specialist teachers or the many other educational facilities that they so badly need. As a result, the learning environment in public schools is neither innovative nor inspiring and most students do little more than merely learn to read and write.

The continuous negligence of government, teachers and public has brought the public schooling sector to such a state that public schools do not offer effective and friendly teaching or a reasonable learning environment to students. The only parents willing to send their children to public schools are those who cannot afford to pay the fees for them to attend private or franchise schools or who only want their children to learn basic reading and writing prior to an early entry into the workforce.

"There are no learning materials in public schools and parents have no money to buy books and necessary material for children because of poverty. The teaching methodology in public schools is terrible. The teachers have no training in public schools. The public school outcome is getting worst each year." (Franchisor # 4)

"Most public schools have non-serious environment for students. Child education depends on seriousness of teachers and parents. Most parents in rural areas want their children to help them in agriculture, instead of getting education. Many parents in urban areas want their children to get involved in child labor for money. This problem is increasing and it is mainly enhancing due to poverty and because of unawareness about benefits of education. Additionally, our public school teachers are not struggling to provide a healthy learning environment for school children. The non-serious or poor parents send their children to public schools just to get basic education because they cannot spend any money on children for better education. Public schools do not offer a favorable learning environment as a result illiteracy and other social problems are fast growing in our society. In my view, the root

cause of many social problems is unhealthy learning environment in public schools." (Parents # 5)

The data highlights that the unhealthy teaching and learning environment for teachers and students plays a major role perpetuating the inefficiency of public schools.

4.1.1.2.7 Public schools and social segregation within society

Many public schools in Pakistan have shortage of basic facilities such as clean drinking water, a cafeteria and a center for recreational activities. Nearly 51% of public schools do not have electricity, 36% of public schools do not have access to clean drinking water and 42% of public schools do not have functioning toilets (Mosharraf, 2015)[724]. The shortage of these basic facilities does not allow students to efficiently continue healthy and necessary physical or mental activities. This fuels the growing gap between rich and poor and causes inferiority complex in public school students (Radwan, 2016)[725].

Many interviewees strongly criticized government for failing to provide access to adequate educational facilities in public schools. They called on the state to immediately improve basic facilities because the shortage of these is causing serious social division in society and, more-specifically, adversely affecting millions of children below the age of 16, leaving them with an inferiority complex and a feeling of having been the victim of discrimination. Some interviewees felt that the lack of basic facilities demotivates many students from continuing with their studies and ensures that they prefer to join their parents in agricultural or other work instead of continuing their education.

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[724] Mosharraf, Z. (2015). *Legislation on right to education in Pakistan: A critical review.* Islamabad, Pakistan. Pakistan Collation for Education.
[725] Radwan, M. F. (2016). Reasons behind inferiority complex: Know myself. Retrieved on December 28, 2016 from https://www.2knowmyself.com/inferiority_complex/inferiority_complex_causes.

"The shortage of basic facilities is not just about facilities. It increases frustration in our children. It is about child grooming. It is about their mental distress. It is about increasing gaps in our society. The shortage in basic facilities immensely impacts personality of our children. How can we expect them to be responsible and sincere citizen when we are unable to provide them most basic facilities in the schools?" (Employee # 4)

"We are a nuclear power but we do not have toilets in most public schools. We have a shortage of all basic necessities in public schools. I mean this is not easy to absorb. Our sons and daughters have to suffer every day because of such basic necessities. This should change. We are actually planting hatred and discrimination in our society." (Employee # 8)

"Public school situation is shameful. Children have no facilities. Our state does not contribute any social good. There are no sports complex, no student canteen, no proper place for students to sit and relax and no playgrounds. I feel so sorry for public school students." (Student # 3)

Many interviewees suggested that social gaps in Pakistani society could be reduced by providing adequate educational services in public schools.

4.1.1.3 Teacher recruitment process

Teachers play an important role in society as they are considered as "nation builders"[726]. Teachers' skills and their professional commitment have a direct impact on the motivation of students to learn. The role of teachers in the development of Pakistan is of utmost importance

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[726] Quote of Dowell Lghohwo Oba available at http://www.voicesnet.com/displayonedoc.aspx?docid=142298

given that the country has an unusually high proportion of young people. [727]. The shortage of teachers in public schools is chronic and serious in Pakistan, where there are, on average, just 3 teachers for every 500 public school students (Ameer, 2012)[728]. In addition, the government has deployed a large number of school teachers into non-teaching-tasks in other public departments such as taxation, where there was also a shortage of manpower.

Recently, the Supreme Court of Pakistan has issued a landmark 100-page judgment[729] which specifically directs government to stop using school teachers in non-teaching departments and orders it to ensure compulsory and free education for all children between the ages of 5 to 16. Moreover, there are a large number of single-teacher public schools in Pakistan. The largest number of these is in the province of Baluchistan[730], where 50% of schools are single-teacher. Many interviewees mentioned that there is also a shortage of subject specialist teacher in public schools, including for science and computer subjects.

Some interviewees mentioned that public schools, even in metropolitan areas have a teaching staff of two or three teachers and in most cases unspecialized teachers are teaching science, technology and art subjects. Most of these unspecialized teachers are overburdened due to the shortage of teaching staff. A few interviewees perceive that the shortage of teachers and government's "misuse" of teachers impose limitations in public schools in Pakistan.

"We have a serious shortage of teachers in public schools. This is the

fundamental limitation in public school performance. It is simply not realistic

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[727] Currently, 62.1% of population is under 24 years.

[728] Ameer, M. (2012). *Crowded classrooms: 3 teachers for 500 students.* Available at: http://blogs.tribune.com.pk/story/10394/crowded-classroms-three-teachers-for-500-students/. Accessed December 29, 2016.

[729] In para174 a-& c p. 99-100, http://rtepakistan.org/wg-content/uploads/2012/12const.p.37_2012_final.pdf

[730] Balochistan is one of the five provinces in Pakistan. It has a population of 13.16 million and known as largest province by area. It has an area of 347,190 Kilometer².

and possible that few teachers can manage whole school. School management includes intense academic and non-academic affairs on daily basis which requires a lot of expertise, time and energy. Only teachers cannot manage whole schools. They can manage only academic affairs. In my opinion, subject specialist teachers' and principal teachers' shortage is one of the core issues in public schools." (Franchisor # 6)

"Public school limitations are due to poor teacher performance and poor teacher performance is linked to many factors. I think some of the major reasons are excessive teaching responsibilities, no teacher training, no check and balance on teachers, inappropriate salaries and unpaid work tasks for government departments." (Employee # 1)

"I know that a high percentage of public schools have one classroom and one teacher and usually that teacher remains absent because no one has put any check and balance on him/her. He/she is responsible to teach all subjects to the whole school. Now, tell me how is it possible? But it is a common practice in Pakistan." (Parents # 2)

Many interviewees specified that poor provision of education in public schools cannot be improved without covering the shortage of teachers. They mentioned that subject specialist graduates are widely available in Pakistan so government must utilize its educated human resource. Some interviewees mentioned that a high percentage of fresh graduates are female. Most of the educated females quit their jobs after marriage due to inappropriate workplace conditions and prolonged job hours in different public and private organizations. If the government offers them teaching jobs at public schools, they will happily join. That is how the shortage of teachers and issue of un-utilized labor can be simultaneously resolved.

"When there are no teachers, how can we improve our public schools? We need to hire a very large number of teachers in public schools to overcome this deficit. Fortunately, this can be done in one year if government wills."
(Employee # 8)

The quote above mentioned that there is a serious shortage of teachers in public schools and those who work in them do not perform well due to low salaries, poor working environment, and inappropriate checks and balances. Furthermore, public distrust decreases their motivation to perform well.

4.1.1.3.1 Teacher training

The importance of teacher training cannot be denied or underestimated. Many interviewees believed that the secret to achieving stellar grades and thriving students is linked to qualified and trained teachers rather than deluxe facilities in schools. However, public schools in Pakistan do not offer regular training programs for teachers. Even though legislation enables the Ministry of Education to offer effective and adequate training sessions to all public school teachers, teachers in Pakistan are not adequately trained to cope with the advanced academic and co-curricular needs of students (Hussain, 2015)[731]. Moreover, 49% of public school teachers do not have university degrees and are therefore unable to efficiently teach major subjects such as mathematics, science, English and computer science. This situation further intensifies the need for improved teacher training (Ailaan, 2016)[732].

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[731] Hussain, A. (2015) *Education system of Pakistan: Issues, problem and solution.* Islamabad Policy Research Institute. Islamabad, Pakistan. Url: http://www.ipripak.org/education-system-of-pakistan-issues-problems-and-solutions/.

[732] Ailaan, A. (2016). *Why do so many children drop out of Pakistani schools?* Islamabad, Pakistan. Pakistan Education Statistics 2014-15 factsheet.

Many interviewees mentioned that public school teachers duplicate lectures from each other instead of learning and adopting modern teaching techniques. Teacher training courses are very important as they ensure that teachers are well-trained, supported and motivated. Only effective teaching methods can improve the overall efficiency of students, as it is said "a child is not a vase to be filled, but a fire to be lit"[733].

"I often have to attend training sessions but I know that public school teachers do not have such facility. I also get regular assistance from franchisor office to operate various teaching software, etc. but unfortunately public school teachers have no facility for training or assisting them. Obviously, training and assistance in teaching is important. Even, if you have an experience of 20 years, you still need training and assistance because curriculum is updated and new technologies are introduced in the academic world and even teaching and learning techniques are changing. I strongly argue that training is very essential for all teachers but unfortunately the government does not see its importance." (Employee # 5)

However, some interviewees argue that when the government offers training sessions to teachers, these sessions are very limited and do not have any strong impact on teacher performance. The government has established various organizations and departments, including the University of Education, Directorate of Staff Development, Bureau of Curriculum and Extension Wing, Provincial Institute of Teacher Education, College of Education, Regional Institute of Teacher Education, Provincial Institute of Teacher Education, Institutes of Education and Research and Training Outposts, for teacher training.

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[733] A quotation of 16th century French satirist "François Rabelais", retrieved on January 06, 2017 from: http://www.midpac.edu/elementary/1_2R/2010/11/your-rock-stars.php

Unfortunately, these organizations have to face a severe lack of funding and shortage of trainers.

> *"The government offers training sessions to teachers but these trainings are very limited and the government hires local trainers who themselves are not fully trained and eligible as trainers. Thus, these training sessions become a way of entertainment for teachers instead of concrete learning." (Franchisor # 2)*

> *"You cannot change teacher performance with one training session in his life. The government just fulfills the formality and does not concentrate on bringing a positive impact on teacher performance through training." (Employee # 7)*

Government has established various training institutions to train school teachers but due to lack of funding, these training institutes are unable to perform. The provision of education in public school can be improved by offering appropriate training sessions to public schools teachers.

4.1.1.3.2 Inadvertent teacher behavior

Many interviewees mentioned that because of government's continuous neglect of public schools and the failure to introduce the necessary checks and balances on teachers, the overall behavior of teachers towards students has become indifferent. Many administer physical punishments and use abusive language to their students and the level of teacher absenteeism has been rising.

The electronic, print and social media in Pakistan often emphasizes the irresponsible and careless behavior of teachers by highlighting inappropriate incidents occurring in public

schools. A few interviewees mentioned that government seldom takes action to improve the general behavior and overall culture of public school teachers. Rather, the government takes action on individual cases highlighted by the media but most of these cases are not appropriately pursued by the government authorities. Some interviewees insisted that once the incidents have been brushed out of sight, the government stops pursuing them.

Most interviewees pointed out that some public school teachers in rural areas force their students to help them on their agricultural land during school hours. Sometimes students have to work at teacher's home as forced labor, doing gardening and maintenance work. Even in urban areas, some public school teachers ask their students to bring them gifts.

Many interviewees mention that despite strict prohibition by government, public school teachers often use physical punishments which results in negative personality traits in schoolchildren and increases their hatred towards school and studies. One of the major reasons for this teacher behavior is the hiring of less qualified and often untrained teachers in public schools. Some interviewees mentioned that teachers do not attend classes regularly and often encourage students to attend their private academies after the school. Others mentioned that government does not have any system to monitor teacher performance. Teacher hiring and training criteria were also criticized by some respondents. Some interviewees shared their views about teacher behavior in public schools as follows:

> *"Once my maid told me that she had to give one dozen eggs after every few weeks to the principal teacher of her daughter. I was so upset and even until today I feel so angry. How come that a school teacher asks for eggs as a bribe? This is not only corruption but this shows ill-behavior and non-seriousness of public school teachers." (Parents # 5)*

"This is true that once upon a time teachers had a great respect and dignity in our society but today teachers have lost it. It has many reasons, primary reason is, our commitments have changed, in old times, teachers were committed to educating children and today teachers just need more and more salary. We are looking for personal benefits but we ignore benefits of the society. Teachers' behavior has completely changed. However, we should not give up hope. The government has introduced new and attractive policies for teachers. I hope that teaching culture will change again and we will prosper."
(Government Official)

However, some interviewees are convinced that the government has taken major steps to improve teacher behavior and provide them with improvements, including better salaries and promotion prospects and easy retirement policies. A few interviewees believe that these policies will have a positive impact on teachers and public school teacher behavior is expected to improve in future.

"It is not a desire of any teacher to punish his students but sometime we have to take such steps to maintain discipline in the classroom. If we do not punish undisciplined students, it will have negative impact on other students and they will also start misbehaving in the classroom. However, recently, the government has banned physical punishment in schools so now teachers avoid it." (Employee # 4)

The data suggested that in some public schools, teachers behave aggressively to the students and, in desperation, some students skip school and join the child labor force. This teacher behavior could be improved by providing them with a better working environment, adequate training and appropriate checks and balances.

4.1.1.3.3 Political involvement in teacher hiring

Some interviewees revealed the involvement of political hands in the hiring of public school teachers. Some interviewees were convinced that political parties are interested in appointing their own party workers as teachers and principals in public schools because public schools are used as polling stations in elections. Political parties might have an additional advantage if teachers and principals are their own party workers. A number of interviewees explained that many teachers (specifically party workers) are more loyal to political parties than to their profession. They also take part in political campaigns by motivating students and influencing other segments of the society.

Some interviewees said that political powers are often involved in teacher transfers, placements and promotion for their own benefits. A few mentioned that financial corruption is also a factor in teacher hiring in public schools. Most of the interviewees strongly criticized government and argued that public school teachers must be hired on merit alone.

> "Exploitation in teacher hiring has serious consequences for us. I do not have any proof but I know that there is a political interference in teacher hiring. The political parties are self-interested and they achieve massive goals through teachers but they must also think about the future of our children. Political parties are very clever and, unfortunately, they are successful in achieving their own benefits but how much damage they have made to our education system! I think they have no idea about it. Actually, they know all pros and corns but they are self-interested." (Employee # 2)

"Political hands are involved in teacher hiring because it has long-lasting benefits for political people. Teacher hiring is not 100% fair in the public sector." (Franchisor # 2)

"Intellectual people have no place in our country. If you want to stay fair in all your life affairs, find some other place. Even teaching, which was the most respectful occupation in Pakistan, has lost its respect. Sincere people are no more eligible. Everyone needs some kind of personal assistance from you in addition to your personal skills." (Student # 1)

Some interviewees suggested that if the teacher hiring process can be made fairer then public school teacher performance could improve over time.

4.1.1.4 Failure in delivering quality education

Many respondents mentioned that the quality of education is unsatisfactory in public schools. Major factors highlighted were the inefficiency of teachers, insufficient budget, uncompetitive curricula, the lack of government interest in developing the education sector and inappropriate educational facilities at public schools. Here is a representative view:

"Government teachers are inefficient because their job is absolutely secure regardless of their performance. Once you are hired as a government teacher you become your own boss and in few years, you will become a part of this inefficient system. With the time your motivation and performance will decrease. We need to improve the government hiring system and check and balance on teachers if we want to improve the quality of public schools." (Employee # 1)

Some interviewees specified that public schools cannot offer quality education as long as they do not update their curriculum. However, it was mentioned that the syllabuses of franchise chains in Pakistan is impressive. The franchise schools' curricula are full of advanced knowledge and can be easily understood. Furthermore, some interviewees indicated that public school teachers use old teaching techniques and do not have exposure to advanced curriculum and better teaching methods.

> *"Public schools are totally out of order and I do not see any chance of revival in public education sector. Our population is increasing every day and the government does not have any capacity to build schools accordingly. In the existing education system, teachers are not obliged to deliver quality of education and children are not encouraged to attend classes regularly."*
> *(Franchisor # 5)*

The quality of education in public schools is not as good as in franchised schools or private schools. The main reasons for this includes the lack of funding, outdated curriculum, no teacher training, no appropriate learning facilities and no appropriate checks and balances on teachers.

4.1.1.4.1 Outdated curriculum

Some interviewees said that, in addition to increasing population, poor facilities, poor infrastructure, shortage of teachers, an old and outdated curriculum is a major cause of failure of public schools. Many interviewees expressed dissatisfaction with the current curriculum of public schools. Some parents indicated that their children are studying almost the same curriculum which they themselves studied years ago.

Some argued that there is a serious need to revise the curriculum to understand new technologies and innovations but public schools are teaching using old and outdated science books. Some interviewees also mentioned that English is an official language of Pakistan so more people prefer the curriculum in English language but public schools still insist on having the curriculum in Urdu,[734] which is the national but not official language of Pakistan. Some interviewees showed their dissatisfaction towards outdated curriculum, particularly in Urdu language in public schools.

"If you ever read science books of public schools, you will not find any updated knowledge. There are so many new scientific inventions in the world but unfortunately our children do not study any of them." (Parents # 3)

Interviewees commented that there is a considerable difference between the curricula of public and franchised schools. They pointed out that most of the franchised schools update their curriculum every two years but public schools do not revise curriculum even after 10 years. They said that technology is advancing so fast that public schools must also update their curriculum as franchised schools do.

"Franchised schools update their curricula very frequently. We are happy because we have something new to learn and teach. In public schools, teachers know every single page of the book by heart because they have been teaching the same books for years again and again. It demotivates particularly those teachers who want to deliver high quality education." (Employee # 2)

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[734] Public school students have an option of adopting curriculum in Urdu/English language but most of them study in Urdu language as obliged by their school teachers.

"How can we expect students to learn advance knowledge when the source of knowledge is too old in public schools? This is obvious that public school students will have less exposure to the changing world." (Parents # 5)

According to some interviewees regular upgrading of the public school curriculum would improve the quality of the education they offer.

4.1.1.4.2 Unsatisfactory annual results

Public schools are unable to achieve satisfactory results in secondary and higher secondary examinations. The percentage of public school students who fail to score minimum passing marks[735] is increasing every year. It has been noted that, for many years students from franchise chains[736] are scoring top positions in higher secondary examination. A franchise chain "Punjab Group of Colleges" has continuously achieved the first three positions in the higher secondary examination from 2005 to 2015[737].

Some interviewees clarified that due to lack of quality education in public schools, more motivated students are shifting to franchise schools which, in turn, is lowering the public school pass ratio. However, many interviewees endorsed the fact that public schools have failed to up their game, ensuring that the top positions in the secondary and higher secondary school examinations continue to be dominated by franchise chain students.

"For the last 10 years, the students from our group have been the top 30 positions in the annual higher secondary examination. It proves the quality of education in our chain. It shows that we concentrate on students and that we

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[735] Minimum 33% marks are required to pass-out secondary and higher secondary school examination.

[736] Punjab Group of Colleges and ILM Colleges, etc..

[737] http://pgc.edu/growth-over-years

are efficiently utilizing all possible resources. It confirms that our teachers and our teaching methods are of high quality." (Franchisor # 2)

"About 30 years back, public school teachers were very sincere. When I was a student, public school quality was excellent, but over the time, its quality has decreased. Nowadays no one prefers public schools because the results of public schools are too poor and their students hardly pass." (Parents # 7)

Many interviewees perceive that if teacher performance and educational facilities get better at public schools then their students might also get top positions in secondary and higher secondary school. Collectively, the findings indicated that government negligence, financial constraints and managerial issues are among the major factors responsible for poor performance of public schools.

4.1.1.4.3 Public school poor performance causes severe social issues in the society

Some respondents mentioned that lack of basic and quality education in public schools has become the root of several serious social issues like child labor, poverty, street crime, out-of-school children and increasing the illiteracy ratio among girls. An uneducated girl has to face more problems in life as compared to an educated boy. An illiterate woman does not make efforts to educate her children, thus the whole family suffers. In short, illiteracy slows down the pace of development of a nation.

In Pakistan the inefficiency of public schools is directly linked to all major social problems and to the sluggish growth of economy. Most interviewees firmly believed that poor public school poor performance is responsible for a number of severe social issues in Pakistani society and public schools must improve.

"Poverty is increasing, child labor is increasing, children have to face abusive behaviors during child labor and young girls are very depressed due to inaccessibility to education. Low performing public schools have very deep and negative ramifications on our society." (Parents # 7)

"Child labor is increasing due to poor performance of public schools. Children do not have access to quality education and due to poverty, they join child labor for the sake of little money, child labor in Pakistan is catastrophic. Almost every child gets physically and mentally abused." (Student # 9)

The poor performance of public schools is directly responsible for the emergence of several critical social issues in the Pakistani society. As a result, the public school sector is downgraded in the minds of the general public. These social problems can only be resolved if the public education system works hard with sincerity and honesty.

4.1.1.4.4 Declining public trust

Several respondents said that they had lost their trust in and hopes for an improvement in the public schooling system. The continuous deterioration in their performance and the lack of government interest in improving the public school sector has further dashed their hopes. Many interviewees said that they are no longer willing to enroll their children in public schools because of their continuously poor results.

Interviewees also mentioned that public school students also have to face various challenges in the job market. Many renowned companies and organization are reluctant to hire candidates from public schools because of the bad image. Some interviewees said that employers in the domestic job market believe that the products of public schools are bound to be inefficient and incompetent.

"The people have no choice other than to pay heavy fees to private schools because public school sector does not produce results like private schools. The people then prefer and trust private sector as their students get better job opportunities." (Franchisor # 1)

"As far as the public education sector is concerned it is not satisfactory, at the same time it is not growing. General public is no more convinced to join public education sector for education." (Student # 1)

Some interviewees said that the general public and particularly the middle class segment of the society, no longer trust public schools. It is a hard task for government to restore citizens' trust in the public school system. Government negligence towards this sector has persuaded the public to shift their children to private and franchised schools and this trend may prove impossible to reverse.

"The basic problem is that our government has not fulfilled its responsibility towards the education sector. Most of the people have understood that our children cannot get quality education in public schools." (Parents # 5)

The continuous poor performance of public schools has disappointed many parents and they are not ready to trust the public education system. As a result, the franchised schools have emerged as a promising alternative able to provide quality education. The level of parents' confidence and trust in the franchised schools chains can be seen through the increasing number of children being enrolled in them.

4.1.1.4.5 Increasing public disappointment

The current strategies of government are regarded as unsatisfactory by most interviewees. They are not expecting a positive change in public schools in the near future. For some, this is a very disappointing situation. Some interviewees said:

> *"Every year, instead of increasing education budget our government cuts it down. The government is not addressing basic requirements and necessities in public schools. Thus, their system will decline further in the coming future. This is really sad for those who cannot afford to pay private chain fees." (Franchisee # 4)*

> *"Education is a social service sector, our government must invest in education for the welfare of society but unfortunately our government is not increasing education budget as required. Therefore, I do not expect that they will be able to achieve any improvement in public schools. It has flopped and it will flop day by day." (Franchisor # 3)*

4.1.1.4.6 Public diversion towards private schools

The data analysis shows that people generally prefer private sector schools over those in the public sector, even though education is free in public sector. They perceive that private schools are easily accessible, offer well-trained teachers, advanced teaching and learning techniques, innovative technologies, such as digital classrooms and sports activities. Public schools are not widely spread over the territory and perform poorly. Interviewees now perceive that franchised schools perform better than public schools.

"I prefer franchise chain school for my children because it offers excellent

teaching services at a low-cost fee which is indeed a very attractive feature for

all parents. They use impressive advanced teaching and learning techniques

which public schools entirely lack. I am completely satisfied with the

performance of franchised schools." (Parents # 1)

The poor performance of public schools compelled and convinced many parents to shift their children into private schools as these schools offer appropriate and effective educational services.

4.1.1.5 Lack of government interest

Today in Pakistan, half of the adult population and two-thirds of women cannot read or write, while government spends only 4%[738] of its budget on the education sector. This is the lowest proportionate spend on education in South-Asia (Ailaan, 2016)[739]. The Government of Pakistan has international obligations to provide appropriate school education and this requires government to promptly deliver "rights of education" to every child. These international obligations to provide education are supposed to be enforced in order to enhance domestic wellbeing as well as to fulfill the global conception of human rights (Mosharraf, 2015)[740]. Specifically, these obligations include Article 26 of the Universal Declaration of Human Rights; Articles 28 and 29 of the Convention on the Rights of the Child, the UNESCO Convention Against Discrimination in Education; Article 13 of the International Covenant on

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[738] The education budget was 2% in the past however, recently in 2016, government announced to increase education budget from 2% to 4%.

[739] Ailaan, A. (2016). *Why do so many children drop out of Pakistani schools?* Islamabad, Pakistan. Pakistan Education Statistics 2014-15 factsheet.

[740] Mosharraf, Z. (2015). *Legislation on right to education in Pakistan: A critical review.* Islamabad, Pakistan. Pakistan Collation for Education.

Economic Social and Cultural Rights and the six goals of the Dakar Framework for Education.

Unfortunately successive Pakistani governments have failed to meet their international obligations to provide education under the Millennium Development Goals (MDGs). Many interviewees believe that the government does not really intend to improve public schooling. They explained that the poor facilities and poor infrastructure of public schools is due not only to the absence of an adequate budget but also to the lack of government interest in public education and a total unwillingness to plan for its improvement. Some interviewees pointed out that many international donor agencies[741] and governments[742] already invest in improving public school education in Pakistan and the Pakistani government could attract many more international donors if they are willing to do so. However, most of these donations did not reach to public school due to corruption. Some interviewees believe that government mismanagement, lack of interest and corruption makes it unlikely that they will see an improvement in the provision of state education.

> *"Government has no interest in improving public school or education provision. Most governments are busy in managing political affairs. Frankly, they are not interested in improving public schools." (Franchisor # 3)*

Some interviewees concluded that the unstable political situation in Pakistan is also a reason why there has been little improvement in public schools. Governments cannot complete their constitutional tenures due to frequent military coups and political intervention. Since Pakistan's independence 70 years ago, only one government successfully completed its

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[741] USAID and UNESCO offer funding for improving facilities e.g., furniture in public schools.

[742] Canadian government invested in providing free text books for public school students and improved curriculum.

constitutional tenure[743]. Interviewees explained that it is common that whenever a new government steps into parliament they dismiss the education and other projects of the previous administration and announce that they will start new projects. However, since they in turn, are will be unlikely to complete their own tenure, their projects are also unlikely to reach fruition. Thus, according to many interviewees, high political instability, lack of government interest and the absence of rational planning are some factors that drastically contribute to the ongoing failures of the state education system.

"Government has no interest in improving education sector. I do not see any concrete planning for improving public schools. Government has started new education projects such as 'Danish School' but it is just a political stunt in my view. It is just another way of business for sitting political party. Let the next government come and you will see that how much corruption has been found in these 'Danish School' projects. If government really wanted to improve education sector then they would have improved facilities, faculty and infrastructure in existing public schools. What is the need of launching new education projects? I cannot understand it! Instead of launching a new project government must have convinced parents and students to trust and join public schools. Government must have tightened teachers to attend classes. I do not expect any improvement from government because of their lack of interest."
(Franchisor # 6)

Some interviewees expressed the view that political powers intend to keep the literacy rates low in order to sustain power and control within the specific sphere. They argued that public school improvement is connected with government interest. As long as government

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[743] For a very first time the government of President Asif Ali Zardari completed its constitutional tenure from September, 2008 to September, 2013.

will not take a real and effective interest in public schools and provide sufficient funds, the chances of improving public schools will remain low. The literacy ratio in Pakistan is dropping constantly but unfortunately government does not show any serious concern about the need to improve them.

"Unfortunately, our government does not have a good will to improve education sector so they will never be able to find a way. They want to keep their authority and power and for such goals you need blind followers who are fully illiterate." (Franchisor # 2)

Data clarified that public schools in Pakistan are unlikely to improve as long as the government does not increase the education budget, build new schools, maintain existing schools, hire and train teacher and advocate strict checks and balances.

4.1.1.5.1 Constraints in government financial resources and policies

Certain interviewees pointed out that the limits and low performance of public schools are highly associated with the constraints on the education budget. Many interviewees revealed that although the government has the capacity to gradually increase the education budget, they do not consider it a priority. Thus, the result is that over many years, the education budget has not increased. Some interviewees said:

"I am not sure why government is spending too much on military and on infrastructure. We need education and health more than security and beautiful roads. I know Pakistan is facing challenges from some neighboring countries and we need to support our military but education and health are equally important. I am fully convinced that government must spend more on social sectors." (Employee # 5)

"Government has not built new schools, teaching staff is not available in many of government schools and government school buildings are not well maintained. Public schools also do not offer sports or other activities necessary for student grooming, etc." (Parents # 5)

A few interviewees suggested that the government's budget spending policy requires a major revision in order to cope with corrupt elements. They also said that government is spending a very high percentage of its GDP on military and infrastructure. Government, interviewees felt, needs to make effective policies to use the increased budget otherwise the public education system will continue to deteriorate. .

"I would say the government might be offering not more than 5% of the services in public schools that we are offering in our system." (Franchisee # 1)

"It is about services; public schools do not offer adequate educational and recreational services. This is the main reason of public school failure and distrust." (Student # 5)

"Our education policies are made by British government. I do not understand why we are not updating these old and inefficient policies. British rulers made these policies only to rule us, not to empower us and we are so foolish that until today we are following their policies." (Student # 7)

Many interviewees recommended that education budget must be increased and fully utilized. Additionally, competent policies must be made to effectively utilize the allocated budget.

4.1.1.5.2 Social and cultural constraints

Some interviewees specified that public school limitations are not only linked to government mismanagement and lack of interest. Social, traditional and cultural constraints also contribute towards the limiting of public schools and the prevalence of low literacy rates. Gender discrimination, poverty, low literacy levels among parents and early marriages are some of the major social and cultural constraints.

Some interviewees viewed social and cultural constraints as even more challenging than financial and managerial constraints. Their reasoning is that social and cultural constraints can only be changed through social awareness and by changing the attitude of people and this will require intense government support, commitment, time and funding. Some interviewees expressed the view that a large portion of the population in rural areas is still not fully convinced of the need to educate their daughters. Therefore, the enrolment of girls in rural areas is 45% lower as compared to the girls in urban areas (Hussain, 2015)[744]. Families living in rural areas mostly prefer their girls to learn house-management as they are not going to be part of a job market in the future. Some rural parents do not favor educating their daughters due to the dangers that they face going to and from school in Pakistan.

> *"Education awareness is very important. We need to educate and convince*
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> *parents to send their children to school. Most parents have no idea why*
>
> *education is important and what difference it could bring to their children life.*
>
> *For most parents education is all about reading and writing their names and*
>
> *letters. They have assumed that our children are going to do low-profile labor*
>
> *jobs like them, so there is no need to spend money and time for education. I am*

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[744] Hussain, A. (2015) *Education system of Pakistan: Issues, problem and solution.* Islamabad Policy Research Institute. Islamabad, Pakistan. Url: http://www.ipripak.org/education-system-of-pakistan-issues-problems-and-solutions/.

convinced that it is a moral obligation on government and on all of us to spread awareness in general public that education is very much important for every child." (Parents # 4)

"Illiteracy in Pakistan is not because of social or religious issues. Our religion highly encourages education of children and more-specifically education of our daughters because they are going to train up-coming generation. Indeed, in addition to social and cultural constraints I think poverty is the major reason. Many parents cannot afford to pay for books, transportation and uniform. I agree many people do not educate their daughters due to cultural issues but even then in my view poverty has major contributions." (Employee # 7)

Social and cultural constraints are one of major barriers to increasing literacy rates in Pakistan. The financial constraints could, given the will, somehow be managed by constantly increasing the education budget and seeking the financial support of the international coumminty. However, the social and cultural constraints might not be easy to overcome as it needs a lot of time and effort to develop positive perceptions in the public mind regarding the need to educate all of their children, male and female. Some interviewees suggested that social and cultural changes cannot be enforced but can be slowly improved by spreading awareness in the society.

4.1.1.5.3 Government preference in priorities

Some interviewees explained that government has to face multiple and unique challenges, including electricity shortages, the war on terror, war with neighboring countries such as Afghanistan and India, domestic wars and the completion of the China-Pakistan Economic

Corridor. These challenges need to be given priority in order to protect the sovereignty of Pakistan. Thus, some argued, government cannot be expected to make education provision a top priority.

Some interviewees showed their satisfaction towards the existing government policy of placing a number of other challenges ahead of the need to improve public schools. They mentioned that public schools cannot be improved in a short time and it will require a lot of planning and the long-term allocation of financial resources. The private and franchised schools are successful in Pakistan, some argued, thus, government should focus on current challenges and let non-public actors continue alongside the public education system to play their role in providing quality education.

"Our country has been facing massive challenges. I am sure if Europe and America would have all these challenges at once they would have been suffered even more. We are in the state of war. I appreciate efforts of our government toward education sector. I am not saying improvement in public schools is not important but if government does not do, what it is doing, then we may loss our territory and what will be the use of education then?" *(Parents # 6)*

However, some interviewees felt that government does not want to improve education and uses the war on terror and other current challenges as a shield. They suggested that every department must perform its own duties and improvement in public schools must not be linked to the problems of an electricity shortage or the war on terror.

"I think government uses the recent challenges as a shield to hide their own inefficiency. We have strong military which is fighting on borders as well as

within the country. What education department is doing? Are they also on

borders or fighting along with military? Government makes lame excuses.

Military has its own budget and duty to perform and education department has

its own budget and duty to perform. How can government justify we cannot

improve public schools because of the other issues?" (Employee # 7)

"There is no doubt that government must improve public schools. Our

population is huge. We alone cannot provide education to masses. If we work

in collaboration with public school sector even then we cannot provide

education to all. . Government will always need us but unfortunately they have

one million excuses to be present. Our government is simply inefficient."

(Franchisor # 1)

Most interviewees suggested that the improvement of public schools must be a priority of government along with other major challenges.

4.1.2 Emergence of franchise chains in the education sector

Nowadays, parents in Pakistan are becoming more conscious and concerned about the need for better education to safeguard the future of their children. As I have explained above, the inefficiency and lack of government interest in the public education sector has left room for the private sector to step in to fill the gap. Among the private education sector, franchised school chains are most promising. If we look into the past, in the late 1960s, some entrepreneurs started to operate private schools and later they became giant educational companies in Pakistan. In late 1990s, these private educational companies faced some financial challenges and a crisis due to a decline in student enrolments, largely due to the effects of high inflation. It suddenly became difficult for parents to pay the heavy fees

charged by private schools. One of the pioneering educational companies at that time was the Beaconhouse School System.

In order to sustain and expand their business, they decided to launch low-fee schools in urban as well as in rural areas by adopting franchising. They ensured that, in their franchised schools there would be no compromise on the educational services or facilities and that teacher skills, school buildings, furniture and equipment would all be of a high standard. Some interviewees expressed their views about the emergence of franchised schools as follows:

"[Company name] charge high fees. Everyone cannot afford our fees. We have an experience of about 50 years in the education sector. Therefore, we better understand the demands and requirements of our local market. Basically, our research and development department decided to design a low-cost school by late '90s because increasing inflation had directly impacted spending trends of our society and we foresaw a continuity in that trend. We were looking to offer a low-cost diversified product for our market and concluded that franchising was a solution. Unexpectedly, our product became so successful. We are still growing our chain and expecting continuity in our growth." (Franchisor # 3)

"Private educational companies started entering into the market after 1972, when government announced its privatization policies and allowed private companies to operate in the education sector. Then, instead of investing and increasing the education budget every year, our government started accepting foreign aids and funding, which became a source of corruption for many. Additionally, the government still follows British made education policies, from colonial period, which are too old for today and inefficient. If government

wants to open a new school at certain location it takes years and years in surveys, feasibility reports, approvals and budget allocations, etc. On the other hand, private companies can open a new campus overnight. We are efficient but our system is not efficient." (Government Official)

"The success of franchise chains is obvious because we use our resources, i.e., faculty and funds efficiently." (Franchisee # 2)

"We decided to split our services into two models for business expansion. We adopted franchising for lower middle segment of the society. The standards of education in our franchised schools are not competitive to [Companies name] but at the same time they are much better than government and individual private schools. We charge low fees in our franchise school and offer standardized educational services." (Franchisor # 6)

"We adopted franchising because we expected that it would allow us to attract larger number of new customers, which we were unable to attract in the past, and our expectations were absolutely right. We had been operating mainly in metropolitan cities and franchising has now allowed us to expand our business even into remote areas of Pakistan. Low fees and better quality education under a trusted brand name was the requirement of our society and franchising has made it possible." (Franchisor # 5)

Along with various benefits from a franchisor perspective, franchising in the education sector brings tremendous opportunities for franchise candidates to become independent entrepreneurs in the education sector of Pakistan. These franchised schools also provided employment opportunities for young graduates to work as teaching staff and offered low fees

for parents of just $10-$30 a month for primary school children and $50-$70 a month for secondary and higher secondary schools.

Franchised schools are viewed as a rescue for the middle-class people as well as for the low-income parents. As well as offering benefits for the society and the economy, franchising provides opportunities by increasing literacy rates, promoting the rights of women. Franchising boosts economic growth, reduces poverty by providing entrepreneurial opportunities to franchisees, and increases income levels by offering employment opportunities for teachers. Moreover, after the success of several educational franchise chains such as The Educators, (A Project of Beaconhouse School System), some private universities such as University of Management and Technology, Superior University and public universities such as Quaid-i-Azam University, Islamabad have decided to adopt franchising as a way to operate schools. They made this decision taking into the consideration that the public education sector is deprived following decades of neglect by government. Several interviewees talked about the reasons for the emergence of social franchise chains in the education sector.

> *"Franchising emerged because of our inefficiency. I agree that franchising has appeared as a reasonable alternative for educational improvements in Pakistan." (Government official)*

> *"We are investors and we invest money for business. We consider the demands and the requirements of the markets. People were looking for quality education at low prices and at their doorsteps. We gave them the right solution. Customers are happy and we are growing." (Franchisor # 8)*

"In my view, private sector is much organized in Pakistan. The franchising sector was basically derived from private groups. For example, our group is running multiple universities and we have realized that vacuum in schooling sector is greater than higher education. Our franchise concept in schooling is highly successful. Recently, franchising has started at universities level and two public universities have already built their franchise campuses. Franchising is growing rapidly in the education sector." (Franchisor # 4)

Most interviewees expressed the view that the private sector, both private elite schools and some private universities, along with some public universities, all adopted franchising in the education sector because public schools had been delivering unsatisfactory educational facilities for decades. Franchising allowed the private sector to replicate standardized schools across Pakistan and there was clearly a high demand for what they had to offer. Although, some interviewees did not appreciate the idea of franchising in the education sector on the grounds that these franchise chains are "selling education" in Pakistan instead of "spreading education" most were in favor of franchising. They argued that without franchised schools there would be no substitute for low income and middle class parents seeking standardized education at low prices. Some expressed the following views:

"The [company name] was established in the 70s. When future growth and profits became static in 2000, they launched [brand name]." (Franchisee # 6)

"The emergence of franchising in the education sector had to be successful because our government sector is not performing well. So the companies had a chance to start a social service by adopting a new business phenomenon." (Franchisee # 2)

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"It started in 2002, but before 2005 and 2006 the franchising sector was not that popular. If you consider my town, in 2006, there were only one or two brands, but now all renowned brands are available." (Franchisee # 1)

Franchising in education is a recent phenomenon but it has enjoyed a remarkably swift ascent in the education sector of Pakistan. By the analysis of data, I have identified several factors responsible and important for the emergence and success of franchising in the education sector of Pakistan. Some of the decisive and important factors are explained as following.

4.1.2.1 Unaffordability of parents for paying high fees at private elite schools

According to some interviewees, the private schools sector experienced a massive growth after its emergence. Due to the high quality of the education provided, many parents preferred private schools over public schools. Nevertheless, because of the exorbitant and unaffordable fees, many parents got into trouble. They did not want to compromise on the quality of their child's education but, as private school fees continued to increase, cash-strapped parents found it impossible to keep up. The schools insisted that sharp fee rises were dictated by their having to pay new taxes and cope with inflation but these soon began to affect the living standards of many families who had, on average three to four children. It was to address this issue of unaffordable private school fees that franchised schools came into being.

Middle and lower middle class parents started to send their children into these franchised schools with the assurance of quality education. Some interviewees expressed the view that the quality of education in franchised schools is not equal to that of private company schools (from now on called private elite schools). However, they agreed that the standard is far better than that of public schools.

Franchised schools continued to grow rapidly across the country in urban, suburban, rural and deprived areas, making standardized education accessible and affordable. Some interviewees explained that many parents still prefer elite private company schools such as the Beaconhouse School System and The City School due to the high quality education and better facilities there, such as: appropriate school buildings, subject specialist teachers, small class-sizes, advanced science and better technology laboratories. However, only a tiny segment of society can afford the hefty fees such schools charge. Those who cannot afford the fees of elite private schools often choose to enroll their children in franchised schools because most often belong to private elite schools or private universities and offer standardized education services. Thus, the number of students in franchised schools is rapidly growing across Pakistan.

"I would love to enroll my children in [Company Name] but I cannot afford its fees. However, generally I am satisfied because [Brand Name] offer almost similar care and services. I have no serious complains with management or their teaching methods." (Parents # 5)

"Many students in [Brand Name] are shifting from [Company Name] and public schools. Because of exorbitant fees in private schools and low quality education in public schools, many parents prefer to shift their children in franchised schools. " (Franchisor # 1)

"Inflation and population has been increasing. Many parents have less money and more children but they want them to be well-educated. We take it as a responsibility to provide them better education within their affordability. I would not say that we are one hundred percent successful, but we have achieved many goals and still there is lot more to achieve." (Franchisor # 8)

Parents do not prefer public schools due to their generally low academic perfomrance yet at the same time they cannot afford the high fees charged by private elite schools such as the Beaconhouse School System or The City School. Therefore, franchised schools owned by these private elite schools emerged as a sustitute. Nowadays, franchised school chains and their student enrolment is growing dramatically in Pakistan.

4.1.2.2 Provision of quality educational services and facilities

Many interviewees expressed satisfaction with the educational services and facilities at franchised schools. They explained that the schools offer full-time school studies at low-fees and the educational facilities are adequate and appropriate. These franchised schools are widespread across country and they are expanding their chains in urban, rural and even in deprived areas of Pakistan. Thus, franchised schools are easily accessible and affordable for a large segment of the society.

> *"Educational facilities are satisfactory in [Brand Name]. If you compare franchise school education facilities with public schools, you will be satisfied. Franchised schools have good reputation in our society and good reputation can never be earned without providing impressive services." (Student # 1)*

> *"Franchise school is an earning opportunity for franchisors and franchisees. For parents and students it is an opportunity of getting standardized educational services at low cost and for teachers it is an opportunity to get well-paid employment in reputed educational institutes." (Franchisor # 7)*

The data analysis shows that overall people are satisfied with the performance of the various franchised schools chains. The prime reason of their satisfaction is provision of quality education and better facilities at a relatively low price.

4.1.2.2.1 Low fees in franchise schools

The data analysis shows that cost-effectiveness is another major factor involved in the massive success of franchise school chains. The franchised schools charge $10 to $30 per month from pre-primary to secondary school and $50 to $70 per month in higher secondary schools[745]. Private elite schools, private universities and public universities launched these franchised schools specifically for the families who could not afford high fees but at the same time were not willing to join public schools. Most interviewees emphasized that franchised schools became successful by attaining a balance between fees and the provision of adequate educational services.

"I assume that [Brand Name] fees are reasonable. Today, if you want to buy a trouser it will surely cost you more than Rs 2000 and school also charge Rs 2000 as monthly fee. With this fee they teach our children for whole month, they give salary to the teachers and cover other expenditures. This is impressive. I believe franchised schools are not expensive." (Parents # 3)

"School fees are very important for parents. They want us to reduce fee and improve services, whereas, we have to increase fees every year because our cost has been increasing. We have to maintain our educational standard therefore with inflation our cost automatically increases." (Franchisor # 4)

Some interviewees argued that, although franchised schools charge reasonable fees they demand extra charges on top of these to meet such things as electricity bills to run air conditioners in summer, examination fees, a paper fund and extracurricular activities. Many interviewees including parents, students and employees, thought that franchise school fees are

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[745] These figures are obtained from multiple sources, i.e., franchise schools brochures, franchise schools websites, directly inquired from interviewees and documents collected from head-offices of franchise schools.

very reasonable but that these extra-charges are a hefty burden for many parents. On the other hand, franchisors and franchisees claimed that profit margins in educational franchise are already very low and they earn marginal profits contrary to other franchise sectors. Most franchisors and franchisees argued that it is impossible for them to further reduce their fees and they also negated the claim of demanding extra charges in the name of funds.

"I think that the charged fees and the services are not balanced. Franchisees concentrate on income and it is somehow obvious that education franchise is not a social welfare it is a business. I think they provide good services but charge very high." (Parents # 4)

"There is no balance between fees and services in [Brand Name]. They charge us more and deliver us less. I would not say I am dissatisfied with their services but when I compare the quality of educational services and heavy charges I realize that it is not fair . They earn substantial profits." (Parents # 1)

The fees of franchised schools are compatible for the lower and middle class segment of Pakistani society. Despite being unhappy about extra charges, most of the interviewees, specifically parents and students, expressed their satisfaction at what they regarded as the affordable fees of franchised schools.

4.1.2.2.2 Provision of full-time school studies

Franchised schools in many countries offer extra educational services but these services are limited to such things as extra assistance in mathematics or after-school tutoring for specific science subjects. However, in Pakistan franchise chains offer full-time school studies from pre-primary to higher secondary school.

Franchised schools in Pakistan act as appropriate substitutes for inadequate public schools by offering a wide range of subjects and domains. Students can choose from a curriculum of science subjects like biology, chemistry, physics and mathematics along with history and cultural studies. They can also choose from an arts curriculum which mainly covers physical education, general science and civics along with history and cultural studies.

These franchised schools are registered with government intermediate, secondary and higher secondary school authorities for final examination. Government authorities hold final examination for students across Pakistan (including students of franchise chains) and government authorities manage exam assessments and announce the results. Many interviewees showed their satisfaction towards the educational services of these franchised schools by acknowledging that franchise schools offer full-time school studies through a wide range of curricula that includes all science and arts subjects.

"Intelligent people of Pakistan are its strength. If we rely on government we will sleep hungry and thirsty at night. We are self-made people; we work hard to explore new opportunities for us. It is remarkable how Pakistani people have used franchising to solve educational problems, wonderful! No one can even think of it. Most people are familiar with franchising because of McDonald's and KFC but we have used franchising phenomenon for the improvement of a social sector by adopting a commercial technique. We offer full-time studies just as public schools and we charge very low fees which are affordable for most parents." (Franchisor # 1)

"Franchised schools offer different curricula's. Students can choose science or arts curriculum. Some chains have adopted curriculum from Oxford stream

and some have adopted from Cambridge stream. They curriculum is diverse and students have to stay in school for full-time until afternoon." (Parents # 3)

"All franchised schools are full-time schools. I do not know any franchise school which is part-time or offer limited services." (Student # 9)

Franchised schools serves as a suitable alternative to public schools by offering full-time school studies covering pre-primary to higher secondary school education.

4.1.2.2.3 Trained teachers

Trained and skilled teachers are the most important assets of any educational institution. Franchise school chains offer frequent training sessions to their teachers. Many interviewees were emphatic that these training sessions help to improve a teacher's skills, knowledge and attitude. However, public school teachers do not get opportunities to attend teacher training sessions on a regular basis. Therefore, the teachers in public schools often show a lack of professionalism.

"We have to attend training session every sixth month. It is usually organized as a single day training event in every district. Franchisor allows three teachers from one campus and our franchisee rotate training sessions between teachers. I have attended these training sessions. They are very useful in term of learning teaching techniques. I think that teacher training and education has a very positive impact. We need to learn and educate ourselves how to maintain discipline in the class." (Employee # 8)

"We spend a lot of money to arrange training sessions for teachers. We arrange trainings district wise. We hire well known and specialized

educational trainers who train the teachers for necessary skill in academics,

management, and discipline. It is always valuable for the teachers to attend

these training sessions no matter how qualified and experienced they are. In

general, these training sessions are very useful. (Franchisor # 7)

The more professional attitude of teachers at franchise schools makes them the

parents' choice over the less skilled and often untrained public school teachers in Pakistan.

4.1.2.2.4 Advanced curriculum

Franchise chains in Pakistan have adopted curricula from both Oxford and Cambridge streams

specifically for pre-primary up-to middle-schools[746]. Hence, for secondary schools and higher

secondary school education, franchise chains offer two choices. Students can select O level[747]

and A level[748] curricula, often from the Oxford or Cambridge stream, or they can select local

curriculum streams such as Matriculation[749] and Intermediate[750], both of which are structured

by local government.

Many interviewees perceive that the public school curriculum has not been effectively

revised and up graded for a long time. An effective curriculum improves the skills and

cognitive abilities of students. The old and outdated curriculum at public schools offers a very

limited knowledge of history, science and geography. Interviewees mentioned that the

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[746] Middle school student are 8th grade student ages 13.

[747] O level is an equivalent of Secondary School Certificate introduced by United Kingdom, for students ages 15 to 17.

[748] A level is an equivalent of Higher Secondary School Certificate introduced by United Kingdom, for students ages 17 to 19.

[749] In Pakistan, Matriculation (Matric) is the final examination for 9th and 10th grade students, ages 15 to 17. They are awarded a Secondary School Certificate which is usually shortened as Matric.

[750] In Pakistan, Intermediate is the final examination for 11th and 12th grade students, ages 17 to 19. They are awarded Higher Secondary School Certificate which is usually shortned as Intermediate.

curriculum of franchised schools is updated and effective so as to enhance the cognitive abilities of students. The idea of adopting a curriculum from Oxford or Cambridge streams has attracted many parents and students towards franchised schools.

"I do not like public school's books. These books are neither attractive nor comprehensive. They are so boring for the students. Franchise school books are very interesting and attractive for children." (Parents # 4)

"Curriculum of franchised schools is impressive. If you read public school student's books they do not have attractive style of explaining a concept. There are no graphical explanations or pictures. They simply put text which is difficult to understand but franchised schools books are interesting, attractive and descriptive." (Employee # 7)

Some interviewees said that, besides local and national information, franchise curriculum also focus on a global perspective in that their history books not only mention the history of Pakistan but also mention major historic events which occurred at different times in different civilizations.

"Franchise school curriculum is very advanced if we compare to public school curriculum. I like it because it focuses on global perceptive while our public school curriculum only focuses on local perspective. For example, in history and civilization subject, public school curriculum mainly highlights the history and civilization of Pakistan while in franchise curriculum they talk about global history and various civilizations. They talk about global revolutions, international political changes and massive civilizations which are assets of

history. I think franchise curriculum is much more global if compare to public

school curriculum."(Employee # 1)

According to some interviewees, the public schooling sector has not adopted a rigorous approach in the design of its curricula. They explained that franchised schools upgrade their curricula whenever this is necessary. .

"We are trying our best to enhance education quality in our schools by

adopting multi-dimensional curriculum. In-fact we just do not copy-paste

curriculum from international streams like Oxford and Cambridge. Rather we

try to merge   these curriculums with local curriculum. . We have specialist

who develop curriculum and keep on updating it. " (Franchisor # 2)

However, some interviewees revealed that adopting the advanced curriculum has created problems for some franchise schools, mainly in rural areas where some teachers are not skilled enough to understand and teach the advanced curriculum in English.

Furthermore, some interviewees mentioned that the Government of Pakistan does not accept the grading system for O level and A level (Cambridge stream) and every O/A level student has to convert his grades into percentages. For example, A+ grade in O level can only be replaced with maximum of 85% marks in secondary school education. However, a student of secondary school education (i.e., Metric) can get more than 85% marks under local examinations. Some interviewees say this is unfair and a drawback to the foreign education system offered by franchised schools. Some interviewees said:

"The government approach of converting O and A level marks is quite unfair.

The fees of these streams are very high if compared to public schools. Parents

invest so much money and students invest so many efforts but all get ruined

when it comes to converted marks." (Employee # 6)

The advanced curricula in franchised schools have some pros and corns. However, most interviewees expressed their satisfaction at the fact that it enhances the cognitive and creative abilities of students.

4.1.2.2.5 Assurance of standardized facilities

As explained earlier, basic facilities in most public schools are insufficient, therefore, most franchisors have settled various benchmarks for franchisees, which oblige them to adequately invest in franchised schools so as to provide standardized facilities such as an appropriate school building, qualified faculty members, furniture, equipped classrooms, cleanliness, clean drinking water, and security arrangements such as CCTV cameras, boundary walls and security guards.

Franchisees are individual investors who invest in providing standardized facilities to attract customers. Most franchisees invest in a school campus according to their location. If a franchisee has selected a posh locality where people demand for advanced facilities such as air conditioning and a sports center, then the franchisee will invest according to customer expectations. Therefore, some franchise campuses have luxurious facilities. Otherwise, all franchise school campuses (including campuses in rural and deprived areas) are equipped with just basic facilities.

> *"Our campus offers all basic and standardized facilities. Although, we have all*
>
> *basic educational facilities but there are some campuses within our chain who*
>
> *invest a lot to provide luxury services. It all depends on franchisee investment*
>
> *and spending power of people around. It is obvious that if a campus has more*

luxury facilities then they must be charging substantial fees and it is surprising

for me that how and why franchisor allows individual franchisees to charge

extra fees. Maybe they have policies to ensure minimum facilities but not for

maximum facilities." (Employee # 4)

"Most franchisees invest in schools properly because it is source of business

for them. If they do not provide what their local customers require they will not

be able to increase number of enrollments and school business all depends on

number of enrollments." (Franchisor # 4)

Education franchisees perceive themselves as individual investors. They invest in franchised schools to get financial returns. Most interviewees felt that in the current scenario and in future the education business will flourish. Franchisees are confident about their business and they prefer to invest for its growth.

4.1.2.2.5.1 Adequate classrooms

In franchised schools classrooms are equipped with necessary facilities such as furniture, electricity, whiteboards and fans. On the other hand, most public schools do not provide these necessary facilities. Many interviewees explained that classrooms in franchised schools are equipped with all basic facilities.

"Most of the public schools do not have classrooms and if they have one, it is

just a room with nothing inside. Furniture it is not enough for students and

there are so many other problems. In franchised schools students do not have

to face such issues and they get all basic facilities in classrooms." (Student #

9)

Franchisor teams (on-field consultants) often visit franchise campuses for inspection and ensure that they are operating according to policies. Furthermore, many franchisors encourage the feedback of parents via e-mails. Some franchisors mentioned that sometimes they get complaints from parents about academic issues and teacher skills. They get fewer complaints regarding the provision of basic facilities in their schools. This indicates that most franchise customers, both parents and students, are satisfied with franchise school services and school franchisees take care of their customers just as they would in a commercial franchising.

4.1.2.2.5.2 Operational libraries

In most of public schools libraries are non-existent. Even where there is a library in a public school, it is likely to be disorganized, lacking both trained staff and good quality books. Franchised schools have tried to overcome this problem. Not all, but most of franchised schools have functional and maintained libraries. Some chains have recently started to operate e-libraries in urban schools.

It was revealed by interviewees that libraries in franchised schools located in rural areas are not well organized. Nor are many of them fully functioning. Nevertheless, compared to the public schools, franchised schools make a greater effort to provide library facilities within their campuses even in rural areas. Knowing that libraries play an important role in acquiring reading habits in children, many parents are satisfied by the presence of an operating library in school. It ultimately influences their choice when they are selecting a school for their children. In interviews, most parents and students showed their satisfaction towards franchise school libraries. They mentioned as follows:

"Libraries are mostly operational in our campuses; some campuses in remote areas of Baluchistan and Waziristan do not have libraries because franchisees are not interested to invest in libraries. It is very expensive to build and maintain a library in school." (Franchisor # 6)

"We have e-libraries in all campuses. Students have access to computer centers and all computers are connected to our main server. Teachers and students can request online books through our main office." (Franchisor # 1)

Most of franchised schools have a library facility and some also offer e-libraries services

4.1.2.2.5.3 Advanced computer centers

Many franchised schools in Pakistan have organized computer centers. Recently, a franchise chain (The Smart School) has adopted a smart e-learning strategy. They have replaced whiteboards with projectors and students learn through smart technologies such as computers, tablets, laptops and projectors. Most interviewees mentioned that students in franchised schools have access to computers and all students have an equal opportunity to learn.

"We have introduced a smart e-learning technology concept. In our school, classrooms are equipped with computers and projectors. By using this technology we train our students to acquire computer knowledge at early age as this is utmost need of time. . This is era of technology and we need computer experts. Some people criticize our approach but until now we are successful. We closely observe students learning behavior and we believe that they can learn better with help of advanced technologies. Our chain is growing fast, it proves that our concept is practical and our customers are happy. We have to

encounter some issues in rural areas where we have electricity shortage problems. Another factor is lack of funding due low profit rates in rural areas." (Franchisor # 2)

Despite being a crucial incentive, some of the parents expressed their concerns over eLearning. They consider that invigilated access to computers and the internet can enable some children under the age of 18 to misuse these facilities and that this can have negative perceptions consequences for them. Thus, some parents did not appreciate the idea of e-learning and excessive use of computers in franchised schools.

"Our society is already deviating from our social values and cultural norms. If we give an unattended and open access of internet to every child then they may have access to the material not suitable and appropriate for them. . I think our values and norms are very precious and we must pass these on to our next generation. I appreciate that our children learn advance knowledge and technologies but I prefer to impose check and restriction at the stage when they are learning how to differentiate between good and bad." (Parents # 1)

"I do not appreciate to use computer at early age. Parents and teachers should be the first and prime source of knowledge and grooming for children. I think most mothers will not like the idea of allowing open access of internet to the children." (Parents # 8)

The analysis clearly showed that most of the parents are very conscious about library facilities in schools. Although some of the parents are concerned about what they perceive as the dangers of e-learning, overall the presence of a functional library affects the parent's choice when selecting an appropriate school for their children

4.1.2.4.5.4 Adequate science laboratories

Access to a scientific laboratory is a pre-requisite to understanding basic scientific concepts. The Pakistani government has failed to build and operate scientific laboratories in most of public schools therefore students have to join private academies to gain experimental expertise. Another important factor in the success of franchised schools has been the provision of scientific laboratories. Many interviewees mentioned that every student gets an equal opportunity to perform experiments in the school laboratory and they do not have to join a private academy in order to practice. Franchisees manage to provide adequate equipment, materials and supplies for science experiments at their campuses. Many interviewees expressed their satisfaction at the availability of science laborites in franchised schools.

> *"I teach chemistry at secondary level. We have a science laboratory where we perform experiments for biology, chemistry and physics. Obviously, our laboratory is not one hundred percent perfect and equipped but I assure you it is better than many other schools. Most schools do not maintain laboratories because it requires expensive equipment and materials. My franchisee has always been concerned about school up-gradation. Fortunately he is always willing to invest for school improvement. As a teacher, I do not have any serious complaint but I want to mention that our laboratory needs up-gradation. There are many reasons making this task difficult, we are located in a rural area have to purchase all experimental material from Lahore which is far from here. We need a special person who invest one whole day and go to Lahore. Then material is expensive and parents do not pay us extra charges.*

Within current charged fees it becomes difficult to provide all materials but altogether we manage to operate our scientific laboratory." (Employee # 2)

However, some interviewees, particularly from rural areas, mentioned that in their areas franchised schools have science laboratories but these laboratories are mostly just for show. The main reason behind these non-functional laboratories is a lack of funds. In some schools scientific laboratories are not well equipped for all students while in others the only way of learning is to watch their teacher perform an experiment in front of the students.

"Number of students has been increasing in our school and we have a shortage of resources to conduct experiments but we have to manage. We make groups of students who observe science experiments. First, we teach them theories and then we show perform the experiments. It is a good way to deliver maximum knowledge in available resources." (Employee # 7)

The data analysis shows that scientific laboratories in franchised schools are operating better than in public schools. Interviewees confirmed that laboratories in franchised schools are mostly operational while most of the laboratories in public schools are non-operational and this difference attracts the parents toward franchised schools.

4.1.2.3 Public perception regarding franchised schools

Economic factors such as increasing inflation and unemployment and social factors such as family values also have a strong influence on parents' choice of a school for their children. Public schools have a poor reputation due to their low performance levels. Thus, many parents do not want their children to attend public schools and their willingness to seek out and pay for alternatives shows their seriousness towards the wellbeing of their children.

The franchise chains are considered as a rescue for parents who do not want to enrol their children in public schools and cannot afford the fees of private elite schools. Many interviewees explained that the deteriorating reputation of public schools caused difficulties for middle class and lower middle class parents as they were unable to pay heavy fees of private elite schools. Fortunately low-fee franchised schools have emerged as an economic solution for them and now many people prefer franchised schools over the public or individual private school alternatives, largely due to the standardized educational facilities in franchise schools.

"I do not want my children to study in public schools. When they will look for a job in market they might be discriminated by the employer as we have a very bad reputation of public schools in Pakistan. The image of public school student is like he is not groomed and his general knowledge and professional skills are very low. I do not want my children to suffer in future." (Parents # 6)

"School performance depends on school principal. If he is qualified and motivated, he will mobilize all possible resources and school will start performing well but in our society we have set our standards. [Company Name] is an excellent school for us. [Brand Name] is a good school for us and public and individual schools are poor for us. These standards have penetrated in our culture, it will take years and years to change these standards. This is sad that even if a public school is performing better or sometime an individual school is very good, people do not prefer it due to social pressures. I agree that such schools are very few but I am concerned that even if public schools effort to improve; generally people do not prefer them, because public schools have lost credibility and trustworthiness in our society. It will take a long time

for people to change their acceptability in-case if public schools get improve."

(Employee # 2)

"Customer behavior is changing due to economic changes. Inflation is increasing and daily use items are getting out of reach for many. The number of parents who were able to afford [Company School] in past has been decreasing every year. Many parents are shifting their children to franchised schools because of un-affordability. We made the right decision of launching low-fee franchised schools at a very right time. Franchise school demand is increasing due to economics changes." (Franchisor # 8)

Thus the positive reputation and growing popularity of franchised schools often attracts parents to choose franchised schools over public schools.

4.1.2.4 Gaining public trust

It is understood that lack of public trust in the public schooling sector contributed towards the emergence and success of franchising in the education sector in Pakistan. Franchised schools are uniquely positioned to provide standardized educational facilities for a large and deprived segment of the society, particularly girls. As security is one of the major issues in Pakistan and most of the young girls have to travel a lot to attend the school, this makes their parents worried and they prefer them to stay at home. Franchised schools, somehow, have solved this problem because there is a huge network of franchised schools operating all over the country. Mostly these chains are well known for ensuring security by appointing gatekeepers and security guards. [751]. By providing quality education, safety and good learning facilities franchised schools have continued to gain public trust in Pakistan. A few interviewees expressed as follows:

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[751] According to Article 25-A of constitution of Pakistan school going children ages five to sixteen.

"Franchised schools are seen as substitutes of public schools. Instead I should say franchised schools are far better than public schools. I trust franchise school and that is why I am willing to pay monthly fees. I focus on better future of my children instead of saving money for myself." (Parents # 8)

"Franchised schools emerged only because people have lost their trust in public schools. Why this education franchise concepts is not present in any developed country? It is because their public schools are performing well. You will see very few private schools in developed countries because they have less room for it. People trust public schools and parents will never pay fees in franchised schools, because they do not need to pay fees when public schools are trustworthy. I think launching an education franchise concept in a developed country is wastage of time and money but in our country, public school performance is zero and room for franchise concepts is very large. We are successful in gaining public trust." (Franchisor # 2)

"I do not trust public schools. I may not feel safe and calm if my daughter goes to a public school. I have heard lot of news on social media. They do not have necessary arrangements for girls and everyone know the increasing insecurity for young girls. As a mother I will never choose public school for my daughter. I will not feel safe." (Parents # 7)

"We launched franchise school concept because public schools have been performing poorly and private schools are unable to expand across Pakistan. There was an immense need of a novel education system that can offer standardized educational facilities at low cost across Pakistan and attain public trust." (Franchisor # 8)

Across the globe franchised schools are very limited and mostly they provide specific services such as home-tuition, assistance in some subjects such as mathematics, chemistry or physics. However, Pakistan is currently a rare exception where franchised schools offer full time school studies from pre-primary to higher secondary school education. Another distinctive feature is the huge scale upon which these chains are operating. Nevertheless, interviewees see franchised schools as a rescue for education and subsequently for the future of their children.

4.1.2.5 Attributes of franchisors

Franchisors in the school sector in Pakistan include domestic private elite schools, and domestic private universities and public universities. For example, the Beaconhouse School System, an outgrowth from a private elite school, was one of the first to adopt the idea of franchising. In 2002, they launched a franchise brand "The Educators – A Project of Beaconhouse". The group linked the education company's name (A project of Beaconhouse) with the franchise brand so that customers would connect the franchise school's name with that of the private elite school.

Some interviewees (specifically franchisors) explained that the phenomenon of franchised schools did not become successful overnight. Rather, it took five to six years to gain public trust. Some interviews expressed the view that it is only since 2007 that these franchised schools have gained full acceptability in society. Many franchised schools are owned by private education companies and private universities because franchisees, parents and customers already trust the education quality of private elite schools, private universities and public universities and this trust has spread to their franchised schools.

"Most franchisors are domestic private education companies." (Franchisor # 4)

"Franchised schools belong to private education companies in Pakistan. Nowadays, there are so many new names but as far as I know the main market of franchised schools is led by private education companies." (Parents # 6)

"Franchised schools were not so popular since beginning. When commenced we were alone in the market as   other private education companies observed us succeeding then from 2005 onward new franchise concepts started to enter in the market. Indeed franchised schools got acceptance after 2007 before this people were confused about this new phenomenon." (Franchisor # 2)

However, some interviewees presumed that government is likely to put a restriction on universities to block them from launching further education franchise ventures. There is a public perception that the provision of higher education should be the prime priority of the country's established universities. Ideally, this view holds, the government must get involved in the education franchising sector and set certain regulations for franchisors to launch franchised schools. These regulations must focus on the social aspects of education, such as providing it in deprived areas and for disadvantaged people and seeing that it offers employment opportunities for women.

Further, some interviewees expressed the view that education is a social sector and, as such, is an essential component in the development of a country. Government must, therefore, not allow any private organization to operate in the education sector in the long-run. Certain strict and realistic criteria must be developed to decide who can enter into this business. However, other interviews suggested that government must join hands with franchise chains

to create public-private partnerships in order to enhance the quality of education provided by both.

> *"Personally, I am not in the favor of privatizing education sector, but we are working on different proposals with government where government will allow certain subsidies to successful private companies which are operating in schooling sector. It is important that we focus on low fees and high quality education services. This is a hard task to accomplish. If government reduces our taxes and offers us subsidies, I am sure franchising sector can bring more fruitful results in schooling sector. If government helps us it means eventually government is helping its people because at the end society is beneficiary of franchising. So, we are not just simply a commercial product of private companies. We are serving at a very large scale in Pakistan, government must take as partners. I am hopeful that we will be able to further improve our franchised schools if government grants subsidies to us." (Franchisor # 8)*

The franchisors in the education sector of Pakistan are experienced and organized. Different kinds of organizations are acting as franchisors in the education sector of Pakistan. The data explored the fact that three main categories of franchisors are practicing in the market.

4.1.2.5.1 Domestic private education companies

Some interviewees mentioned that domestic private education companies (private elite schools) are more successful in the franchise schooling sector when compared to other organizations such as private universities and public universities. All have by now gained

experience of the schools sector in Pakistan, and can better understand the local needs for education at grass root level.

> *"I personally think that the franchised schools of [Company Name] and [Company Name] are more successful than schools of [Private University Name]. I assume that management of a school and of a university is entirely different task. One needs different approaches and expertise to deal with teachers and students of school, while issues of university teachers and students need to be addressed differently." (Employee # 3)*

> *"All franchised schools are successful but franchised schools of private companies are growing fast because we are operating in all big cities of Pakistan. We have more experience, for example, to open a new campus we first judge and do research about which location would be perfect to start a campus in terms of population density and spending power of local residents. Private university schools such as [Brand Name] are also growing but obviously not like us, because we started earlier and we have more experience in schooling sector. This is normal, but I assure that all franchise concepts are growing." (Franchisor # 1)*

Most interviewees are attracted by the franchise school of domestic private education companies as they consider that these perform better compared to the franchised schools of public or private universities.

> *"I like [Brand Name] because [Company Name] schools are very good and [Brand Name] has same management. I think the quality of education in a school depends on its management team." (Student # 1)*

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The data analysis revealed that domestic private education companies are considered as the most successful franchsiors in the education sector in Pakistan.

4.1.2.5.2 Domestic private universities

Many domestic private universities, such as the University of Management and Technology, and Superior University, own franchised schools in Pakistan. Some interviewees explained that the primary goal of universities is to expand their business into the schooling sector. Furthermore, they intend to improve student training to help them become managers, engineers and medical students right from school level. Nowadays there are many domestic private universities that offer educational services from pre-primary to PhD level.

"Franchise sector has many players. Local private universities are one of the major and key players of our markets." (Franchisor # 8)

"Private universities are operating in schooling sector. They are charging fees but at the same time they are doing a good job. I appreciate the idea of franchised schools by universities because if they do not offer school education we will suffer as we cannot depend merely on public schools." (Student # 1)

"I think it is important for a student to remain a part of same educational group. This way he becomes use to their educational environment and it is good." (Employee # 2)

Interestingly, some interviewees preferred the franchised schools of private universities because some of them offer subsidized fees and admission priority to the students of its franchise chain schools.

"I think it is a good idea to get admission in private university school because after you finish school you can easily get admission in their university and there is a probability that you get a fee reduction as you are a part of their educational group." (Student # 9)

Some interviewees mentioned that universities do not have enough experience in the schooling sector but since, on other hand there is an immense and unmet need to improve higher education in Pakistan, and they may have a useful role to play. Other interviewees felt that universities would be better employed focusing all their time, resources and energies on improving higher education rather than expanding into the schooling sector.

"I don't understand why these universities launched franchised schools. I do not see a very strong point in it. Universities are meant for higher education and I argue that they must concentrate on higher education instead of school education. If it is about money, they are already successful and earning lot of money in higher education. I do not really see a point why they have started operating in schools?" (Employee # 3)

Some of the interviewees discouraged the idea of universities becoming involved in school education, others felt that it is good to be a part of the same educational group from schooling through to higher education. As things stand, domestic private universities are among the major partners in the franchise schools chain in Pakistan.

4.1.2.5.3 Public Universities

Some of the public sector universities have started offering franchised schools in Pakistan – for example Quaid-i-Azam University, Islamabad. Some interviewees explained that the primary goal of these universities is to expand education services to the schooling sector as a substitute for ailing public schools through franchising, as improving public schools might involve severe challenges. If compared to the franchised schools of private education companies and private universities, franchised schools of public universities charge smaller fees.

> *"Even public sector universities are launching franchised schools. This shows how poor performing public schools are". (Parents # 2)*

4.1.2.5.4 Motivations of education franchisors

The education franchisors in Pakistan have similar motives to those of commercial franchisors, namely to maximize profits and grow rapidly. Some franchisors are motivated to expand their businesses rapidly; others are reluctant to invest their personal capital while most of them are interested in finding business associates who will agree to invest capital and human resource under their brand name. Some interviewees explained as follows:

> *"Franchising in the education sector is an impressive business model because risk of capital completely shifts towards franchisees. For franchisor, the maximum risk is the brand name. Our capital is never at risk. Additionally, without any investment, our return starts from the day one. Further, every year our returns are gradually increasing in education business." (Franchisor # 5)*

"We have already established a strong brand name. It was not an easy task for us to manage our business expansion because of long distances and diversified requirements of the locals. Franchising is the most fitting model for us." (Franchisor # 6)

"The reasons for adopting franchising are managerial. In franchise model, franchisee is your associate. He has to invest five to six million from his own pocket. Now he has strong t motivation to make his unit successful mainly because of his personal investment. If we expand our self and hire a manager, his motivations to work and struggle can never be like the motivations of franchisees." (Franchisor # 8)

Some interviewees mentioned that education franchisors, including private education companies, private universities and public universities, adopted franchising to fill the gap in the education sector specifically in rural and deprived areas of Pakistan. In addition, education franchisors wanted to enhance their acceptability as private education suppliers in the society through using franchising techniques. Further, some interviewees mentioned that after expanding franchised schools across Pakistan these chains may want to increase pressure on government to recognize them as private education partners and ask for subsidies to ensure their long term existence.

"Definitely our first target is to establish our brand and to make more money. However, as our brand is growing in rural and remote areas and we feel honored that we are providing education to those children who could not get a good education if our campus would not be there." (Franchisor # 7)

"Franchise chains are operating to earn money. Even though we are providing many social services but we never sacrifice money. We charge fees and unfortunately, we love to increase fees whenever we get a chance. " (Employee # 4)

The data analysis reveals that the main motivations of education franchisors are the same as in commercial franchising.

4.1.2.6 Attributes of franchisees

Franchisees in the education sector in Pakistan have very diverse profiles and include bankers, expatriate Pakistanis, exporters, government employees, investors, importers, manufacturers and retailers. However, many franchisors prefer franchisees with experience in the education sector, such as school or university teachers. Usually education franchisors do not set any specific and strict criteria regarding the experience of franchisees.

Many franchisors explained the reason that previous experience is not a requirement is because school franchising requires a substantial financial investment and it is therefore unaffordable for many school teachers due to their modest salaries. Franchisors argue that they have organized and standardized the franchise schools system in a way that people from all professional backgrounds can easily operate them. Furthermore, franchisors have established strict checks and balances to ensure adequate educational services and facilities to students in all franchised schools.

"Obviously, we prefer franchisee that has an experience in the education sector. We prefer school teachers but unfortunately teachers in Pakistan do not have lot of savings or investment to start a business and school business requires lot of initial investment and patience of many years. (Franchisor # 3)

Most of the franchisors interviewed believe they can improve the skills of non-teacher franchisees through training. Thus, the criteria for selecting a franchisee for the education sector are the same as in commercial franchising and depend primarily on their financial ability to raise funds.

"Our landmarks are strong and each franchisee has to get along with our landmarks. We are not soft in dealing with franchisees they have to provide all facilities which they agreed in the agreement." (Franchisor # 8)

"Our franchisee had a restaurant before opening this school. He still owns that restaurant." (Employee # 8)

"We were three partners doing a rice business. Once we saw an advertisement of [Company Name] about [Brand Name]. My partner got interested to get franchise from [Company Name] and we opposed as we did not have any idea about this business. But his idea was very intelligent. He trusted in [Company Name] and today we are very successful." (Franchisee # 3)

Some interviewees criticized the approach of franchise chains, remarking that it would be better if schools could only be franchised out to individuals who have experience in the education sector as they understand the educational aspects involved and are more likely to create a balance in maximizing financial and social benefits. Interviewees were of the view that school management is a responsible job. In Pakistan most of the franchised schools have a number of female teachers. Security issues make it particularly important that children and teachers are seen to be working under a responsible management team.

It was noted by some interviewees that some of the franchisors take less interest in the academic affairs of schools and seem more interested in their investment, perceiving both the school and its students as a commercial product.

> *"Most of teachers in schools are females and in Pakistan their security is a very sensitive issue. Then taking care of children is a sensitive job. I think school franchise must only be allowed to someone who is well experienced in the education sector so-that he can manage all necessary factors along with improving education quality." (Parents # 6)*

The data concludes that franchisees in the education sector have diversified professional backgrounds. Some of the interviewees support this diversification while others argue in the favor of selecting only educational experts as franchisees.

4.1.2.6.1 Franchisees in urban areas

The primary motivation of most franchisees operating in the education sector of urban areas is to maximize their profits. Most of them have a business background while few of them are school teachers or university lecturers. Interviewees mentioned that some franchisees were bilaterally operating other businesses along with running a franchised school.

> *"I know this school franchisee personally. He is running this school as a business. Basically, he is a rice exporter and he takes this school as an investment in a big city." (Parents # 2)*

Most of franchisees in urban areas do not invest in school franchises for a social cause. However, some franchisees in urban areas explained that after stepping into the education franchise business they realized its social service aspects and impact on the society. They

expressed the view that in their franchise business they had an opportunity to educate young peope, including girls and many deserving children, and that this motivates them to earn balanced and justified profits. However, the primary goal of most franchisees in urban areas is to make a profit. One said:

"I had no experience of school business, thanks to franchising for allowing me to invest in this business. Still I cannot spend lot of time for school because I have a retail shop which is running very well. I do not think so many franchisees in cities are operating to serve a social cause." (Franchisee # 2)

Some interviewees highlighted the increasing urbanization in Pakistan as a reason to invest in a franchise school.

"Education franchise is a business in Pakistan. Indeed, we have a strong competition between chains to increase the number of enrollments. We do care about education quality and facilities but most of us are simply doing business especially in urban areas." (Franchisee # 4)

The data analysis shows that franchisees in the education sector in urban areas of Pakistan are profit-oriented entrepreneurs.

4.1.2.6.2 Franchisees in rural and remote areas

Interestingly, the data revealed a slight difference between the motivations of educational franchisees in urban and rural areas. In rural areas, some of the respondents mentioned that their primary focus is to educate illiterate the people of their area. Although they earn profits, some of the franchisees try to provide free education, particularly to the poor girls of their

area. Some of the franchisees are socially active and raise funds so that they can help deserving and deprived students at their school.

> *"Money is one aspect of my school. I want children of my area to be educated. For this cause, we offer free education to some of our deserving and bright students. I personally offer free education to many children, more-specifically the girls of my area. We are living in a small town and I know people of my town personally. I fully support those parents who cannot afford to pay fees but are interested in to educate their child." (Franchisee # 9)*

Some interviewees pointed out that fees in many rural and remote franchise campuses are lower than in urban areas. There are two primary reasons for this: first, people in rural areas cannot afford the hefty fees charged in urban areas and second rural franchisees intend to earn low profits in order to educate the maximum number of students. Some explained that franchisees also reduce fees to gain personal satisfaction and popularity in local communities.

> *"It is the sad reality of our society that government does not support education. Agriculture business is no more profitable and problems for farmers are growing every day. I can afford to pay fees of my daughter but I know most of us cannot. I know that many of these franchisees are financially helping people by providing free education to their children." (Parents # 8)*

> *"My franchisee's father wished to provide the facility of high quality education to his town. He financially helped his son to buy this franchise and our franchisee is trying its best to fulfill his wish. Population of our town is limited we have already enrolled many young children who were out of school before." (Employee # 4)*

"Most franchisees in rural area are not making so much profit because of the social issues. They charge lower fees than franchisees in urban areas and offer free education to deserving students." (Student # 5)

The data highlighted that most franchisees in rural and deprived areas are often looking to serve social causes and that the provision of education is frequently their primary motive, with profit-making of less importance.

4.1.2.6.3 Franchisee's motivations to join the education sector instead of commercial franchise concepts

Investing in the education sector in Pakistan offers many additional benefits to franchisees. There is a lower level of competition than in the commercial sector, a high and growing demand for their services, consistent profits, the respectability of a white-collar profession and a respectable reputation in society. The social sectors of education and health have been widely neglected by the government of Pakistan. Due to the inefficiency of the public sector, social businesses such as schools and hospitals have enjoyed a high success rate whether launched as a small investment or as a huge project. Many franchisees explained that the education sector is a respectable field and that an additional benefit of an education franchise is that it brings them a dignified role in society. The commercial franchise sectors such as retailing involve high competition, risky growth and fewer opportunities to be seen as an improver of social welfare.

"Money is not everything in life. If you do not have respect in society money is of no use. I opened education franchise to educate children of my area it gives me personal satisfaction. I wish to see these children entering universities and

then find good jobs. It will give me lot of satisfaction and happiness."

(Franchisee # 1)

"Education business is less risky and its demand is very high. Parents are always ready to invest for better education of their children. Education demand is boosting and public schools are unable to meet this enhancing demand. . Thus, we have and will have a great opportunity to educate our youth and at the same time earn money." (Franchisee # 8)

The above data shows that many non-monetary gains such as respect in society, low competition consistent profits and a dignified occupation all motivate individuals to become franchisees in the education sector of Pakistan instead of commercial sectors.

4.1.2.7 Attributes of teachers

Franchised schools cannot be cost-effective if they opt to hire teachers on high salaries. Most franchisees hire a few experience teachers who teach specialist subject specialist and a large number of fresh graduates who are willing to work for a modest salary. The fresh graduates get guidance and training from senior teachers as well as through teacher training sessions. Therefore, in a short time they gain the necessary expertise to become a teacher. It was explained as follows:

"In our campus, we have subject specialist of every subject. Even language and sports teachers are graduates in their domains." (Employee # 2)

"Their salary structure is good. Obviously, we can get better salary in banking sector but there is shortage of vacancies. . Franchising sector offers a

lot of job opportunities and many of my friends have joined franchise school. It

is a respectable job. I am satisfied." (Employee # 5)

Some franchisors emphasized that franchised schools have become a new employment industry for young graduates. They explained that hiring fresh gradates does not affect teaching quality because new graduates are more energetic, enthusiastic and passionate to teach. Also, continuous training soon equips them with advanced teaching skills.

"It is true that most franchisees do not prefer to hire a team of well experienced teachers because it will be costly. We know this fact therefore, we offer intensive training sessions to our teachers who are mostly fresh graduates. I would say almost 60% of our teachers are fresh graduates." (Franchisor # 5)

To maintain their low-fee strategy franchise chains, through their franchisees, usually hire young graduates along with some experienced teachers. The graduates get training through the franchisor's regular training sessions. Hence, franchisees manage to maintain low cost and low fees strategies. Moreover, young graduates get a chance of appropriate employment.

4.1.2.7.1 Salary structure and working environment

Franchised schools offer an appropriate working environment and reasonable salaries to teachers. According to some interviewees, the franchise school salary ranges from Rs.30000 to Rs50000 per month (approximately $300 to $500) which is in-line with the pay of other professionals in Pakistan. However, few interviewees mentioned that teachers within franchise schools have fewer chances to grow professionally and salaries are mostly static. Franchisees do not increase a teacher's salaries regularly but the working environment in

franchised schools is appealing for many as compared to public schools. Franchised schools offer good working environment with appropriate offices and sufficient teaching facilities, including adequate science and computer laboratories, access to the internet, books, libraries and training.

"Salary is satisfactory in franchise campuses. I think the salary range is ideal for females because they do not have the responsibility to raise a family but we have this responsibility. Anyhow, I easily get part-time teaching like private or home tutoring. It pays me well and I am satisfied." (Employee # 7)

Some interviewees pointed out that job security and job structure are the main issues in the education franchise sector. The franchisee is an individual business owner and without a job structure a franchisee personally decides about hiring and firing teachers, their vacations and increments. For many teachers this creates uncertainty.

"Job security is a big issue. If franchisee gets an experienced teacher in low salary, he may fire his inexperienced teacher and that teacher cannot do anything. Franchisors or government must make employment rules for franchisees and must provide job security to franchise teachers." (Employee # 6)

Franchised schools offer adequate salaries and an appropriate working environment for employees. Although some issues exist related to job structure and security, overall teachers expressed their satisfaction with their jobs at franchised schools.

4.1.2.7.2 Franchisor assistance

In franchised schools, the franchisor provides regular assistance to franchisee teachers in academic affairs. Many franchisors have established dedicated teams that specifically assist franchisee teachers on regular basis. Franchisors also provide daily lesson plans, class activities and class tests and exam papers. This assistance enables the franchisor to maintain uniformity in delivering education within the chain.

> *"It is easy for me to teach because I get prepared lesson plans for every day. I just have to follow that plan. In-case, if I have some issues, I can talk to franchisor office through Skype or via phone." (Employee # 1)*

> *"Our curriculum is advanced and we often update it. Therefore, it is important for us to provide assistance to the teachers. We offer it for free." (Franchisor # 2)*

> *"Daily lesson plans help me to manage my work. These are easy to follow, for example, if some teacher is absent then with the help of lesson plan other teacher can easily teach." (Franchisee # 1)*

However, some teachers pointed out that in some rural areas teachers and students need to make a greater effort and sometimes require extra time to cope with advanced curricula, especially since most of these are taught in English. Some students are unable to complete the course outline as provided by franchisor and this often raises issues between franchisees and teachers.

> *"I feel we should be free to prepare our lesson plans. Sometime it is necessary to lower the burden on students and sometimes we need to work more. Instead*

of our strategies we always have to follow franchisor plan. If we do not follow

it, our franchisee will have problems with us. I do not think it is a good

strategy. Teacher must be free to choose how he wants to teach. We know we

have to finish the course work but franchised schools have their own rules."

(Employee # 7)

To improve their teaching and management skills teachers get regular assistance from franchisors, especially with daily lesson plans and examination preparation.

4.1.2.7.3 Opportunities for a bright career

Some interviewees explained that franchised schools have emerged as a new employment industry in Pakistan. These education chains have several benefits for teachers. Teaching experience at franchised schools is considered valuable in Pakistan, so if these teachers wish to change their job in order to develop their careers their experience counts a lot. Accordingly, interviewees acknowledged that franchised schools offer wide career opportunities to teachers.

"If you have teaching experience in franchise school, it is easy to get a better

job in the education sector. Our expertise is acknowledged." (Employee # 6)

"In past, school teachers had not a bright career. Teaching used to be

considered as less earning job. This perception has changed now. Teachers

have more job opportunities because of growing educational chains and

increasing demand for education. They can easily switch their jobs within the

chain or in another educational organization. Based on excellent performance

and experience efficient teachers may promote to a principal of our franchise

campus." (Franchisor # 1)

Some interviewees acknowledged that, by enhancing their teaching skills, education franchise chains have been playing a positive role and have served to recognize teaching as a respectable and valuable profession. Many young people, especially women, have become increasingly aware of the opportunities of the teaching profession.

However, some interviewees explained that most franchise teachers do not want to continue teaching as their permanent career mainly due to the static salaries and weak job structure. Many who start out as teachers in franchise schools later change their job or, if they have resources, they prefer to start their own franchise business as they consider themselves experienced and professionally equipped to do so.

"Sometimes it happens that our experienced teacher himself applies to get franchise. It is valuable for both parties, as he already understands our system and we do not need to invest much time and resources to train such a candidate. We have some cases like this and these cases are increasing every year." (Franchisor # 8)

Despite its often modest conditions of unemployment, education franchise has given many young people better employment opportunities than they would otherwise have enjoy, particularly young women.

4.1.2.7.4 Motivations of teachers to join franchise chains

Many teacher interviewees explained that the unemployment rate is growing in Pakistan. Due to a shortage of vacancies in both the public and private sectors, including manufacturing, banking and telecommunication, young people are forced to look for new job opportunities and trends in the market. Franchising in the education sector offers them wide range of job opportunities, reasonable salaries and free trainings. Thus, many of the teachers interviewed

explained that they prefer to stay in education franchise as it has a lower work load, flexible hours and reasonable salaries. In addition, they can also make extra money in private tutoring centers in the evenings or providing home tutoring services.

> *"When I graduated, I never thought of becoming a school teacher but later I found that franchised schools offer good salary packages and flexible timings . It attracted me and I am happy to become a school teacher." (Employee # 2)*

> *"Public sector does not offer jobs and if there is any it is not for common people. Mostly high profile or political people refer for public jobs. Our industrial growth is very slow. Unemployment is increasing and it is becoming impossible to get a job without referral, even in the private sector. I think at present franchising in the education sector is producing lot of new jobs and healthy working environment." (Employee # 7)*

Many interviewees explained that most young female graduates prefer franchised schools because of their favorable working environment.

> *"Working environment for females in Pakistan is not feasible. They have many reservations. Physical harassments are becoming common in our society. Our cultural norms demotivate many females to join ordinary jobs but franchised schools are ideal for them. It is like a new job market for them." (Parents # 4)*

A combination of a reasonable salary and good working environment exists in most franchise chains. Consequently, women and fresh graduates are particularly drawn to teaching there. Thus, franchise school teaching has become a new job domain in Pakistan.

4.1.2.8 Attributes of customers

Franchising in the education sector is growing at a tremendous pace. In the franchising school business, the most important and decisive customers are the parents. It is they who are responsible for choosing a school for their children according to their resources and the services a school can provide.

Further, when a student grows up and becomes able to understand the difference which education standards make in a class-divided society, he also influences his parents to provide him with the education system of his own choice. Because of the gross inefficiency of the public school sector, many private companies have entered into the education sector, which should ideally be a social sector, in response to enormous and previously unmet demand.

Now many players are competing to attract as many customers as possible. Franchise chains offer well-trained teachers, advanced teaching and learning techniques and innovative technologies such as digital classrooms. At the same time, public schools are not present in many areas and those that are frequently face great financial and managerial difficulties. Therefore, many customers, both parents and students, are disappointed with public schools and prefer to choose franchised schools.

Most of the parents and students availing of franchised schools belong to the middle class, lower middle class and low-class segments of society. Several parents and students explained the reasons for their preference for franchised schools:

"I prefer franchise chains for my children because they offer excellent teaching services at a low- fee which is indeed a very attractive feature for all parents. They use impressive advanced teaching and learning techniques that

public schools are not using at all. I am completely satisfied with the performance of franchised schools." (Parents # 1)

Both parents and students prefer franchise school over public schools just because of the incompetence and poor performance found, all too often, in the latter. Although elite private schools offer higher standards of education, they are too expensive for most parents. Therefore, franchised schools become their preference due to low-fees and standardized educational facilities.

4.1.2.8.1 Customer satisfaction parameters

Most interviewees expressed satisfaction over the quality of educational services in franchised schools. Some interviewees explained that the competition between franchise chains to increase the number of enrolments stimulates them to provide high quality education services. To accomplish this, franchisors often use curricula based on international standards. These curricula enhance the cognitive and analytical skills of students. Moreover, the focus of franchisors and franchisees on teacher training and program development contributes to increase the quality of education.

"Quality of education primarily depends on quality of teachers and on appropriate monitoring on the overall system. I believe because of the combined effort of teachers and management that our children are confident and disciplined. . Teachers are well-trained and children have access to all basic facilities. I am satisfied with the education quality of [Brand Name]." (Parents # 6)

Most of the respondents expressed their satisfaction towards franchised schools due to the quality of their educational services. This high level of satisfaction is an important factor

in attracting parents. In a chain school they can afford quality education along with relatively good educational facilities for low fees.

4.1.2.8.2 Attraction towards low-fee structure

Interviewees pointed out that franchise chains offer different fee structures. On average these schools charge about \$10 to \$30 per month in primary and secondary schools, and \$50 to \$70 per month in higher secondary schools. Most of respondents expressed their satisfaction with the level of franchise fees and mentioned that they are generally affordable.

> *"Fees in franchised schools are low and quality of education is satisfactory. Franchisees often offer fee reduction to deserving students. Personally, I am satisfied with the fee structures of the school and its services." (Parents # 4)*

While most interviewees were satisfied with the fee structure of franchised schools, some expressed their dissatisfaction. They considered that franchisees are in business just to make money. They expressed the view that fees are too high and argued that franchisees are making excessive profits.

> *"It is true, I agree that franchised schools do not charge heavy fees but I don't agree with their phenomena of raising profit.. I am not asking franchisees to minimize their profits but as a senior citizen and a mother, I am just suggesting that education should not be an ultimate source of making money for anyone. In my view, when business is running good and enrolments are still increasing, then franchisees should not raise the fees, it is unjustified. They would be able to cover their expenses and will have enough to live. I do not agree when educational franchisees focus on maximizing their profits." (Parents # 2)*

A few interviewees expressed dissatisfaction over the balance of fees charged and the services provided by the franchise chains.

"I do not see a good balance between fees and services in franchised schools. I can get the same education at a lower price in some other unknown schools. Maybe costs are higher in franchised schools as they advertise and spend money on managing the brand. But I believe that they charge more and provide less educational facilities." (Student # 3)

Most respondents agreed that franchise chains fees are compatible with their income. The balance of modest fee structures and acceptable educational facilities makes most of the franchised schools the preferred choice of its customers.

4.1.2.9 Types of franchised schools in Pakistan

If divided into major categories, there are two types of schools operating in Pakistan, public schools and private schools. Public schools are owned and operated by government. On other hand, different types of private schools are operating, including international elite private schools such as the International School of Choueifat and Pak-Turk International Schools and Colleges. Some domestic private education companies own schools, including the Beaconhouse School System and The City School. There are also individual privately-owned schools, like Al-Ahmar High School and Rashid Primary School, and franchised schools owned by domestic private education companies. These include The Educators, Allied Schools, The Smart School and franchised schools owned by private universities. For example, The Knowledge School. Besides all of these, there is another category of schools owned by government departments like the military schools (Army Public School, Garrison High School), energy department-owned schools (WAPDA school). There are also schools

operated by international and national NGOs, or welfare schools such as the Sufi Foundation School.

> *"The schools of different government departments like Army, Air Force and WAPDA are performing good because they are not entirely managed by government education department, but the problem is, that these schools are restricted just for employees of related departments. Everyone cannot easily get admission in these schools." (Franchisee # 8)*

> *"The schools which belong to departments like SNGPL and WAPDA, etc. are also well performing. They are not under entire government control but issue is; they only enroll children of employees. Everyone cannot benefit from them and the other issue is that these schools are very few and are located in limited cities. Anyhow I think it is a good idea for every government department to build their own schools and hospitals." (Franchisee # 6)*

There are various key players in the education franchise sector in Pakistan. Most of them are domestic education organizations that are experienced in delivering education in the country's complicated market. They own some of the successful school franchise chains. A few franchise chains belong to international franchisors but the most successful and rapidly growing franchise chains are domestic.

4.1.2.9.1 Franchised schools own by domestic franchise chains

Most franchised schools in Pakistan belong to domestic chains. These include the private education company schools, elite schools and schools of public and private universities. Some interviewees pointed out that many domestic universities are interested in launching schools

through franchising as it is a source of potential earnings for them as well as a way of expanding their educational activities.

> *"Most of franchise chains are domestic. Almost all franchisors are well experienced in the education sector. We fully understand the needs of our education market." (Franchisor # 7)*

> *"Franchised schools are domestic chains. I think it is difficult to gain trust of parents for foreign franchised schools because domestic chains already have acceptability in the market. We are satisfied with their standard and quality" (Parents # 6)*

> *"Our school is a franchise of [company name]. It is domestic chain. Its head-office is in Lahore." (Student # 1)*

> *"Most of franchised schools are domestic. May be there are some franchised schools in metropolitan cities which belong to foreign franchise chains but typically domestic chains are widely present across Pakistan." (Employee # 5)*

Many interviewees remarked that the most of the successful franchised schools in the education sector are education companies.

4.1.2.9.2 Franchised schools owned by international franchise chains

Some of the international franchise chains are operating in the education sector of Pakistan. A few interviewees appreciated the implications of this. They perceived it will increase competition between domestic chains and international chains and this competition will ultimately bring improvements to the education system.

"I see international schools as a good sign. Chains have moved into international market and now international brands are stepping in Pakistan." (Franchisor # 7)

"The elite gentry in Pakistan had been looking for education with luxurious facilities and these international chains have fulfilled this gap. They are successful in Pakistan. (Franchisor # 7)

However, some interviewees did not appreciate the idea of international franchised schools in Pakistan. They asserted that the middle classes cannot afford international schools and this is likely to create an inferiority complex and further widen the class differences in Pakistani society. A small number of interviewees showed dissatisfaction towards international franchised schools because they do not promote Pakistan's national culture and values, focusing instead on promoting their own culture and values.

"These schools have formed a separate elite world within Pakistan. Only politicians and rich businessmen can afford these schools. Middle class just know names of these schools because international schools are totally out of reach for common man." (Franchisee # 4)

"There is no benefit of international schools in Pakistan. Either improve public sector schools or promote domestic chains. They are performing well in Pakistan." (Parents # 5)

The existence of international franchised schools in Pakistan demonstrates the admiration and acceptance of franchised schools. It is mainly because of the popularity of local franchised schools that international chains have stepped into the Pakistani market.

4.1.2.9.3 International expansion of doemstic franchise chains

Some entrepreneurs who started education business in the 1960s are now leading educational companies in Pakistan such as the Beaconhouse School System, Punjab Group of Colleges and The City School. These educational companies are not only offering high quality educational services within Pakistan but some of them have expanded their educational services to developed and many emerging markets, including Malaysia, Oman, the Philippines, Thailand, the UAE and the UK) (Website Beaconhouse School System, 2016)[752].

"We expanded our chain overseas five years back. Actually, we targeted expatriates living in Gulf. We were not sure of our success but fortunately we earned tremendous success in Gulf countries and now we are expanding our chain in developed countries like UK." (Franchisor # 1)

"Domestic market has a large room to grow but at the same time we want to avail expansion opportunities internationally. The main reason behind our expansion is our government policies. The government policies are very uncertain. In-case they establish some strict policy for our business within Pakistan then we would have an established pathway for us internationally." (Franchisor # 6)

Most domestic education companies have started to expand their businesses overseas wherever there is a large Pakistani community. Most of the overseas Pakistani schools are on the franchise model. Pakistani expatriates often like the idea of enrolling their children in Pakistani schools where they can learn Urdu and absorb the culture and history of Pakistan.

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[752] BeaconHouseSchoolSystem. (2016). Retrived on July 23, http://beaconhouse.net/.

"It is a very good sign that our domestic franchise brands are expanding overseas. It proves that that we are able to provide high quality education." *(Employees # 3)*

"International expansion started recently. I think over time maybe all big chains will expand because expansion is easy within franchising model. I am not so sure how franchisors are handling this expansion but I know they are successful in Gulf." *(Franchisee # 8)*

Some domestic franchisors have now expanded their operations into the international market targeting Pakistani expatriates. Most of these schools have been successful as they fulfill the specific demands of that community.

4.2 Main characteristics of franchising in the education sector

4.2.1 Importance of brand name in the education sector

As with commercial franchising, brand names are highly important for franchising in the education sector. Most of the franchisors, franchisees, teachers, parents and students interviewed retained positive perceptions regarding franchising brand names in the education sector. One of the reasons for this positive perception is the enormous success of franchising in the commercial sectors in Pakistan through companies like Carrefour, McDonald's, Pizza Hut and The Body Shop. Commercial franchise brands offer good services in Pakistan which persuades customers to also choose brand names in the education sector.

More specifically, a brand name in the education sector enables franchisors and franchisees to achieve a rapid and successful expansion of their business. For customers, it offers trusted services and satisfaction; for teachers, association with a brand name provides

vast employment opportunities, especially for young people and more specifically for women. Several interviewees talked about the importance of a brand name for a school's success.

"If I start a school with some new name, I'll need to struggle a lot. If I have a brand name, at start it would be easy to get enrollments, and later within my campus, I can improve and grow my own branch as I like." (Franchisee # 5)

"If I would have opened an individual school with my own name, I would never be able to attract parents quickly, because they would not trust me and my name. They would trust me if I provide good education, but it takes a lot of time. Therefore, I adopted a trusted brand name for my success." (Franchisee # 6)

"Brand name is of great importance in education chains. Parents are satisfied with the educational services of schools with brand, and obviously, they trust us because of our excellent services." (Franchisee # 8)

Some interviewees identified that brand names intensify competition between education chains, which further encourage them to introduce better services like free health checkups for students and special classes for slow-learner students. Further, some respondents highlighted that brand names in education chains are successful in fulfilling corporate social responsibility by enhancing public and government awareness of the importance of education to society. Some interviewees believed that the success of franchising brand names in Pakistan, even in commercial franchise concerns, is recent and reached its peak a couple of decades ago. Therefore, some interviewees argued, this is the ideal time for education companies and private universities to adopt the franchise model and establish their brand

name in the education sector. Most interviewees perceive the importance of brand names in the education sector as a rewarding and successful social business opportunity for locals.

"Brand name is important for education sector. There are several chains and because of strong competition they offer quality services in low fees. If brands were not present, then such high competition might never have occurred consequently the provision of good quality would never be possible at low prices. s." (Employee # 4)

"I would say brand consciousness is a factor of franchising success in the education sector. It is because everyone wants to provide maximum facilities to their children. Now people want to provide same facilities to their children outside their home as they are getting inside the home." (Franchisee # 3)

Brand names in the education sector enjoy high status in the Pakistani market and are considered as a having high social value.

4.2.1.1 For franchisors

Having a brand name in the education sector in Pakistan offers franchisors similar benefits as in commercial franchising in that it allows rapid expansion without involving their personal capital. It also offers a level of independence from human resource management and the opportunity to share risk. Pakistan's prolonged unfavorable economic conditions with high inflation have meant that many parents could not afford to continue paying high fees. At the same time, the continuing poor performance of public schools greatly favored the establishment of franchised schools.

Fortunately, investors such as private education companies and private universities have successfully identified this gap and launched low-fees schools by adopting the franchising method. Many franchisors highlighted that the use of brand names in the education sector has enhanced their static growth. Some franchisors were unable to expand their private schools in small cities, towns, rural and deprived areas of Pakistan due to limitations in managerial and financial resources.

In addition, adopting brand names has allowed many franchisors to attract large number of investors from urban, rural and deprived areas of Pakistan to invest in school franchises. Some franchisors who own universities perceive that the adoption of a brand name is a successful way of expanding their services from higher education into school education. Most franchisors have been successful in gaining public trust towards education brand names.

"Franchisees select our chain because of the brand image. They trust our brand name and success. Further, our services are very attractive for franchisees. We have many distinctive technologies which other chains are not using. We have an IT center which provides services like SMS alerts to parents and we also share scheme of studies with franchisees and lesson plan through our IT center. Every brand has a distinctive feature." (Franchisor # 2)

"We have a big name and we are confident that we have achieved this name only because of our quality. We have about one hundred and forty top positions[753] in Pakistan this year. That is why we are successful. Our brand quality does not only help us to increase the enrollments but it also helps us a lot to attract more franchisees. We are growing fast." (Franchisor # 7)

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[753] Students with top positions are students who achieve the highest percentage of marks in the final Higher Secondary School Examination held by the Government.

Franchise brand names in the education sector have the same characteristics and importance as in commercial franchising. Franchisors and franchisees are aware of the importance of brand name and know how to protect and project its significance.

4.2.1.2 For franchisees

Many franchisees link their success in the schooling sector solely to franchise brand names. Some of the franchisees interviewed expressed the view that if they had opened their own individual schools without any brand name it would have been very difficult for them to succeed and, more specifically, to get enrollments for first few years. They further emphasized that a large number of private non-franchise, self-owned schools have either closed or adopted a franchise model because of increasing customer trust and satisfaction in education brand names.

Moreover, some franchisees also emphasized that education brand names are expanding rapidly in Pakistan. This should mean that their chains will be able to sustain low fees and standardized educational services into the future, whereas, individual schools will have to face further difficulties in cultivating acceptance among people who do not recognize or, therefore, trust, their brand name. Most of the franchisees considered that the influence of brand names plays an important role in success in the education sector of Pakistan.

> *"Brand image is very important for franchisees as well as for parents. It helps franchisees to sustain their growth and facilitate parents in finalizing their decision about school." (Franchisee # 2)*

> *"Importance of brand in the education sector is as important as in other sectors like clothing and food. People prefer to buy brands because of their*

quality and trust in products, for same reason people choose franchised

schools over government and individual schools." (Franchisee # 3)

Brand names in education franchises provide similar benefits to education franchisees as they do in commercial franchising.

4.2.1.3 For public

Parents and students interviewed generally expressed their satisfaction with franchised schools that had an established brand name. They emphasized that when compared to public schools, franchise chains provided better school facilities. The main distinguishing characteristics of franchise chains were identified as being their advanced and updated curricula, trained and skilled teachers and better educational facilities. Thus, brand names in education franchise have significant importance for customers.

I like [Brand Name] because [Company Name] schools are very good and

[Brand Name] has same management. I think the quality of education in a

school depends on its management team." (Student # 1)

"I would love to enroll my children in [Company Name] but I cannot afford its

fees. However, generally I am satisfied because [Brand Name] offer almost

similar care and services. I have no serious complains with management or

their teaching methods." (Parents # 5)

A brand name plays a significant role in establishing the credibility of educational services provided by education franchise chains. Our data revealed that customers, both parents and students, recognize and trust brands in the education sector and this influences their selection of a school.

4.2.1.4 For employees

Brand names are also important for teachers. Many teachers offered multiple reasons as to why they are attracted to franchised schools with a good brand name. First, they offer competitive salaries. Second, having experience with an established brand name helps them to switch their jobs if a better opportunity arises. Thirdly, most of the teachers working at franchised schools believe that their workload is lower at well-established chain schools because they have good management.

> *"Working women has to face several challenges in Pakistan. I was not happy with my previous job because of long working hours. Then, my friend discussed her good experience at (Brand name) and she motivated me to apply a teaching job at (Brand name). This sector is secure and respectful for women in Pakistan." (Employee # 2)*

> *"We have worked a lot to develop attractive salary structure and healthy working environment for teachers. We stress on providing maximum facilities for teachers as teachers are the foundation of our system." (Franchisor # 6)*

> *"Teachers are satisfied in franchise chains. We pay them reasonable salary and offer them white collar jobs." (Franchisee # 9)*

Brand names in the education sector offer adequate salaries and satisfactory working enviornement for employees. Employees at franchise chains prefer to work there because of their established brand names.

4.2.1.5 Importance of brand name in urban and rural areas

Several franchisors explained that brand names have allowed them to rapidly expand their ventures in urban and rural areas by attracting new franchisees. Some franchisors mentioned that before adopting franchising they had never been able to operate in rural and remote areas of Pakistan because of resource and management constraints. The concept of a school franchise encouraged and permitted them to successfully operate in rural and remote areas.

> *"We are unable to expand [Company school] in rural areas, management in rural area becomes difficult for us because of long distances. Additionally, [Company name] is an expensive school and people in rural areas cannot afford such high prices." (Franchisor # 5)*

> *"It is about the profit and feasibility. Rural areas did not attract us in past. Obviously, we knew the potential in rural areas and we were interested to cover them but to be honest we were interested more in metropolitan cities as profit and management is quick and easy in metropolitan cities." (Franchisor # 8)*

> *"Companies could not open large campuses in rural areas but now through franchising they have successfully managed to open their schools." (Franchisee # 8)*

A few interviewees explained that education brand names have same importance in urban and rural areas. However, many emphasized that the competition between brand names is more acute in urban areas due to the greater availability of franchised schools, awareness of their different fee structures and parents' desire for quality education. Although competition among franchised schools is not high in rural areas, even small franchise schools operating in

modest rented houses are highly ranked by locals because a school with a franchise brand name is regarded as particularly acceptable.

Some interviewees mentioned that the fee structure within a chain might be different for urban and rural areas. Chains often adjust their fee structure according to what they think locals can afford.

"In rural areas, the personal reputation of franchisees matters more than a brand name. If you do not have good reputation, you can never be successful." (Franchisee # 2)

"Sometime we have to change our fee structure for a rural area because population density is low and brand presence is high. You may find ten to fifteen brands in a town. Additionally, compared to urban areas spending power of people is usually low in rural areas." (Franchisor # 7)

"In urban areas, [franchise brand] is considered as a middle-class school and [company name] is a high ranked school. While, in rural areas, [franchise brand] is an elite class school." (Franchisee # 7)

The data showed that brand names are important for educational franchise chains in urban as well as rural areas. Brand image is significantly different in urban areas. The reason might be that urban parents have a greater awareness about brands in other markets, such as clothing and food. This awareness and trust in brands in their daily life leads many urban citizens to choose a brand with good identity for the education of their children.

4.2.1.6 Enhancing educational facilities

Some interviewees explained that brand names are not the only reason, or even the main reason, for the success of franchise schools in Pakistan. Hence, adequate educational facilities, appropriate educational services, good exam results and the qualified teams of teachers hired by franchisees have all played an important role in the success of franchised schools. Most interviewees regarded franchising chains in the education sector as a successful organizational form which has achieved significant goals, such as increasing the number of franchised schools and growing the number of franchise students, through standardization. However if a franchisee is unable to provide standardized educational services at his or her campus even the franchise campuses must expect to face losses.

> *"Brand image has significance to start a new campus. I would say, initially this label is important raise enrollments. In the long-run campus success solely depends on quality of education. If we do not deliver good results, in next enrollment will have to face challenges. Parent response is very quick." (Employee # 3)*

> *"In my view, education quality does not depend on brand name. It depends on your team. If you have a famous brand name but your team is not efficient your campus will fail in few years. People initially consider the brand but education quality is more important for them." (Employee # 2)*

The analysis of qualitative data shows that, besides establishing, protecting and projecting their brand name and image, the consistent provision of quality education and schooling facilities in franchise schools are equally important for their survival and growth. In the education sector brand loyalty is also linked to customer satisfaction and trust.

4.2.1.7 Standardize education quality

The quality of education at franchised schools can be judged by its annual school results[754]. The secondary data obtained from the websites of franchisors and the Pakistani Ministry of Education shows that franchise school students[755] have been markedly successful in scoring top positions in secondary and higher secondary examination from many years. A franchise chain, Punjab Group of Colleges, has continuously achieved the first three positions in higher secondary examination from 2005 to 2015[756], which proves that franchised schools are offering better education as compared to public schools.

Some interviewees suggested that brand names play a significant role in improving the quality of education quality in schools by intensifying the competition between the chains as they jockey to attain a better brand image. This encourages them to provide better education at lower fees and to offer innovative educational services, such as the use of modern technology, and ultimately to achieve their best possible annual results. In turn, such profound efforts by franchised schools also enhance the intellectual and cognitive abilities of their students. Moreover, due to the intense competition to enhance their brand name, the curricula of franchised schools have been continually updated and rationalized and this also contributes to the better performance of their schools.

> *"[Brand name] is not only a branded institute. They have adopted an impressive curriculum. If I compare public schools with [Brand name], it is*

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[754] The secondary and higher secondary final examinations (even for franchise schools) are organized by government departments i.e., Lahore Board of Secondary and Intermediate Education and Gujranwala Board of Secondary and Intermediate Education, etc.

[755] Punjab Group of Colleges and ILM Colleges, etc..

[756] http://pgc.edu/growth-over-years

apparent that even today public schools are using the old syllabus and out dated teaching and learning techniques." (Parents # 2)

"My first target is to improve the educational facilities at my campus. This is the only way to sustain our brand name. We are motivated and working very hard to maintain our standards to satisfy parents, students and franchisor." (Franchisee # 1)

Some interviewees mentioned that franchise brands take into consideration the need to cultivate strong teacher-parents-student relationships. Public schools do not struggle to improve this bond and, without this team work, schools cannot improve their performance and the quality of education cannot be enhanced. Franchising allows chains to standardize their services and gradually increase the quality of their education.

"Customer trust and satisfaction cannot be achieved just by adopting brand name. We may attract more customers because of our brand name but to keep our customers satisfied we have to   struggle every single day." (Franchisor # 5)

"If we do not offer valuable services, regardless of our brand, people will leave our chain. Brand name can support to increase enrollments at early stages but later it helps little to sustain this raise." (Franchisor # 7)

Competition among franchise chains to improve their brand image leads to the competition of educational quality and services which ultimately improves the overall performance of chains.

4.2.1.8 Importance of brand name in commercial sectors and education sector

Many interviewees said that the importance of brand names in the education sector is as important as in the commercial sector, for example in food, hotel and clothing chains. Brand names specifically allow customers to identify the standards of the educational franchises. Franchise chains in the education sector have implemented strong advertisement strategies to attract customers, using TV commercials and ads in national newspapers. Such advertisement and communication strategies contribute to increasing customer satisfaction, trust and commitment to the franchised schools. Several interviewees mentioned the importance of brand names for the success of franchise chains.

> *"Brand name is very important for me. It is not just a status symbol but it allows me to analyze the quality of the school services. I want my children to grow up with the children from my community. I neither want them to study with super rich children nor with children from uneducated families. In addition, when my children see TV advertisement about their schools, they get excited. I think the brand name has many positive impacts." (Parents # 7)*

> *"I am studying in [Brand Name]. I simply tell the brand name of my school and people already know about it. I feel satisfied and I am sure we have the same quality of education and services all over Pakistan. I have never visited any campus in other villages but I expect the same standards all over. I wish we can have more brands so that other students can also study in branded schools." (Student # 8)*

The importance of a brand name in an education franchise is as important as in a commercial franchise.

4.2.1.9 Importance of chain uniformity in the education sector

Uniformity plays a pivotal role in the success of a franchise chain. Uniformity reduces operational as well as reputational and strategic risks within a chain. As uniformity gives identity to brands, many interviewees observed how franchise schools try to attain uniformity in terms of curricula, school uniforms and student recreational activities within their chain. Moreover, some franchisees remarked that, to distinguish franchise chains from competitors, each chain has adopted specific lesson plans, different curricula, unique marketing strategies and a customized campus appearance. Several interviewees mentioned the cultivation of uniformity in franchised schools.

> *"If we consider the curriculum, it is exactly similar in every branch (urban or rural areas). Same is true for school uniform. It is actually very important. (Franchisee # 1)*

The uniformity in an education franchise is more difficult to achieve than in commercial franchising. However, education franchise campuses are successful in maintaining uniformity in many aspects, such as their uniforms and curriculum.

4.2.1.9.1 School buildings

In education franchise chains schools the appearance of their buildings differs from one chain to another. Some require their franchisees to build new premises according to their strict specifications while others allow franchisees to rent an existing building in order to reduce the initial investment.

> *"Our chain is uniform in all aspects from teacher hiring procedures to books and from building design to facilities for students. Even, I have constructed a*

brand new building according to the design of my franchisor." (Franchisee #

9)

"Most of our associates in urban areas rent the buildings for school whereas

some in rural areas have their own properties at excellent locations. The real

estate in Pakistan is very expensive so we cannot restrict our partners to invest

in buying a land first and then construct a school. It would limit our growth."

(Franchisor #5)

The data shows that while a few higher secondary chains demand franchisees to construct a new school building according to their design, the chains in the pre-primary up to secondary level usually do not demand that franchisees construct a new school building.

4.2.1.9.2 Educational facilities

School facilities affect the academic outcomes (Schneider, 2002)[757]. Educational facilities such as an appropriate teacher-student ratio, libraries, science laboratories and computer centers in franchised schools are appropriate but not fully uniform. Some franchise campuses (mostly those located in urban areas) are well-equipped with advanced educational facilities providing internet access, projectors and laboratories while other franchise campuses, particularly in rural areas, often do not completely fulfill the requirements of providing all educational facilities. However, they do offer basic facilities such as appropriate furniture, equipment and trained teachers.

Some interviewees explained that franchisees concentrate more on uniformity of tangible educational facilities because their customers, both parents and students, can easily measure tangible facilities and do not concentrate on attaining uniformity in non-tangible

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[757] Schneider, M. (2002). *Do School Facilities Affect Academic Outcomes?* Paris. ERIC Publications.

facilities such as the delivery of quality education. However, some franchisors mentioned that although they have certain settled standards for providing educational facilities, they do not act aggressively to force compliance with these standards because providing quality educational facilities demands massive investment and many franchisees in rural areas cannot afford this. Nevertheless, all chains ensure the provision of basic educational facilities in their franchise campuses. Therefore, uniformity is very important in education franchise chains in Pakistan.

> *"Maintaining educational uniformity in all campuses is a difficult task for us. Sometime franchisees hire inexperienced teachers to save their cost. Some campuses show fake results for junior classes in order to increase their enrollments. Some franchisees save cost on necessary student activities i.e., welcome ceremony, entertaining events and school trips, etc. However, uniformity within our chain in term of academics, student uniform, campus appearance, advertisement and marketing is all uniform and designed by our experts." (Franchisor # 8)*

> *"Maintaining uniformity is very much important for our concept. Our campuses have to adopt same school uniform, logos, classroom settings and furniture, etc. The tangible items are all same in our concept." (Franchisor # 6)*

The data analysis shows that, despite being an important concern within a chain, most franchise chains are not successfully able to impose or maintain uniformity across the chain, particularly for education facilities. The differences become wider when we compare chain campuses in urban and rural areas of Pakistan.

4.2.1.9.3 Curriculum

The education chains curriculum for secondary and higher secondary school education is issued by the Government of Pakistan and it is ultimately similar for all government schools, private school and franchised schools. However, from pre-primary to middle school education franchise chains have adopted different curricula. Some chains have adopted their curriculum from the Oxford stream and others have adopted curriculum from Cambridge stream. Others have designed hybrid curricula from the Oxford, Cambridge and Government of Pakistan curricula. Thus, the curriculum up to middle school is not uniform among chains but within a chain curriculum is always absolutely the same.

"Syllabus is always different from one chain to the other. We have to provide a different syllabus, a different lesson plan and different study schemes so that we can attract more customers. However, curriculum, student uniform, campus appearance, advertisement and marketing are all similar within our chain. They are designed by our experts. So, within our chain, everything is exactly uniform all around Pakistan." (Franchisor # 8)

The curriculum in franchised schools is completely uniform within one chain but usually different from other chains. All chains intend to structure their own curriculum to differentiate their positioning in the market.

4.2.1.9.4 Importance of uniformity for education franchisors

Uniformity in franchised schools is really only achieved in terms of curriculum, school uniform, franchise logos and school timings. In some franchise chains uniformity also has to be maintained in terms of school buildings, school appearance and facilities as these chains

oblige franchisees to construct a new school building according to the architectural design and requirements of franchisor.

"We have a strong uniformity in all branches in term of buildings, teaching staff and facilities." (Franchisee # 4)

"We are very keen to set and implement our benchmarks to achieve uniformity. Chain uniformity is reason of our success. You will notice that all buildings of [brand name] are exactly the same. Our franchisees have to construct new building according to our architectural requirements." (Franchisor # 3)

Maintaining uniformity is important for education franchisors as in commercial franchising.

4.2.1.9.5 Possibility of maintaining ultimate uniformity in education franchise

Interviewees explained that maintaining uniformity in an education franchise is a challenge as it is in commercial franchising (Perrigot, Basset, Briand, & Cliquet, 2013)[758]. Some interviewees explained that there are clear differences in teacher experience, teacher hiring, franchisee experience, teacher-student ratio, franchise background and motivation, school buildings, tangible facilities such as play areas, teacher-parent communication, the literacy of parents, English language skills and differences between fees in urban and rural areas. Some interviews described these differences as major barriers to achieving or maintaining ultimate uniformity within chains. However, teacher hiring and training, especially in rural areas, is described as the greatest challenge to achieving uniformity within an education franchise.

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[758] Perrigot, R., Basset, G., Briand, D., & Cliquet, G. (2013). Uniformity in franchising: A case study of a French franchise network with several franchisees having their own website. *Journal of Marketing Channels,* 20(1-2), 99-119.

"Uniformity is very difficult to achieve, because the standard of quality education depends on many aspects. A franchisor can only check the tangible facilities for students in every franchise. For example, building and furniture, etc. But when it comes to the quality of education, the abilities of all teachers are different. There are also financial concerns. For example, if he is in a rural area or he is in an area where competition is very high and he has to offer discounts for admissions, then his margins are already low, so how can he hire experienced teachers on high salaries? This is how achieving uniformity in delivering education is not an easy task." (Franchisee # 8)

"We try our best to deliver quality of education within our chain. We concentrate a lot on teacher hiring and training but this is challenging for us because franchisees are not willing to hire expensive and experienced teachers. They initially hire few teachers according to our requirement and then start hiring less experienced teachers to save their cost. This issue is common in rural areas." (Franchisor # 6)

Maintaining ultimate uniformity is a challenging situation for franchisors in the education sector in Pakistan. However, the data suggests that franchise chains in the education sector have replicated characteristics of commercial franchising for expansion of franchised schools.

4.2.2 Importance of know-how in the education sector

The transfer of know-how by franchisor to franchisee is a known phenomenon in the field of commercial franchising. The transfer of know-how is just as important in the education franchise sector. The transfer of know-how ensures the uniformity and reputation within the

franchise system. It is an important element of contract among franchisor and franchisee. Many interviewees explained that franchisors transferred useful technical as well as managerial know-how, including all-important suggestions related to the success of their business. Some of the interesting recommendations were: to involve female family members in business, to hire a female principal to deal with mothers, communications strategies with parents, to consider the social and cultural norms or the time of school inauguration. Some of the respondents commented:

"When they initially came to check my building, we shared many details. Franchisor asked me about my investment and if someone from my family can help me in business? They suggest hiring a female principal. The reason is that mostly mothers visit the school so it ensures a comfortable environment. . They asked about how much manpower I had? Then they proposed as I have no experience so I should start with small number of classes and within three years I could increase my setup up to the higher and secondary level. In my view, they always share useful information." (Franchisee # 2)

"They offer us an initial training session in their training located in Lahore. Every year we attend training session for three weeks. These sessions are available in Lahore and even in Sialkot. It is obligatory to attend these training sessions." (Employee # 5)

The importance of know-how transfer in franchise school business is similar to that in commercial franchise sector.

4.2.2.1 Importance of transfer of procedural know-how

Education franchisors in Pakistan transfer the procedural knowledge to franchisees at the time of franchisee selection. It mainly includes a description of the nature of competition in education chains, the challenges and issues related to increase student enrolments, the challenge of hiring good teachers, ways to achieve parents' satisfaction and to balance commercial and social goals. Most of the franchisees interviewed franchisees described the transfer of procedural know-how as a helpful tool to start a franchise school business. For primary to secondary school chains, the transfer of procedural know-how is mostly done through manuals. However, in higher secondary school chains transfer it is done through training session.

> *"If our franchisee is an educationist we need less time to describe him/her the day-to-day procedures and up-coming challenges. In-case if they are new to education sector, which is more common, then we need to train them. It involves heavy cost because our trainers are specialized professionals. It is important because our business success mainly depends on knowledge and expertise of franchisee." (Franchisor # 2)*

> *"I decided to adopt franchise model due to some reasons. Franchisor would train our teachers and due to brand image it would be easy to maximize enrolments, furthermore, franchising is a team work, we would not fail when we move together as a team. . Franchisor met all my expectations and offered regular training sessions to my teachers. In addition, I was trained by them to operate my school business; almost all the knowledge and information provided by them were useful and practical." (Franchisee # 7)*

Interviewees considered the transfer of procedural know-how within an education franchise helpful and valuable, as it assists them to start and grow their business.

4.2.2.1.1 Operational know-how

The franchisors interviewed explained that most franchisees are individual investors and many of them have no previous experience of running a schools business or of teaching. Thus, franchisors need to arrange training sessions for franchisees. In these sessions, they usually get valuable and useful information about business start-up. Franchisees mentioned that knowledge about the operations of franchised schools was a unique set of information which would be hard to get on their own if they were an individual school owner.

> *"We arrange a full day meeting to share initial logistic support for every franchisee. In this meeting, our target is mainly, to train them for, how to initiate their school, later; we arrange annual training sessions for franchisees." (Franchisor # 8)*

> *"I attended a training course in Lahore and few months back a team came to our campus for one day training. They delivered trading to teachers. These training sessions help us a lot. The same team trained our franchisee." (Employee # 7)*

Franchise chains assure that appropriate and necessary information, regarding business operation, has been transferred to franchisee, so that success and prosperity of the chain can be ensured.

4.2.2.1.2 Territorial specifications

Defining territory in education franchise has utmost importance. Some interviewees explained that because of the increasing number of franchised schools, territorial disputes often erupt. Most franchisors designate territories to franchisees specifying an area, such as 5 or 10 kilometers radius. However, due to the increasing popularity of franchised schools, and the dense population in some urban areas, sometimes franchisors allow a new franchisee to set up near to an existing one. This usually leads to territorial disputes, most commonly following a drop in enrollments. These are hard challenges.

"When a franchise request comes to me, the first thing I check is its location. If we have a franchisee nearby I never allocate a new franchisee but unfortunately territorial disputes have become common, as the chain is growing." (Franchisor # 6)

"We do not follow a specific definition of territory. We decide new franchisee allocation according to population of the area. In urban area it is possible to allocate a new franchisee in about two kilometers while in rural areas we will hardly allow new franchise in ten kilometers." (Franchisor # 1)

As with commercial franchising, proper territorial allocation is considered important in education franchise chains. It is highly recommended that franchisors should respect the rules set for the territorial allocation when granting a new franchise.

4.2.2.1.3 Registering franchised schools with the regulatory authorities

Recently, government has obliged all non-public schools to register with government authorities such as the Ministry of Education. The registration process and school approval

has been described as a complicated procedure by respondents. They explained that to register, existing franchisees have to gather data on children under 16 years in their territory. They have to survey how many of these children are not going to the school and they have to prove that locals can reasonably be expected to pay the fees that the schools charge. They then have to pass through several inspections to ensure the availability of basic educational facilities at their proposed school campus. Interviewees mentioned that nowadays regional teams of many franchisors assist franchisees by helping them to register their schools with relevant government   authorities.

"School registration is a difficult procedure. We provide complete information and assistance to franchisees to get their schools with government." *(Franchisor # 2)*

"It is difficult to deal with inspection teams. They have several visits and in every visit, they put strain on   us to improve facilities. I think if franchisor would not assist us it would be very difficult to comply with inspection teams." *(Employee # 7)*

The growing number of franchised schools has persuaded government of the need to register them with the regulatory authorities. Franchisees interviewed confirmed that information from their franchisors proved essential because it delivered sufficient know-how to enable them to successfully register their schools.

4.2.2.1.4 Dealing with tax and regulatory authorities

The Pakistani Government recognizes education franchisees as private entrepreneurs. Thus, franchisees have to pay utility bills, such as electricity and telephone, at commercial rates and they have to pay taxes on earned fees as private business owners. The economy of Pakistan is,

however, "an undocumented economy" thus most individuals (franchisees) still hesitate to register with government authorities in order to avoid paying taxes. However, under the recent rules introduced by the government, it is mandatory for franchisees to register with the tax authorities. Many of the franchisees acknowledged the fact that franchisors act as a bridge between government and franchisees in term of providing valuable information necessary for registration.

> *"We manage to provide awareness among franchisees, such as nowadays we are educating and assisting franchisees to get registered with tax authorities and pay regular taxes. In Pakistan, small entrepreneurs are not habitual to pay taxes therefore, they are always afraid of tax department. We want our business partners to be fully legal thus we are trying our best to motivate franchisees to earn a legal status." (Franchisor # 8)*

Franchisees in the education sector have to pay taxes as commercial franchisees because governmnet has not recoganized education franchisees as social franchisees. Interviewees appreciated the fact that franchisors provide them with sufficient knowledge about how to maintain tax records and legal documentation.

4.2.2.2 Importance of operation manuals

A well-documented operational manual incorporates all-important information and guidance for the initial and continuing processes of a franchise and it plays a valuable role in the franchise system. Likewise, an operation manual is considered an essential document for education franchise chains. As mentioned earlier, most of the franchisees are new to the franchise or education business. Therefore, their operation manual plays a very significant role in education franchise sector of Pakistan.

The operational manual generally includes detailed contents, such as an overview of services provided to franchisees, site selection process, transfer of know-how, initial assistance and training, ongoing training and support and proposed fees structures. It also contains an overview of franchisee administrative responsibilities, information about marketing support, details of franchise entrance fees, details of monthly royalties, taxation rules and advice on hiring teachers. Furthermore, it provides information about teacher training, daily operating procedures, customer service procedures, the standardization of educational services, an explanation of cleaning and hygienic procedures, requirement for school maintenance, child safety, school security, human resource management and IT support.

Some education franchisors, mostly from higher secondary schools, offer a cooling-off period to franchisees in which they can revisit their decision to signing a franchise agreement. Many franchisees explained in detail how their education franchise agreement is structured. However, some of the franchisees interviewed complained that most of the clauses and conditions in their agreements favor franchisors and there are fewer possibilities to negotiate franchise agreements with franchisors.

"My franchisor has prepared a single draft of agreement for all franchisees. There is less option to negotiate. Mostly we have to agree with his draft however the agreement is very detailed but I feel it recognizes lot of authority and powers to franchisor." (Franchisee # 7)

"We have a special team of lawyers who draft agreements and we always prepare our agreement according to the law. We have included all possible necessary information in agreement. Our entrance fee and royalties are not

same for everyone we set it according to the demographics and there are some

other contents we might change according to the situation." (Franchisor # 1)

The importance of an operational manual in an education franchise is described as being just as essential as it is in commercial franchising.

4.2.2.3 Importance of franchisee training in the education sector

4.2.2.3.1 Initial training

Of all the important tasks of the franchisor, nothing needs as much attention as the training of franchisee. Many interviewees believed that the business of education needs a special training for franchisees because they are responsible for educating and grooming a nation rather than only merchandising and providing services. Therefore, most of the interviewees considered initial training as an important characteristic of franchise chains. Almost all education franchise chains in Pakistan offer initial training sessions to their franchisees.

"I have joined franchise chain just because they provide good training for

business. I was concerned to deliver high quality education to students and for

that purpose, I needed exclusive training. I had no earlier experience in the

education sector, but now, I am satisfied with my performance and it is due to

training sessions of franchisor". (Franchisee # 5)

"We train our franchisees, by keeping in mind, to achieve a balance in social

and commercial goals for our business. Moreover, we have always been

concerned about the sensitivity of our sector e.g., we have young girls in our

campuses and if some unwanted event happens in any campus, it would be

terrible for us as well as our brand repute might get damage . We try our best

to exclusively train our franchisees about the sensitivity of our sector and it is

only possible through training sessions". (Franchisor # 6)

Franchisors in the education sector in Pakistan provide initial training to franchisees in much the same way as the commercial franchising sector. In these initial training sessions franchisors intend to provide all the basic information needed to operate a successful franchise school.

4.2.2.3.1.1 Training for recruiting teachers

Teachers are considered as the most vital component of education system. Most of the franchisors and franchisees interviewed expressed the view that, at initial stage, the recruitment of good teachers is pivotal to the success of a school. With a low fees structure, most of the franchised schools in Pakistan have to make an academic team, quite prudently, in order to sustain their profits. Usually a teaching team at a franchisee school includes some subject specialists on a higher salary and a larger group of undergraduates on lower salaries. The undergraduate teachers are likely to teach relatively easier subjects such as the Urdu language, religious subjects, history and geography, while subject specialists mostly teach biology, computer science, chemistry, mathematics and physics. An inexperienced franchisee may find it difficult to negotiate with teachers over salaries, which must be based on their qualification and experience.

Many franchisors cover these issues during initial training sessions. Some franchisors assist franchisees to hire subject specialist teachers in the early stages. Some franchisees mentioned that they gained valuable and practical information about teacher hiring during the training sessions offered by franchisors.

"I have learnt a lot from training sessions. The initial training was not extensive and it was mostly about how to start my business, how I can hire teachers and negotiate contracts, etc. but afterwards my head office offered me excellent training sessions, where I learned many things which were new to me. " (Franchisee # 4)

"We have made it possible for inexperienced franchisees to join education franchise chains, and it became possible through intensive training sessions. We have a special team of consultants who train our franchisees". (Franchisor # 1)

Franchisees perceive training sessions as having helped them to understand and deal with basic issues like teacher recruitments and salary negotiation.

4.2.2.3.1.2 Training for operating chain software

Most of the franchised schools have established their own chain houses in Pakistan, where IT experts design and control the chain's software and programs like their student portal. These programs help the chain to communicate and share important information and ultimately to maintain some level of uniformity within a chain. Most of the franchisees do not have the knowledge required to comply with this system so they need to get extensive training in order to be able to handle basic IT systems and technologies on their own.

"There were no computers when we used to study in school. We do not expect that all of our franchisees would know how to operate computer and software's. Therefore, we arrange useful training sessions for beginner franchisees." (Franchisor # 4)

"Training for IT software is important; our communication within the chain is made through computer. Every teacher has to update information in software almost every day." (Employee # 1)

The use of communication programs in franchised schools was appreciated by many interviewees.

4.2.2.3.1.3 Training for managing lesson plans

In franchise education system, to maintain the uniformity in the quality of the education quality of the service it provides, gives comprehensive course outlines and a syllabus developed by the franchisors. It is easy for teachers to follow the prepared course syllabus, and to further enhance their performance they get exclusive and extensive training sessions arranged by franchisors. Many respondents acknowledge that the training programs enabled them to get familiar and to fully understand the intranet in education system.

"Pre-prepared daily lesson is a unique facility of franchise chains as it makes the teaching so easy. We get an idea that what and how much syllabus we should cover and we do not need to structure our lessons all the time. It used to a challenge for me to structure and prepare daily lessons but in franchise system I feel that teaching is quite comfortable and easy." (Employee # 9)

In order to maintain uniformity in academic affairs, franchisors provide daily lesson plans and prepared examinations to all franchise campuses. Many teachers appreciate that daily lesson plans makes teaching easy in franchise chains.

4.2.2.3.2 Ongoing training

4.2.2.3.2.1 Training for standardization in academic affairs

In a franchise chain franchisees work under a common brand and they have uniformity in most of the operation. Most interviewees explained that ongoing or continuous training helps them to know each other within their chain. It has a good impact on the members of a franchise chain. Some explained:

> *"Trainings are very often in chains. They keep on launching new programs and invite us for trainings. The purpose of these trainings is to update franchisees with all services and how to use these services. It is interesting as well because most of the times franchisor arrange these trainings at beautiful places." (Franchisee # 6)*

> *"Training is entertaining in our chain. Our franchisor arranges training at some five-star hotels. Besides entertainment we learn a lot and during training sessions we strengthen our social networks. I know almost all franchisees operating near my city. If these training sessions were not offered, then I might not know most of them." (Franchisee # 8)*

Continuous training offered by a franchisor helps to strengthen the links between members of the chain.

4.2.2.3.2.2 Training for achievement of social goals

Franchisees in the education sector have diverse background and most of them are profit seekers. Due to the social contribution of education sector, it is important to understand how to maintain a balance between commercial and social goals. Interviewees mentioned that

through training programs chain members get a concrete overview about their obligations with regard to social responsibilities. Ongoing training helps to emphasize this issue among the franchisees. It is obvious that if an education system lacks social empathy and tries to deliver education solely as a profit-oriented product, then it would not sustain and flourish for long time. Some of the interviewees remarked:

"Most franchisees are looking for profits because education is a business in our country. This is unfortunate that we are selling education but if we do not adopt franchising model we will not be able to sustain for a long run. We try our best to train our franchisees for attaining maximum social goals for the society because if we only focus on profit-making we will lose customer trust soon and education chains will face extreme difficulty." (Franchisor # 2)

"Franchisee training to keep a balance in commercial and social goals is very important. In-fact, in every training session we focus on to maximize social goals for the society. We are successful and I hope we are moving in the right direction." (Franchisor # 6)

Franchisors train franchisees to attain balance in commercial and social goals. However, franchisees in urban areas are more focused on commercial goals, as compared to the rural areas.

4.2.2.3.2.3 Ongoing training for teachers

Several franchisees felt that training sessions should not be restricted to franchisees only but should also be extended to principals and teachers. They mentioned that franchisees often have to transfer knowledge from training sessions to teachers and principals, which is time

consuming and less effective than when the training is delivered by experts. Thus, they argue that franchisors must expand regular training sessions for teachers and principals.

> *"In my view, training sessions should be offered to teachers and more specifically to our senior management like principals of every campus. Most franchisees are totally dependent on principals. They rarely visit school campus, maybe once a month. The franchisor focuses its training for franchisees only. I strongly recommend regular training sessions for principals and even for teaching staff. We can improve our efficiency and productivity through continuous training." (Employee # 8)*

> *"In this system, if you want to learn something, you need a lot of training. Franchisors offer many training courses. If I give you my example, the franchisor always update me about training. Now it depends on me if I want to attend or not." (Franchisee # 1)*

Franchisees perceive on-going training sessions in education franchise as a useful tool.

4.2.2.3.2.4 Issues and challenges related to initial and ongoing training sessions

Some interviewees considered training sessions insufficient to inform them on all aspects of business. They expect franchisors to increase training sessions, saying that this would help them to running their business more effectively. Some mentioned as following:

> *"In my view, the training was not enough for me. In one workshop, in one meeting, I do not think that anyone can understand the whole system of school. They held a training session but it was not enough especially for those who are*

not familiar with this system. I had to solve many issues on my own."

(Franchisee # 3)

"Teacher training is the most challenging issue. We can annually attend three

days training session which is not enough for us. (Employee # 3)

Interviewees (both franchisees and teachers) argue that the number of training sessions is insufficient for them and franchisors must extend them.

4.2.2.4 Importance of assistance in the education sector

Good quality and effective assistance is required for franchisees in any franchise chain. Franchisees expected to get assistance in all of the aspects and factors important for a new start up. Both initial and ongoing assistance were mentioned during the interviews.

4.2.2.4.1 Initial assistance

Interviewees frequently talked about the importance of initial assistance. Most of the franchisees were new to the education sector and they were dependent on advice from the franchisor to assist them in selecting a school location, area, partitioning and dividing classrooms, teacher hiring, buying school accessories, such as furniture, white boards and computers. Almost all of the franchisees interviewed regarded the initial help given by the franchisor to the franchisee as very important.

"The franchisor is very concerned. [...] [He and its team] fully support all

franchisees. It mainly depends on goodwill of franchisees; how efficiently they

want to manage their unit. When we hire new teachers, we can call and ask

our franchisor to help for teacher training." (Franchisee # 1)

"We have a special franchise monitoring team. They set the curriculum and keep check and balance on teachers. This team arranges teacher training for franchise teachers. We have defined an effective teacher hiring system for franchisees." (Franchisee # 8)

Assistance in setting up and running an education franchise is perceived as an important. Many investor franchisees explained that assistance in business gives initial basic knowledge for running a school franchise and this is what attracted them to invest in this business.

4.2.2.4.1.1 Selecting a school location

The location of education franchise business is not as important as in commercial franchising selling food or hotel accommodation. Some interviewees explained that most franchised schools are located in the middle of populated residential areas and do not require the kind of additional visibility to customers as in commercial franchising. The franchisees have to focus on density of population and the number of existing schools instead of focusing on a specific commercial location. Mostly, the franchisor's team physically visits to provide assistance. Interviewees mentioned that the size of the building required, that is the covered area in proportion to expected number of students, is usually calculated by franchisor team. These calculations are dependent on the level of classes franchisees will offer, as in, say, from pre-primary to middle-class or from pre-primary to secondary school. Most franchisees who offer educational services up to secondary school level and can rent a school building and franchisees who offer higher secondary school education mostly have to construct new building according to the design of franchisor.

"Assistance is provided to the franchisees either he is already a businessman or has an educationist background but sometime franchisees require exclusive assistance on special issues for example finalizing appropriate location. In general, my view is that, franchisors are useful in term of providing assistance." (Franchisee # 8)

However, some potential franchisees that are located in rural or remote areas can rarely get assistance from a franchisor in selecting their school location due to their long distance from the franchisors. As the franchisee is one of the most important components of franchise chain, a special effort is made to develop and implement the infrastructure needed by the franchisee. On other hand to follow the rules set by franchise chain, the franchisee specifically needs training and assistance which is provided by its franchisor. Many interviewees described the importance of assistance:

"We provide an initial assistance and full follow-up and support for all franchisees. We have developed an information technology department for franchisee assistance. The most important point is that now investors have less chances of loss because they will get all technical assistance for chains. This is why investors are very much attracted to the education sector. It is safe and easy for investors to choose that sector in which they can get the initial know-how." (Franchisor # 4)

4.2.2.4.1.2 Organizing a new start-up

Most of the respondents agreed upon the importance of the assistance provided by the franchising system. It ensures at least the minimum required standards of quality and helps its member to establish their education franchise business.

"Franchising is famous because it offers standardized procedure and, from the aspect of franchisees, they get complete transfer of assistance and do not need to establish a new system at their own. Today assistance of business has more value than money." (Franchisor # 3)

"I am successful because of franchisors assistance. They suggested in detail how to start business and how to manage my investment and manpower. For inexperienced franchisee they prefer to start from small classes and after three year they suggest to start all classes up to higher secondary level. In my view, they always give a good suggestion." (Franchisee # 5)

Most interviewees showed satisfaction toward provision of assistance for a new startup in education franchise chains.

4.2.2.4.2 On-going assistance

4.2.2.4.2.1 Advertisement and marketing

Many franchise chains in Pakistan are private investors and they simultaneously invest in the education sector, real estate, information technology and electronic media. Many education franchisors own famous television channels and nation-wide daily newspapers. Thus, it is easy for them to advertise and market franchise school brands. It helps franchisees to attract new customers and increases the satisfaction of existing customers. The franchisor team also assists franchisees to develop cost-effective marketing plans for advertising in their local areas.

"We pay high royalties every month just because of services provided by the franchisor. Assistance is very important for me. I am always in contact with

the experts of franchisors during new admissions, during marketing campaigns, for dealing with taxation authorities and for hiring new teachers, etc." (Franchisee # 6)

On-going assistance for advertisement and marketing of franchised schools in education franchise sector is seen as an attractive feature by many interviewees.

4.2.2.4.2.2 Academic affairs

Most franchise chains offer continuous assistance to teachers for handling day-to-day academic affairs, such as daily lesson plans. Some interviewees explained that the accurate comprehension of the advanced curriculum in English language is difficult for most of the teachers in rural areas. Thus, they regularly contact the franchisor team for assistance. Almost all franchise chains have designated special teams to deliver on-going assistance to franchisees and their team members. This continuous academic assistance is considered beneficial for franchisees and their teachers.

"We do not limit training and assistance for certain point and time. Our franchisees can freely ask us for special assistance and training sessions anytime during the year. Almost all chains have dedicated staff for franchisee assistance. Some offer limited training sessions but our doors are always open for franchisee assistance and training." (Franchisor # 1)

"Assistance is not limited to franchisees. My teachers remain in contact with franchisor team regarding curriculum setting and examination schedules, etc." (Franchisee # 4)

Many franchisees and teachers perceive assistance in academic affairs as an impressive and useful tool.

4.2.2.4.2.3 Importance of assistance to facilitate franchisor-franchisee relationship

Some of respondents said that the possibility of training packages and assistance has motivated them to join franchises school instead of starting their own private schools or some other business. Most of the franchisees interviewed expressed their satisfaction with the assistance provided by the franchisors. They stated that this assistance, help and guidance plays an important role in developing a strong and healthy franchisor-franchisee relationship.

> *"They continuously assist and train us. We have a mega session NDC (National director conference) once a year. They invite scholars and national level politicians or journalist or some time senior person from judiciary. They select the meeting point which is mostly a tourist point." (Franchisee # 1)*

> *"Education chain is more than just a business; it is a social responsibility on us. It is very important for us to assist our associates not just for managing the business but to understand the responsibility and sensitivity of education sector. Our group target to achieve multiple tasks through assistance." (Franchisor # 6)*

> *"We are looking for strong franchisor-franchisee relationship. Franchisee assistance allows us to gain franchisee trust in chain." (Franchisor # 3)*

Assistance is also recognized as a bridge for strengthening the franchisor–franchisee relationship. It allows them to establish strong communication links, which further enhances franchisee satisfaction.

4.2.3 Importance of franchisee selection in the education sector

4.2.3.1 Pre-primary to secondary school education

Franchisors have set different criteria to select franchisees for pre-primary up-to secondary school education and higher secondary school education. Usually, the franchise of a pre-primary up to secondary school is relatively easy to get, mainly because franchisors appreciate that it is not essential for franchisees to have a relevant educational background. Rather, franchisees can have diverse back grounds and include bankers, expatriates, government employees, manufacturers, retailers and real estate investors. Some other convenient factors which apply to schools for younger children were mentioned by franchisees and they include their ability to rent a building and convert it into a school, the fact that inexperienced franchisees can easily get accepted and the likelihood that it will be possible to hire local teachers. Interviewees explained that a contract for a pre-primary to secondary school franchise could be finalized in two to three meetings with a franchisor and there are no strict requirements and formalities involved.

> *"Buying a franchise is easy in [Brand Name]. You just fill an online form for franchise request. Franchisor will call you for a meeting and you can present your bank statements and after few meetings, you may get a franchise."* (Franchisee # 5)

The franchisee selection criteria for pre-primary up-to secondary school education were declared less complicated as compared to higher secondary school.

4.2.3.2 Higher secondary school education

Allocation of franchise for higher secondary education school was described as a complicated and time-consuming process by the interviewees. Some franchisees operating in higher secondary education revealed that they had to fulfill lots of the eligibility criteria before a franchise was allocated to them. They had to make a report containing, for example, local population density, statistics regarding the number of public schools in their area, the number of existing individual schools (franchise and non-franchise), the expected number of initial enrolments and the results of higher secondary school education in their area over the last 10 years. Franchisees explained that, due to the undocumented economy of Pakistan, this data is rarely available. Therefore, they had to make a substantial personal effort to collect all this information. Another condition to get a franchise for a higher secondary school is the construction of a new school building, which after its completion is inspected by franchisor team.

The selection for school principal should be the mutual decision of franchisor and franchisee. Sometimes a franchisor may suggest one of his experienced employees who has sufficient experience and detailed know-how about chain operations, as a principal for a higher school franchise In addition, the hiring of specialist subject teachers is necessary for a higher secondary franchise school. These subject specialists should attend training courses held by franchisors. In conclusion, most of the interviewees considered acquiring the franchise of a higher secondary school as a bureaucratic, time-consuming and complicated ordeal.

> *"I am very happy to get the franchise of [Brand Name]. I know many people*
>
> *applied to [Brand Name] for a franchise, but they selected me. I came to know*
>
> *that they are interested in opening a [Brand Name] franchise in our area but*

no one has been able to convince them. Even a very famous politician of our area applied to them but they rejected. I then personally started collecting data. It took me about six months and lot of money to get all the data then I fixed an appointment with franchisor and after so many other formalities that I have mentioned earlier, they finally agreed to allocate me a [Brand Name] franchise. I constructed a brand-new building according to the design of franchisor on my heritage land. They have lot of requirements and it is very expensive to buy a franchise but I am happy with its returns." (Franchisee # 9)

"I only deal with administrative matters, academic matters are responsibility of my principal who was appointed and trained by franchisor. We do not collect fees, students deposit their fees directly in franchisor account and I get my share after few days of fee submission. I like franchise system. To be honest, I do not have to struggle to manage my school. It is franchisor who is managing most of things." (Franchisee # 8)

The franchisee selection criteria for higher secondary school education were defined as a complicated phenomenon by franchisees. Many chains demand franchisees to construct new school buildings, attend multiple training sessions and hire experienced teaching staff, which can prove difficult to manage for many rural franchisees. However, franchisees generally expressed satisfaction regarding franchisor criteria, as constructing new school buildings brings more uniformity to the chain, while the training sessions enhance skills of franchisees and experienced teaching staff improves the quality of education.

4.2.3.3 Issues in franchisee selection

Some interviewees mentioned that the franchisee selection process needs lot of improvements, such as some franchisors prefer to recruit only those franchisees who are financially strong. Many interviewees argued that, in addition to strong financial background, franchisors should be concerned about the experience and educational background of a franchisee because education is a social sector.

If financial stability is to be the most important criteria for franchisee selection, then these franchisees will most likely focus exclusively on the commercial aspects of business (profit making) and the quality of education in the franchise chains could be affected. Many argued that franchisors need to strictly select those franchisees who, besides being financially stable, are well educated because to run a school business they must understand the necessity and importance of education. They must also be to tackle challenging issues prudently.

Some interviewees mentioned that many franchisees have opened franchised schools in small houses which do not allow students to perform physical activities. Thus, interviewees suggested that franchisee selection should be based on the applicant's education, their experience in the education sector and social motivations. Franchisees must also be obliged to open schools in spacious buildings.

> *"Franchised schools should not be allocated to everyone. This is about future of our children and someone very responsible must become owner of a franchise school. There are many issues for example, most of franchise teaching staff are females and franchisees must take all precautions to avoid any unpleasant incident." (Franchisee # 2)*

"Franchisee must be a trained person. He must be familiar with the people linked to his school like, students and their parents. . He must know how to deal with the issue of slow learners at school. He can only perform well if he has motivations because running franchise school needs lot of efforts every day. In my view, this is not the case, rather most of the franchisees are interested in profits and they do not take care of students like they should."
(Parents # 5)

In general, most of the respondents suggested that the criteria for select franchisees for primary schools should be improved and made stricter. On other hand, most of the interviewees showed satisfaction over the more rigorous criteria to select franchisees for higher secondary schools.

4.2.4 Franchised schools are independent of government philanthropy and subsidies

Franchised schools in Pakistan are independent of government's philanthropy, subsidies and support. These schools generate their own income through monthly fees. Many interviewees considered that franchised schools are efficient and will be successful in future without any external financial support or dependency. Interviewees pointed out that franchise phenomenon has proved as an impressive private business model in a social sector (education) and it has the capacity to generate income for self-sustenance without putting too much financial pressure on parents because it charges relatively low-fees).

Additionally, without government philanthropy or subsidies, domestic franchise chains have been successful in bringing social improvements in the society, including an increase in literacy rates, education provision in rural areas, education provision to girls and employment opportunity for women. Furthermore, these franchised schools also offer both

franchisors and franchisees the opportunity to earn adequate profits. However, some interviewees felt that there should be a moral pressure on government to announce subsidies for education chains through declaring education income tax-free.

"We generate our own income. We do not dependent on government or any institute." (Franchisor # 4)

"We are not getting any subsidy from our government. We do not even hope for any type of government support. We are self-sufficient. (Franchisee # 7)

There is no subsidy for us. Indeed, government charges us heavy taxes. They must declare education income as tax free but unfortunately, they charge us tax. This is somehow unfair." (Franchisor # 1)

Some interviewees explained that non-profit and social welfare schools in Pakistan usually do not charge fees but remain financially dependent on external funding from non-profit organizations and international donors. These schools are very few in number and have to face limitations on the number of students they can enroll. Also, they cannot replicate their concepts elsewhere and are therefore unable to benefit a larger segment of the society across Pakistan as they cannot reach a large number of disadvantaged people. Social welfare and non-profit schools usually do not have an adequate mechanism for teacher training and their financial accountabilities remains questionable. Therefore, these schools have little impact on the masses of the society. Franchised schools, by comparison, are growing fast across Pakistan and have the capacity to offer adequate educational services to students, attractive entrepreneurial opportunities for franchisees and extensive employment opportunities for teachers.

Most interviewees perceive that public schools are not performing well and that other kinds of schools, such as non-profit and social welfare, cannot have a significant impact on society. Therefore, franchised schools are the only alternate to public schools but they are operating without government support or subsidies. Some interviews regarded government as neglecting its responsibilities:

"Government must not charge taxes to the educationists. We deserve subsidies in taxes because we are working to improve a social sector   and instead of subsidy we have to pay taxes just like any other business." (Employee # 1)

"Government does not support us. We have been bringing social changes and improvements much better than NGOs and other social organizations. Government fully supports these organizations by providing them budget and subsidies but government does not support us. This is quite unfair." (Franchisee # 2)

"We are independent business owners. We generate our own income through fees. I think government will not support us because they see us as private business owners." (Franchisee # 3)

Franchised schools are completely independent of any kind of government funding and they generate their income through charging reasonable fees from parents. But most of the interviewees advocated that government should take some positive steps to financially support them in terms to reduced tax and subsidies. They justified their demand by declaring that, since they are struggling to improve a social sector of society, namely education, they deserve this favor.

4.2.4.1 Franchised schools act as a self-income generation model

Some franchisors and franchisees highlighted that they do not depend on government or any outsourced funding. They make profit and operate the franchise school system through student fees paid by their parents. Even though these fees are nominal, increasing enrolments help them to remain economically viable. Further, government has allowed franchisees to register as independent school owners, which allows them to work like an independent entrepreneur.

> *"This is the positivity of franchising that we do not need government or any NGO to help us. Our organizational design enables all franchisees to become self-sustaining." (Franchisor # 5)*

> *"We have never asked government for any kind of subsidy or funding. We prefer to keep a distance from the government's involvement. Instead of being supportive they create problems for us like they keep on increasing taxes on educational income, they do not offer us any subsidy on electricity or water bills. We do not expect any good from the government. Therefore, we do not want to rely on government for any support." (Franchisor # 7)*

> *"Franchising has provided us an excellent forum to be an independent entrepreneur. Our future is bright because financially we do not depend on anyone."(Franchisee # 7)*

Many respondents explained that the key players in education franchise chains do not look for any kind of financial assistance, as they might in commercial franchise chains. They perceive themselves as individual business entrepreneurs operating in a social sector. They explained monthly fees are sufficient for managing their costs and profits.

"Why would anyone fund us? We are completely autonomous. Even if government or organizations want to fund us they will do this favor under some agenda. When their purposed has been served   they will stop their funding, then afterwards, how we will survive? We charge very less fees but it is better to charge fees instead of depending on any one." (Franchisor # 8)

"First of all, we do not dependent on any sort of funding. In-case we ask government for financial support they will explain that they already have crisis. They are always in crisis. It is better for us to be independent from all kind of funding." (Franchisee # 3)

Franchised schools have showed an impressive growth rate since their emergence, which makes it likely that the number of these schools will continue to grow in future. Although their main source of income is exclusively monthly fees, most respondents regarded this as enough to ensure their survival and growth.

4.2.4.2 Suitable fee structures

Franchised schools are profit-oriented and most interviewees perceive that educational services at franchised schools are much better than public schools. Therefore, many parents choose to pay monthly fees at franchise school for good educational services rather than opting for free education in low performing public schools. Most interviewees expressed their satisfaction with the franchise fees structure. They regarded fees as reasonable and compatible with their average income. Interviewees mentioned $10 to $30 fees up to secondary education schools and $50 to $70 in higher secondary education schools.

"I think most of us can easily afford franchise school fees" (Parents # 6)

"I prefer to send my children to franchise school because they offer good quality education and they are present everywhere which means children can go to the school on foot and it saves the transportation cost. When someone applies for a job, nobody care about schooling, employers just consider university degree and field specialization. Personally, I think if I cannot afford [Company Name] then I should not send my children to public schools. Franchise school is a great opportunity for me as well for most of us. I can afford its fees as it is quite reasonable."(Parents # 8)

Our results revealed that, at most of the franchise chain schools, students from deserving families may get an opportunity to have their fees reduced. Some chains, such as the Punjab Group of Colleges, have developed an organized system for fee reductions, such as an allocated quota for orphans, disabled students and fee reductions for siblings. Other chains, including The Educators, offer fee reductions by evaluating and assessing individual cases for such things as the financial status of parents. Needy parents can apply for fee reductions in almost all franchise chains and most of time franchised schools will grant them in order to comply with a chain's perceived social responsibility. Many interviewees expressed their satisfaction with the fees structure and appreciated the fee reduction policies of franchised schools.

Furthermore, franchised schools have been proven successful in generating their own income through educational services and have shown themselves capable of operating completely independent from government subsidies and any kind of out-sourced funding. Indeed, some domestic chains have recently expanded their operation overseas while some of the international franchised schools chains have started their operations in Pakistan. Our data

explicitly explains that the franchise chains in the education sector (social sector) have successfully adopted classical techniques of commercial franchising.

4.3 Organizational structure of franchising in the education sector

There are different organizational structures of franchising in the education sector of Pakistan, including single unit, multi-unit, plural form and master franchising. In addition, some domestic education companies and private universities have launched franchised schools with new franchise brand names. One interesting example is a private education company, Beaconhouse School System, which does not offer franchise of Beaconhouse School System. Instead, they have developed an entirely new franchise concept with the name The Educators. The chain offers franchise only to franchisees but Beaconhouse School System do not own even a single unit of The Educators. In this specific case, The Educators has targeted a market which is entirely different from that of the Beaconhouse School System.

Some other private education companies, such as Punjab Group of Colleges, offer franchise of Punjab Group of Colleges instead of launching a new brand. Single unit franchise is described as the most widely used practice while other forms, such as multi franchise, plural form franchise and master franchisee are also well known practices in the education sector in Pakistan.

"We do not own even a single campus. [Brand name] is our low fee school project just for franchisees. We only provide a brand name with our tag, standardized procedures, assistance and training for franchisees. (Franchisor # 2)

"The demand of new schools is increasing as the population is growing. We planned to launch our school after the success of franchising concept. People

have experienced the quality of education at our universities. They trust our organization and based on public trust we are running these franchised schools. We do not have any company owned campus within our school chain." (Franchisor # 7)

"We cannot offer franchise of our main concept. This will be too expensive and difficult to operate on a larger scale. Therefore, we have designed a new business model with low operating cost and franchise it totally." (Franchisor # 3)

There are many types of organizational structures in the education franchise sector in Pakistan and, as franchising school education has becoming widespread, franchisors are adopting new organizational models, such as master franchising, for remoter locations. Below we describe different forms of franchise models adopted by franchise education sector in Pakistan.

4.3.1 Single-unit franchising

The most common practice in education franchise is a single unit franchising. A large number of franchisees own single units. Several interviewees explained:

"Single-unit franchising is more common practice in our country. Most of franchisees are new to education sector. They will not be able to manage multiple campuses." (Franchisee # 7)

"I only have one unit. t. I know people in our chain own more than one unit. I met them in annual meeting but I think population in my area is not so dense

and most franchisees have single unit, at least franchisees in my area will not prefer more than one unit." (Franchisee # 3)

"Education chains in Pakistan are increasing rapidly. They are strong competitors of each other and on every corner of the city you will find campuses of many chains. I think there is no room for opening more than one campus of same chain in one area." (Employee # 1)

"Most of franchisees are interested in single units. Some successful franchisees expand existing campuses, if it is possible. If they buy an additional unit they would have to pay entrance fee, etc. once again, so they prefer to expand existing units. It is also feasible for them in terms of management." (Employee # 3)

Single-unit franchising is known as most common practice in education franchise sector in Pakistan.

4.3.2 Multi-unit franchising

Many respondents pointed out that franchising in the education sector in Pakistan is becoming popular and the number of franchised schools has been growing rapidly. This enables franchisees to adopt a multi-unit franchise model. Simultaneously, the population is growing rapidly while public schools are not improving. All of this is likely to lead to the further success and expansion of franchised schools in the future. Most franchisees considered multi-unit franchising as an attractive opportunity for the growth of their education business.

"My franchisee has recently bought another franchise of [Brand Name]." (Employee # 1)

"I was interested to buy another unit but someone else got the contract, now it is not possible for me. I have option to get another unit but it is far away so it would be difficult for me to manage." (Franchisee # 4)

"Multi-franchising in the education sector is common." (Franchisee # 5)

"I own three units of (brand name). I have hired experienced principals and managers for all of my three campuses, and I divide my time for all campuses." (Franchisee # 2)

"We allow our franchisees to own multi-units. Actually, population in our country is very high. In many cases, franchisees own multiple units close to each other and they are successful." (Franchisor # 1)

Although franchisors allow existing franchisees to become a multi-unit franchisee, some franchisors do not appreciate multi-unit franchise. Some interviewees observed:

"I do not appreciate the idea of multi-unit franchising. If a franchisee has a successful unit and he is looking for another he will obviously ask us to allow the second unit near to his first location whereas we want rapid brand expansion across Pakistan. Multi-units do not help us to expand quickly." (Franchisor # 2)

"If we allow multi-franchising, then franchisees start opening very small campuses to reduce their failure risks. If we have too many small campuses, then it could affect our brand image. Therefore, I rarely allow a franchisee to own multiple units." (Franchisor # 8)

Multi-unit franchising is allowed for well experienced and well capitalized individuals and is becoming so popular in the education sector that it is now the most important factor in the rapid growth of the franchise school system in Pakistan. .

4.3.3 Plural form franchising

The plural form franchising combines both company-owned and franchise units within the same chain. Some education chains in Pakistan are successfully operating plural form franchising. These include the Punjab Group of Colleges. Some franchisors mentioned that they decided to adopt plural form franchising when they faced challenges to the growth of their schools in rural and remote areas. Usually, under plural form franchising, large chains operate a company-owned flag unit in every district to control and manage their franchisees. Some respondents explained as follows:

> *"We started to look for franchise associates when we faced challenges in expanding our concept to remote areas. The major challenge was to manage these far located campuses. We saw the potential and success of franchising concept and allowed individuals to become our associates. Now we have one flagship campus around every ten campuses." (Franchisor # 4)*

> *"We have our campuses in all big cities at prime locations. We only allow franchising for small cities, towns and remote areas." (Franchisor # 1)*

> *"We have company owned campus for [Company name] in every district now we are not planning to grow company owned campuses in future. Rather, we target to expand through franchisees." (Franchisor # 8)*

Plural form franchising is a recent phenomenon which, so far, has only been adopted by a relatively small proportion of franchisors in Pakistan.

4.3.4 Master franchising

Master franchising involves a contract between a brand owner (franchisor) and an entity or a person (master franchisee) where the master franchisee is granted the authority to expand the franchising activities of parent company within a specific territory. Master franchising was not a common practice in the education sector of Pakistan. However, recently, some domestic franchisors, including Allied Schools, have started offering master franchises in those provinces which are considered unfavorable geographically and politically, such as Baluchistan and KPK).

> *"We only offer master franchise for Baluchistan and KPK province. In Punjab and Sindh, we are not offering master franchise. Several investors have sent us their profiles for master franchising. The applications are under review but we have not selected any one yet. I hope we can well spread our chain in these provinces through master franchising." (Franchisor # 1)*

> *"We are now offering master franchise. Many of our existing franchisees are interested to buy master franchise in KPK. There is a huge room available for franchised schools in KPK." (Franchisor # 4)*

However, some franchise chains do not appreciate the idea of master franchising within the domestic market.

"We do not allow master franchise. We allow franchises only in the Punjab Province so that we can easily control and manage our units. We do not need a master franchisee." (Franchisor # 2)

"Master franchising is not a common practice in the education sector, like food sector e.g., McDonald's has a master franchisee in Pakistan." (Franchisor # 7)

"I have not heard if any chain is interested in master franchisee for any area within Pakistan. All education chains are domestic in Pakistan they do not need a master franchisee. Education chains might be interested to get master franchise of some international educational organization, but for domestic brands no one will be interested to buy master franchise." (Franchisor # 5)

Despite mixed arguments from interviewees, it became clear that master franchising has started to attract attention within the blooming education franchise industry of Pakistan. Recently, a domestic franchisor has offered a master franchise for two provinces, Baluchistan and KPK, which are located far from their head office in Punjab province. In addition to their remoteness from the Punjab, these provinces are difficult places for franchisors to operate due to differences in language, culture and increasing instability due to terrorism and wars there. Under this scenario, master franchising is the most suitable model.

4.3.5 Multi-brand franchising

Some franchisees revealed that they own franchised schools of more than one brand. Respondents explained that different chains have different market targets. While some chains target low income segments of the society, other target middle income segments. Moreover, franchise chains' profits, sustainability, growth and perception of their market are also

different. Thus, to avoid "putting all eggs in one basket" franchisees seek to gain benefit from the opportunities presented by multi-brand franchising.

"We have franchisees who own franchise of other chains around the same locality where we have allocated him our franchise." (Franchisor # 4)

"I own three campuses of three different chains in same town. Three of my campuses are running quite well." (Franchisee # 9)

"I have applied to another chain for a franchise. My existing franchisor has no issue if I buy a franchise of another chain. Obviously, I want to expand my business within my area and I should be allowed to run a business with other chains." (Franchisee # 1)

"Chains are flexible, they are business minded people and they understand that everyone wants to expand their business. So many people run more than one unit of different chains." (Franchisee # 5)

"This business is profitable. Everyone is looking for expansion and when franchisee of another chain requests us for our franchise we usually appreciate because he is already experienced and successful in his domain." (Franchisor # 7)

The growth of franchised schools has allowed some franchisees to become multi-brand franchisees in Pakistan.

4.3.6 Private individual schools joining franchise chains due to their success

The success of franchised schools has had a negative impact on the growth of private individual schools. As mentioned earlier, due to the inefficiency and negligence of government, the public education sector has been deteriorating and this has paved the way for several private organizations to enter this important social sector. Among private education systems franchising has gained popularity in the domestic market by winning parents' trust and consequently this has motived motivated many parents to shift their children from private individual schools to franchised schools. Under these circumstances several individual private schools have decided to acquire a franchise for their school, as this sector is growing at a rapid pace and they already have the desired professional background. Some respondents highlighted that the future of private individual schools is at high risk due to the increasing popularity of franchised schools.

> *"Competition is increasing every day. Franchised schools are expanding and individual schools are becoming part of franchise chains." (Franchisee # 6)*

> *"Extensive marketing by chains has attracted parents and students. People now rank individual and public schools equally. We have observed an increasing trend of individual schools joining chains for survival and success." (Franchisor # 8)*

> *"Individual schools have to struggle a lot, while franchise school gets all directions and prepared plans from franchisor. The trend of individual schools joining the franchising sector has increased." (Franchisor # 3)*

Private individual schools have been facing immense difficulties due to the strong brand names developed by franchised schools. Parents and students are more attracted

towards franchised schools instead of private individual schools. Many interviewees perceive that private individual schools will face more difficulties in future and their long-term existence is questionable due to the increasing popularity and success enjoyed by franchise schools.

4.4 Commercial and social dimensions of franchising in the education sector

4.4.1 Commercial dimensions of franchising in the education sector

Education chains are operating in a social sector but they have set their commercial goals just like traditional chains. Although, due to the nature and sensitivity of education sector, many key players emphasize the importance of the social aspects of their business, nevertheless commercial goals dictate the strategies and planning for their growth and expansion. The following are some of the commercial aspects of education chains mentioned by interviewees:

4.4.1.1 Commercial motivations of franchisors and franchisees

The financial motivations of franchisees to join a school chain are different in urban and rural areas. Franchisees in urban areas are mostly motivated largely by profits, like franchisees in commercial sectors. Many franchisees join the education sector because it is a growing and successful business in Pakistan. Interviewees pointed out that franchisees in urban areas offer a limited number of scholarships, are less interested in offering fee reductions and offer free education to very few students. Some urban area franchisees mentioned that on average they may earn a 20 to 25% profit on the fees that they collect. Most franchisors and franchisees in the education sector are commercially motivated to earn profits instead of offering a social service.

"Most of the people are doing business. The system is running; they are getting money." (Franchisee # 2)

"Education is a business and money is the priority." (Franchisee # 6)

"I think it is more about making profit. We concentrate on profit. Obviously, it is natural. We have to focus on our margins first." (Franchisee # 7)

"Many people have made education their exclusive business. They focus on earning more and spending less. For example, to provide good quality education, the most important resource is teacher. If I do not hire good teachers, I cannot deliver good education on my campus." (Franchisee # 5)

"Actually, franchisors and franchisees are not going into the education business to spread education. They are doing this business to earn money. If education is a business, then I think the salary structure is not satisfactory for teachers, as employees. Actually, fresh graduates are always available and they are always happy to join for twenty to twenty-five thousand, but in long run it will becomes difficult for them to survive." (Franchisee # 8)

However, franchisees in rural areas often join a school chain to provide a social service, to gain respect in the society and to provide education facilities for families in their area. Profit is often considered as their secondary goal. Many of them perceive franchised schools as an opportunity to provide a badly needed social service. Some of the franchisees in rural areas do not use school profits for personal use but try to reinvest them in the school for students' welfare additional facilities, including free transportation, or they reinvest profits in social developments projects such as providing clean drinking water and sanitation. Many of these franchisees are large-scale farmers, landlords or politicians and they prefer to hire a

competent principal to operate a franchised school in their areas. The franchise school fees in rural areas are often less as compared to urban areas. Additionally, almost all rural franchisees offer frequent fee reductions and a substantial proportion offer free education to children and more specifically to poor girls. Three of the franchisees from rural areas said:

"I had both objectives in mind, but the primary one was to create a facility for the people of my area. Therefore, I started it. I went to the head office and had a meeting with officials. I told them, 'I am from [city name] and we need a college in our area. I have commercial land in my area and I want your franchise." (Franchisee # 4)

"Parents know me personally here and trust me. I try my best to be full honest with this business as I have taken responsibility to educate the children of my area. I see education franchise as a social business which demands lot of input." (Franchisee # 7)

"I was looking to start a business but I had never targeted to earn lot of money in my life. I desired to do some social service but all social services are dependent on outsourced funding. Then, I considered the opportunity of education franchise and I felt that I can serve a social cause and can earn money simultaneously, then I immediately decided to join franchising sector. I feel I have chosen the right option for my career." (Franchisee # 1)

Franchisors and franchisees are mainly looking to earn profits in education franchise. However, there is a difference in their motivations, depending on the areas in which their businesses operate as franchisees. Urban areas are usually more profit-oriented compared to franchisees in rural areas.

4.4.1.2 Profit margins in franchised schools

Franchisors and franchisees mentioned that profits in education franchises are not so high if compared to other businesses such as the food and garments industries. In addition, several interviewees explained that attaining a break-even point in an education franchise may take one year or more for some units. In general, franchisees may earn up-to 20 to 25% monthly profit on fees. However, this percentage is not the same in all networks across Pakistan. For example, as explained above, many rural franchisees charge low fees and frequently offer fees reductions. Thus, their profit margins are relatively low. Most interviewees mentioned that profits are sustainable in the education franchise and they usually increase gradually as enrolment numbers rise. However, education franchise in Pakistan is a very respectable and profitable business.

> *"Profits in the education sector are never so high. In start, almost every campus has to strive for meeting break-even point." (Franchisor # 5)*

> *"Profits in schooling are not so high because we are looking for maintaining fee levels lower than private company schools. Additionally, unlike other businesses there is no high or low season in the education sector. So profits in the education sectors are average." (Franchisee # 9)*

> *"There are about twenty five percent net profits in education business in schooling. In higher education, profits are very much high but in schooling you cannot earn lot of money." (Franchisee # 3)*

Profits in the education sector are not excessively high. However most interviewees mentioned that profits remain consistent in franchised schools and they may attain break-even point within a year or two.

4.4.1.3 Financial satisfaction of franchisors and franchisees

Several franchisors and franchisees mentioned that once they begin to make a profit, this gradually rises along with enrolments. Most interviewees expressed their satisfaction with the commercial aspects of the education franchise business. On average, 200 to 250 students get enrolled at a franchise campus within the first few years. Some of the franchisees explained that their profit started to increase along with enrolments because most of their (franchisee's) costs, such as the number of teachers, electricity bills and rent of school building, are relatively stable.

> *"Profits are nominal and gradual. Over time your enrolments get increase and profits get rise." (Franchisee # 7)*

> *"Our financial success depends on number of students, and number of students would increase slowly, but once you cross a figure of two hundred students you may earn profit. s." (Franchisee # 1)*

> *"Profits are very reasonable. We are earning and franchisees are earning as well. It is a win-win situation for everyone but some franchisees expect profits since day one. In the education sector, everyone has to wait for the profits to get start." (Franchisor # 8)*

Many respondents said that that the first few years of their education franchising business had been difficult in terms of making profits. However, over time, their profits gradually augmented.

4.4.1.4 Financial dissatisfaction of (some) franchisees

Franchisees in the education sector can have diverse back grounds and include bankers, expatriates, government employees, manufacturers, retailers and real estate investors. Some franchisors explained that franchisees from certain backgrounds, such as retail, do not feel very satisfied in the education franchise business as they are used to earning a profit on each transaction. However, in an education franchise they get nominal returns after a month and, unlike in other businesses, there are no additional or seasonal investment opportunities. Therefore, some franchisees who were previously involved in traditional businesses expressed their dissatisfaction at the profits in the education franchise business.

"We do not prefer big investors in our network because they love big figures in their balance sheets. In education franchise, you have to bear patience for profits. First, you cannot get profit on daily basis. Secondly, there are no frequent transactions for profit in education business. Thirdly, there are no seasonal profits. Education business is very consistent and sensitive, if you are not successful in providing satisfactory services then your brand name will not help you anymore, and you will have to face unexpected losses." (Franchisor # 2)

"Profits depend on franchisee performance and services. Our brand name and standardized services will help him to attract customers and to run his business but if he does not provide satisfactory services in the local market brand name will not help him. So franchisees have to struggle for profits." (Franchisor # 7)

"Some of our franchisees expect to earn huge profit in education franchise. It is not true, we guide them in the start that profits will be reasonable and will increase gradually." (Franchisor # 6)

"Obviously, we are earning reasonable money but education franchise is not like a food franchise, where you can get profits up to one hundred percent. Our profits are nominal as compared to other franchise sectors." (Franchisor # 3)

Some investors perceive that retailing, and other franchising sectors such as, food and clothing, are more profitable as compared to franchise school business.

4.4.1.5 Investor profile of franchisees

Some franchisees in school chains can be considered as investors. They do not have previous experience in the education sector. Usually, an investor franchisee does not manage the school; rather they prefer to hire an experienced principal or manager to manage the academic affairs of the school. In some higher secondary education chains, franchisors themselves recruit the principal for their school and the franchisee has to accept franchisor's selection. Furthermore, franchisees are sometimes restricted to dealing with administrative activities, such as a school's financial management, campus supplies and campus maintenance, whereas, the principal (appointed by franchisor) would be responsible for academic affairs.

However, for pre-primary to secondary school education there are different formats. In pre-primary, primary or secondary franchising, franchisees are allowed to exclusively manage their schools, including administrative and academic affairs. In some cases, if a franchisee has some other engagement, such as running another business, and plans to hire a principal for school management, then he may recruit a principal of his choice. Thus, up to the secondary education level, franchisees are free to choose an experienced teacher as his principal. Some

franchisors explained that they prefer promoting their experienced teachers to become franchisee principal because they already have experience and exposure to the network operations, norms and ethics involved and this saves time and cost in term of training and assistance.

> *"Most of the time, franchisees hire principals. I only know two [Brand names] where franchisees are personally operating schools without a principal." (Franchisee # 4)*

> *"People have started education chains for money. They are very intelligent. Now, they do not want to open a shop and invest all of their day in it. They prefer to open a school and then hire a principal to run it. I do not think that any franchise school is facing a loss." (Franchisee # 6)*

> *"She is my principal Mrs. [Principal name]. She handles school operations. I am here to manage non-academic affairs like finance, providing fixtures and other facilities, etc." (Franchisee # 5)*

> *"Now my principal Mrs. [Principal name] and I have re-designed the internal system of our school and we have made many improvements which actually increased the goodwill of our campus. Basically, I act as an investor and my principal handle all academic affairs." (Franchisee # 1)*

The investor franchisees have diverse professional backgrounds and include retailers and manufactures. Some explained that franchised schools offer them an opportunity to earn adequate profits and this induces traditional investors to invest in franchised schools. Some of the franchisees run their school as a commercial business without any social motivation and they usually prefer to hire a principal for their school who will be responsible for academic

affairs. In such cases the franchisee does not keep strong checks and balances on the principal and this may significantly decrease the quality of education and the efficiency of teachers.

Some interviewees explained that some principals appointed by franchisees are like managers who only pay attention to the quantitative aspects of their business, such as the increase in student enrolments and students' exam results. This happens because the qualitative aspects of teaching, such as communication and the school's relationship with parents and students, its checks and balances on teachers for improving the quality of their work, are not always clear to investor franchisees. Some interviewees pointed out that a franchisee's negligence of qualitative factors can damage his business in the long-run.

"Actually, all this depends on the franchisee. If he has no awareness of the education system, his campus is never going to improve. I have four campuses. I am myself the principal of all four branches. I am fully responsible to take care of all academic affairs. . Franchisees must take care of their systems. If whole system has dependent on the principal, it could not become very successful and profitable. (Franchisee # 6)

"The main challenge is that everyone has opened a school but they do not want to improve it, rather they just want to earn. If I have money and I do not know anything about education, I may still open a school and hire a principal for it. The principal is again worried about his pay. He just keeps the franchisee happy by giving him profits. Whatever is happening with children in the school, no one cares in this situation. There are no checks and balances."
(Franchisee # 6)

Maintaining quality of education becomes challenging for many investor franchisees when they hire school principals or managers and sometimes these hired principals do not perform well and due to lack of franchisee interest. When this happens, the franchise school might face challenges.

4.4.1.6 Means of advertisements in franchise chains

In education franchising, the means of communication among franchisors, franchisees and customers are similar to those in the more traditional food and retailing sectors. Franchisors in the education sector advertise at national level by using electronic, print and social media to attract potential franchisees and customers. These advertisements are simultaneously designed to address potential franchisees as well as the customers. The advertisements also help to make customers and potential customers aware of the franchise brands operating in their schooling sector.

Many education franchisors are multidimensional investors with interests in the banking sector, electronic media (television and newspapers), information technology, real estate development and telecommunication. Some education franchisors have their own news channels and national newspapers. For example, the owner of the Punjab group of colleges also own Dunya TV and Dunya newspapers, enabling them to communicate efficiently with franchise candidates and customers, through TV and newspaper advertisements. While others who do not own a media channel or a newspaper, they do advertise in both electronic and print media but the frequency and scope of their communication is less. However, all networks actively participate through social media campaigns to enhance education awareness and to maintain strong communication with customers and potential franchisees.

"I watched a [brand name] advertisement on television. I found it very interesting, that a new concept had started in Pakistan. So, I decided to get initial information about it. When I got information on it, it attracted me and finally I decided to buy a [brand name] franchise." (Franchisee # 5)

"I feel excited when I watch advertisement of my school on Television." (Student # 4)

"Advertisement on Television is expensive, if a network can invest to advertise on Television it means that it is a big group and obviously it will offer quality education in order to strengthen its brand." (Parents # 4)

"I was planning to start a business and I watched a very impressive advertisement of [Brand name]. I contacted them on phone and then I visited their head office for further details." (Franchisee # 1)

Franchisors in the education sector have adopted strong communicate means such as TV, newspapers, social media, to attract potential franchisees and customers, both parents and students.

4.4.1.7 Education franchising and challenges due to its commercial aspects

Some of the respondents showed their dissatisfaction towards the commercial aspects of franchised schools, particularly the way in which franchisees earn profit through monthly fees. A few interviewees argued that article 25-A of the Constitution of Pakistan guarantees the provision of free education for all school children between the ages of 5 and 16. If, due to particular problems and compulsions, the government is unable to provide adequate educational services, then it, rather than a child's parents, must pay fees for its education.

Some interviewees emphasized that even if the government does not pay school fees then at least they should negotiate fees structures with franchise chains and offer them certain subsidies such as a reduction in their utility bills and exemption from income tax. In this way, the government could reduce the fees paid by parents and this would enable more of them to send their children to reasonable franchised schools. This, some argue, would enable the government to at least partly fulfill its constitutional duty. Some interviewees argued that the need for the government to incentivise franchise schools is underscored by the extent to which many franchisees do not focus on the social aspects of education and will only respond to the prospect of greater profits.

"Some franchisees are earning too much profit. They see school as their business." (Parents # 7)

"There are no set rules for charging fees in franchised schools. Chains charge fees as they wish. Government must put some restriction on chains otherwise they will keep on earning extra profits from fees." (Parents # 1)

Key players of franchising in the education sector have to face certain challenges mainly due to profit gain from education sector. However, fees collection (profit earning) is important in franchise school to attract franchisees for business and to remain independent from philanthropy and external funding. Nevertheless, interviewees confirmed that most of franchisors and franchisees in the education sector primarily act as investors and intend to gain profits.

4.4.2 Social dimensions of franchising in the education sector

Franchising in the education sector has many social dimensions. The first and foremost social benefit of education franchising for the masses of society is the provision of full-time schools,

as a substitute for failing public schools, at affordable prices. Further it has improved the literacy rate, especially for children in rural areas and for girls. It has also offered standardized and good quality education at affordable prices. Along with educational services, franchising in the education sector has provided employment opportunities for teachers and other staff, including a large number of women.

Therefore, among the social goals that franchise chains have achieved for society are: significant contributions to improving the literacy rates from primary to higher secondary school level[759], education provision (as a substitute of public schools) by offering full-time school studies, education provision to rural and remote areas, an increase in education awareness, reducing gender inequalities, providing various low-fee policies, providing fee reductions for deserving or needy students, scholarships and awards for bright students, promoting women rights, encouraging illiterate families to educate their children, creating employment opportunities for fresh graduates, especially women and, more specifically for females in rural areas, helping to overcome certain social issues such as child labor and street crimes and providing entrepreneurial opportunities for local investors and encouraging economic activity.

Some respondents mentioned that, even though franchised schools charge fees, they regularly offer scholarships[760], awards[761] and rewards[762] for bright and needy students, and sometimes reduce fee structures for orphans or even offer free education for deserving

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[759]Franchising in the education sector was launched in 2002. The literacy rates in year 2000 was 42.7% whereas in year 2014, it rose to 59.90% for adult and youth who are15 years and above by UNESCO.

[760] Some chains offer 100% scholarship for students who achieve 90% marks.

[761] Some chains give brand new cars to top three positions.

[762] Some chains offer financial rewards of up-to Rs.300000 for top students along with fee reductions.

students[763]. In addition, the fees structures are designed according to the income and spending power of customers (parents) and are easily affordable for a large group of population in Pakistan. Therefore, franchising in the education sector is serving a social cause in Pakistan, and can thus be referred to "social franchising".

"Franchisors motivate parents to educate their children through TV advertisement. They are promoting education in our society." (Student # 1)

"Franchising has increased the importance of education in our society. These chains are offering schools for full time studies. Even some famous private tutoring academies have started to franchise their concept." (Parents # 8)

"Teachers in franchised schools enable students to strengthen their communication skills and encourage them to interact and increase their confidence level. A confident student do not hesitate to apply for jobs, he shares his ideas with others and becomes an active member of the society. I think many people would be attracted to education because of franchising." (Student # 9)

"If franchised schools were not available, then we would have no other reasonable option. On one side, private schools like [Company Name] are very expensive. Most people cannot pay their fees. On the other side, performance of public schools is very poor. Then, I see franchised schools as a suitable alternative for quality education." (Parents # 1)

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[763] If parents apply for a fee waiver because of poverty, some chains allow fee waiver for these parents, if appropriate.

Franchising in the education sector has many social dimensions. Most significantly it has improved literacy rates in a short time period of 15 years without any financial support or subsidies from the state. These chains are successful in achieving many other social goals. I will briefly present some major social achievements below.

4.4.2.1 Improvement in literacy rates

Because of low the performance of public schools, the franchising concept has flourished in the education sector and this has significantly improved the literacy rate in Pakistan. The literacy rate amongst children up to 16 years has risen by 17.2% from the year 2000-2014 for children ages up-to 16 years (UNESCO, 2016)[764]. Many interviewees perceive that public schools are still underperforming and franchising has played a significant role in improving literacy rates.

> *"In my view, we are contributing a lot to improving literacy rates. You can clearly compare literacy rates before franchising started with current literacy rates. You will notice a significant improvement." (Franchisor # 1)*

Some interviewees believe that increasing literacy rates in Pakistan are mainly due to the growth of franchised schools. Most respondents remained extremely disappointed with the public schooling sector and believe the government is not interested in improving public schools. Thus, there is general public appreciate that franchising has offered society a platform for improving school education provision and literacy rates.

Franchise chains are successful in fulfilling their corporate social responsibility towards society by improving literacy rates. Many interviewees are appreciative that some franchisers

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[764] UNESCO. (2016). UNESDOC Data Base. Retrieved October 28, 2016, from https://en.unesco.org/.

provide free education for needy students and that this allows many disadvantaged students to continue their studies.

"Obviously, when education system improves, our literacy rates will improve as well and we will have a better and educated work force. Today is the era of science and technology. If we want to make our economy better, we need to improve our literacy rates. We need quality in education. We need to groom our students so that they can bring improvements in our economy." (Franchisee # 3)

"I see one benefit and that is, now the poor segment of our society, like drivers and vegetable sellers, can also provide t quality education to their children. This is the improvement that now their children are studying together with other children. This will reduce the problems in our society and will increase literacy rates." (Franchisee # 5)

Franchised schools in Pakistan are growing rapidly and student enrolments are also increasing every year, specifically in rural areas. This has significantly contributed towards improving overall literacy rates in Pakistan.

4.4.2.2 Standardized educational services at affordable prices

Franchised schools are growing in many territories covering most urban, rural and deprived areas of Pakistan with centralized operating procedures leading to better education quality at an affordable price. The low fees strategy of franchised schools is a result of low-cost operations (as explained earlier) and increasing competition between school networks. Franchised schools charge fees that are affordable for parents (from $10 to $30 per month in primary and secondary schools; from $50 to $70 per month in higher secondary schools).

The growing trend towards franchise chains has motivated government to enforce a new policy regarding the fee structure of franchised schools. By law chains cannot increase fees without government consent and the proposed maximum limit on fee increases has been fixed at 5% a year. Many interviewees expressed the view that franchise fees are compatible with the spending power of masses of the society.

"Fees in franchised schools are low and quality of education is satisfactory. For the parents who cannot even afford to pay these reasonable fees, franchisees offer them a fee reduction. Personally, I am satisfied with the fee structures of the school and with its services." (Parents # 4)

"It is a sad reality, we have a large number of poor people but fortunately we have local franchised schools that are at least offering fees according to the spending capacity of parents." (Student # 7)

"Fees are the most difficult aspect for us. We are charging less. Those who are not so concerned about the academic future of their child they send him to public school. Those who have enough money, they choose [brand name]. We deal with the middle class. We charge fifteen hundred to two thousand rupees per month and this is a reasonable fee." (Franchisee # 1)

Franchised schools charge monthly fees. However, most interviewees showed their satisfaction over the fees structure of franchise chains and seem to be awar that these schools have to charge nominal fees in order to survive.

4.4.2.3 Provision of education in rural, remote and deprived areas

In addition to contributing to improved literacy rates, franchised schools have offered the opportunities of education to children in rural areas. In rural areas of Pakistan, the existing public schools are not performing well. Because of limited resources, many children tend to quit their studies after primary or middle school and join their parents on the land. Since the emergence of franchise chains, many children are able to get good education which would otherwise be difficult. Some of the franchisees interviewed are running schools in rural areas and they explained the benefits:

> *"In my view, the real benefit is the presence of these franchised schools in rural areas. I mean, we can send our young child to a big city for university education but how it is possible to send a small child to a big city for schooling?" (Franchisee # 5)*

> *"We are progressing in rural areas because of our quality education. Now most of the rural areas and small towns have the modern facilities of franchise school. Wherever you go, you will find a franchise school." (Franchisee # 6)*

Franchised schools have emerged as a social benefit for students living in rural and deprived areas where they would have no alternate opportunity for good schooling if franchised schools were not present.

4.4.2.4 Provision of education in rural, remote and deprived areas for girls

Many interviewees mentioned the low literacy rates among girls in rural areas of Pakistan. There are few public schools in rural areas; moreover, the few that are available usually offer either primary or secondary education, seldom both. Further, the quality of education in

public schools in rural areas is generally poor. Some interviewees mentioned that they were aware of the importance of education for girls but that there was no reasonable education opportunity for them. However, the recent emergence of franchised schools provides a beneficial opportunity for many parents to educate their daughters. The literacy rate among young girls in rural areas is expected to improve in future.

"I passed primary education and it was my dream to highly educate my daughter. Few years back we had only one public school in our area, which is still in a bad condition, but my daughter used to study there and the moment I came to know about the opening of (Brand name) I shifted my daughter from public school. She also loves to study and I am very happy for her". (Parents # 7)

"In our campuses, we have a high ratio of girls. There are no public schools in our area. Before, most of the people preferred to invest in educating their sons instead of their daughters but now we have offered low fees and standardized education at their door steps therefore, they are attracted to educate their daughters as well. I am happy that through education franchise I am able to educate many girls of my area. It gives me a pleasant l feeling." (Franchisee # 9)

"These franchised schools are trend setters. They advertise and attract people and many parents are enrolling their daughters. This is a healthy sign for our society." (Student # 5)

"It is true that most of girls in our rural areas are illiterate. We had no idea that we could present a solution to such a serious social issue through

franchising. If girls remain uneducated, tomorrow they will become mothers and our upcoming generation will suffer. We understand this phenomenon and we specifically offer low fees for girls of rural areas in our franchise campuses." (Franchisor # 4)

Recently, supranational organizations including UNESCO, UNICEF, USAID and OECD, along with and some governments such as Germany and the US) have started making massive investments in improving the education sector in Pakistan. One of their objectives is to eliminate the gender discrimination in education. This has slightly shifted the cultural norms regarding girls' education. Some of the respondents said:

"There was only one school in our area; it was a public school. Now, I can't even count how many franchised schools are in my area, and all of them are full of students. Most of us would remain uneducated if these schools would not be around our village." (Parents #2)

"Girls in my area were totally illiterate. Even my sister hardly passed primary. We had one primary public school for girls in our area. Our cultural and social norms don't allow young girls to travel alone for education but, nowadays, I don't know a single girl in my village who isn't going to school. Indeed, it's a new trend; more and more girls are going to school and they usually get better grades than boys. Franchising has made education possible for girls." (Student #6)

"Girls in cities have no issue of getting education. There are many schools but in rural and deprived areas of Pakistan, education is a serious issue particularly for girls. I believe they also deserve education opportunities, but

in past they were suffering. Now franchised schools are operating everywhere

and you will see a gradual increase in our literacy rates within few years."

(Student # 8)

"I try my best to accommodate poor girls of my village. They love to study and

they are very intelligent but they have no resources. In past, they had no

opportunity but now my franchise campus is an opportunity for them. I offer

them education at very reasonable price." (Franchisee # 7)

The recent extension of franchised schools in rural, deprived and remote areas of Pakistan has raised the hope of better education provision for girls which in turn can improve literacy rate.

4.4.2.5 Easy accessibility of schools

Several interviewees mentioned that educational chains have a special impact on girls' education. In the past, one of the major reasons for low female literacy levels was the unwillingness of parents to send their daughters far for schooling. Parents from rural areas in particular used to be concerned about the safety and mobility of their daughters, especially if this involved travelling[765] to towns/cities. Recently, the expansion of chains in rural areas has made education more accessible for girls. In addition, the presence of schools in rural areas has reduced the education costs for students who used to have to travel to other cities for education. Many parents see franchised schools as an affordable and accessible education opportunity – especially for their daughters.

"Especially for girls, it is more difficult for them to travel daily or move to other

city for education. Contrary, boys do not have to face many challenges to

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[765] 62% of population are living in rural areas in Pakistan according to 2014 "The World Bank" report.

continue their studies. Basically, this was in my mind that it is a social welfare plus definitely it is also a business." (Franchisee # 4)

"More than ninety percent of females were not allowed to live in hostels for school education. Neither it is feasible for girl l students to daily travel to the city.. Before franchised schools in my area few females were getting secondary education. Now because of franchised schools this number has increased." (Franchisee # 1)

"There are so many issues connected to the female education in rural areas e.g., affordability, accessibility to quality education and security when going out of home town, etc. Franchised schools have provided education with low fees and at their door steps." (Franchisee # 5)

Due to safety and security issues, as well as cultural norms, many parents were hesitant to send their daughters to faraway schools. However, the presence of chains across Pakistan has made it possible for girls to get a standardized education at their door step. Franchise chains have contributed towards this easier access education.

4.4.2.6 Higher employment rates

Franchising in the education sector is not just another business concept. Indeed, it has emerged as a new industry and has created vast opportunities for employment. Several interviewees explained that these opportunities are not limited to educated people who form the teaching staff but also include technicians and untrained people, such as builders, laborers and gardeners. Some interviewees said:

"Franchising has provided vast opportunities for teachers." (Franchisee # 7)

"We are creating employment. Every franchise campus has a high number of teaching staff and then we have non-teaching staff. Unemployment is not merely a challenge for us even developed economies have been facing this challenge. Thus, providing employment at such a time of difficulty is not only a social service, but it is a blessing for our society." (Franchisee # 1)

"I would say, we are creating employment for our society. I have thirty-four teachers in my campus, so employment creation is one of the benefits." (Franchise # 7)

"I have about fifteen employees as teaching staff and eight to nine non-teaching staff. Now, this year, I am making a new intake so I will hire six to seven more teachers. I think we will have about twenty four teaching staff and about sixteen non-teaching staff in total." (Franchisee # 9)

"Whenever a new franchise opens, it creates employment for many people. This includes teaching staff, non-teaching staff and laboratory staff, etc. Definitely, employment creation is a benefit for the economy. For example, if . . . we have one hundred employees in a chain, it means we are actually facilitating one hundred families. Government is not providing employment, then at least the franchising sector is working on it. I agree that the franchisee is there for business, but he is also creating employment for many people." (Franchisee # 8)

Every new franchise school offers the opportunity of white collar jobs for several educated people to become teachers. The increasing numbers of franchised schools play an important role in increasing employment opportunities especially for women.

4.4.2.6.1 Employment opportunities for fresh graduates

Franchising has emerged as a positive competitive force for the economy. Education chains have created vast employment opportunities, particularly for fresh graduates. Indeed, some respondents particularly mentioned that educational chains have created a new employment industry, with good opportunities for fresh graduates as teaching staff.

> *"I graduated from Lahore but I wanted to live in my village. Therefore, I applied for a job in a franchised school here and I got the job. My children are also studying at this campus. My colleagues are also from surrounding villages. Our government should be responsible for creating jobs for us. But in fact, these are chains that are making our dreams come true and not the government." (Parents # 4)*

> *"I see chains as an emerging source of employment opportunities for fresh graduates. My teachers are young and I would love to teach in a school after my graduation." (Student # 5)*

> *"Franchisees get returns on investments, teachers get employments and students get education. It is win-win situation for everyone. I guess there are many other micro businesses associated to the schools such as food shops. They are all flourishing." (Student # 9)*

Franchisees prefer fresh graduates as their teaching staff because they are energetic and cost-effective since they usually agree to relatively low-salaries and franchisees are mostly confident that they can turn them into good teachers through their franchisor's training sessions.

4.4.2.6.2 Employment opportunities for women

Working women have to face many challenges in Pakistan, including male dominance, inappropriate and inadequate means of travelling to work. They must also face continuing and often dangerous security issues. The teaching profession is considered a particularly suitable profession for females in Pakistan. The franchising networks have provided employment opportunities for women as they deal with children and other mostly female teaching staff. Many franchisees explain that they prefer to hire a female principal because it is usually mothers who are in contact with school and they feel more comfortable to speak with and make contact with female a principal.

> *"We have a high number of female teaching staff in our chain. The reason is that education is a very respectable profession in addition, franchise sector pays good salaries. If you are women and you want to start a job in Pakistan, then you might have many reservations. First is our social norms, you need to find a respectable job. Secondly, you must get a job where you may get comfortable working environment. Here, it is comfortable for women to work and they also get respect from the society because of their profession."*
> *(Franchisor # 3)*

> *"Women do not prefer to do a job in government sector because of a high number of male employees there, and in general, they give less respect to female collogues. In franchise sector, females feel secure because they mostly work with female colleagues." (Franchisor # 4)*

> *"Education is a sector where females will always remain dominant. The only reason is the favorable working environment. In government offices, there*

might be fifty males and two females. Female teachers never feel teaching as a

threatening working environment. In government and even in private offices

they have many reservations. They have to deal with males and generally they

are not well treated." (Franchisor # 5)

Some interviewees explained that in Pakistani culture women are well-respected and any impolite gesture towards them is unacceptable. However, when it comes to professional life they are usually not welcomed in offices. Most of the educated women want to work for limited hours in order to balance their responsibilities at home and in a safe working environment.

Unfortunately, private organizations such as banking and telecommunication find it difficult to provide women with an adequate career structure, reduced hours and security. However, franchised schools often offer them an impressive career structure in which they work until early afternoon and deal only with students. Many interviewees felt that franchising has created safe and impressive job opportunities for women.

"After marriage, a high percentage educated of girls quit jobs. Indeed, most of

husbands also ask them to leave the job because they know the male mentality

of our society. In case of education profession, they both consider that   it is a

respectful profession." (Franchisor # 5)

"We need employees with high level of patience to deal with students. We do

not want our teachers to beat our students like old typical teachers. We target

female employees because they have patience and they can politely deal with

students." (Franchisor # 2)

"Most of our principals are females because they have to deal with mothers and mothers feel comfortable with females." (Franchisor # 7)

Many franchisees prefer female graduates as they are more patient than males when dealing with students and their parents. Moreover, culturally they are more acceptable to deal with parents and particularly with mothers.

4.4.2.6.3 Employment opportunities for females in rural and deprived areas

Some interviewees also expressed their views about the opportunities which franchise chains have created for females in rural and deprived areas. Many highlighted that in the past, female graduates in rural areas had no opportunity to take up a career in their home districts. It was also mentioned that, due to the generally unfavorable working environment for women, most female graduates from rural areas tended to stay at home. However, recently, franchised schools in rural areas have emerged as an attractive employment opportunity for women. Many interviewees pointed out that most of the franchise schools in rural areas have female teachers.

"Most teachers are females in our campus. School timings are very suitable for them. They can finish their job in afternoon and can easily go to home. In other jobs, e.g., in banks, they have to stay at bank till evening and with job it becomes difficult to manage home." (Employee # 4)

"Franchised schools prefer a female teacher because she agrees on low salaries as she has no financial responsibility like males. She is not responsible of food, utility bills and school or health expenses of children, etc." (Employee # 7)

"We get low salaries in education chains,   as compared to other organizations such as banks and international companies, but at the same time we have many benefits in the education sector. Mostly, franchisees offer us free pick and drop, we have to deal with children which is easy and comfortable for females." (Employee # 8)

"We prefer females because they deal children with politely and they have more patience. In addition, female agree on reasonable salaries while males expect high salaries from us." (Franchisee # 6)

Previously, there was no opportunity of employment for female graduates living in rural and deprived areas. However, franchised schools have created job opportunities for female graduates even in rural areas.

4.4.2.7 Financial benefits for students

Some franchise chains offer scholarships with free education to students, based on their academic performance[766] and also to accommodate certain students with special needs including disabled students, orphans and those from poor families. Some networks award prizes to bright students, including cars, motorcycles, cash prizes and tuition free education waivers. These opportunities allow many deserving students to continue their studies.

"Franchisees give rewards to good performing students. But our headquarter has this policy that, even if someone does not belong to our chain, , like we do not have any connection with metric[767] students, the first position holder in all

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[766] If a student have 85% or more marks (s)he will study for free.

[767] Metric is equivalent to O levels in the British education system and GCSE (General Certificate of Secondary Education) in the French education system.

boards will get a Mehran car from us. The second position holder will get a reward of Rs.300,000 in cash and the third will get Rs.200,000. While, students from fourth to tenth position will get Rs.100,000 and from tenth to fifteenth position they will get Rs.50,000. " (Franchisee # 9)

"We offer scholarships and free education to deserving students. Even for the needy students, we have special categories these policies greatly favor them and for those students who have eighty percent or plus marks in metric, we offer them free education scholarships." (Franchisee # 6)

"First comes the fee. I personally feel that it is difficult for everyone to pay fees. I try my best to offer free education to deserving students." (Franchisee # 4)

"I provide free education to one student in each class. Most of the time, I know him or her personally or through a reference. We are not in a big city, so I can get the information easily." (Franchisee # 2)

"I try my best to facilitate students by reducing fees according to the economic situation of my area. The head office does not support me, but I have to offer fee reduction." (Franchisee # 4)

Many franchised schools have provided fees scholarships and even provide free education to needy students. Besides, they regularly offer rewards to best performing students.

4.4.2.8 Solution to some social challenges

Some interviewees explained that many social challenges continue to prevail in society due to the inadequate state education system. Child labor remains a great problem in Pakistan and

this mainly due to the poor performance of public schools. Public school teachers are not well trained. Nor are they motivated to focus on slow learning students and as a result these students continuously fail examinations and finally quit schooling. If some parents cannot afford private schooling, their children become part of the large child labor market. A few interviewees mentioned that the contribution of franchised schools to reducing social challenges is not massive. However it has a significant impact on enhancing awareness towards social issues in society.

"Parents in rural areas usually have many children. On average, they have four to five children and their income level is very low. Government does not support education and parents have no money to educate their children and as a result we see Pakistan among top countries which have highest out-of-school children. This ratio is high in rural areas therefore, we work in rural areas. I hope we will be able to reduce these figures in coming future". (Employee # 5)

"Education brings awareness and we can resolve many of our social issues through education. Recently, we have made an alliance with some NGOs who will help us to locate the areas where social issues are arising due to unavailability of education. We will open a school in that territory to specifically address the social issues for that area, because social issues are different in every territory". (Franchisor # 7)

"We need to change mind set of our society. We are thinking individually and collectively not worried about social issues of our society. Educated society is always disciplined and we are trying our best to increase education in our society, then we will be able to fight against social challenges collectively. We have successfully met the challenge of educating children in rural areas and

everyone will see soon that we are moving fast towards building a better society". (Franchisee # 6)

Franchising schools have an important contribution to spread awareness among society about many social challenges.

4.4.2.8.1 Poverty

Franchising has also contributed in a small way towards reducing poverty by creating employment opportunities. Some interviewees mentioned that franchising in the education sector has emerged as a new employment industry in Pakistan. Many interviewees suggested that new business mechanisms, such as franchising in the education sector, must be encouraged to flourish so that they can continue to offer more employment to local people, which will slowly help in the fight against poverty in Pakistan. Some interviewees mentioned that every franchise campus creates, on average, 35-30 employment opportunities.

"I am sure that we are significantly contributing towards reducing poverty by creating more and more employment opportunities. I am happy that we can even bring change in rural and remote areas of Pakistan through our business." (Franchisor # 4)

"Poverty is one of our main problems. We are doing our best to create profitable entrepreneurial opportunities for individuals and reasonable employment opportunities for graduates. Our franchise business mechanism has already improved life quality for a large group of people in our society." (Franchisor # 2)

Some interviewees highlighted that Pakistan has a huge work force. The population is enormous and, unfortunately, most people do not have reasonable job opportunities. Many interviewees believed that if franchised schools continue to grow then they will be able to play a significant role in fighting the social causes of poverty.

"Poverty is a chronic disease of our society. It is indeed impressive that through education we can treat this disease." (Franchisee # 8)

"Education will enhance economic activity and I believe the increase in economic activity will reduce poverty through creating more jobs. In my view, we must wait for few years. We may not be able to fight poverty overnight." (Parents # 1)

"Absolutely, education is the main pillar of successful societies. We can solve major social issues through education and poverty is one of them." (Student # 7)

Many respondents considered that poverty can be reduced through education, therefore, any means which promotes education contributes to reducing poverty.

4.4.2.8.2 Child labor

Child labor deprives young people of their childhood and is harmful for their mental and physical health. The shortage of schools, endemic poverty and the growth of a huge informal economy are among the reasons that child labor persists in Pakistan. Ultimately, the state is supposed to be responsible for taking serious action against those using child labor. However, recently some chains have launched social programs which offer free education to children who are involved in child labor and also offer them a monthly stipend. Along with social

programs, these franchised schools have highlighted the issue of child labor through social and electronic media. These social campaigns have recently motivated government to make legislation to stop child labor and ensure that all children continue to attend education up to the 8th class. Recently, the government has passed a bill which imposes significant fines and imprisonment on parents whose children are involved in child labor.

> *"We were the first to launch social programs for the well-being of society through franchising. Primarily, our motive was to provide free education to some of those children who are willing to study but due to poverty they have been forcefully involved in child labor, by their parents. At-start we paid the expense of educating these children but we had no idea that this project could become so popular in the market. Many entrepreneurs, large companies and even individuals contacted us for donations. Then we thought to develop a proper system where people could donate and we could provide them a satisfactory accounting for their donations. It is interesting to know that we accommodate children, who have left child labor, for free in our chain. "*
> *(Franchisor # 5)*

Some of the franchise chains take positive and practical action against the issue of child labor in Pakistan.

4.4.2.8.3 Crimes

Some respondents mentioned that the tendency for some young people to get involved in criminal activities could be at least partially controlled through education. They emphasized that when young people are educated they will find jobs and are more likely to stay engaged with society. They will then be less likely to become involved in criminal activities.

"Education gives you awareness and opens your mind toward positive things in your life. We will bring a positive change in our society through education. We cannot suddenly control crimes but obviously, we can control young people to become a part of criminal activities through education." (Franchisee # 1)

"I feel satisfied that we are operating in a social sector. We are not doing a pure social work because we charge fees but we contribute so much good for the well-being of society. Education helps you to find proper means for living instead of getting involved in criminal activities." (Franchisor # 6)

Franchised schools offer employment opportunities to young graduates and schooling opportunities to young children. These improvements are expected to bring positive changes in the prospects enjoyed by young people and this should help to reduce crime rates.

4.4.2.8.4 Discipline among members of society

Some interviewees mentioned that higher literacy rates lead to the development of a more disciplined and sophisticated society. The current literacy rate in Pakistan is quite unsatisfactory and this indicates a lack of discipline and of obedience to the law. Some interviewees said:

"There are so many rules and regulations in our society but general public is not willing to follow because they were never taught about benefits of following these rules e.g., if we all follow traffic rules we will not get stuck in traffic for hours. We can teach people to follow the rules through education and make them law abiding citizens." (Franchisee # 2)

"If we compare our today's society with forty years ago, I see a drastic change in people behavior. One effect is due to better know-how through technology

but the real impact is due to education. The educational facilities through franchising and private schools have improved the behavior of common man in Pakistan." (Parents # 5)

"It will take time and we will see the positive impact of franchising in the long-run. When our school students will join the industry, you will notice the change. We have really worked hard on them and I expect that they will be well-disciplined and motivated to pursue their carrier in a professional way." (Employee # 3)

Franchise networks offer standardized educational services with a special focus on student grooming which contributes to the formation of a disciplined society.

4.4.2.8.5 Discrimination

Some interviewees mentioned that many social stigmas prevail in Pakistani society, such as gender discrimination in education and employment, differences between rich and poor, discrimination towards disabled and mentally ill people and towards various ethnic groups. Interviewees described how they thought education franchises might be a positive force for improving citizens' behavior towards social stigmas by enhancing awareness in the society.

"We are part of a closed society. People discriminate each other on small values. I believe as education level gets improve our behavior might improve. When I think this way then these franchised schools seem very important and I think they are playing a very important role in improving our social values." (Employee # 2)

"Education is helping our society to increase acceptability of each other. We are so divided and we need to work very hard to bring change in our perceptions. This is very sad that we discriminate each other at very minor matters." (Franchisor # 5)

Franchised schools may help to enhance awareness in society so that the level of discrimination in social affairs might be reduced. As education and awareness are the tools to fight against social challenges, the importance of franchise chains become significant because currently they are working on behalf of government to educate and train the youth of Pakistan.

4.4.2.9 Opportunity of higher education

In 2005 the first public sector university, Bahauddin Zakariya University opened its franchise campus in Lahore[768]. This first franchising concern in higher education became successful and later various public and private universities, including University of Gujarat and Superior University, started to offer university franchises in different cities where there were few opportunities for higher education for students and public sector universities were not willing to operate. This recent trend is now growing and many students, specifically girls, who were unable[769] to continue their higher studies, can now pursue their higher education on these franchise campuses.

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[768] Lahore is a provincial capital of Punjab Province.

[769] Public universities are not present in all cities as a result young girls interested in higher education have to shift in big cities (where universities are located) and they have to face bad travelling conditions, security issues and poor living conditions in private hostels, etc. In most cases, parents do not allow their young daughter to-leave home and live in unsafe conditions for higher education, therefore, many intelligent girls could not get higher education.

"My sister has completed her graduation in finance from a franchise campus of [University name] in Sialkot. If this campus was not available here, then I am sure she would never go to Lahore for higher education." (Franchisee # 7)

"I am in favor of all kind of expansions in the higher education. Either these expansions are through chains or through private universities. Education must improve. We especially need to focus on higher education. Because our population growth rate is quite high and it is difficult for government to operate alone. In my opinion, government, private universities and chains should operate together in higher education." (Franchisor # 2)

"Franchising in higher education will surely increase higher education, literacy rates and students would be able to stay and study in their home town which will decrease their expenses. In past, there were fewer universities and merit was very high, if some student had got low grades he had to quit studies because he could not get admission in university. Now through franchising at least every student has opportunity to continue his/her education." (Franchisor # 3)

"I really appreciate this trend. We need more and more universities and their campuses in all small and big cities. Franchising should be adopted for this expansion. We have seen the case of schools. The standard of education was miserable in small town and villages but now situation has improved because of franchised schools.. Same phenomenon should be applied to higher education." (Franchisor # 6)

Franchising in higher education has similar benefits as in the schools sector. However, these franchised universities must be registered with government authorities and should maintain standardized educational services in franchise campuses.

Some interviewees criticized the fact that franchising in higher education will affect the quality of education because finding experienced professors in small cities will not be an easy task. Also, interviewees insisted that franchise campuses must replicate their main campuses, as some of franchise universities are operating in rented buildings in small towns. If franchise campuses can operate in higher education with proper management and standards then this was described as a successful phenomenon by many interviewees.

> *"In my view, franchising in the higher education is a healthy sign because this way education will improve, but the basic standards should have to be strictly maintained by the management. We have now a campus of [Franchise campus of a public university] and some other universities on canal road. If they maintain their standard of education as their main campuses or similar to some good university then it is an appreciable step." (Franchisor # 4)*

> *"I am not a big fan of franchising in higher education. Anyone who has money can get admission and degrees from these universities. On contrary, those who have got admission in public sector universities, they have struggled a lot and their caliber and grooming are much better than franchise students. At the end, when both students will enter into the market they both would have degrees and it would be difficult for hiring managers to measure their professional capabilities." (Franchisee # 8)*

Franchising in higher education is relatively a young phenomenon in Pakistani market. It has been facing many difficulties in term of management and affiliation as well as registration of franchise universities with government authorities. However, these franchise campuses are initially successful in adopting franchising for expansion and maintaining standardization in educational provisions.

4.5 Issues, challenges, strengths and future of franchising in the education sector

4.5.1 Issues and challenges for franchising in the education sector

Franchising in the education sector has to face numerous challenges, including selecting the right franchisees, maintaining good results for students, achieving a balance between social and commercial goals, hiring trained teachers in rural areas and coping with increasing competition.

> *"Selecting the right franchisees, training them when they do not have any background in the education and hiring subject-specialist teachers are some challenges. If some franchisees could not achieve the break-even point for his first year, it becomes difficult to deal with them in terms of receiving royalties. Financial gains for some franchisees may not start from the beginning; it is a very common issue in the case of franchising in the education sector. But when the number of students starts increasing then profits gradually rise. Further, consistency in maintaining results and facing increasing competition are also challenges for us." (Franchisor # 7)*

Franchisees are obliged by franchisors to provide all basic facilities their school requires, including computer centers and science laboratories. But some interviewees said that a few franchisees do not supply these necessities because doing so would be costly. They are then able to avoid detection due to the absence of checks and balances by some franchisors.

"The main challenge is that the world is becoming a global place. So, new technology, new education fields need to be updated from time to time. Therefore, if you teach an outdated syllabus, then there will be no benefit in it. So, with this perspective, you have to adopt new and modern technology. The moment you have adopted new technologies, your institution would establish more and more. Otherwise, it is difficult to survive because of the strong competition." (Franchisee # 9)

Some franchisees are not interested in reducing monthly fees or offering scholarships to needy and deserving students, which make it impossible for many students to continue their studies. On the other hand, some franchisors and franchisees want to assist needy students but cannot so because of financial constraints, meaning many deserving and intelligent students have to quit their studies.

"We can offer scholarships to limited students but a large number of our population is living below poverty line, how they can afford even low fees of franchised schools? They are not even thinking about education. Their children are illiterate and they have no chance of getting education in coming future. This will create many social and economic challenges for our society. Additionally, there are many families who cannot pay fees but they are very much interested in educating their children. Many times, they have to stop education of their children because of budget constraints." (Franchisor # 1)

Many interviewees mentioned that the quality of education can vary between franchise campuses within the same chain. Many franchisees concentrate on providing tangible facilities such as an attractive school building, good looking furniture and cleanliness, but do not hire enough experienced or subject specialist teachers. Some education franchises regard schools as their business and are therefore more interested in competing on price in the hope of boosting enrolment than in providing a high quality service.

"In my view, school performance depends on teacher skills. Some campuses have experienced teachers and some try to save money by hiring inexperienced teachers." (Parents # 3)

"Franchisees concentrate on providing facilities like beautiful classrooms and comfortable furniture instead of investing for our learning and entertaining activities." (Student # 4)

"I think educational chains are just like any other commercial businesses. Most franchisors are politicians or businessmen and they simply want to maximize their investments. Anyhow, I also appreciate that they offer us reasonable fees but they need to fix their focus towards education, instead of money." (Parents # 5)

Some interviewees pointed out that franchised schools are seldom spacious. They specified that most are opened in rented buildings which were not constructed as schools and many just set up in rented houses. Some interviewees argued that because of this, many franchised schools suffer from a lack of space. This prevents students from actively participating in physical activities and can also affect students' health.

"Unfortunately, we do not have large school areas like government school. This is because, we are investors and our partner, the franchisee, is also an individual investor. Land is so expensive in Pakistan and we have limited capacity to buy the land. If we restrict to open only large schools, then maybe we will have few schools in big cities. Because of space constraint we could not offer play grounds to our students." (Franchisor # 5)

"Our concept is to maximize the provision of education. Most of our franchise campuses are operating in rented houses. Anyhow, we obviously prefer franchisees who have large areas with a reasonable capacity of playground, but to be true with you, it is not possible enough for us to provide all facilities with private resources. This is challenging for us." (Franchisor # 2)

Some interviewees argued that there should be just one curriculum in Pakistan and all public and non-public schools should adopt it. Currently, all school sectors have different curricula up to middle class.

"Non-uniformity in curriculum is an issue in our education system. Students are studying different syllabus. When the source of knowledge is not same then in future the way to tackle issues and challenges will be different. Diversity can be seen as a positive sign from many perspectives but in general this diversity creates wide gaps among our youth. Another issue is difference in quality of education. Some education chains are working hard for child grooming while some are focusing to maximize profits." (Parents # 3)

"Unfortunately, chains have adopted curricula of Oxford and Cambridge streams, and most of our students – and even some parents – are not able to

understand this syllabus. Language is the basic barrier for it. English is not our mother language. However, our students have to study in English language. In my view, it is not fair with our children. I think they would have performed much better if they would study in their own language." (Employee # 1)

"We are not getting any kind of subsidies from government indeed, government is earning from us. They put taxes on education sector and collect revenues from us instead of subsidizing us. We are using commercial electric and gas meters. They could have provided us utilities on subsidized prices. Anyway, I do not see government support anywhere it is bit disappointing and challenging in term of managing finances in our business." (Franchisee # 1)

Franchising in the education sector has to face many issues and challenges as mentioned above. However, these challenges are manageable and most networks are coping to evolve feasible soultions.

4.5.1.1 Measuring education quality

Measuring the quality of education within the chain is an issue for both parents and students. For example, it frequently happens that one campus performs significantly better or worse than others within the same chain. The difference of teaching quality in rural and urban areas, the varied expertise and interest of franchisees and the disparate level of competition were among the reasons offered for this variance in performance.

"There are so many chains and so many schools everywhere. It has become really difficult for parents to decide which school is better than the other. The

quality of education is different in all campuses even within a chain." (Parents # 6)

"Quality of education is different within a chain. Even facilities are different. Some campuses are big others might be small. There should be uniformity. I do not think so that most of the chains are successful in maintaining uniformity." (Student # 2)

Some interviewees explained that if a chain has been providing an average quality of education, people still accept it due to its brand name. Many interviewees complained that it is galling for chains to that some franchisees benefit from the use of the chains' highly regarded brand names but neglect education quality at their campus.

"Chains have established their names. Now they do not concentrate much on quality because people have no alternative choice. There are lots of franchised schools who hire low profile teachers and do not provide facilities according to fees." (Government official)

"Parents and students are attracted more toward brand names rather than education quality. Education quality is a secondary preference for franchisees. They focus more on increasing enrollments and collecting fees." (Parents # 4)

"The education companies are just en-cashing their names through chains. In beginning they focused on education quality but now they are more interested in maximizing their profits." (Employees # 7)

Interviewees had different opinions regarding the quality of education in chain schools and they consider it as a continuous challenge for chains maintain or improve standards.

Nevertheless, most interviews assume that providing quality education should be the prime focus of chains. They also felt that franchisors should take measures so ensure that education quality remains a priority on all of their campuses.

4.5.1.2 Franchisees' training in education chains

A few interviewees mentioned that franchisees' training is a major challenge for education franchise chains and training sessions do not exclusively focus on how to achieve social goals. Rather, training is more focused on how to attract and satisfy the customers, both parents and students. In addition, some interviewees mentioned that not all chains offer full support to franchisees in rural areas. As a result, they cannot maintain a high quality of education at their campus.

> *"Franchisor training sessions are not enough to train and groom the franchisees and teachers." (Franchisee # 6)*

> *"The training we get is less focused on how to maintain a balance in commercial and social goals. To be true, they even do not force us to maintain excellent quality of education. They focus on to train us about providing services e.g., clean building, how to increase enrollments and how to manage examination, etc." (Franchisee # 5)*

> *"Franchisors must arrange training sessions frequently. I do not know any franchisor that exclusively focuses on franchisee training. Each franchisor offers franchisee training but mostly once a year, which is not enough. Additionally, franchisors must be strict on franchisees in following chain's rule and goals." (Franchisee # 7)*

"Training is very important for chain strength. Through intense training franchisor can maintain education quality." (Employee # 6)

Franchisors offer training sessions to franchisees but, according to many franchisees, these training sessions should be more frequent and focused on practical issues. They concluded that proper training sessions can help to improve and maintain education quality within a chain.

4.5.1.3 Lack of facilities at some franchise campuses

Some interviewees also mentioned that a number of franchised schools operate in rented houses where they cannot provide a play-ground for children. In these cases children cannot enjoy play or sports.

"Most of franchised schools are operating in rented houses. They do not have enough open space where students can easily play." (Employee # 1)

"These franchise campuses are not actually school buildings. Most of us are operating in rented buildings. Franchisees make temporary alterations in these buildings and start schools. It is a reality that we do not have proper school design where we have all facilities for students." (Franchisee # 3)

"We try our best to provide all possible facilities to our students but because of space constraint we cannot provide them reasonable play grounds. Government schools have large playgrounds but we do not have this facility." (Franchisee # 5)

"We are just teaching academic syllabus to our students we are not grooming them. We must provide them all possible facilities e.g., library, sports area and recreational activities, etc." (Employee # 8)

"Franchise campuses are small. We have limited space and shortage of play grounds." (Franchisee # 7)

Some rural franchisees are unable to improve facilities in their franchised schools, making it very difficult to achieve unifomrity.

4.5.1.4 Hiring of inexperienced teaching staff in education chains

Some interviewees explained that franchisees do not hire experienced staff. They hire only a few experienced and well qualified teachers and take on young and inexperienced people to make up staff numbers. Interviewees suggest that the teaching staff need to be highly qualified and experienced in all campuses.

"I agree that all teaching staff is not well experienced in our chain. It is challenging for franchisees to hire experienced staff." (Franchisor # 1)

"Sometime franchisees try to save their cost by hiring low profile teachers." (Franchisor # 5)

"It is difficult to find experienced teachers in rural areas, and teachers with good profiles demand high salaries." (Franchisor # 7)

"Most of our teaching staff is young females. The moment they get married they leave their jobs and we have to search for new teachers. This is a permanent issue with us." (Franchisee # 6)

"I offer education up-to primary level. Therefore, I accept fresh graduates, or you can say inexperienced teachers, because they have to deal with easy syllabus. I have well experienced teachers also who assist new teachers." (Franchisee # 8)

Some franchisees prefer to hire inexperinced teaching staff to lower their cost even though this can lead to a lower quality of education. Therefore, this ratio of experienced to inexperienced teachers is considered an important issue in education chains.

4.5.1.5 Charges in addition to fees

While most interviewees expressed satisfaction with the level of monthly fees, they were not convinced of the need to pay extra charges such as examination fees, air-conditioner charges in summer or charges for sports or arts activities. They mentioned that franchisees charge them for every facility they provide to their children and monthly fees cover only teaching services. Many interviewees insisted that school fees should be enough to cover all the educational services provided at school because additional charges create financial constraints for them.

"They charge us for every facility. I suggest that all expenses must be included in fees." (Parents # 4)

"Profits are reasonable in education franchise. Franchisees must not charge extra charges from parents." (Employee # 8)

"We do not advise franchisees to charge extra money from parents but they have to meet their additional expenses as fees are very low and they cannot offer enough facilities in current fees structure." (Franchisor # 1)

"Because of low fees it is difficult for us to meet our expenses and obviously, we have to charge parents for any additional facilities. Most of them complaint about these additional charges but we have no other solution. People ask for more and more facilities and when we provide these facilities they are not willing to pay for that." (Franchisee # 5)

Some interviewees expressed their dissatisfaction with extra charges demanded by schools. They consider it as an extra financial burden on their monthly budget.

4.5.1.6 Advanced curriculum in rural areas

Some interviewees mentioned that advanced curriculum streams (Oxford and Cambridge) should not be applied to rural areas as students are unable to cope with them. They said this causes learning difficulties for most of the students.

"The curriculum for rural areas should be different from urban areas. Students in urban areas can cope with advance curriculum because their parents are educated, but in rural areas we face many challenges because of this advanced curriculum." (Franchisee # 2)

"Chains should not adopt these foreign curriculums. We must design our curriculum according to our own needs, culture and society. I do not appreciate this strategy." (Employee # 4)

"Curriculum up-to primary level should be very easy so that we may exclusively focus on student training rather than struggling with advanced courses." (Employee # 7)

"I am not convinced with the academic policy of our chain. They often change curriculum and make it advance every time. This is challenging for students." (Franchisee # 4)

Teachers in rural areas are usually not trained to teach advanced curriculum but chains adopt these curricula just to attract more users. Also, in rural areas parents are generally not well educated and if they cannot help their children in studies, it creates extra problems for them as well as for students.

4.5.1.7 Illiterate parents and the English language

Some franchisees and teachers explained that illiterate parents find it challenging to have their children taught through the medium of English. These parents cannot help their children with schoolwork. This is a particular problem for many rural teachers.

"Chains in rural areas are blessing but unfortunately mothers in rural areas are illiterate and they are unable to help their children in their studies because curriculum is in English language." (Franchisee # 4)

"Sometime we cannot work as a team with parents because most of the parents are uneducated and unaware of English language. They cannot help their children at home. If we and parents could work as a team we could improve our performance." (Franchisee # 3)

"We have to send letters and write messages on children's note book for parents but we face difficulties as many mothers are not able to understand English." (Employee # 3)

"When mothers cannot assist their child in homework the students get confused. I think if we change our curriculum from English medium to Urdu medium our students can perform much better." (Employee # 9)

"I am not in favor of English as a medium of instruction. We do not use English language in routine life but in the classroom we talk and study in English. This is a big issue we have talent but because of language barrier our students are stressed and they are not confident." (Employee # 6)

Many parents, and particularly mothers in rural areas, are illiterate and unable to co-operate with school teachers in academic affairs, which sometimes creates difficulties at home and at school.

4.5.1.8 Corrupt elements in education chains

Some franchisors mentioned that people operating in education have certain indemnities in the legal system of Pakistan. Thus, some franchisees may focus to benefit from legal indemnities through adopting franchise chains in the education sector which is a challenging situation for franchise chains.

"Our law allows certain indemnities to educationist." (Franchisor # 4)

".Sometimes we have to deal with issues related to law. Some franchisees join the education sector to switch their black money into white money. Many politicians and corrupt government officers try to get benefit from networks but we try our best to avoid these types of applicants." (Franchisor # 6)

"We try to legally verify the record and reputation of our franchisees because if we hire a franchisee who is not law abiding or legally guilty of some serious

crime it could affect repute of our chain. But it is indeed challenging for us to

trace the legal record of our franchisees." (Franchisor # 8)

Some interviewees explained that it can be very difficult for the franchisor to trace a franchisee's legal record before selecting them. Clearly, some corrupt people deliberately enter into the education sector where they can find some immunity from law for example, using franchise school to clean black money. To conclude, the major challenges and issues faced by education chains are maintaining uniformity in education quality within a chain, training franchisees, hiring experienced teachers in rural areas and dealing with advanced curricula in the English language especially in rural areas.

4.5.1.9 Social consequences for society

A few interviewees mentioned negative impact of brand images on the education sector and said that this may have a negative impact on society in aggravating discrimination among various social classes and causing a further deterioration in the already battered image of public schools. Some respondents supposed that even if our public education system gets better it will fail to gain public trust due to the growing attraction of brand names in the education sector.

> *"Franchised schools are enhancing discrimination among society. I suggest*
>
> *that public schools should improve their education quality and there must be*
>
> *only one curriculum as well as same facilities in public and franchised schools*
>
> *nationwide." (Parents # 1)*

> *"I am neither in favor of franchise chains, nor of promoting brand names in*
>
> *education. All children are equal. Those who cannot afford a branded school*

have to face   discriminated in many aspects of life. They are actually

considered as poor students." (Parents # 6)

"Brand name is good for cloths and shoes. It does not fit in the education

sector. It gives me a very commercial feeling. Education should be taken as a

social sector" (Parents # 3)

"Brand name is not a good sign for education sector. I have changed three

franchised schools; all schools are almost same and they just have different

names." (Student # 5)

Some respondents highlighted the fact that that as more and more people are now attracted towards franchised schools, those who cannot afford to pay fees are sometimes discriminated against and this does not have a positive impact on social cohesion.

4.5.1.9.1 Brand names in the education sector act as a status symbol

Some interviewees pointed out that many brand names in the education sector are regarded as a status symbol by some parents and students. A few interviewees showed their dissatisfaction to this increasing trend in the society because it increases inequality and class differences. They argued that the difference between rich and poor is already growing in Pakistan and there is an intense need to take appropriate action to lessen this class differences. .

"Buying a product from a big brand is status symbol. Brand in education is a

new concept for our society. People are accepting it   and they are getting a

standardized service at low-cost. So, they are happy and franchising is a win-

win situation for everyone." (Franchisor # 6)

"Some parents will not send their children to a public school. A major proportion of our society believes that they should send their child to a good brand. It is really a status symbol. I would say this mentality is never going to change." (Franchisee # 2)

"Whenever there is gathering of friends most of the mothers discuss about the schools of their children. Schools are being taken as status symbol now." (Parents # 2)

"Your child school represents how much money you have. I am not happy when people feel proud about their branded school." (Parents # 3)

"School name (brand) is important for everyone. It has become a focal point of our discussions. My children are studying in [Brand name] therefore I have no issues. If they were not studying in such a good school, I would have to face discomfiture in   social gatherings." (Parents # 7)

Some parents and students regard education brand names as status symbols. This trend is growing in society and most of the respondents expressed their discomfort at this.

4.5.1.9.2 Deterioration of public schools

Many respondents pointed out that franchised schools were established as commercial ventures and were working for profit maximization. This system will ultimately have a negative impact on the public schools sector because even if, by the efforts of government, the public school sector starts to improve, most of the people will still prefer private schools because of the image they have developed. They perceived that, through their advertisement and marketing, branded private schools have become increasingly attractive to the public. Although, as discussed before, different factors are involved in the success of private school chains, such as the provision of better educational facilities and teaching facilities, it is clear

that having an established brand name still plays a role in selection of school system. Because of this brand name phenomenon public schools find that they can no longer compete, as they have few attractive features and characteristics when compared against school chains. Some interviewees argued there is a high probability of improvement if public schools get a proper budget and facilities from government.

> *"These franchised schools are like commercial shops. They have brand names and they are selling education. They are not improving our society. This must stop. Government should increase education budget so that we can improve our schools and gain public trust." (Government official)*

> *"I run different businesses. It is a fact, that opening and running a school with good brand name is much easier." (Franchisee # 5)*

> *"The distances between rich and poor are already huge in our society. These branded schools have added another point of discrimination for our young generation." (Parents # 5)*

The success of franchised schools and the increasing number of students attending them has increased pressure on government to improve public schools. Recently, government has announced some policies to improve its public education sector. These include an increase in the education budget, free primary education and free books. However, many respondents were not satisfied with these concessions and argued that merely announcing a shift in policy does not change anything and there will be no improvement until government follows up with funds and action.

Therefore, we must conclude that the negligence of successive governments and the growing reputation of brand names in education, the public school sector continues to suffer from a decline in its reputation.

4.5.2 Strengths, growth potential and future of franchising in the education sector

Education franchise chains' major strengths are their low fees structure, relatively standardized education and the large territory that they cover. Some interviewees commented that they have been successful in providing good educational services at affordable price across Pakistan. Further, interviewees believe that franchised schools will grow in the future because public has lost its trust in both the public schools and government.

"In my view, franchising phenomenon will flourish. The problem is our increasing population. Our market needs chains." (Franchisee # 2)

"I do not see education franchising ending from Pakistan. It is simply not possible. We are providing schooling for many students and we have vast network of schools. Government and parents need us." (Franchisor # 2)

"If government sector gets improve, it is very good. Obviously, it will damage us but our population is growing so fast. Before ten years we were hundred and eighty million people. Now we are two hundred million. Franchising sector will keep on growing." (Franchisor # 6)

"I think education franchising will not end. People do not trust government schools at all. Government is not working to improve education sector and chains are working hard chains have a bright future." (Franchisee # 7)

"Franchising will grow because it is a solution to our social pain. Our government must support these educational groups because they have experience and potentials for the future. They must be encouraged to serve our society." (Parents # 8)

Some interviewees suggested that franchising ventures in the health and education sectors of Pakistan are, generally, enjoying growing success. This shows that social sectors in Pakistan are not well managed by the government and do not offer appropriate services to users. Moreover, many interviewees suggested that other similar markets in south-Asia, such as Afghanistan, Bangladesh and India, which are also suffering due to deprived social sectors, must also adopt franchising to bring about rapid development of the social sectors in their respective countries.

"Franchising is an interesting concept for everyone. It is successful in Pakistan. I think other countries that are facing problems in the education sector should also adopt franchising. I am sure these franchised schools will grow." (Student # 2)

"Currently, our government is co-operating with franchise chains. They are not creating any problems for us. I am satisfied with the strategies of government." (Franchisor # 2)

"Actually, franchise chains utilize the abilities of its staff at a maximum level, while in the government institutes they do not utilize the abilities of their staff. They have very competent staff, but they do not utilize them. Network strategies are successful and it will grow in future." (Franchisee # 2)

Some interviewees suggested that franchised schools are successful in Pakistan because they are mostly managed by domestic educational companies which are well-organized and up to date about the local needs of the society. Private education companies already know about strengths and weaknesses of Pakistani education system, such as the need for low-fee schools and for schools in rural areas. Interviewees perceive that domestic education companies have launched franchised schools at the right time, charge reasonable fees and offer adequate educational services.

"We will grow because we have expertise and we have developed a standardized system. Our staff is very experienced." (Franchisor # 5)

"We have developed an educational frame work in Pakistan. We have big responsibilities on our shoulders, we are building and grooming our future nation and we fully realize this responsibility. Schools plays very important role in personality development of a child and we take it very seriously. We are successful in gaining parents trust and we are prospering." (Franchisor # 2)

"The franchising sector is progressing in Pakistan. I expect the development of the education sector in the future through franchising because franchised schools offer low fees, scholarships and quality in educational services which government is unable to offer." (Employee # 5)

"Government is not providing quality education in schooling and our population growth rate is very high. We need some alternative source to offer quality education and that is franchise chains. Thus, I do not see any trouble for them at least in near future." (Franchisor # 1)

Franchising in the education sector in Pakistan is a growing phenomenon and it is expected to expand further in the future.

4.5.2.1 Education franchising chains are rescue for education sector

Even-though the Constitution of Pakistan states that school education must be free for all children, franchise chains charge fees, but many interviewees pointed out that if these franchised schools were not present then students and parents would have no suitable alternative schooling. Thus, franchising in the education sector has emerged as a rescue for many students and parents. Some interviewees said:

"If these franchise networks were not operating in our country then the education sector would be in disaster. Our literacy rate is already low and if these networks were not here I cannot even imagine how bad the education situation would be." (Parents # 3)

"These educational networks have emerged as a rescue for the middle class. Sometimes people are unhappy because they have to pay fees to educated their children but when they consider the education options in our country then they prefer chains because chains are performing well and charging reasonable fees." (Employee # 4)

"I am sure these chains are the most suitable substitutes of public schools." (Franchisor # 3)

"These franchising schools are not enough to meet educational needs in our country. Our population is growing at a high pace. We desperately need to improve our public schools. But, as far as public schools do not improve

franchising schools are excellent alternative for education sector."

(Franchisor # 7)

"There is no suitable alternative of schooling in our country. Chains are like a

blessing for education sector." (Franchisee # 8)

Many parents think that franchised schools are the means by which their children have been rescued from a failing state school system. This is particularly true of middle class and lower middle class parents who could not afford elite private school fees.

4.5.2.2 Franchising offer standardized educational procedures

The standardized procedure of franchising enables franchisees to deliver quality education more effectively than public schools. The educational services are specially focused in educational chains. This became the reason for the success of franchise schools.

"The franchise sector has fewer facilities, but students prefer to get admission

to franchise chains schools. It is due to the good quality of education."

(Franchisee # 8)

"I would say that government needs to develop legislation to keep proper

check and balance on franchising system in the education sector. I mean some

of the schools are even operating in streets or do not have enough space. Every

school must get registered with the government." (Franchisee # 1)

Franchised schools are successful in providing standardized educational procedures.

4.5.2.3 Individual private schools' preference to adopt franchising

Good education quality, services, facilities, rapid expansion, increasing marketing and brand name development has equipped chains to compete each other. This competitive situation has increased the difficulties for individual private schools and as a result they are rapidly joining franchising chains. Some interviewees said:

> *"These individual schools will have to adopt franchising because they cannot compete with us. They are already shifting into franchised schools and in future I expect this trend will increase." (Franchisor # 1)*

> *"We are receiving many applications from individual private school's owners. We appreciate and accommodate these applications. However, sometime we cannot allocate them because of territorial issues or location problems." (Franchisor # 6)*

The difficulties for individual private schools are rapidly increasing and as a result they are adopting franchise brand names as their survival strategy.

4.5.2.4 Performance of education chains has motivated public sector

Many interviewees mentioned that the continuous success of franchising has now started to put pressure on government to improve public schools. Many people are unhappy because of the poor performance of public schools and they have started to ask the question: Why, if private education companies can work efficiently in the education sector, the government cannot perform? Although, many interviewees considered franchised schools as a good alternative to public schools, they have to pay fees in franchised schools – which makes them unhappy. They also perceive that government must realize its duty to provide free and quality

school education for every child. As a result, government has recently started to develop various strategies to improve education. Such as, government has started to offer public-private partnership with private schools – where government will pay the fees of children on behalf of parents. Recently, the education ministry of Pakistan has enforced a policy on all private schools whereby they must enroll 10 percent of the students who are unable to pay fees. Further, they must set asie one percent of their enrolment for children in need of special education. In addition, every private educational institute has to hire special education teachers.

In addition, government has been striving to hire more teaching staff for public schools and to force available teachers to attend school and classes regularly. Government has also promised to increase the education budget over the coming years. They have also started building basic facilities in public schools - toilets for girls and classrooms in rural areas[770]. Moreover, in the year 2014-2015 government handed over one thousand public schools to NGOs and individuals who are interested in developing and operating public schools on the behalf of government. Many interviewees perceive that the franchising sector has increased social pressure on both the government and the public school sector, both of which are now trying to improve their record.

> *"Government has launched many models. They are now paying private schools for educating some specifically selected poor children. They are also offering public schools at leasing." (Franchisor # 2)*

> *"Today, anyone can open a school with government, where investor will build the school and provide all facilities according to the set standards of*

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[770] In most of rural areas, school students study under the shade of tree because of no availability of classrooms.

government and instead of parents' government will pay settled fees. It is called PEF model." (Franchisor # 4)

"We can also register our school with government as a partner but I do not face any challenges in making enrollments every year. So, I prefer to deal with parents instead of government." (Franchisee # 4)

"Government is more interested in getting private services for education instead of improving their own sector. Anyhow, I appreciate that at least they are serious in educating children." (Franchisee # 5)

"Government can improve their own systems but they do not want to invest in it. They want private sector to invest in building and operating schools where they could pay a little fees on behalf of parents." (Employee # 8)

Government perceives education franchise chains as a successful phenomenon and has recently started to establish a data base for franchised schools. The purpose of the data base will be to efficiently enforce government policies regarding the payment of income tax and to better manage the franchise schools system in term of curriculum, size of school building, and availability of facilities. This data, which will all be uploaded onto the web, will also contain information about the number of enrolled students, the number of employees, teacher performance reports, teacher qualifications, information about teacher training programs and the exam results of franchise students. Recently, the Provincial Government of the Punjab has offered a partnership between franchised schools and government. Under this partnership, if a franchise campus from a small town or a rural area wants to become partner with government, then government will pay the students' fees and franchisee schools will provide all other

facilities, including buildings, furniture, teachers and classrooms. Some interviewees described this partnership as follows:

"We agreed on low fees in partnership with the government but our cost has also decreased. In past, if a teacher was teaching to fifteen students in his class now the same teacher is teaching to thirty students in the same classroom." *(Franchisor # 5)*

"This partnership is an appreciating step by the government. We have been successfully managing education sector and if government pays us fees on the behalf of students, obviously, it will increase our enrolments and franchising phenomenon will strengthen more in the education sector." *(Franchisor # 8)*

"Partnership with the government has many benefits. We have experienced an unexpected rise in student enrolments after the partnership." *(Franchisee # 7)*

"Government cannot manage their schools because of low education budget and bundle of other issues. Therefore, I see it as a good move for franchising sector. Parents and student trust will increase on chains." *(Franchisor # 4)*

"This is a good step by government now children of a poor person can also study with other students. It will decrease gaps in our social class." *(Employee # 9)*

Some interviewees do not appreciate the decision of government to join with franchise chains partnerships. They criticized the fact that government is taking steps towards privatization of the education sector:

"Government is running away from its responsibility. They should improve their public schools instead promoting franchising as a rescue." (Parents # 1)

"First they have allowed private sector to operate in a public sector and then they announce the privatization of that sector. This is well known practice of our government. I believe education sector is going to be fully privatized." (Employee # 6)

"This partnership is interesting for franchise chains but not for public. The chains will focus more on earning money instead of quality of education." (Parents # 1)

"I feel it will change the focus of franchisors and franchisees. Now they focus on education quality and facilities etc. In future, they will focus on increasing enrolments and their profits." (Employee # 2)

Some interviewees mentioned that this partnership will decrease the education quality of networks.

"The number of students will increase but how teachers will manage these students. The quality of education will affect in franchise chains." (Parents #2)

"Whenever public sector made a partnership with private sector it is never beneficial for the end user. Even private sector performance decreases over time. Networks were performing well but if this partnership grows then I see a downfall of franchising sector soon." (Parents # 6)

"The franchised schools do not have large buildings to accommodate such a large number of students. They will prefer to increase their profits by

increasing enrolments. I think it will have negative impact on chains quality."

(Parents # 7)

"If chains can keep the consistency in education quality and services, then this partnership is good. Otherwise, we will even lose franchising sector from education sector and then there will be no reasonable option left." (Parents # 8)

"I am worried about education quality. Teacher student ratio will disturb, obviously teachers will have burden and their performance will decrease." (Parents # 3)

"This is unfair that some students will get free education and others will have to pay. Government must pay fees for every student. There are so many people who are in financial difficulties but still they are striving, government must support all of us instead of targeting any specific community." (Parents # 1)

Franchised schools have improved education provision in Pakistan and government has recently started recognizing these franchised schools as a successful phenomenon. Government partnership with private education sector has been receiving a mix of positive and negative responses from public.

4.5.2.5 Need for legislation governing education franchise chains

There is no specific law or policy introduced by the legal authorities in Pakistan for the franchising sector. In-case of any dispute, the franchising chains consult civil laws. However, as explained by franchisors, every chain has its own legal team of advisors and lawyers to enforce franchise agreements and disputes resolution with franchisees.

"I do not expect a law for franchising in the education sector. Personally, I am also a lawyer. Government needs our support and they cannot make a law to restrict us." (Franchisor # 1)

"We use local civil laws for dispute resolution. We do not have any special clause in law dealing with franchising." (Franchisor # 5)

There is no specific legislation for dispute resolution between key players of franchised schools in Pakistan and interviewees explained that, as a result, there are no massive legal disputes related to franchised schools. When disputes do break out, local civil laws are used to resolve them. .

4.5.2.6 Possibility of death for franchise chains in the education sector

The rapid improvement in public school performance could be a challenge for franchised schools. However, the public schools have not been performing well for decades and, as a result, people have lost their faith and trust in public schools. Even if the public sector starts to improve it will take a long time to construct new school buildings, hire and train new faculties and cope with an increasing population. Therefore, interviewees do not foresee an early death for franchising in Pakistan's education sector.

"Franchising in the education sector can never face the situation of death. These chains are social need of our society. No one is expecting any improvement in public school or legislation against franchising schools. Franchising schools are performing well so phase of death is unexpected for me." (Franchisor # 6)

"Anything can happen in our country. Recently, we have seen closure of CNG stations (compressed natural gas stations) in Pakistan because of shortage in gas supplies. Investors had invested billions in constructing these natural gas stations and there were millions of customers who spent lot of money on installing gas kits in their cars but within six months government closed all gas stations. No one can stand against government.. Same story could repeat with franchised schools, but I do not expect it, because government do not have any reasonable alternative for schooling." (Franchisee # 9)

"Franchising is growing and it will grow further because government has no alternate solution. If government sector improves over time, then they may restrict us and our margins might squeeze or competition could increase but phase of death is not possible for franchising sector." (Employee # 7)

Franchising in the education sector is a growing phenomenon and there is little probability of improvement in public schools. The domestic franchise chains have emerged as a rescue for the education sector in Pakistan, the numbers of franchised schools are growing rapidly and Pakistani government also perceives franchising in the schools sector as a successful phenomenon. Therefore, education franchise chains are expected to grow and expand in Pakistan.

CHAPTER 5

DISCUSSION AND CONCLUSION

5.1 Role of education franchise chains in Pakistan

This study highlights the importance and the role of franchising in the education sector of Pakistan. It explores the role of franchise school chains, which operate as substitutes for the public schooling system by offering full-time schooling services[771] from pre-primary to higher secondary education. In these chains, franchisors have developed a socially-oriented business model which can achieve economies of scale and is successful in responding towards social pains of middle and low-income families and economically disadvantaged masses of the society. They accomplish this task by providing standardized educational services up to higher secondary school level without depending on any kind of external funding, government subsidies and/or philanthropic means.

The franchisors have applied classical techniques of commercial franchising in the education sector to design a self-sustainable social business model which generates profits and which also enables the franchisees to attain both, social and commercial ambitions. To estimate the success of franchise school chains in Pakistan, it is worthy observing that the number of domestic franchise chains has grown to 22 in just 15 years. Currently, there are 4,127 franchise schools with approximately 1,310,200 full-time students[772].

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[771] These school chains offer full day education and establish concrete curriculum (i.e., arts, computer, physics, chemistry, biology, mathematics, history, geography and covers many other domains) like public schools. The examination, such as middle class, secondary and higher secondary examinations are conducted by government authorities and not by franchise schools.

[772] These figures are estimated by the author based on review of franchise chain websites.

5.2 Emergence of education franchise chains in Pakistan

In Pakistan, it is obvious that a vast majority of people do have not trust in public schools mainly due to their continuous poor performance over decades. The findings suggest that the core reason for this poor performance is a combination of numerous economic, financial and managerial challenges, such as overpopulation[773], lack of economic resources, limited education budget, political instability, and problems in implementing education policies. Furthermore, some other factors are responsible for the widespread mistrust of the public school sector such as the insufficient number of public schools, a shortage of adequate basic facilities, the unsatisfactory performance of teachers, an insufficient number of teachers, poor teacher training, inadequate checks and balances on teachers, poor student results, rapidly growing education demand, government's excessive diversion toward resolving other national issues such as the war on terror, the energy crisis and political instability, rather than ensuring appropriate education provision and regaining long-lost public trust.

Despite of Pakistan's constitutional obligation[774], international commitments[775] and national education reforms[776], public schools have been clearly lagging behind and there are no signs indicating a likely noticeable improvement in the future. The findings also suggest that Pakistan's low literacy levels and the poor performance of public schools has been a deep rooted manifestation of the social traps in society. These include child labor, poverty, gender inequalities, increasing gaps between rich and poor, high risk of developing negative

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[773] According to UNESCO, Pakistan is world's sixth populous country.

[774] The Article 25-A of the Constitution of Pakistan obligate government to ensure free education access as a fundamental constitutional and enforceable right of every child from ages five to sixteen

[775] For example, "Millennium Development Goals" signed by 189 countries at United Nations Millennium Summit in 2000 and "Education for All" global movement by UNESCO..

[776] National education reforms are the policies and vision which suggests strategies to increase literacy rates, capacity building and enhancing facilities in public schools.

emotional health in children, an increasing tendency towards religious radicalization among young children and disadvantaged communities. Home-grown terrorism and squandered talent, fuels crimes, hinders economic growth and stifles social mobility. The underperforming public schools have left 5.1 million children out of the school system, which is the second highest out-of-school children ratio in the world. Of these over five million children, two-third are girls. However, public schools still exist and operating mainly in remote and rural areas, where either people do not have an alternative choice or they cannot afford to pay for a non-public sector. Therefore, it has become clear that, public trust in the public school sector has collapsed. On other hand, the high fees charged by private company schools, as well as bad economic conditions, meant many parents could not afford to enroll their children there. That is why franchise schools emerged to cope with these issues in the education sector.

Another major reason behind the emergence of education franchising chains is that at a time point private education companies in Pakistan started to face a crisis in their growth and stability. Therefore, they opted for the option of franchising their concepts according to the needs of the masses. According to the resource scarcity view, franchisors seek to finance their expansion through franchisees (Cliquet, 2000)[777] or some firms face shortfall in capital at the beginning of their lifecycle and they adopt franchising in order to meet financial needs

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[777] Cliquet, G. (2000). Plural form chains and retail life cycle: An exploratory investigation of hotel franchise/company-owned systems in France. *Journal of Business and Entrepreneurship,* 12(2), 75.

for their expansion (Combs & Ketchen, 2003[778]; Perrigot, Basset, & Cliquet, 2011[779];

Perrigot, Kacker, Basset, & Cliquet, 2012[780]).

For such firms expansion becomes a source of earnings because they receive initial fees and royalties. Also, firms share the risk of involving their personal capital (Combs & Ketchen, 1999[781]; Hoogvelt, 1997[782]). Consequently, the adoption of franchising ventures to fuel the growth of private education companies is another major reason for emergence of franchise schools in Pakistan. Some private universities and, interestingly some public universities, have also responded to the dire situation of public schools and have launched franchise schools as an opportunity to extend their educational services down from higher education to school level. Hence, I conclude that it is mainly the poor performance of public schools which has created a needs gap and this has been recognized by investors who have opted for franchising for their growth and expansion as well as the solution of their financial and managerial constrains.

5.2.1 Different private organizations operating in the education sector of Pakistan

This study identifies that various types of non-public schools are operating in Pakistan including international schools like the International School of Choueifat, Pak-Turk International Schools and Colleges, and private elite schools owned by private education companies like the Beaconhouse School System and The City School. There are also

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[778] Combs, J. G., & Ketchen, D. J. (2003). Why do firms use franchising as an entrepreneurial strategy? A meta-analysis. *Journal of Management,* 29(3), 443-465.

[779] Perrigot, R., Basset, G., & Cliquet, G. (2011). Multi-channel communication: the case of Subway attracting new franchisees in France. *International Journal of Retail & Distribution Management,* 39(6), 434-455.

[780] Perrigot, R., Kacker, M., Basset, G., & Cliquet, G. (2012). Antecedents of early adoption and use of social media networks for stakeholder communications: Evidence from franchising. *Journal of Small Business Management,* 50(4), 539-565.

[781] Combs, J. G., & Ketchen, D. J. (1999). Can capital scarcity help agency theory explain franchising? Revisiting the capital scarcity hypothesis. *Academy of Management Journal,* 42(2), 196-207.

[782] Hoogvelt, A. (1997). *The History of Capitalist Expansion.* London. Springer.

individual private schools such as the Al-Ahmar High School and Rashid Primary School, military schools including the Army Public School, Garrison High School, and schools operated by international and national NGOs, or welfare schools, such as the Sufi Foundation School and the Pakistan Community Welfare School. The findings specify that, compared to franchise schools, the quality of education[783] is believed to be better in international schools and private elite schools, but a relatively small segment of Pakistani society can afford to pay the heavy fees at these schools. On other hand, the individual private schools are large in number and charge nominal fees (even less than franchise schools) but the quality of education in these individual private schools is highly questionable. The schools operated by military, by both international and national NGOs and welfare organizations are limited and offer education to a specific segment of the society. Thus, they could not generate a significant change in society or respond to the social pains of the masses. However, franchise schools have been successful in providing standardized educational services at low cost (low-fees), therefore, a large segment of the society prefers paid franchise schools over free but underperforming public schools.

The educational facilities in franchise school are far better than public and private individual schools but nearly comparable to international and private elite schools which charge huge fees. The findings confirm that the majority in urban as well as in rural areas can easily afford the fees of franchise schools and those who could not afford can often avail of wide fee-reductions and scholarships under specific conditions.

5.2.2 Education franchise chains' standing in Pakistan and overseas

In Pakistan, franchise schools have been considered as a means of rescue within the schooling sector for middle and low-income parents. The idea of franchising in the education sector is

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[783] The quality of education refers to better secondary and higher secondary school results.

not a new phenomenon. Rather, an ongoing debate in scientific literature[784] has mentioned this phenomenon in some developing, emerging and developed markets, including Canada, Ghana and the US. However, education franchise chains in Pakistan are not comparable to education franchise chains in developed markets as the state schools in most of these markets are not underperforming. This study suggests that domestic private education companies and local universities might adopt "low-fee franchise schools" if public schools are underperforming, private actors are available and legislation allows the involvement of private actors in the education sector. It could allow them a rapid expansion by positively responding to the social pains of the society. Also, their existing experience and expertise in education field would help them to act properly.

Education franchising in developed markets, such as Canada, the UK, France and Germany, should not necessarily be recognized as a form of social franchising because in these markets franchise schools may offer very limited educational as well as social services[785] since their state schools have been performing well and local communities trust the state school sector. However, if in a developing or emerging market franchise school chains emerge due to insufficient and poor performing public schools, and if they focus on improving literacy levels and unaddressed social issues such as education for girls, employment for females, entrepreneurial opportunities for masses, then this use of franchising could be called a form of social franchising. Similar phenomenon of classification or categorization could also be adopted for the health sector.

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[784] Casson, M. (2011). Franchising the american elementary and secondary educational system. *Forum for Social Economics,* 34(1-2), 61-70; Davies, S., & Aurini, J. (2006). The franchising of private tutoring: a view from Canada. *Phi Delta Kappan*, 88(2), 123-128.

[785] Some examples are; swimming, after class tutoring, individual assistance for a specific subject i.e., Math's, Chemistry and/or Physics.

Over a very short period these franchise schools have created a large number of entrepreneurial opportunities for local investors reliving in urban as well as in rural areas of Pakistan. Moreover, the use of franchising in the education sector has also generated employment opportunities for young graduates, specifically for young female graduates.

This study also highlights that chains which operate in plural form[786] are more-likely to achieve uniformity and better results than the chains which operate as pure franchise chains. Where franchise schools are absent, local communities will be left with no wise solutions because private schools then become the only alternative to public schools).

5.3 Issues and challenges of education franchise chains

Major issues and challenges for these education franchise chains include maintaining uniformity in academic affairs, selecting the right franchisees, training inexperienced franchisees, hiring experienced teachers in rural areas, increasing competition, finding the balance between commercial and social goals, dealing with advanced curricula in the English language, especially in rural areas and creating uniformity in facilities at franchise campuses.

On top of that, some believe that franchise schools also need to develop a survival strategy in case the Pakistani government improves its public schools. Recently, the government has begun to regulate education franchise chains in order to ensure their legal existence. However, at the same time, government has also started increasing pressure on these chains through regularizing certain policies[787].

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[786] Most higher secondary school education chains operate in plural form.

[787] Every chain has to offer free education to 10 percent of enrolled students. Further, chains cannot increase fees without government approval, in-case if government allows fee increase it will not exceed 5 percent, franchisors and franchisees have to pay taxes as entrepreneurs and government has made it compulsory for every franchise school to get registered with government authorities.

The findings suggest that the number of franchise networks, as well as the demand for them, continues to increase. Therefore, these chains are expected to grow in future. Any significant improvement in the performance of the public schools (which is unexpected in the coming decades) may pose serious challenges for these franchise chains. However, the number of public schools has not been growing along with the population of the country, therefore, even if public sector improves its performance, it will not be able to provide education for all[788] and franchise chains will still survive. In future, government must support franchise chains because these chains are acting as substitutes for public schools without utilizing state resources. In future, public-private partnership with franchise chains might lead to faster growth and stability.

5.4 Strengths and future of education franchise chains

Education franchising chains have emerged as a social solution for many people. For instance, if these franchise schools cease to operate in Pakistan then a large segment of society will not be able to provide education for their children as private elite schools charge high fees and public schools are underperforming. These franchise schools operate an optimal fees structure which is conveniently affordable for a large proportion of the population. If these franchise schools do not charge nominal fees, they will have to depend on some other funding source or subsidies. However, if or when the donor stops funding, these schools will no longer be able to offer the same quality of education. Therefore, it is extremely important for franchise schools to maintain low-fee policy. In addition, I suggest that government must recognize franchise school chains as a social franchise model so that these franchise chains may get exemption from higher income taxes. Given their crucial role in society, it is inappropriate that education chains are currently paying the same taxes as commercial franchising ventures.

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[788] The population is growing at a faster pace and government has limited financial and managerial resources.

It would also be fair and helpful for franchise schools to be able to avail certain subsidies, such as reduced utility bills and tax-free teacher salaries. These subsidies will positively impact the franchise chains, enabling them to sustain low-fee structures and improve the quality of education through standardization.

5.5 Characteristics of education franchise chains in Pakistan

The analysis of franchising in the education sector of Pakistan has shown that school franchise chains share most of the characteristics found in commercial franchising ventures like hotels and restaurants in developed markets like Australia and the US. Potential education franchisees should agree on entrance fees and royalties, as in commercial franchising. In return, franchisors should grant the rights to use their brand name and concept in a specific geographical location for a specific period of time[789] by signing a franchise contract.

Education franchisors in Pakistan should ensure the transfer of procedural know-how, provide initial and ongoing training, initial and ongoing assistance as well as strive to maximize uniformity, as in traditional franchising in developed markets. These attributes enable education franchise chains to strengthen franchisor-franchisee relationships and to gain higher levels of franchisee satisfaction and trust, which directly contributes to chain growth and development.

5.5.1 Significance of brand name in franchising in education

The results indicate that the use of brand names in the education sector in Pakistan offers franchisors similar benefits as in commercial franchising in that it enables rapid expansion

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[789] Most education franchise chains offers a time period of ten years for a contract. A very few of chains also offer life time franchise contract i.e., Allied Schools.

without involving their personal capital shared risk and responsibilities such as human resource management.

For many people, a brand name in the education sector is as important as in clothing and food sectors. Education franchisors use the brand names of their parent company, such as private elite schools, private universities and public universities, to attract and gain the trust of users, both franchisees and customers. They strive to provide competitive education quality and services within low-cost fee structures. The local community trusts the parent company brand names, therefore, instead of enrolling their children in free-of-cost underperforming public schools, most parents prefer to pay affordable fees at franchise schools. However, this may have a negative impact on society, cementing discrimination among various social classes and bringing about a further deterioration in the image of public schools.

5.5.2 Franchisee recruitment in education franchise chains

The franchising literature highlights that franchisee recruitment criteria plays an important role in the success of a franchise chain (Brown & Dev, 1997; Jambulingam & Nevin, 1999). However, in the social franchise sector, franchisee selection and training are believed to be a complex and multifaceted task for the franchisor (Sivakumar & Schoormans, 2011a)[790]. Consequently, this study explains that franchisee recruitment is an important but complicated phenomenon for franchisors in the education sector of Pakistan. The franchisors use different selection criteria for different levels of schooling. For example, franchisors do not necessarily place very high importance on a potential franchisee's previous experience, education, and management abilities when selecting franchisees for lower-primary and primary schools. Generally, franchisors consider the financial stability of the potential franchisee to be the most

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[790] Sivakumar, A., & Schoormans, J. P. L. (2011a). Franchisee selections for social franchising success. *Journal of Nonprofit & Public Sector Marketing,* 23(3), 213-225.

important factor in choosing these recruits. On the other hand, when recruiting for secondary schools, franchisors give a more balanced consideration to all of the franchisee's basic and important qualities, including their experience, education, management abilities and personality. The explanation for this difference could be the complexity and sophistication of educational standards at higher secondary school level, which demand a prudent, practical and efficient administration and management.

After recruitment, franchisees pay entrance fees and monthly royalties which are mostly based on fees collected and, in some cases, on a fixed monthly amount per student.[791].

5.5.3 Transfer of know-how in education franchise chains

The results show that the education franchisor's transfer know-how, such as business methods and techniques, is important. So is their ongoing supervision of franchisees to avoid misuse of the brand, shirking and free-riding through tapered integration. Franchisors get access to financial, managerial and local knowledge resources such as test innovations and franchisees get access to ownership of a successful business, best practices and the assistance of a highly competitive business developer. Further, the franchise manual is provided to define and best organize the relationship by determining and undertaking responsibilities.

5.5.4 Initial and on-going training and assistance in education franchise chains

All investigated education franchise chains in Pakistan offer initial and ongoing training sessions as well as continuous assistance to their franchisees. My findings confirm that these training sessions particularly train and groom franchisees to achieve a balance in delivering high quality educational services and earning reasonable profits.

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[791] Some chains charge fixed amount, such as The Educators charge Rs. 200 each month per student as monthly royalty, whereas, some chains charge percentage of monthly fee collection, such as Allied Schools charge 10% each month on total fee collection.

Education franchisees are considered to be responsible for educating and grooming a nation on behalf of government, whereas commercial franchisees are usually responsible for selling ordinary goods, products or services. Therefore, education franchisees, particularly with non-educationist background, consider training and assistance to important characteristics of education franchising. The results explain that initial and ongoing training sessions fulfill the expectations of franchisees and augment their satisfaction level, whereas continuous assistance leads to a higher success probability for franchisees and subsequently for the franchise chain. These training sessions and continuous assistance are not limited to franchisees but many education franchisors have assigned special team members to regularly assist employees of franchisees, helping teachers to organize lesson plans and classroom management.

5.5.5 The importance of marketing and communication in education franchise chains

The results of this study reveal that education franchisors in Pakistan do not use the same communication methods to attract franchisees as franchisors in traditional sectors in developed countries do. The past research shows that the majority franchisors in traditional franchisor sectors such as restaurants mainly use industry-specialized media or the Internet to attract new franchisees (Perrigot, Basset & Cliquet, 2012). However, the findings of the present study show that education franchisors in Pakistan largely depend on mainstream print and electronic media to attract new franchisees. They frequently advertise at national level using general print, electronic, and social media. These advertising and marketing campaigns in the education sector have attracted many investors and individuals to become education franchisees. Nationwide advertisements simultaneously target potential franchisees and attract existing and new users, both parents and students, to study in nationwide standardized schools.

Watson & Kirby (2004)[792] identified that franchise customers in UK do not necessarily know they are using a franchise. However, in the case of education franchising in Pakistan, both parents and students are aware that they are using franchise concepts due to the franchisor's extensive national-wide advertisement policies. These advertisements include slogans such as: "call for franchise opportunities*",* "invest in franchise schools", "franchise opportunity in schools" and "study in franchise schools". Most users are therefore well aware that they are using the educational services of franchise schools.

Such communication strategies contribute to increasing user satisfaction with franchise schools and foster trust and commitment between then and their customers. Interestingly, through strategic advertisement in electronic media domestic education franchisors have not only expanded their operations across Pakistan but have also expanded domestic franchise chains overseas, partly by focusing on the expatriate market, in many emerging and some developed markets, including Malaysia, the Philippines, Qatar, Saudi Arabia, Thailand and the UK.

5.6 Key players and their motivations in education franchise chains

The traditional franchising has two main partners, namely franchisors and franchisees. However, the findings of this study suggest that franchising in the education sector in Pakistan involves multiple stakeholders. In addition to franchisors and franchisees, the franchise chains must work closely with the government as most of the school chains have to follow curricula set by government.

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[792] Watson, A., & Kirby, D. A. (2004). Public perceptions of franchising in Britain: releasing the potential. *Journal of Small Business and Enterprise Development,* 11(1), 75-83.

The key examinations, such as middle school, secondary school and higher secondary school examinations are organized by the government and the students studying in private schools, including franchise chains, must pass these examinations in order to progress to the next classes. As education franchising has been flourishing in Pakistan, it is interesting to note how different companies and individuals from diverse backgrounds are competing in this field. Education companies (franchisors) are owned by individuals, including bureaucrats, media channel owners and multi-national business owners, while franchisees also have various backgrounds such as educationists, young entrepreneurs and bankers.

5.6.1 Franchisors

Successful franchisors in the education sector are mainly from three categories: domestic private elite schools, domestic private universities and public universities, whereas all private networks are owned by businessmen, bureaucrats and multi-media owners. A very small number of international franchisors are also present in Pakistan. However, these specifically target an elite segment of the society and do not have a significant impact on the masses of the society. The education franchisors in Pakistan have different organizational structures. These include public limited companies, private limited companies, partnerships and not-for-profit trusts.

5.6.2 Franchisees

Franchisees in education franchise chains are mostly individuals with diverse backgrounds and experiences, such as bankers, educationists, entrepreneurs, expatriates, exporters, government employees, investors[793], importers, manufacturers and retailers. Franchising in the education sector has offered impressive entrepreneurial opportunities for individuals, as

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[793] Franchisee can also act as an investor by hiring a school principal (a person responsible for academic affairs of schools, mostly referred by franchisor.

when setting up and running a new business alone it is crucial to have support (Weiss, 2014)[794]. In Pakistan, the individuals or franchisees in the education sector are more interested in education franchising because they do not want to invest their time, money and efforts in establishing a new sophisticated business, designing operating systems and developing brand name or image. Instead, they seek to join an already established business venture with a good reputation and standing in the market (Van-Osnabrugge & Robinson, 2000)[795]. Many prospective franchisees in the education sector want to excel immediately as successful businesses with modest income and expertise received from their initial know-how and training. Most also want to gain a respectable place in society. The franchisees in the education sector also benefit from taking on a cost-effective business model with high quality inputs and low cost supplies such as furniture and books, enabling them to offer highly competitive services to their potential users or customers.. Therefore, franchising in the education sector has emerged as an interesting and effective franchise concept which is easy to adopt all over the country as well as overseas in Malaysia, Saudi Arabia, the UAE and the UK). Contrary to the findings of Tracey & Jarvis (2007)[796] that only organizations can become franchisees in the social sector, the qualitative investigation of present study explains that individuals can also become successful franchisees in the social sector - particularly in the education sector of Pakistan.

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[794] Weiss, J. W. (2014). *Business ethics: A stakeholder and issues management approach.* Oakland. Berrett-Koehler Publishers.

[795] Van-Osnabrugge, M., & Robinson, R. J. (2000). *Angel Investing: Matching Startup Funds with Startup Companies--The Guide for Entrepreneurs and Individual Investors.* New York. John Wiley & Sons.

[796] Tracey, P., & Jarvis, O. (2007). Toward a theory of social venture franchising. *Entrepreneurship Theory and Practice,* 31(5), 667-685.

5.6.3 Government and other stakeholders

The results emphasize that government is playing a supportive role in the development of franchise schools in Pakistan. The expansion of franchise schools has brought many benefits to government, particularly in that it has increased education access at school level, which further contributes to the country's attempts to meet its Millennium Development Goals (MDGs).

Government has set the regulatory context for accrediting franchise schools, requiring the obligatory registration of franchise schools with government and registration of school students for government-held exams. Franchise schools' yearly student fee increment is subject to approval from government and they must offer free education to poorer and disadvantaged students. Most interestingly, government has started to pay student fees for a limited number of students, lifting the financial burden from their parents – this could be seen as a form of public-private partnership with franchise schools. In addition to government support, other stakeholders have also begun supporting some franchise schools in Pakistan. USAID funded the construction of some school buildings in Pakistan and UNESCO has also provided funding.

5.6.4 Motivations of franchisors in education franchise chains

Most franchisors are not operating to provide a social service. Nor do they intend to resolve social pains of the society by improving literacy rates. Rather, most of them clearly intend to make profits and adopt franchising as an efficient way to extend their business activity and benefit from a showcase effect (signaling theory).

The key motivations of domestic education franchisors closely resemble those of commercial franchisors in developed markets, such as financing their economic and

managerial constraints (Dant & Kaufmann, 2003)[797]. Education franchisors adopt franchising to gain capital, share managerial know-how, employ risk-sharing and target new customers. These potential customers are usually communities in urban as well as far-flung places which were previously inaccessible to them. Franchisors usually aim to achieve growth through low-fee franchise schools by involving the capital and managerial resources of franchisees. By the involving local individuals (franchisees) franchisors get access to primary socio-economic data such as population density[798], literacy trends, employment trends, income levels, the spending capability of local residents and the expected number of students. This gives franchisors the flexibility to consider new demographical locations in which corporate returns might be marginal.

Local knowledge is very high important in education franchising as parents are more likely to trust a person they know with the education and training of their children. The franchisees are generally well connected in the local communities and can attract students. Hence, it can be argued that the importance of local knowledge is higher than in the case of education franchising than it is in commercial franchising.

5.6.5 Motivations of franchisees in education franchise chains

It has been observed that the motivations of franchisees in rural and urban areas are different. Many franchisees in rural areas often join a franchise school chain to provide a social service, such as investing in a worthy cause like educating disadvantaged children, thereby gaining respect in society. There is kudos in providing affordable educational facilities for socially and economically disadvantaged families, and especially for girls in their area instead of

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[797] Dant, R. P., & Kaufmann, P. J. (2003). Structural and strategic dynamics in franchising. *Journal of Retailing, 79*(2), 63-75.

[798] As Pakistan is an undocumented economy and access to accurate demographical data is not feasible.

maximizing profits. However, franchisees in urban areas are mostly motivated by profits, similar to the franchisees in the more traditional sectors.

The findings suggest that franchisee profits are often nominal due to low-fee policies and profit return might not start immediately. Rather, profits start rising gradually as student enrolments increase. Despite limited profits, the number of franchisees in the education sector has continued to grow due to entrepreneurial opportunities and professional gains. These include immediate access to a successful business, an established brand name, access to know-how, training and assistance, access to nationwide advertisements in print and electronic media and immediate access to a set of highly competitive services.

Current social franchising literature supports the belief that social motivation is often the primary and most important cause of social service. For instance, Dees (1997) argues that entrepreneurs in social sectors must be socially motivated instead of purely influenced by the profit motive. However, my investigation concludes that in the education franchising sector, social motivation along with the profit motive are both necessary elements. The key players should be simultaneously profit-oriented as well as motivated to achieve social goals for the society. In the education franchising sector social goals are so beneficial and appealing that many franchisors and franchisees feel themselves under the pressure of corporate social responsibility and they strive to improve their sector. Hence, the findings highlight that franchisees have made and continue to make significant contributions to the improvement of the education sector in Pakistan.

Franchise schools are cost-effective and favor the community in several ways, such as through their low-fee policy, fee reductions for deserving and needy students, offering scholarships and awards for bright and disadvantaged students. I have noticed that despite their making a substantial contribution towards resolving a major social issue, most of the

franchisors and franchisees do not consider themselves under a particular social responsibility. Rather, as in more traditional franchising, their concerns and motivation are mainly monetary rather than social.

There is a strong need to gather, analyze and present the social effects and contributions of education franchising sector to the key players, such as franchisors and franchisees, so that they might better understand the importance of their role in society and make further strategies to improve their efforts and bring fruitful results out of their business activity. This current study should be helpful in accomplishing that task.

5.7 Franchising in the education sector: commercial or social franchising?

The few available studies on education franchise chains (Casson, 2011[799]; Davies & Aurini, 2006[800]; Riep, 2014[801]) do not identify the use of franchising in the education sector as a form of commercial franchising or as a form of social franchising. Hence, commercial franchising can be defined as:

> "a relationship where a firm (franchisor) sells the right to use its brand name,
>
> operating systems, and product specifications to a person or a firm (franchisee)

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[799] Casson, M. (2011). Franchising the american elementary and secondary educational system. *Forum for Social Economics, 34*(1-2), 61-70.

[800] Davies, S., & Aurini, J. (2006). The franchising of private tutoring: a view from Canada. *Phi Delta Kappan*, 88(2), 123-128.

[801] Riep, C. (2014). *Omega Schools Franchise in Ghana:"affordable" private education for the poor or for profiteering?* Education, Privatisation and Social Justice: Case studies from Africa, South Asia and South east Asia. Oxford: Symposium Books.

who is permitted to market franchisor's products/services within a specific geographical area and time period" (Combs & Ketchen, 2003, p. 443[802]).

Whereas, social franchising can be defined as:

> "the application of commercial franchising methods and concepts to achieve socially beneficial ends. Or, to put it slightly differently: social franchising is the use of a commercial franchising approach to replicate and share proven organizational models for greater social impact" (Temple, 2011, p. 3)[803]

My qualitative analysis explains that the franchise school chains offer a relationship in which franchisor agrees to sell the rights to the use of his brand name for a specific time period within a specific geographical location, shares their operating system and provides other necessary ingredients, such as know-how and training, assistance to franchisees. In return the franchisor charges entrance fees and royalties. This all clearly identifies that education franchise chains have adopted the core techniques of commercial franchising. However, in addition to making profits, these franchise chains have brought significant social improvements for low-income and middle class parents, disadvantaged communities and young girls living in rural and deprived areas.

There are multi-dimensional social goals that franchise chains have achieved for Pakistani society, including significant contributions to improving the literacy rates from primary to higher secondary school level in just in one-and-a-half decades, standardized education provision as a substitute of public schools by offering full-time school studies,

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[802] Combs, J. G., & Ketchen, D. J. (2003). Why do firms use franchising as an entrepreneurial strategy? A meta-analysis. *Journal of Management,* 29(3), 443-465.

[803] Temple, N (2011). The social franchising manual. *Social Enterprise Collation.* United Kingdom. Retrieved July 10, 2016, from http://www.socialenterprise.org.uk/uploads/files/2011/11/social_franchising_manual.pdf.

provided educational services through affordable fees, contributed to reducing gender inequalities by educating girls, especially those in rural and deprived areas, encouraged illiterate families to educate their children and, more specifically, promote girls' education, created employment opportunities for female graduates, especially in rural and deprived areas, provided fee reduction and fee exemption policies for deserving and needy students, granted scholarships rewards policies for bright students. Moreover, some other social contributions include equal education opportunity for children living in urban, rural and deprived areas left without public schools, improved public awareness as to the importance of education through advertisement and social campaigns, supported women rights, encouraged illiterate families to educate their children, created entrepreneurial opportunities for potential individuals and investors, created employment opportunities for young people, and particularly for girls from rural areas, helped to overcome social issues such as child labor and criminality and encourage economic activity.

Taking all the facts together, that standard definition of social franchising is nonexistent and, based on the striking social contribution, there is a convincing case to be made for redefining education franchising as social franchising rather than traditional commercial franchising.

5.7.1 Education franchise: a self-income generation model

The social franchising format in the education sector in Pakistan has been proved to be sufficient and successful in efficiently responding to the social pains of the society as compared to other social organizations such as NGOs, NPOs, co-operatives (social entrepreneurship and social economy). These social franchise chains have responded positively to education issues in Pakistan without depending on any kind of external financial support from the government or elsewhere. The franchising model in the education sector has

proved to be self-sufficient by generating its own-income and profits through collecting monthly fees. These franchise schools have been proved to be completely independent from philanthropy, government subsidies and any kind of external funding.

5.7.2 Social contributions of education franchise chains

The qualitative analysis of this study confirms that teachers, parents and students are generally satisfied with the services and fees structure operated by the education franchise chains. Most users consider that franchise schools are performing better than public schools and offer more advanced curricula, progressive teaching and learning techniques and innovative technologies such as digital classrooms and healthy school-family relationships.

Many users mentioned that the secondary and higher secondary final results of franchise schools are satisfactory and better if compared to public and other types of schools. The main characteristics of commercial franchising were also highlighted by local communities, mainly in terms of the importance of brand names and standardized educational services. Most users consider that brand name in the education sector is as important as in commercial sector such as food, hotel and restaurants. The brand name allows users to identify the standards of the educational services and helps new customers to get referrals.

Franchise chains in the education sector have implemented strong communication strategies to attract users via different means such as TV and national newspapers. Further, these advertisements have enhanced public awareness of franchising in the Pakistani market. Many education franchise users also use commercial food retail or service franchise brands so they perceive that the educational services of franchise or brand schools would be better than public schools or individual private schools.

Many respondents pointed to the social contribution of education franchising chains in Pakistan, such as their role in improving the literacy rates from primary to higher secondary school level[804], providing an affordable alternative to public schools, creating and running schools in rural and remote areas, increasing awareness of the importance of education, reducing gender inequalities, offering low-fee policies, reducing fees for deserving and needy students along with scholarships and awards for bright students, promoting the rights of women, encouraging illiterate families to educate their children, creating employment opportunities for newly graduates, many of them women in rural areas, helping to overcome certain social issues such as child labor and criminality, generating entrepreneurial opportunities for local investors and encouraging economic activity.

Some respondents mentioned that even though franchise schools charge fees, they also regularly offer scholarships[805], awards[806] and rewards[807] for bright and needy students, and reduce fee structures for orphans and even offer free education for deserving students[808].

Interviewees mentioned that, through local ownership, these chains had responded to the need to ease local social pains more effectively than the government through their role in motivating illiterate families to send their children to school, building peer pressure for educating young girls locally and helping to ensure their safety and mobility. Many users confirmed that franchise fees are designed to take account of the income and spending capacity of local communities and are affordable for majority of the population in Pakistan.

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[804]Franchising in the education sector was launched in 2002. The literacy rates in year 2000 was 42.7% whereas in year 2014, it is equal to 59.90% for adult and youth who are15 years and above by UNESCO.

[805] Some chains offer 100% scholarship for students who achieve 90% marks.

[806] Some chains give brand new cars to first three toppers.

[807] Some chains offer financial rewards of up-to Rs.300000 for toppers along with fee reductions.

[808] If parents apply for a fee waiver because of poverty, some chains allow fee waiver for these parents, if appropriate.

Altogether, franchisors and franchisees have responded efficiently towards social needs of the society by utilizing a self-income generation strategy, which also reduced agency costs (Leblebici & Shalley, 1996) and have strengthened education franchise chains. This study explains that the local government perceives education franchise chains as a successful phenomenon. Recently, government has started to promote franchise chains by initiating a partnership in which they pay monthly fees for a few needy and talented students so that they can continue their education[809]. This public-private partnership has only been developed with franchise chains and not with other types of private schools because franchise chains are successful in offering appropriate educational services at affordable prices.

To monitor the growing phenomenon of franchise schools, government has recently established a data base[810] for franchise school management. Many teachers also showed satisfaction towards standardization of franchise chains, as evinced by their standardized teaching methods, prepared daily lesson plans and attractive salaries.

Franchising has emerged as a self-sustained win-win situation for all of its key players, such as franchisors, franchisees, teachers, customers and government. It is because of the growing society-wide acknowledgment of franchise schools' ability to produce standardized educational services and impressive results, that government has announced plans to register franchise schools and offered a public-private partnership for future growth. These recent achievements have given hopes to domestic franchisors that their future growth will be augmented and consistent.

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[809] The selected students who are living in poverty and do not have enough sustenance to afford school fees.

[810] The purpose of this data base is to efficiently enforce government policies e.g., income tax collection and maintain a better management system with franchise schools.

5.8 Comparison of social ventures: social franchising, social economy and social entrepreneurship

This study identifies that education franchising has distinctive features when compared to other social ventures but it has attributes which favor categorizing it under social franchising.

5.8.1 Social franchising and social economy

The sustainability of the social economy is heavily dependent on governments' commitment and their level of commitment usually waxes and wanes with fluctuating momentums (Haugh & Kitson, 2007)[811], which is a clear indication of the uncertainly upon which the whole concept of a social economy rests. The social economy drivers play their role in accelerating the capacity for social innovation during times of crisis. However, competition has increased and it is becoming more difficult for non-profit drivers of social economy to grow at a rapid pace. They contribute towards societal improvements with the support and interest of government, but the significance of the social economy sector gradually decreases when the crisis passes. Hence, the organizational structure of social economy is primarily based on combination of organizations which are not self-dependent and which, without governments' excessive support would have to face multiple challenges and operational limitations. Thus, the social economy concept lacks good governance and its sustainability is uncertain.

However, social franchisors have no financial and managerial commitments with or from government, which frees them to negotiate the credit facilities with financial institutions, rather than depending on the state's commitment. As with to social franchising, the education franchising sector in Pakistan has emerged as a self-sufficient social organizational form with

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[811] Haugh, H., & Kitson, M. (2007). The Third Way and the third sector: New Labour's economic policy and the social economy. *Cambridge Journal of Economics,* 31(6), 973-994.

high growth capabilities and better financial sustainability. Indeed, social franchising is effective in reducing the fiscal deficits of government (Zafeiropoulou, 2013)[812]. Similarly, education franchising has contributed positively towards redeeming the financial and managerial assets of the Pakistani government, which was already suffering a financial crisis due to drastic issues like, war, electricity shortages and terrorism.

5.8.2 Social franchising and social entrepreneurship

Social franchising is more comparable and relevant to social entrepreneurship. Indeed, both strive to achieve a social goal and adequate social improvement in the society by earning income, providing social innovation and demonstrate the necessary risk-taking capabilities. In social entrepreneurship, entrepreneurs re-invest for sustainability (Gawell, 2013)[813] whereas in social franchising model, franchisees also pay a certain amount as royalties to the franchisor for the use of certain services (Brickley, 2002).[814] These include, permission to use the brand name (Norton, 1988)[815], the distribution of technical know-how (Windsperger, 2004)[816] and continuous assistance (Chiou, Hsieh & Yang, 2004)[817]. Indeed, these royalties are exclusively for franchisors but franchisors also recognize the fact that the optimal royalty

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[812] Zafeiropoulou, F. A. (2013). Social franchising formation: A systems approach that enhances formation to resolve issues created by the financial crises. Presented at the 26th *Annual, International Society of Franchising Conference. Beijing Normal University- Zhuhai.* Zhuhai, China. March 13-16, 2013.

[813] Gawell, M. (2013). Social entrepreneurship-innovative challengers or adjustable followers? *Social Enterprise Journal,* 9(2), 203-220.

[814] Brickley, J. A. (2002). Royalty rates and upfront fees in share contracts: Evidence from franchising. *Journal of Law, Economics, and Organization,* 18(2), 511-535.

[815] Norton, S. W. (1988). Franchising, brand name capital, and the entrepreneurial capacity problem. *Strategic Management Journal,* 9(1), 105-114.

[816] Windsperger, J. (2004). *The dual network structure of franchising firms property rights, resource scarcity and transaction cost explanations.* Economics and Management of Franchising Networks: Springer Inc.

[817] Chiou, J. S., Hsieh, C. H., & Yang, C. H. (2004). The effect of franchisors' communication, service assistance, and competitive advantage on franchisees' intentions to remain in the franchise system. *Journal of Small Business Management,* 42(1), 19-36.

payment design leads to faster chain growth (Sen, 1993)[818]. Thus, royalty payments of social franchisees might be considered as a type of re-investment in the system for higher growth and sustainability.

Social franchising and social entrepreneurship also have certain differences. The selection criteria of social franchisees and social entrepreneurs are one of the major differences. Unlike social entrepreneurship, social franchising selection criteria do not depend on factors like compassion or on any other emotional factors. Rather, it is comparable to commercial franchising, where franchisors consider age, experience, personality and the financial strength of franchisees (Jambulingam & Nevin, 1999)[819]. Indeed, the assessment of a potential franchisee's personal profile is the most complicated aspect to access in social franchising (Sivakumar & Schoormans, 2011a)[820]. The question of "when to become a social entrepreneur" is not a complex phenomenon in social franchising. In fact, social franchising can be deployed when and wherever there is social pain. Unlike social entrepreneurship, social franchising techniques have been proven successful in commercial sectors such as retailing through public-private partnerships such as Utility Stores Corporation of Pakistan. On the other hand, in social entrepreneurship, we must look for certain exceptional sets of behaviors in entrepreneurs, which make social entrepreneur a "rare breed" (Dees, 1998)[821].

Based on the comparison above, I conclude that, among social ventures, social franchising is a better model than social economy and social entrepreneurship. Further

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[818] Sen, K. C. (1993). The use of initial fees and royalties in business-format franchising. *Managerial and Decision Economics, 14*(2), 175-190.

[819] Jambulingam, T., & Nevin, J. R. (1999). Influence of franchisee selection criteria on outcomes desired by the franchisor. *Journal of Business Venturing, 14*(4), 363-395.

[820] Sivakumar, A., & Schoormans, J. P. L. (2011a). Franchisee selections for social franchising success. *Journal of Nonprofit & Public Sector Marketing, 23*(3), 213-225.

[821] Dees, J. G. (1998). *The meaning of social entrepreneurship.* Kauffman Center for Entrepreneurial Leadership. Stanford University—Graduate School of Business.

education franchising in Pakistan has attributes that assign it under the category of social franchising. Because, contrary to social economy, education franchising does not depend on government financial and managerial support and, unlike social entrepreneurship, education franchising does not look for a "rare breed".

5.8.3 Comparison of social franchising literature with findings

In recent studies, Sivakumar & Schoormans (2011a)[822] explained that selection of appropriate franchisee is the most important element in social franchising. However, I argue that training social franchisees is equally important because the network associates (franchisees) are equally responsible for achieving a balance between social and financial goals. Furthermore, recent social franchising literature highlights that to create and optimize an original model is the most challenging situation for social franchisors, especially when they want to expand in distant rural or deprived geographical locations (Koehlmoos, Gazi, Hossain & Zaman, 2009)[823]. However, my empirical research explains that it is not a challenging situation for franchisors in the education sector as they have adopted commercial franchising techniques to apply in a social sector and have successfully expanded in rural and deprived areas, thus simultaneously achieving commercial and social goals.

Another challenging situation in social franchising is to measure their social achievement in a specific area and quantify the satisfaction of end-users (Koehlmoos, Gazi, Hossain & Rashid, 2011)[824].

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[822] Sivakumar, A., & Schoormans, J. P. L. (2011a). Franchisee selections for social franchising success. *Journal of Nonprofit & Public Sector Marketing,* 23(3), 213-225.

[823] Koehlmoos, T. P., Gazi, R., Hossain, S. S., & Zaman, K. (2009). *The effect of social franchising on access to and quality of health services in low-and middle-income countries.* New York. PubMed. NCBI.

[824] Koehlmoos, T., Gazi, R., Hossain, S., & Rashid, M. (2011). *Social franchising evaluations: a scoping review.* London.   EPPI.   URL:

The effectiveness and achievements of franchise schools are measurable through the literacy census and through comparing their secondary and higher secondary level exam results with those of public schools.

I argue that franchisors in the education sector of Pakistan are less likely to re-integrate franchise units in the same way as social franchisors in UK (Tracey & Jarvis, 2007) [825]. This resistance to re-integration in education franchise chains might be due to the nature of the sector in that the franchisees' high personal reputation is often one of their greatest assets. Further, Tracey & Jarvis (2007)[826] argued that a resource-based view and agency theory can be used to explain social franchising. Yet, these theories can be criticized because of their narrow assumptions about human behavior with their emphasis on self-interest and maximizing profit and the way in which these external incentives tend to lead to arm's length relationships. These theories also present a one-sided focus on franchisor. Thus, there is a limitation in social franchising literature, as it does not have an appropriate set of theories with which to explain the interaction between network members (franchisor and franchisees), as well as how to develop their mutual trust and sense of reciprocity. Thus, in this research, I have emphasized theoretical frameworks which stem from the concept of strategic networks and explain interaction between network members and define the mutual trust and reciprocity of the network.

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https://eppi.ioe.ac.uk/cms/Portals/0/PDF%20reviews%20and%20summaries/Social%20Franchising%202011Koehlmoos%20report.pdf?ver=2011-06-06-160355-757

[825] Tracey, P., & Jarvis, O. (2007). Toward a theory of social venture franchising. *Entrepreneurship Theory and Practice,* 31(5), 667-685.

[826] Tracey, P., & Jarvis, O. (2007). Toward a theory of social venture franchising. *Entrepreneurship Theory and Practice,* 31(5), 667-685.

5.9 Theoretical implications of the findings

The adoption of a theoretical framework using organizational ecology theory, social capital theory and social network theory allows us to understand and explain the interaction between network member (franchisor and franchisees), analyze social alliances within networks and explain how a private organization can develop a mutual trust and sense of reciprocity towards society by using private means.

5.9.1 Organizational ecology theory

The findings confirm that the internal structure of education franchising is centralized and franchisors initiate growth and development prospects. Further, these education franchise chains emerged as a response to a changing external environment shown by the poor performance of public schools and the erosion of public trust in them. This enabled franchise schools to develop exponentially as highly structured entities geared for long-term existence.

The findings also suggest that government perceives these franchise chains as successful private phenomenon and considers them, increasingly, as a strategic partner. The findings further suggest that in the event of public schools suddenly improving, government would still need these chains because the state alone cannot cope with the growing demand for from the increasing population of Pakistan. Thus, the internal and external structure of education franchising is responsive towards the changing environment in the society. Therefore, its demise is not expected and the likelihood is that it will continue improving in response to demand.

5.9.2 Social network theory and social capital theory

The education franchise key players are highly successful in earning social capital and

forming social networks through creating strong relationships between franchisors and franchisees, franchisors and the government, franchisees and employees, franchisors and teachers (through training), teachers and families and franchisees and families. The social capital value of these chains is gradually enhancing as they have proved a satisfactory substitute to public schools for a large segment of the society.

These franchise chains are successful in maintaining good relationship with socially affected segments of the society, including disadvantaged people living in rural areas, girls and women living in rural areas. This has enabled them to gain the good will, public trust and familiarity essential to enabling their ventures to thrive. They have successfully mobilized private hidden resources from the society for the society.

The education chains in Pakistan are strongly interconnected with each other through economic and social relationships. This channeling of information between networks has allowed franchisors to innovate social provisions for needy and deserving students at local levels with the help of franchisees. In addition, many franchise chains have mapped out partnerships with governments[827] and supra-national organizations[828] to accelerate literacy rates.

In many ways, the possibilities for partnership has led to a paradigm shift in the way governments and supra-national organizations perceive franchise schools chains. These franchise chains have become socially well integrated through forming a social alliance with each other, society; governments and supra-national organizations. Thus, franchisors are successful in gaining social capital and forming social alliances for future development and

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[827] Pakistani government as well as other governments such as US has invested in Pakistani education franchise networks through USaid projects.

[828] UNESCO has initiated a partnership with education franchise network in Pakistan through "Education for All" project.

growth.

The franchise chains are exceptionally successful in serving a social cause for their society and the social goals attained are significant. Transferring the social benefits attained to the grass roots level of the society has served to increase awareness towards the need to reduce child labor, illiteracy, discrimination, violence towards women, terrorism, unemployment and poverty. It has also served to provide education and job opportunities for females and entrepreneurial opportunities for individuals.

5.10 Contributions of the study

5.10.1 Contributions to the theory

This research pioneers by investigating the use of franchising in a social sector and recognizing this use as a form of social franchising. This research contributes to the literature in the following ways.

The main contribution of this study is that it presents a detailed investigation of an emerging format of franchising (social franchising) which is growing rapidly and attracting the attention of researchers in franchising and social entrepreneurship areas. This study is the first study of its kind on franchising in education sector in emerging markets and it enhances our understanding of how franchising contributes towards different economies particularly in developing and emerging countries. This study identifies the social aspects of franchise chains in education sector in Pakistan and recognizes it as social franchising. The recent studies on education franchise chains (Casson, 2011[829]; Davies & Aurini, 2006[830]; Riep, 2014[831]) do not

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[829] Casson, M. (2011). Franchising the american elementary and secondary educational system. *Forum for Social Economics,* 34(1-2), 61-70.

[830] Davies, S., & Aurini, J. (2006). The franchising of private tutoring: a view from Canada. *Phi Delta Kappan*, 88(2), 123-128.

identify the social aspects of franchising in the education sector. Nor do they categorize this use as a form of social franchising and/or commercial franchising. Therefore, this study makes important contributions to literature on franchising, social franchising and social entrepreneurship by offering arguments and empirical evidence that the scope of social franchising needs to be redefined beyond the limits of philanthropy and not-for-profit segments.

Another important contribution of this study is the adoption of a theoretical framework using organizational ecology theory, social capital theory and social network theory is unique to this study. This theoretical framework has never been combined in the social franchising literature by any scholars to explain social franchising constructs. Using these theories allows us to understand and explain the internal and external structure of the organizations, the interactions between network members (franchisor and franchisees), analyze social alliances within networks and explain how to develop a mutual trust and sense of reciprocity.

Moreover, this study draws on primary data on social franchising from the emerging world which has been scant. The findings enlarge the literature on franchising in emerging markets, which deals mainly with Brazil, China, Egypt, India, Thailand, Vietnam, Russia and South Africa (Alon and Banai, 2000[832]; Alon and Welsh, 2002[833]; Elzeiny and Cliquet, 2013[834]; Ngo, Phan, Pham, Trinh, and Truong, 2009[835]; Paswan and Sharma, 2004[836]). This

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[831] Riep, C. (2014). *Omega Schools Franchise in Ghana:"affordable" private education for the poor or for profiteering?* Education, Privatisation and Social Justice: Case studies from Africa, South Asia and South east Asia. Oxford: Symposium Books.

[832] Alon, I., & Banai, M. (2000). Franchising opportunities and threats in Russia. *Journal of International Marketing,* 8(3), 104-119.

[833] Alon, I., & Welsh, D. (2002). Global franchising in emerging and transitioning economies. *International Journal of Business and Economics,* 2(1), 332-343.

[834] Elzeiny, H., & Cliquet, G. (2013). Can Service Quality Be Standardized in a Franchise Network? The Case of McDonald's in Egypt *Network Governance: Alliances, Cooperatives and Franchise Chains* (pp. 255-268). Heidelberg: Springer Verlag.

research focuses on the role and importance of franchising in the South-Asian market, specifically Pakistan, where franchising in commercial and social sectors is a fast growing trend that has not been explored in franchising literature. Hence this study is the first of its kind to investigate franchising in Pakistan. It enlarges the body of literature on the use of non-traditional organizational forms in socially important sectors in Pakistan.

This study also contributes to the existing literature by providing an in-depth comparison of social franchising with other social organizations, such as NGOs, NPOs, co-operatives, social economy and social entrepreneurship. This comparison allows us to understand how social franchising is different from other social organizational forms, why we needed it and how it is successful in multiplying social benefits to disadvantaged people using core techniques of commercial franchising without any commitments from or with state.

Another contribution of this study is that it presents empirical evidence regarding how public sector provision could be improved without involving public means. Education is one the most important social sectors in any country. This study provides insights about how entrepreneurs can contribute to the social development of their society without depending on philanthropy, out-sourced funding or government subsidies. Therefore, this study enhances our understanding regarding how private for-profit organizations can contribute towards the social goals of a society.

This study highlights the major reasons for the poor performance of the public schooling sector in Pakistan and how franchise schools have substituted public schools by offering an affordable school fee structure for local communities in Pakistan. In addition, this

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[835] Ngo, A. D., Alden, D. L., Hang, N., & Dinh, N. (2009). Developing and launching the government social franchise model of reproductive health care service delivery in Vietnam. *Social Marketing Quarterly,* 15(1), 71-89.

[836] Paswan, A. K., & Sharma, D. (2004). Brand-country of origin (COO) knowledge and COO image: Investigation in an emerging franchise market. *Journal of Product & Brand Management,* 13(3), 144-155.

study is the first of its kind to recognize full-time schools studies offered by franchising chains in the literature. Recently, most studies focused on franchise chains (in developing and developed countries other than Pakistan) that offer part-time school studies or operate as home tutoring concepts. Therefore, the findings of this study contribute to the education literature in developing countries and particularly in Pakistan.

This research is the first of its kind to review the stream of literature dealing with social franchising with a specific focus on one sector, the education sector, and on an under-explored market: Pakistan. It enhances our understanding of the application of business strategies to social enterprises. In addition, this research extensively reviews the existing literature on social franchising, focusing on education, health, unemployment and the food sector for disadvantaged people.

In literature, social franchisees recruitment and training are believed to be highly crucial and complex tasks (Sivakumar & Schoormans, 2011a)[837]. Based on the findings of this study, it is argued that franchisee recruitment techniques are identical to franchising in commercial sectors and social franchisee training is a delicate issue. However, it is not an especially complex phenomenon in the case of the education sector in Pakistan. Therefore, this study suggests that different issues in social franchising may have different levels of importance and sensitivity based on the country and sector of activity.

Tracey & Jarvis (2007)[838] assert that only organizations can become social franchisees. However, based on the findings of this study, it is strongly argued that individuals can also

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[837] Sivakumar, A., & Schoormans, J. P. L. (2011a). Franchisee selections for social franchising success. *Journal of Nonprofit & Public Sector Marketing,* 23(3), 213-225.

[838] Tracey, P., & Jarvis, O. (2007). Toward a theory of social venture franchising. *Entrepreneurship Theory and Practice,* 31(5), 667-685.

become successful franchisees in social sectors. On the other hand, Dees (1998)[839] argued that entrepreneurs in social sectors must be strictly socially motivated instead of being influenced by monetary factors such as profits, whereas, the findings of this investigation clearly conclude that social motivation is an additional but not a necessary element. The franchisors and franchisees could be strictly profit-oriented individuals and organizations and they can successfully achieve social goals for the society. Therefore, this study contributes toward the debate and discussion on social franchising and it characteristics.

Lastly, this study contributes to the body of literature on different stakeholders' perceptions about franchising. The past research investigates mainly franchisors' and franchisees' perspectives (Dant, 2008). This investigation also highlights the perceptions of government in emerging markets regarding franchising in social sectors which has rarely been explored in franchising literature.

5.10.2 Contributions to the practice

This research contributes to the practice in many ways. This research can be viewed by franchisors, franchisees, stakeholders, such as NGOs, governments and supranational organizations like the United Nations, World Bank and OECD and public policy organizations, as a first overview of franchising in the education sector in Pakistan.

In this qualitative study, it has been found that few franchisors or franchisees do not consider education franchising to be a social service. On other hand, the end users, both parents and students, and employees (teachers) strongly perceive educational service as a high value social service. The practical implication of this study is to pave the way towards highlighting and recognizing franchising in the education sector as a social service. This

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[839] Dees, J. G. (1998). *The meaning of social entrepreneurship.* Kauffman Center for Entrepreneurial Leadership. Stanford University—Graduate School of Business.

recognition should be based on the nature of social service which is being provided through franchising in the education sector. The analysis of this study might help to deliver an increased awareness among franchisors and franchisees about the benefits of the social service they are providing so that it will enhance their sense of corporate social responsibility.

To highlight the practical implications of this study, it is important to mention that most of the actors in education franchise chains are young entrepreneurs and teachers. Pakistan, similar to many other emerging markets, has a high level of youth unemployment. It is a sad reality that hundreds of young qualified graduates will apply for a single clerical job, which shows the desperation many of them feel. This research could provide guidelines for franchisors and franchisees to hire young entrepreneurs and teachers. If a large number of graduates join the education sector then it may also help us to keep the youth away from the perils of street crime, violence and terrorism.

In societies similar to Pakistan in the Middle East and North Africa, medicine and education are considered to be the most suitable professions for working women. Similarly, this study has found that a great majority of employees in the education franchise sector are female, including administrative and academic staff. Therefore, franchisors must keep in mind, while making policies as to who they will hire, strategies that give priority to women both as franchisees and chain employees. This would be a contribution of immense importance as most of the highly qualified and motivated females have to quit their jobs in banking and multi-national companies when they marry. However, due to teaching being regarded as a respectable job with short working hours, it is considered acceptable for many women to continue teaching after marriage. For franchisors to help women by hiring more of them would be a positive contribution toward the betterment of women as well as towards society as whole.

This study recognizes that, by improving social welfare sectors, we can mitigate or, in some cases, overcome many other social issues such as child labor, discrimination, violence towards women, the need to empower women and the need to reduce crime and poverty.

This investigation provides useful insights for franchisors, in term of accessing the perceptions of franchisees, parents and students regarding franchising in the education sector. The results show that franchisees, parents and students perceive franchising in the education sector as a positive and success phenomenon and franchisees, as well parents and students, are attracted through advertisement campaigns. Thus, franchisors can increasingly focus on enhancing their advertisement campaigns in electronic, print and social media. This could increase number of franchisees and students and also bring satisfaction to existing key players.

This study is a detailed guideline for prospect domestic and international franchisors in the education sector in Pakistan. They can use the findings for developing their strategies and policies keeping in view the opportunities, challenges and threats in this sector. It also offers franchisors and franchisees some detailed insights on why customers choose franchise school as compared to other available alternatives. The franchisors and franchisees can focus on the points which are important for customers.

This study also highlights the issues and challenges franchise chains have to face, which could be provide valuable information for those who are interested in improving the education sector, such as government, franchisors, practitioners, investors and researchers.

The findings of this research could be considered as guidelines for international donor agencies, such as USAID, who invest in improving the social sector in general and the education in emerging markets in particular. The findings suggest that promoting franchising

in developing countries could achieve the goal of increasing literacy rates. The franchising mechanism in the education sector in Pakistan can be replicated by other markets. Specifically, those markets with similar infrastructure where education demand is increasing and public sector schools have difficulties in managing their resources.

This study is particularly relevant for markets with weak infrastructure and a rapid economic growth rate. It should help people to understand how franchising can contribute in providing social services such as education. The public policy makes should keep consider private sector organizations especially franchise chains for service provision and social improvement. In addition, the findings of this research can be used by profit-seeking entrepreneurs wanting to operate in social sectors for bringing an adequate improvement in the society.

This study also provides an opportunity for franchisors, individuals, entrepreneurs and investors who might be interested to invest in education franchise chains for serving a social cause as well as a source of earning profit.

The results of this study may encourage franchisors to highlight the social dimensions of franchising in the education sector. It will enhance the acceptability of franchising phenomenon in Pakistani market and specifically for the government. The findings of this study will provide guidelines for franchisors to understand and enhance franchisees' motivation for gaining collective social gains for the society. Highlighting the social impact and importance of franchising in education franchising can enhance the franchisees' intrinsic motivation and satisfaction.

This study is first of its kind to highlight the perceptions of government regarding franchise chains, which is useful and practical tool for franchisors and franchisees in term of how government perceives their growth.

This study provides a detailed overview for individuals, investors and entrepreneurs who are interested to start a sophisticated social business. The franchisors can use these findings for attracting new franchisees and for communicating the strengths of their brands and presenting them the opportunities available in this sector.

This study is also a guideline for government. The results elaborate that franchising in the education sector in Pakistan is a successful phenomenon. Thus, government can focus on providing incentives for franchise chains in term of providing them with a suitable and favorable environment for rapid growth which will spontaneously resolve challenges for public schools, increase economic activity and generate employment and entrepreneurial opportunities. The government should also consider developing legislation for franchising sector in Pakistan as this organizational form is unique and has its own issues and challenges.

This study offers some interesting insights in educational franchising in Pakistan and international education franchisors may use the findings to enter Pakistani and other similar emerging markets. This study also provides insights regarding franchising in Pakistan which allow a pragmatic overview for international franchisors about the growth of domestic and international franchising concepts in Pakistan.

Lastly, this study emphasizes that implication of franchising in the education sector has achieved social and economic goals for the society and is a successful phenomenon in multiplying the social benefits. Thus, franchising could be adopted in other social sectors,

such as health and rural development, where government means are unsuccessful and people are facing social deprivation.

5.11 Limitations and directions for the future research

5.11.1 Limitations of the study

The findings of this study are subject to several important limitations. A qualitative approach is used to collect primary data. The findings of this empirical study are therefore subject to the standard limitations of the qualitative research. The first possible limitation is the issue of generalizability of the results to other markets. This empirical study deals with Pakistan only. The findings of this study can be specifically applied to those markets which are very similar Pakistan and where public schools are underperforming and domestic private actors are successful in gaining public trust regarding quality of educational services and affordability. It is very much likely that there are certain differences between education sector of Pakistan and that of other developing and emerging markets. Therefore, the findings should be seen in light of this important limitation. However, this study can serve as a starting point for investigating other similar markets.

This study investigates one social sector, education. The use of franchising and the characteristics of this organizational form could be similar or different in other social sectors such as health and rural development. Therefore, the present findings cannot be generalized to other social sector unless similar evidence is presented.

The data was collected from one province, Punjab. Collecting data from other provinces of Pakistan could be useful. Although this study attempts to include all stakeholders such as franchisors, franchisees, teachers, students, and parents but the number of government officials who could be interviewed was very limited. The small number of government

officials interviewed for this research may not represent the entire government and public sector.

5.11.2 Directions for the future research

This study proposes some directions for the future research. This empirical study deals with Pakistan only. A cross-country study would be of interest, comparing Pakistan with other countries, such as India. Moreover, a quantitative investigation or a mixed method study could be applied to quantify the role and developments of franchising in the education sector to get more generalizable findings and statistically valid results.

The motivations of key-players in urban and rural areas are different. A study could be conducted to investigate this difference. It would be interesting to investigate the differences between rural and urban franchisees and customers. Although the sample of this study includes concerned government officials but it may not be sufficient to draw conclusions about government's perception of franchising. A study focused on investigating the perceptions of government and regulatory authorizes could be interesting. Moreover, the findings demonstrate a clear difference among perceptions of different stakeholder (government officials, franchisors, franchisees, employees and customers). It would be interesting to systematically compare different stakeholders' perceptions about franchising and to find explanations behind these differences.

It would also be interesting to investigate performance differences of franchise and non-franchise chains using objective measures of performance. One possibility would be to analyze and compare the results of public schools, franchise schools, and non-franchise private schools in the secondary school examinations.

The data is mainly collected from users of franchise networks (franchisors, franchisees, network employees, parents and students). A primary data collection from other stakeholders such as private schools may provide different insights. It would also be interesting to investigate the opinion of customers who do not choose franchise chains.

This investigation explores only one social sector in Pakistan, education. However, franchising has been widely used in health and rural development sectors. It might be relevant to compare the role and development of franchising in different social sectors, such as comparing the impact of franchising in education, healthcare and rural-development. This would enhance our understanding of whether franchising is only successful in the education sector in Pakistan or could also bring fruitful social gains in other social sectors where public provision is insufficient.

5.12 Conclusion

The objective of this empirical research is to highlight and examine the use of franchising in social sectors in emerging market. In this dissertation, I present a detailed overview of franchising in the education sector in Pakistan by adopting a qualitative approach using primary data collected through 44 face-to-face interviews with franchisors, franchisees, employees, parents, students and government officials.

The franchise chains in the education sector in Pakistan primarily emerged due to the poor performance of public schools. The public schooling system has difficulties in providing high quality educational services in Pakistan due to an insufficient number of teachers and inappropriate facilities for schools and for students[840] (e.g., buildings, furniture). The lack of financial, human, and real estate resources, the political instability, the issues faced in

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[840] School students are recognized as those students who are studying in primary to higher secondary education.

enforcing government policies, the poor performance of teachers, inadequate checks and balances, the increasing population and consequent rapidly growing demand for education, are some of the barriers for the government. As a result, public hopes towards a significant improvement in the public schooling sector remain faint. Parents and students have lost their trust in public schools. Many parents now prefer to pay school fees for their children in private and franchise schools and perceive public schools as a poor performing phenomenon.

In 2002, a private education company adopted franchising for launching low-fee schools targeting lower and middle segments of the society. Later, within just a few years, many domestic private universities, public universities and private education companies launched their school brands adopting franchising techniques. The franchise chains in the education sector in Pakistan have the same characteristics as franchising in developed markets and more traditional sectors such as hotels and restaurants. More specifically, provision of brand name, the transfer of know-how, assistance and training, as well as network uniformity, are as important in franchising in the education sector as in traditional franchising in developed markets. Franchising has brought significant improvements in the education sector in Pakistan and, more specifically, for low-income parents and rural students.

The franchisees are mainly individual entrepreneurs with diversified backgrounds (educationists, entrepreneurs and investors) seeking to develop a successful business. The franchisors and franchisees seek to generate their income through charging fees from parents instead of serving a not-for-profit social cause. However, due to the social nature of the education sector, they have been significantly successful in achieving certain social goals such as increasing literacy rates, especially for children living in rural areas and, more especially, for girls. They have achieved this by offering affordable-fee structures, promoting rights for women, boosting economic growth, reducing poverty by providing entrepreneurial

opportunities to franchisees, increasing income levels by offering employment opportunities for teachers, producing gains for the society along with their profits. These social benefits in the education sector are counterbalanced with a commercial side. Thus, franchising in the education sector in Pakistan can be identified as a form of social franchising.

This social franchising in the education sector has allowed domestic franchisors to expand their operations across Pakistan into urban, rural and remote areas. Recently, some of the domestic franchisors have expanded their operations abroad, mainly targeting Pakistani expatriates in many developed and emerging markets. The use of social franchising in the education sector has equipped key players to generate earned income instead of depending on government subsidies and philanthropic means. The government also recognizes the successfully growing phenomenon of franchising chains in the education sector in Pakistan.

The franchise chains have to face certain issues and challenges, including maintaining uniformity in academic affairs, selecting the right franchisees, training inexperienced franchisees, hiring experienced teachers in rural areas, dealing with advanced curriculum in the English language, especially in rural areas, providing uniformity in facilities at franchise campus, and survival strategy in-case if government improves its public schools.

The internal and external structure of social franchising in the education sector in Pakistan is designed according to the changing environment and increasing social pains in the society. Social franchising is successful in responding towards social issues of the society and is completely independent of philanthropic means. Rather, these chains generate their profits through earned-income. Thus, social franchising is performing better in the education sector if compared to social entrepreneurship and other drivers of social economy.

The franchise chains are successful in attaining social capital and establishing social networks through building strong connections with the society, governments and supra-national organizations. These chains provide satisfactory education at affordable prices to the society and this adds social capital value for chains.

In a short period of time, franchise chains have become successful in gaining goodwill and public trust. Hence, these franchise chains are successful in mobilizing private hidden resources from the society for the society.

These chains are interconnected with each other through economic and social relationships. This channeling of franchise chains has allowed franchisors to collectively struggle for achieving a social cause with private means – provision of quality school education at affordable prices. The number of, and demand for, such franchise networks are increasing gradually. Therefore, these networks are expected to grow in future.

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APPENDICES

Appendix A: Interview Guides

Appendix A.1: Interview guide – Franchisors

Introduction

- Thank you for taking out your time for the interview.

- I would like to introduce myself first, my name is Muhammad Akib Warraich, I am studying at IGR-IAE de Rennes, University of Rennes 1, Rennes, France. This interview is a part of my PhD research. My research is about the role of franchising in the education sector in emerging markets like Pakistan.

- I would request you kindly not to hesitate to be exhaustive and spontaneous, as of course all the topics that we will discuss will remain strictly confidential. The data collection will be used only for my research and your identity will not be disclosed in any way.

- I would like to highlight that there are no good or bad answers. Thus, you can freely share your experiences, ideas and suggestions.

- In order to facilitate our discussion and to avoid mistakes during the notes, I would like to record the interview, if you allow so.

- Depending on what you will share with me, the interview will last between 45mn to 1h15.

- To start the interview could you please introduce yourself (age, designation, brief professional background etc.)?

Topic No 1: Education sector: Franchising

Subtopic No 1: Education sector in general

- Can you please share how many types of schools are operating in Pakistan along with public schools? (Domestic private schools, international schools and schools from non-public sector, etc.)

- Can you kindly explain how private school sector started operating and growing in Pakistan?

- In your view, how are public schools performing? (If performing poorly then what are the detailed reasons of this poor performance and how public schools could be improved?…)

- In your view, how is the education system in Pakistan progressing? How much has been achieved? (Satisfactory? Unsatisfactory? Why? Are you satisfied with the role of government, if no, why?)

- Can you please explain what are the main issues and challenges for education sector in Pakistan? (in term of growth, social achievement...)

Subtopic No 2: Franchising in the education sector in general

- Can you please briefly introduce your organization? (its age, number of units, number of franchisee and employees)

- Can you talk about how, when and why franchising started in the education sector? (On primary, secondary and on university level…)

- When and why did you decide to adopt the franchising concept?

- In your view, what are the major reasons of emerging franchising in the education sector when government education system is available?

Subtopic No 3: Government strategies for franchising in the education sector

- Can you compare the services offered by franchise schools and the services offered by government schools? (Which one is better and why?…)

- Can you compare the services offered by franchise schools to the services offered by private schools? (Which one is better and why...)

- Can you compare the services offered by franchise schools as compare to international schools in Pakistan? (Which one is better and why?…)

- In your view, why has franchising been started in universities. Is it a good sign for higher education sector? If yes, How? What about government universities (fees, degree reorganization, academic staff, managing budgets...)

- In your view, should more franchise networks be launched in the future or government schooling system should be improved? Can you please give reasons in detail?

- How does the government perceive franchise networks? (Partners, private hand, competitors...)

- What are the government policies for education franchise? (Satisfactory, unsatisfactory, legal status…)

- How does the government see franchise key players? (As entrepreneurs, as investors or as social service provider…)

- What will be the future of government schools? When franchise schools, private schools and international schools are growing so fast?

- Do you get subsidies from any government or non-government body? (If yes, explain in detail please. If no, then do they perceive you as commercial entrepreneurs, does government charge you taxes?...)

- What if these franchise networks were not launched? How can government ensure provision of education to rural and deprived areas of Pakistan?

Subtopic No 4: Your network in general

- Can you explain why did you decide to use franchising in schooling sector?

- What is the organization of your network? (company owned units and franchise units)

- What types of contract do you allow in education franchise? (Single-unit, multi-unit…)

- What are issues and challenges of your own franchise system?

- What about the competition in education franchise networks?

- Can you kindly brief which segment of the society can afford your franchise brand?

- How do you determine fees structures in your networks?

- What are the growth trends in urban and rural areas? (Same, different…)

- How do you design your curriculum? (Which stream, when do you revise/update books, yearly…)

- The medium of instruction is English in your network, how do students and parents in rural areas manage with curriculum in English language?

- In your view, how are profits in education franchise comparable to traditional franchise sectors? (Profits are better or same or less…)

- How much are you satisfied with financial incentives in education franchise? Is it a profitable business? (Explain in detail)

Topic No 2: Franchising in the education sector: Practices

Sub Topic No 1: Selection of your network

- Why should franchisees specifically choose your network when they have other education networks?

- Why do potential entrepreneurs decide to become franchisee in the education sector, why not in food and other traditional sector? (What benefits does education franchise offer them?)

- Can you explain in detail how do you attract potential franchisees?

- What are your franchisee selection criteria, can you please explain in detail?

- Can you please explain if you have any preference in recruiting franchisee? (Educationists, investors…)

- Can you kindly describe if there is some difference in dealing and managing non-educationist franchisees or those who are investors?

- What are the primary motivations of franchisees in education franchise? (Motivated for profit or motivated for providing a social service…)

Sub Topic No 2: Franchise agreement

- Can you explain how the formation of franchise contract takes place in your network? (Complete procedure, duration of the contract, operational manual and legal aspects of franchise contract in Pakistan, etc.)

- In case of any dispute, do you have any franchising law? (If not then how do you deal with legal disputes…)

Sub Topic No 3: Brand image and Uniformity

- Can you please talk about the importance of brand image in the education franchise? (For franchisees, for users, for teachers...)

- How do you enforce to keep your concept uniform?

- Is maintaining uniformity in the education sector a challenge? (If yes, then why...)

- Can you explain how do you manage to maintain the same standard of delivering education in all franchisee units?

- If in a franchise unit the quality of delivering education is not according to your standards, how do you manage to improve it?

- How do you manage internal and external competition?

- Do you communicate with customers? (If yes, then how…)

Sub Topic No 4: Know-how, training and assistance

- How do you manage to transfer the know-how to the franchisee?

- Do you offer training to the franchisees? If yes, what strategies you adopt for training franchisees? (initial and ongoing franchisee training, teacher training, administrative training)

- How do you train inexperienced franchisees?

- Do you offer training sessions for franchisee teachers?

- Do you assist and train franchisee teachers regarding lesson plans and network teaching policies? (If yes, then please provide the details of assistance and training sessions…)

- What type of assistance do you provide to your franchisees? (Initial and ongoing, operational, strategic, HR, etc.)

- Can you explain the role of on-field consultants in your network? (Services, availability, complaints, conflicts…)

- In your view, recruiting franchisee is more crucial or training them? (Why, which task is more delicate for your network success?…)

Sub Topic No 5: Strategy of location

- How is the location of the school chosen? (Based on franchisee's opinion, need in the area, lack of facilities in the area, etc.)

- Do you assign territories to the franchisees? If yes, how do you assign territories to the franchisees?

- How much are you successful in enforcing the territories? (Any examples)

- Can you explain in detail which area is more important for you to focus rural areas or urban areas? Why?

- In your view, what are the similarities and difference in franchising in the education sector and franchising in commercial sectors?

Sub Topic No 6: Access and quality

- Do you measure satisfaction of your franchisees? If yes, how?

- Do you measure satisfaction of end-user (parents and students)? If yes, how?

- Do you intend to attract owners of private individual schools for franchise conversion? If yes, then how do you attract them? (Successful, unsuccessful…)

- If education quality is satisfactory in franchise schools then why private tutoring academies are growing? (Is it because of teachers' poor performance or because of parents' negligence…)

- If government schools improve their quality in coming years, then what will be your survival strategy?

- Can you please explain if franchising as an organizational form can face the phase of death in the education sector in Pakistan? (In near or far future...if yes/no, then how and why…)

- What is the franchisee failure or exit ratio in your network?

- Can you kindly explain if social franchise networks are cooperative with each other or see each other as competitors?

- Do you think franchise networks are socially connected with the society? (If yes then how…)

- Do you perceive that franchising sector will grow in future? (If yes then how and why for how long franchise networks will sustain…)

Topic No 3: Franchising: Social achievements

Sub Topic No 1: Social goals

- Education is a socially important sector, what social goals franchising in the education sector has achieved and what is still to be achieved? (Provision of quality of education, literacy rates improvement, accessibility to urban and rural areas, employment creation…)

- Can you talk about how your business model is self-sufficient for franchisee's survival?

- Can you please explain if franchise networks are independent from dependency of government subsidies, philanthropy and public charities, etc.? (if yes, then how…)

Sub Topic No 2: Social accomplishments

- What are the contributions of your network towards the economy?

- What are the contributions of your network towards the improvement of society? In your view investment in the social sectors should be allowed to the private sector? If yes then why?

- How do you maintain the balance between profit maximization and social achievements in your network? What is your primary goal or concern?

Sub Topic No 3: Social services

- How do you maintain the balance between services you provide to students/children and fees you charge?

- How do you maintain the balance between the services you provide to parents/families and fees you charge?

- Everyone has the right to get education. How do you manage to adjust those who cannot afford to pay your fees?

- Do you focus to educate those students who are from illiterate families? (If yes then how and why…)

- How do you manage to ensure quality of education provision in deprived areas of Pakistan?

Conclusion

- As a conclusion, in your opinion, how should the government make its strategies towards franchising in the education sector? (additional support, not in favor, see as a partner or as a public-private partnership)

- In your view is franchising a growing trend in Pakistan in general? If yes, then which sectors are famous and successful in adopting franchising?

- Would you like to discuss anything else about your network or about franchising in education in general?

Ending note:

I am really grateful to you for taking out your time and sharing such valuable information with me. I am sure your views will be very beneficial for my research analysis. Thank you for your coordination and support. Have a nice day. Goodbye

Appendix A.2: Interview guide – Franchisees

Introduction

- Thank you for taking out your time for the interview.

- I would like to introduce myself first, my name is Muhammad Akib Warraich, I am studying at IGR-IAE de Rennes, University of Rennes 1, Rennes, France. This interview is a part of my PhD research. My research is about the role of franchising in the education sector in emerging markets like Pakistan.

- I would request you kindly not to hesitate to be exhaustive and spontaneous, as of course all the topics that we will discuss will remain strictly confidential. The data collection will be used only for my research and you identity will not be disclosed in any way.

- There are no good or bad answers. You can freely share your experiences, ideas and suggestions.

- In order to facilitate our discussion and to avoid mistakes during the notes, I would like to record the interview, if you allow so.

- Depending on what you will share with us, the interview will last between 45mn to 1h15.

- To start the interview could you please introduce yourself (age, designation, brief professional background, etc.?)

Topic No 1: Education sector: Franchising

Subtopic No 1: Selection of your network in general

- When and how did you join this network? (Advertisement, marketing, word-of-mouth...)

- Can you talk about why did you choose to become a franchisee in the education sector why not in other sectors like food and retailing, etc.?

- What additional benefits does education sector offer you as a franchisee?

- Why did you decide to choose this network, when other education networks are also available? What additional benefits does your franchisor offer you?

Subtopic No 2: Education sector in general

- Can you please share how many types of schools are operating in Pakistan along with public schools? (Domestic private schools, international schools and schools from non-public sector, etc.)

- Can you kindly explain how private school sector started operating and growing in Pakistan?

- In your view, how are public schools performing? (If performing poorly then what are the detailed reasons of this poor performance and how public schools could be improved…)

- In your view, how is the education system in Pakistan progressing? How much has been achieved? (Satisfactory? Unsatisfactory? Why? Are you satisfied with the role of government, if no, why?)

- Can you please explain what are the main issues and challenges for education sector in Pakistan? (In terms of growth, social achievement…)

Subtopic No 3: Franchising in the education sector in general

- Can you talk about how when and why franchising started in the education sector and its development? (On primary, secondary and on university level)?

- Why was franchising started in the education sector when government education system already was available?

Subtopic No 4: Government strategies for franchising in the education sector

- Can you compare the services offered by franchise schools to those of public schools?

- Can you compare the services offered by franchise schools to those of private schools?

- Can you compare the services offered by franchise schools to the services of international schools in Pakistan?

- In your view, why has franchising been started in universities. Is it a good sign for higher education sector? If yes, How? What about government universities (fees, degree reorganization, academic staff, managing budgets…)

- In your view, should more school franchise networks be launched in future or Government schooling system should be improved? Can you give reasons in detail?

- What will be the future of government schools when franchise schools, private schools and international schools are growing so fast?

- Do you get subsidies from any government or non-government body? (If yes, explain in detail please…)

Topic No 2: Franchising in the education sector: Practices

Sub Topic No 1: Franchise agreement

- Can you explain how the formation of franchise contract takes place in your network? (Complete procedure, duration of the contract and legal values of franchise contract in Pakistan, operational manual, etc.)

- Can you please explain how law protects you as individual franchisee? (Is there any specific law for franchise disputes?)

- Can you explain if you are satisfied with franchise agreement? (If no, then what improvement is needed...)

- Can you please share some details about the schools building; did you construct it or rent it? (What franchisee agreement state about maintaining school buildings…)

- How much you are satisfied with financial incentives in education franchise? Is it a profitable business? (Explain in detail)

Sub Topic No 2: Brand image and Uniformity

- Can you please talk about the importance of brand image in the education franchise? (Importance of brand name for franchisor, franchisees, teachers and impact of brand name on parent's decision in selecting schools…)

- How much is brand name important for your customers?

- Is the importance of brand name in education franchise similar to traditional sector? (More, less or same…)

- In your view, does the brand name in education bring positive or negative impact on the society? How and why share some details?

- How does franchisor enforce to keep the concept uniform? (In-terms of building, furniture, fixtures, curriculum…)

- Can you explain how does franchisor manage to maintain the same standard of delivering education in all franchisee units? (Compare urban and rural areas)

- If the quality of education is not according to franchisor's standards at a franchise unit, how do they manage to improve it? (How does the franchisor deal with franchisees in remote areas?…)

- Can you explain how internal and external competition is managed in your network?

Sub Topic No 3: Know-how, training and assistance

- Can you explain in detail how franchisor manages to transfer the know-how? (Importance of initial know-how for franchisees…)

- Can you please explain what strategies franchisor adopts for training franchisees? (initial and ongoing, teacher training, administrative training)

- What type of assistance does the franchisor provide you? (Initial and ongoing, operational, strategic, HR, etc.)

- Can you explain the role of on-field consultants in your network? (Services, availability, complaints, conflicts…)

Sub Topic No 4: Strategy of location

- How the location of the school is chosen? (Based on franchisee's opinion, need in the area, lack of facilities in the area, etc., how much primary location is important for school franchise)

- Does franchisor assign territories to the franchisees? If yes, how do they assign territories to the franchisees?

- How much is the franchisor successful in enforcing the territories? (Any examples)

- Can you explain in detail which area is more important for education franchise? Rural areas or urban areas? Why?

Sub Topic No 5: Access and quality

- Does the franchisor measure the satisfaction of franchisees? If yes, how they ensure it?

- Do you measure satisfaction of end-user (parents and students)? If yes, how?

- The franchise network curriculum is in English language. How do you manage to deal with advanced curriculum in English language? (Parents' satisfaction, un-satisfaction, accessible for teachers…)

- Do you focus to make connection with families? (if yes then how, discuss teacher-parents relationship…)

- Franchise institutions offer quality of education. In your view, why the after-school private tutoring academies is a growing business in Pakistan?

Subtopic No 6: Franchising practices

- Can you please talk in detail how does the franchisor recruit franchisees in your network? (discuss complete selection process)

- Does the franchisor provide training sessions to franchisees? If yes, what type of training? (initial and ongoing, teacher training, administrative training, …)

- In your view, selecting franchisees is more crucial for the franchisor or training franchisees is more crucial?

- Can you talk about teacher hiring and training procedures? Does franchisor has some specifications for you about hiring teachers?

- What are your views about the selection of other franchisees in your network? (satisfied, unsatisfied)

Subtopic No 7: Network Competition

- Can you talk about the potential sources of conflicts in a franchise network? (lifecycle of the franchisee, financial problems, know-how, exclusivity …)

- How many franchise networks are available in your area?

- How often do you face a situation of competition with other networks? Or within the network how do you manage the competition within the network? (Any examples)

- Can you explain how does your franchisor react if there is a competition within the network or external competition? Do they react differently towards the internal network competition and external competition? How and why?

- Can you please talk about the nature of competition in the education sector? (within franchise networks and within government schools, within private schools and within international schools)

Topic No 3: Network Services

Subtopic No 1: Network Customers

- What additional benefits do you offer to your customers? (parents and students)

- How do you manage to interact with them? How often? Why it is important?

- Can you explain in detail how do you measure the level of satisfaction of your customers? (parents and students)

Subtopic No 2: Franchisor-Franchisee relationship

- In your view, is your franchisor successful in creating good franchisor-franchisee relationship? How much are you satisfied with the franchisor and with the network?

- Do you get all the services as promised by the franchisor? (if not, then discuss details)

- How often do you meet other franchisees of your network? In your view how these meetings effect the environment of the network or your personal relation with other franchisees? In your view why it is important?

- In general, are the franchisees satisfied with the franchise networks in terms of profits and achieving social goals?

- If franchisor's team is not efficient, what impact can it bring to the network? Who plays the most important role in franchisor's office to manage and deal with day to day matters?

- Can you please share the details of training sessions arranged by franchisors?

- What are the major issues and challenges you are facing?

Topic No 4: Franchising: Social achievements

Sub Topic No 1: Social goals

- Education is a socially important sector, which social goals franchising in the education sector have been achieved and what is still to be achieved? (Provision of quality of education, literacy rates improvement, accessibility to urban and rural areas, employment creation…)

- Can you talk about how have you established a business model which is self-sufficient for franchisee's survival and free from dependency of government subsidies, philanthropy and public charities, etc.?

- How is franchising in the education sector different from franchising in other sectors?

- Everyone has the right to get education. How do you manage to adjust those who cannot afford to pay franchise fees?

Sub Topic No 2: Social accomplishments

- What are the contributions of your network towards the economy? (Employment creation, literacy rates..)

- What are the contributions of your network towards improvement of the society?

- In your view, should investment by the private sector in the social sectors be allowed? Why?

- How do you maintain the balance between profit maximization and social achievements in your network? What is your goal or concern?

Sub Topic No 3: Social services

- How do you maintain the balance between services you provide to students/children and fees you charge?

- How do you maintain the balance between the services you provide to parents/families and fees you charge?

- Everyone has the right to get education. How do you manage to adjust those who cannot afford to pay fees?

Conclusion

- As a conclusion, in your opinion, how the government should make its strategies towards franchising in the education sector? (additional support, not in favor, see as a partner)

- Would you like to discuss anything else about your network or about franchising in education in general?

Ending note

I am really grateful to you for taking out your time and sharing such valuable information with me. I am sure your views will be very beneficial for my research analysis. Thank you for your coordination and support. Have a nice day. Goodbye

Appendix A.3: Interview guide – Teachers

Introduction

- Thank you for taking out your time for the interview.

- I would like to introduce myself first, my name is Muhammad Akib Warraich I am studying at IGR-IAE de Rennes, University of Rennes 1, Rennes, France. This interview is a part of my PhD research. My research is about the role of franchising in the education sector in emerging markets like Pakistan.

- I would request you to kindly not to hesitate to be exhaustive and spontaneous, as of course all the topics that we will discuss will remain strictly confidential. The data collection will be used only for my research and you identity will not be disclosed in any way.

- There are no good or bad answers. Therefore, you can freely share your experiences, ideas and suggestions.

- In order to facilitate our discussion and to avoid mistakes during the notes, I would like to record the interview if you allow so.

- Depending on what you will share with us, the interview will last between 45mn to 1h15.

- To start the interview could you please introduce yourself (age, designation, brief professional background, etc.?)

Topic No 1: Education sector: Franchising

Subtopic No 1: Education sector in general

- Can you please share how many types of schools are operating in Pakistan along with public schools? (Domestic private schools, international schools and schools from non-public sector, etc.)

- Can you kindly explain how private school sector started operating and growing in Pakistan?

- In your view how public schools are performing? (If performing poorly then what are the detailed reasons of this poor performance and how public schools could be improved…)

- In your view, how is the education system in Pakistan progressing? How much has been achieved? (Satisfactory? Unsatisfactory? Why? Are you satisfied with the role of government, if no, why?)

- Can you please explain what are the main issues and challenges for education sector in Pakistan? (In terms of growth, social achievement…)

Subtopic No 2: Franchising in the education sector in general

- Can you talk about how, when and why was franchising started in the education sector? (On primary, secondary and on university level)?

- Why was franchising started in the education sector when government education system was available? (discuss the details)

Subtopic No 3: Government strategies for franchising in the education sector

- Can you compare the services offered by franchise schools to those of government schools?

- Can you compare the services offered by franchise schools to those of private schools?

- Can you compare the services offered by franchise schools to those of international schools in Pakistan?

- In your view, why has franchising been started in universities. Is it a good sign for higher education sector? If yes, How? What about government universities (fees, degree reorganization, academic staff, managing budgets...)

- In your view should, should more school franchise networks be launched in future or the government schooling system should be improved? Can you give reasons in detail?

- What will be the future of government schools? When franchise schools, private schools and international schools are growing so fast?

- Do you get subsidies from any government or non-government body? (If yes, explain in detail please...)

Topic No 2: Network Environment

Subtopic No 1: Franchising practices

- What is the procedure of finalizing the teaching contract? (Interview based, duration of agreement, permanent and legal aspects, etc.)

- Does the franchise provide any training to the teachers? If yes, what type of training? (Initial and ongoing)

- Can you talk about teacher hiring and training procedures? Does franchisor have some specifications for hiring teachers?

- In your view, is hiring teachers more crucial for the network or training teachers is more crucial?

- How is the location of the school chosen? (Based on franchisee's opinion, need in the area, lack of facilities in the area, etc.)

- If a franchisee is not successful in delivering the quality of education according to franchisors set standards, how does the franchisor react towards it and how do they manage to improve the quality of education?

- Can you talk about the potential sources of conflicts in a franchise network? (lifecycle of the franchisee, financial problems, know-how, exclusivity …)

- Why did you decide to choose franchise network for your teaching carrier? How much are you satisfied at franchise network?

- Do you get any assistance from the franchisor for of lesson plan, examination, etc. (if yes, then details please)

Subtopic No 2: Network Competition

- How many franchise networks are available in your area?

- Do you often face situation of competition with other networks? Or within the network? How do you manage competition within the network? (Any example of conflict)

- Can you explain how does your franchisor react if there is a competition within the network or external competition? Do they react differently towards the internal network competition and external competition? How and why?

- Can you please talk about the nature of competition in the education sector? (Within network and with government, private, international schools and with other franchise networks)

Topic No 3: Network service

Subtopic No 1: Network Customers

- What additional benefits do you offer to your customers? (parents and students)

- How do you manage to interact with them? (daily, weekly, monthly or yearly)

- Can you explain in detail how do you measure the level of satisfaction of your customers? (parents and students)

- Can you please explain in detail the difference between the services offered by franchise schools and government schools? (Between franchise and private schools? Between franchise schools and international schools?)

- Explain me how do you motivate students (rewards, awards, scholarships…)

- Can you explain if the standard of delivering the education is similar in all branches? If not then what is the reason of this difference? How to deal with this challenge?

- Can you explain which books are used in franchise schools? (Issued by government, private publisher, are you satisfied with the curriculum…)

- If the books are not same in government schools, private schools and franchise networks. Can you explain how will it affect student learning in the long-run?

- How often do you meet parents of students? (Cooperative, uncooperative, any good or bad experience…)

Subtopic No 2: Franchisee-Teacher Relationship

- How does the franchisee measure the performance of teachers in your network?

- In your view, is your franchisee successful in creating good franchisee-teacher relationship? Are you satisfied with the franchisee and with the network?

- Do you get all the services as promised by the franchisor?

Topic No 4: Franchise Networks Vs. Other Education Systems

Subtopic No 1: Network performance

- How do you compare the future of franchise networks with other public and private schools? Why so?

- What will be the future of government sector schools when the numbers of franchise schools, private schools and international schools are increasing?

- In your opinion, is there any further room for new franchise networks in Pakistan?

- Can you please explain why did universities launch franchising in schooling systems? What are the good and the bad aspects in your view?

- In your view, should some more school franchise networks be launched in future or government schooling system should be improved? Why?

- In your view, why has franchising been started in universities? Is it a good sign for higher education sector? How?

- What about government universities (fees, degree reorganization, academic staff, managing budgets…)

Topic No 5: Franchising: Social achievements

Sub Topic No 1: Social goals

- Education is a socially important sector, what social goals franchising in the education sector have been achieved and what is still to be achieved? (Provision of quality of

education, literacy rates improvement, accessibility to urban and rural areas, employment creation…)

- Can you talk about how is franchising successful in establishing a social business model. Is franchise concept in education self-sufficient for franchisee survival and free from dependency of government subsidies, philanthropy and public charities, etc.?

- How is franchising in the education sector different from franchising in other sectors?

Sub Topic No 2: Social accomplishments

- What are the contributions of your network towards the economy? (Employment creation, literacy rates...)

- What are the contributions of your network towards the improvement of society?

- In your view, should investment by private sector in the social sectors be allowed? Why?

- How do you maintain a balance between profit maximization and social achievements in your network? What is your goal or concern?

Sub Topic No 3: Social services

- How do you maintain the balance between services you provide to students/children and fees you charge?

- How do you maintain the balance between the services you provide to parents/families and fees you charge?

- Everyone has the right to get education. How do you manage to adjust those who cannot afford to pay fees?

Conclusion

- As a conclusion, in your opinion, how should the government make its strategies towards franchising in the education sector? (additional support, not in favor, see as a partner)

- Would you like to discuss anything else about your network or about franchising in education in general?

Ending note

I am really grateful to you for taking out your time and sharing such valuable information with me. I am sure your views will be very beneficial for my research analysis. Thank you for your coordination and support. Have a nice day. Goodbye

Appendix A.4: Interview guide – Parents/Students

Introduction

- Thank you for taking out your time for the interview.

- First, I would like to introduce myself, my name is Muhammad Akib Warraich I am studying at IGR-IAE de Rennes, University of Rennes 1, Rennes, France. This interview is a part of my PhD research. My research is about the role of franchising in the education sector in emerging markets like Pakistan.

- I would request you to kindly do not hesitate to be exhaustive and spontaneous, as of course all the topics that we will discuss will remain strictly confidential. The data collection will be used only for my research and you identity will not be disclosed in any way.

- There are no good or bad answers.

- In order to facilitate our discussion and to avoid mistakes during the notes, I would like to record the interview if you allow so.

- Depending on what you will share with us, the interview will last between 45mn to 1h15.

To start the interview could you please introduce yourself (age, profession, brief professional background, etc.?)

Topic No 1: Education sector: Franchising

Subtopic No 1: Education sector in general

- Can you please share how many types of schools are operating in Pakistan? (Public and non-public sector)

- In your view, how is the education system of Pakistan progressing? How much has been achieved? (Satisfactory? Unsatisfactory? Why?)

- Can you please explain what are the main issues and challenges for the education sector in Pakistan? (In term of growth, social achievement...)

Subtopic No 2: Franchising in the education sector in general

- Can you talk about how, when and why franchising started in the education sector? (On primary, secondary and on university level)?

- Why was franchising started in the education sector when government education system was available? Is it a good phenomenon in your view? Why?

Subtopic No 3: Government strategies for franchising in the education sector

- Can you compare the services offered by franchise schools to those offered by government schools?

- Can you compare the services offered by franchise schools to those offered by private schools?

- Can you compare the services offered by franchise schools to those offered by international schools in Pakistan?

- In your view, why has franchising been started by universities. Is it a good sign for higher education sector? If yes, How? What about government universities (fees, degree reorganization, academic staff, managing budgets...)

- In your view, should more school franchise networks be launched in future or government schooling system should be improved? Can you give reasons in detail?

- What will be the future of government schools when franchise schools, private schools and international schools are growing so fast?

Topic No 2: Network Environment

Subtopic No 1: Franchising practices

- Can you talk about the location of the school (primary, ordinary...)

- Can you explain if a specific location is important for opening the school or a specific large area where social pains are high is more important to open a franchise school?

- Can you explain how is the overall environment in your school (discipline, co-circular activities sports, etc…)

- What are your views about teaching staff (well trained, highly experienced or not so skilled and does not fit to the job…)

- Should private schools also involve in franchising their concepts? Why?

- Can you explain how creating a franchise network could benefit students and parents? Economy?

Subtopic No 2: Network Competition

- How many franchise networks are available in your area?

- Can you talk about the nature of competition in the education sector? (within network and with government, private, international schools and with other franchise networks)

- In your view the quality of education is similar in all franchise units or is it different? If it is different, why is it different?

- Can you talk about how to maintain same standards of delivering education in all units?

- In your view, what enables franchisees to maintain or increase the standard of delivering education?

- Can you explain which books are used in franchise schools? (Issued by government, private publishers..)

- If the books are not same in government schools, private schools and franchise networks, can you explain how will it affect student learning in the long-run?

Topic No 3: Network service

Subtopic No 1: Network Customers

- What additional benefits does franchising offer to parents and students?

- Can you share your experience regarding teacher-parent relation?

Topic No 2: Student/parent-Franchisee relationship

- How you find the performance/services of franchisees in your network?

- In your view, is your franchisee successful in creating good student/parent-franchisee relationship? How much are you satisfied with the franchisee and with the network?

- Can you explain if you get all the services as promised by the franchisee?

Topic 4: Franchise Networks Vs. Other Education Systems

Subtopic No 1: Network performance

- In future do you see franchise networks growing more as compare to government and private schools? Why?

- What will be the future of government schools when the numbers of franchise schools, private schools and international schools are increasing?

- In your opinion, is there any room for new franchise networks in Pakistan?

- Can you explain why are universities launching franchising in schooling systems? What are the good and the bad aspects in your view?

- In your view, should more school franchise networks be launched in future or government schooling system should be improved? Why?

- In your view why has franchising started in universities? Is it a good sign for higher education sector? If yes, How? What about government universities (fees, degree reorganization, academic staff, managing budgets...)

Topic No 5: Franchising: Social achievements

Sub Topic No 1: Social goals

- Education is a socially important sector, which social goals franchising in the education sector have been achieved and what is still to be achieved? (Provision of quality of education, literacy rates improvement, accessibility to urban and rural areas, employment creation…)

Sub Topic No 2: Social accomplishments

- What are the contributions of franchise networks toward the economy? (Employment creation, literacy rates...)

- What are the contributions of franchise network towards the improvement of society?

- In your view, should investment in the social sectors by private sector be allowed? Why?

- How do franchises maintain a balance between profit maximization and social achievements in your network? Do you think that they have achieved a balance?

Sub Topic No 3: Social services

- In your view, how do franchise networks maintain the balance between services they provide to students/children and fees they charge?

- Can you explain how do franchise networks maintain the balance between the services they provide to parents/families and fees they charge?

- Everyone has the right to get education. How do they manage to adjust those who cannot afford to pay fees?

Conclusion

- As a conclusion, in your opinion, how the government should make its strategies towards franchising in the education sector? (additional support, not in favor, see as a partner or as a public-private partnership)

- In your view is franchising is a growing trend in Pakistan in general? If yes, then which sectors are famous and successful in adopting franchising?

- Would you like to discuss anything else about your network or about franchising in education in general?

Ending note

I am really grateful to you for taking out your time and sharing such valuable information with me. I am sure your views will be very beneficial for my research analysis. Thank you for your coordination and support. Have a nice day. Good bye

Appedix B : Curriculum Vitae

Muhammad Akib WARRAICH

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Research Interest:

Business format and social franchising, Services marketing and Public-private partnership

Teaching Interest:

Basic and advanced Marketing

Academics

10/2013 – Present	PhD in Marketing Research Supervisor: Dr Rozenn Perrigot Center of Research in Economics and Management, (CREM UMR CNRS 6211), University of Rennes 1, Rennes, France
08/2012 – 08/2013	Master of Marketing: Franchising and Network Management IGR – IAE de Rennes, University of Rennes 1, France
09/2006 –12/2008	Master of Business Economics (M.B.Econ) University of the Punjab, Lahore, Pakistan
09/2002 – 02/2005	Bachelor of Commerce (B.Com) University of the Punjab, Lahore, Pakistan

Publications

1. Warraich, MA and Perrigot, R. (Forth coming). Franchising in the Education Sector: How do Pakistani Customers Perceive this new Phenomenon. In Cliquet, G., Ehrmann, T., Hendrikse, G., & Windsperger, J. (Eds.) *"Management and Governance of Networks".* Springer*.*

2. Perrigot, R and Warraich, MA. (2016). Education Franchises Growing Rapidly in Countries with Low Public Financing, Inefficient administration. Article published in *Franchise World, International Franchise Association (IFA)*. 43-44.

Communications at Conferences

1. Warraich, MA and Perrigot, R. (2016). Franchising in the Education Sector: How do Pakistani Customers Perceive this new Phenomenon. Paper presented at the 30th Conference on *International Society of Franchising (ISoF)* held at University of Groningen, Groningen, Netherlands, June, 9-11, 2016.

2. Warraich, MA and Perrigot, R. (2015). Social Franchising in the Education Sector in Pakistan: A Multi Perspective Approach. Paper presented at the 7th International Conference on *Economics and Management of Networks (EMNet)* held at University of the Western Cape, Cape Town, South Africa, December, 03-05, 2015.

3. Warraich, MA and Perrigot, R. (2015). Franchising in the education sector in Pakistan: Is it social franchising? Preliminary insights from franchisees. Paper presented at the 29th Conference on *International Society of Franchising (ISoF)* held at University of Oviedo, Spain, June, 18-20, 2015.

4. Warraich, MA and Perrigot, R. (2015). The growth of social franchising in Pakistan: insights from the franchisee in the education sector. Paper presented at the 18th Conference of *European Association for Education and Research in Commercial Distribution (EAERCD)* held at University of the Rennes 1, Rennes, France, July, 1-3, 2015.

5. Mushtaq, MH, Hussain, D., Hussain, F., and Warraich, MA (2013). Challenges and prospects of camel meat production and marketing in Pakistan. Paper presented at the Conference on *Sustainability of Camel Population and Production* held at King Faisal University, Al-Hofuf, Saudi Arabia, December, 17-20, 2012.

Research Workshops & Conventions

1. Presented doctoral research at *French-German Doctoral Seminar about* Franchising in social sectors: the case of education in Pakistan" held at University of Rennes 1, Rennes, France. June 14, 2016.

2. Participated in a panel session at the 7th International Conference on *Economics and Management of Networks (EMNet)* about "Field Collection of Franchise Data in Emerging Economies: Asia & Africa" held at University of the Western Cape, Cape Town, South Africa. December 3-5, 2015.

3. Presented a research seminar "Social Franchising in the Education Sector in Pakistan: A Multi-Perspective Approach" at *Center for Research in Economics and Management* (CREM UMR CNRS 6211) University of Rennes 1, France. October 20, 2015.

4. Participated in a panel session on "micro franchising and social franchising" at *International Workshop on Franchising, Retail & Services Chains* held at University of Rennes 1, Rennes, France. June 11-12, 2014.

5. Attended all research workshops organized by *Center in Franchising, Retail & Service Chains,* Rennes, France. September, 2012 to Present.

Research Theses and Supervision

01/2014 – 01/2015	Supervised research theses of five master's students at Rennes School of Business, Rennes, France.
04/2013 – 08/2013	Completed Master's Thesis on "Franchising in the education sector in Pakistan". (Research supervisor: Dr Rozenn Perrigot).
03/2012 – 12/2012	Actively participated in a research project on marketing of Halal Camel meat in Pakistan. (Project leader: Dr Muhammad Hassan Mushtaq).
04/2008 – 12/2008	Completed Master's Thesis on "The Effect of Institutional Credit on Agricultural Development in Pakistan". (Research supervisor: Mrs. Rubina Javed).

Research Affiliations

October, 2013 to Present	Research affiliation with *Center of Research in Economics and Management* (CREM UMR CNRS 6211), France.
October, 2013 to Present	Research member at *Center in Franchising, Retail & Service Chains*, Rennes, France.
October, 2013 to Present	Research affiliation with *Science of Man, Organizations, and Society Doctoral School* (SHOS) – University of Rennes 1, Rennes, France.

University Teaching Experience

03/2017 – 03/2017	Role and Development of Commercial and Social Franchising in Pakistan to final year Master in Marketing – Franchising, Retail and Service Chains students at IGR-IAE de Rennes, University of the Rennes 1, Rennes, France.

Awards & Achievements

2013-2014	Received international research mobility grant for the PhD research from Ecole Doctorale SHOS, Université de Rennes 1, France.
2012-2013	Received scholarship for Master of Marketing: Franchising and Network Management from Foundation de Rennes 1, France.
2006-2008	Benevolent merit Scholarship from Government of the Punjab, Pakistan.

Research Skills & Communication

Expertise for qualitative and quantitative research analysis: *NVivo* and SSPS

Excellent team working and analytical skills

Professional Experience

12/2008 – 08/2012	Worked as Senior Manager with Rehmat Developers at Lahore, Pakistan, a subsidiary of *"A to Z Enterprises"*, Francistown, Botswana.
08/2004 – 10/2004	Worked as an Internee for six weeks with "*Faysal Bank Limited"*, Lahore, Pakistan.

Personal Information

Proficient Languages	English, Urdu and Punjabi
Basic Level	French and Arabic

Appendix C : Résumé de la Thèse

(Summary of the Thesis in French)

La franchise sociale dans les marchés émergents: une approche multi-perspective dans le secteur de l'éducation au Pakistan

La littérature de franchise traite principalement la franchise sur les marchés développés d'une part (souvent les marchés anglo-saxons) et la franchise dans les secteurs traditionnels tels que les secteurs hôtelier et de restauration d'autre part. La franchise permet souvent aux entrepreneurs de se concentrer immédiatement sur le démarrage d'une entreprise prospère avec une expertise testée et une expérience derrière elle, ce qui peut offrir un savoir-faire et une formation initiale cruciaux. La franchise permet également souvent aux franchisés de faire la publicité de leurs entreprises dans le cadre de campagnes de publicité nationales ou même mondiales, malgré leurs budgets souvent limités. Les franchisés peuvent également bénéficier de modèles commerciaux rentables avec des fournitures de haute qualité et à faible coût. Cela leur permet d'offrir des produits hautement compétitifs à leurs clients potentiels. Le phénomène de la franchise a également offert aux individus la possibilité de devenir des partenaires semi-autonomes de sociétés franchisées réussies. En outre, pour les franchiseurs, l'expansion des entreprises par la franchise leur permet de gagner au lieu de s'investir en recevant des droits d'entrée et des redevances. Elle leur offre l'occasion d'impliquer moins de capital personnel et une expansion rapide de la marque.

Récemment, certains auteurs ont élargi la portée de leurs études en examinant la franchise sur les marchés émergents. Le phénomène de la franchise est largement adopté sur ces marchés. Plusieurs auteurs ont commencé à explorer la franchise dans les principaux marchés émergents comme le Brésil, la Chine, l'Inde, la Russie et l'Afrique du Sud. Environ

80% de la population mondiale vit dans les marchés émergents. La population sur ces marchés continue de croître à un rythme plus rapide que celui des marchés développés. La croissance de la demande des consommateurs est habituellement plus rapide sur les marchés émergents et cela aide à améliorer les niveaux de croissance des franchiseurs sur les marchés émergents. Ces marchés possèdent également plus de 50% des ressources naturelles du monde. Récemment, la Banque mondiale a anticipé que, dans les cinq prochaines années, la croissance économique des marchés émergents sera plus du double de celle des économies développées. La banque prévoit également que les économies émergentes du Brésil, de la Chine, de l'Inde, de la Russie et de l'Afrique du Sud augmenteront collectivement en termes de dollars par rapport aux économies du G-6 (États-Unis, Japon, Royaume-Uni, Allemagne, France et Italie) avant le milieu du XXIe siècle.

Les marchés émergents accélèrent les opportunités de croissance spécifiquement pour les franchiseurs internationaux. La force de l'entreprise, la croissance industrielle, la rentabilité améliorée, la croissance de l'équité des actionnaires et la croissance de la consommation sont des principaux facteurs qui alimentent le succès des entreprises internationales en général et des réseaux internationaux de franchises en particulier. Bien que la franchise devienne populaire dans de nombreux marchés émergents, de nombreux franchiseurs sur ces marchés doivent encore faire face à des défis parfois encombrants, tels que des systèmes politiques instables, des infrastructures domestiques insuffisantes, des variations des taux de change et des risques de liquidité. Plusieurs auteurs (des analystes du secteur et des universitaires) ont souligné la nécessité d'explorer davantage le sujet des marchés émergents du point de vue de la franchise et dans les secteurs moins traditionnels, c'est-à-dire l'éducation, la santé et le développement rural. Cette forme de franchise est souvent appelée «franchise sociale».

La franchise sociale implique l'application de techniques de franchise commerciale pour obtenir des avantages sociaux. Par conséquent, c'est une technique commerciale qui sert à faire face aux problèmes sociaux dans la société. Bien qu'il s'agisse d'une tendance à la croissance rapide, la littérature sur la franchise sociale est assez récente et limitée. Certains experts indiquent que la franchise sociale est devenue une stratégie commerciale qui a été adoptée avec succès par des organisations à but non lucratif telles que les organisations non gouvernementales et les entreprises sociales. Ces organisations ont adapté des modèles commerciaux dans lesquels ils fournissent des biens et des services sociaux en utilisant des franchises commerciales mais sans bénéfices personnels.

Certains experts estiment que, suite au développement de la franchise commerciale en tant que format commercial et nom commercial, la franchise sociale représente maintenant une forme de développement de la franchise de troisième génération. Dans la littérature, la franchise sociale a été considérée comme une innovation et un nouveau phénomène. Simultanément, elle a été considérée comme une pratique adoptée il y a longtemps. Dans les marchés développés, la franchise sociale est comprise comme un moyen d'atteindre un but social, alors que, dans les marchés émergents et les marchés en voie de développement, on considère plus la franchise comme un moyen d'équilibrer les inégalités sociales.

Malgré les points de vue différents, les praticiens et les chercheurs se sont mis d'accord sur le fait que la franchise sociale est un moyen réussi d'aborder les communautés socialement touchées dans les pays où leur secteur public n'a pas réagi efficacement, par exemple, où les personnes vivent dans une extrême pauvreté et doivent faire face aux maladies, à l'analphabétisme , le chômage, l'itinérance et la famine, ou dans les communautés défavorisées telles que les groupes handicapés, les toxicomanes ou les personnes vulnérables vivant dans une crise sociale extrême. Les concepts de la franchise sociale jouent un rôle diversifié dans les marchés développés et émergents. Ils peuvent être efficaces pour fournir

des services et des produits sociaux de qualité à des prix abordables et cela peut agir dans l'intérêt de grands segments défavorisés de sociétés. Ils peuvent découvrir des fournisseurs sociaux hautement motivés et potentiellement efficaces et recruter souvent des personnes inexpérimentées et les transformer en franchisés sociaux bien formés. En brandissant les services sociaux, ils introduisent souvent des améliorations grâce à la normalisation et sensibilisent le public aux problèmes sociaux importants en utilisant les outils du marketing social.

Le concept de la franchise sociale a permis de minimiser la discrimination dans les sociétés défavorisées. Il a également évoqué les droits et l'autonomisation des femmes et a contribué à la résolution des problèmes sociaux à grande échelle. Par exemple, cela aide souvent les femmes à créer des micro-entreprises qui leur permettent d'envoyer leurs enfants à l'école.

D'autres contributions positives de franchise sociale sont de mobiliser les ressources économiques silencieuses de la société; échanger des techniques opérationnelles rentables; partager les charges financières; activer des bénévoles dans la société; gagner du capital politique par la taille; permettent les innovations sociales grâce au réseautage. Par conséquent, la franchise n'a pas d'usage universel unique ni de sens. Néanmoins, il semble que les consultants, les entrepreneurs, les chercheurs et certains gouvernements aient leur propre compréhension de ce qu'est la franchise sociale, en fonction de leurs besoins.

De nombreux types de modèles organisationnels visent à améliorer la prestation des services à la société. Il s'agit notamment de la diffusion, des coentreprises, des licences, des organisations non gouvernementales (ONG), des organisations à but non lucratif (NPO), des partenariats, des franchises sociales, de l'économie sociale, de l'entrepreneuriat social et de la propriété exclusive. Cependant, j'ai l'intention d'étudier le modèle de la franchise sociale en

raison de ses caractéristiques uniques, de la manière dont il fournit la propriété entrepreneuriale, la marque, ainsi que la réédition des systèmes opérationnels et la possibilité de générer des revenus en facturant nominalement les clients aux services sociaux. Par conséquent, les acteurs clés de la franchise sociale peuvent devenir des entrepreneurs autonomes, en profitant des opportunités de croissance élevée et de développement de la marque (comme dans le franchisé commercial), tout en atteignant des objectifs sociaux importants pour leur société.

Cette étude examine les principales caractéristiques, le développement, les dimensions sociales, les avantages et les défis de la franchise dans le secteur de l'éducation au Pakistan. En outre, il souligne que la franchise de l'éducation au Pakistan fonctionne principalement comme une forme de franchise sociale. L'étude aborde également comment la dimension sociale de la franchise de l'éducation au Pakistan est contrebalancée avec le côté commercial de cette entreprise. Les principales questions de recherche sont les suivantes: **RQ1** Pourquoi les écoles franchisées apparaissent-elles au Pakistan? Les écoles publiques au Pakistan ont-elles un rendement inférieur ou insuffisant? Dans l'affirmative, quels sont les principaux facteurs entravant les améliorations dans les écoles publiques?

RQ2 Quelles sont les principales caractéristiques des chaînes de franchise dans le secteur de l'éducation par rapport aux chaînes de franchise dans les secteurs commerciaux?

RQ3 Qui sont les franchiseurs et les franchisés présents dans les chaînes d'écoles? Pourquoi les gens sont prêts à payer des frais dans les écoles de franchise au lieu d'autres écoles privées. Les gens peuvent-ils payer les honoraires des écoles de franchise?

RQ4 La franchise dans le secteur de l'éducation fournit-elle un mécanisme d'autosubsistance? Quelle est l'indépendance de ces chaînes de franchise par le financement externe et les subventions gouvernementales?

RQ5 Ces chaînes de franchise réussissent-elles à parvenir à un équilibre entre les ambitions commerciales et sociales? Comment ces chaînes réagissent-elles aux problèmes sociaux et ces chaînes ont-elles des répercussions importantes sur la société? Dans l'affirmative, quels sont ces impacts sociaux? Et la franchise dans le secteur de l'éducation peut-il vraiment être décrite comme franchise sociale?

RQ6 Quels sont les principaux enjeux, les défis, les forces et l'avenir des chaînes de franchise de l'éducation au Pakistan?

Plus précisément, nos objectifs sont les suivants: 1) mettre en évidence les raisons de l'émergence de la franchise social dans le secteur de l'éducation au Pakistan; 2) examiner ses principales caractéristiques en lien avec celles de la franchise traditionnelle et 3) examiner les défis et la croissance potentielle de la franchise sociale dans le secteur de l'éducation au Pakistan. Notre étude empirique repose sur une approche qualitative; plus précisément, nous avons mené vingt-cinq entretiens avec les franchiseurs, les franchisés et les enseignants et les employés des écoles. En outre, nous avons complété ces données avec des données secondaires fournies sur les sites Web des franchiseurs.

La revue de la littérature présente un aperçu détaillé de la littérature scientifique sur la franchise sociale. En outre, je compare brièvement la franchise sociale avec d'autres organisations sociales telles que les ONG, les NPO, les coopératives, l'économie sociale et l'entrepreneuriat social afin de mettre en évidence la manière dont la franchise sociale diffère des organisations sociales existantes et pourquoi nous devons innover une nouvelle forme organisationnelle de la franchise sociale bien qu'il existe tant d'organisations sociales sur le marché.

La franchise sociale a des ressemblances avec la franchise commerciale, mais à bien des égards, elle est différente. L'objectif principal de la franchise sociale n'est pas de maximiser

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les bénéfices, mais plutôt d'obtenir un équilibre dans la maximisation des bénéfices et la réalisation des objectifs sociaux. La franchise sociale a plus de succès si la propriété est locale, car les propriétaires locaux peuvent répondre efficacement aux besoins locaux. La franchise sociale fonctionne sous différentes formes en termes de format d'entreprise et de propriété. Néanmoins, il est évident que, dans les affaires de la franchise sociale, il devrait avoir un but social et qu'il devrait bénéficier du profit car sans faire de profits, il sera contraint de dépendre de la philanthropie et ne survivra pas à long terme.

La franchise sociale dans le secteur de l'éducation est un phénomène nouveau, en particulier en ce qui concerne la scolarité à plein temps. En raison du manque de documentation scientifique sur la franchise de l'éducation et sur la nature dynamique de la franchise sociale, j'ai l'intention d'expliquer le cadre théorique de mon étude en analysant les trois théories importantes suivantes: écologie organisationnelle, capital social et théorie des réseaux sociaux.

J'ai choisi le marché pakistanais et les chaînes nationales de franchise opérant dans le secteur de l'éducation. La franchise commerciale au Pakistan a connu une exposition substantielle à une gamme variée de chaînes de franchise internationales, y compris un large éventail d'entreprises, telles que l'automobile, la location de voitures, l'habillement, l'industrie de la mode, les services financiers, les hôtels, les restaurants à service rapide, l'immobilier, le commerce de détail les magasins, les chaussures et les télécommunications. La présence de franchiseurs internationaux indique le potentiel élevé qu'ils perçoivent pour l'industrie de la franchise au Pakistan et cela ouvre également la voie à des opportunités d'investissement pour les investisseurs nationaux. En conséquence, le marché pakistanais a mis au point de nombreuses chaînes de franchise nationales réussies et ces chaînes nationales ont généré une croissance incroyable au cours des deux dernières décennies. Les chaînes de franchise nationales les plus célèbres au Pakistan sont principalement du secteur alimentaire.

La croissance de la franchise au Pakistan ne se limite pas seulement aux «secteurs commerciaux» tels que les hôtels, les restaurants et les vêtements. Au contraire, la franchise gagne en popularité dans plusieurs domaines non commerciaux/ secteurs sociaux, y compris l'éducation, la santé et le développement rural. Plus précisément, les chaînes de franchise se répandent dans deux secteurs sociaux importants: la santé et l'éducation.

La croissance de la franchise dans le secteur de l'éducation au Pakistan est similaire à la croissance de la franchise dans les secteurs commerciaux. Actuellement, il existe 22 chaînes de franchises scolaires au Pakistan, dont 4 127 écoles de franchise avec environ 1 310 200 étudiants à plein temps. Ces écoles de franchise s'engagent à offrir une plus grande accessibilité en ayant des écoles dans des régions éloignées et un produit de meilleure qualité pour les études primaires, moyennes, secondaires et supérieures au Pakistan.

L'objectif de cette recherche empirique est d'explorer la dynamique de la franchise dans le secteur de l'éducation (un secteur social) au Pakistan. À ce jour, aucune étude scientifique approfondie n'a été menée pour comprendre l'émergence et le succès des chaînes de franchise dans le secteur de l'éducation au Pakistan. Par conséquent, de nombreuses questions importantes ont été laissées sans réponse dans la littérature scientifique. Par conséquent, cette étude pourrait être catégorisée comme une tentative de dresser la preuve principale qui résulte d'un examen systématique et d'une exploration des écoles de franchise qui offrent des services scolaires à temps plein.

Pour mener cette étude, j'ai adopté une approche qualitative à plusieurs niveaux, car elle a été une stratégie appropriée pour explorer de nouveaux sujets émergents qui n'ont pas fait l'objet de recherches approfondies. J'ai mené au total 44 entretiens face-à-face qui comprennent 8 franchiseurs, 9 franchisés, 9 enseignants, 8 parents, 9 étudiants et 1 fonctionnaire du gouvernement. Les 44 entretiens ont été menés en langue urdu, audio-

enregistrés et ensuite traduits et transcrits en anglais. La durée moyenne de l'entretien était de 54 minutes, avec un minimum de 12 minutes et un maximum de 1 heure 5 minutes. La durée totale de l'enregistrement était de 39 heures et 33 minutes, ce qui correspond à un total de 725 pages transcrites en anglais.

Les résultats concluent que les chaînes de franchise dans le secteur de l'éducation au Pakistan ont émergé principalement en raison de la mauvaise performance des écoles publiques. Le système de scolarité publique a des difficultés à fournir des services éducatifs de haute qualité au Pakistan en raison d'un nombre insuffisant d'enseignants et d'installations inappropriées pour les écoles et les étudiants (par exemple, les bâtiments, les meubles). Le manque de ressources financières, humaines et immobilières, l'instabilité politique, les problèmes rencontrés dans l'application des politiques gouvernementales, la mauvaise performance des enseignants, l'insuffisance des contrôles et des équilibres, l'augmentation de la population et la demande d'éducation en expansion qui en résulte sont quelques-uns des barrières pour le gouvernement. En conséquence, les ambitions de la société en faveur d'une amélioration significative dans le secteur de la scolarité publique demeurent faibles. Les parents et les étudiants ont perdu leur confiance dans les écoles publiques. Beaucoup de parents préfèrent maintenant payer les frais de scolarité de leurs enfants dans les écoles privées et les écoles franchisées et perçoivent les écoles publiques comme un phénomène de mauvaise performance.

Les franchisés sont principalement des entrepreneurs individuels avec des milieux diversifiés (éducateurs, entrepreneurs et investisseurs) cherchant à développer une entreprise prospère. Les franchiseurs et les franchisés cherchent à générer leurs revenus grâce aux frais de facturation des parents au lieu de servir une cause sociale à but non lucratif. Cependant, en raison de la nature sociale du secteur de l'éducation, ils ont considérablement réussi à atteindre certains objectifs sociaux tels que l'augmentation des taux d'alphabétisation, en

particulier pour les enfants vivant en milieu rural et plus particulièrement pour les filles. Ils ont obtenu cela en proposant des structures à tarif abordable, en promouvant les droits des femmes, en stimulant la croissance économique, en réduisant la pauvreté en offrant des opportunités entrepreneuriales aux franchisés, en augmentant les niveaux de revenu en offrant des possibilités d'emploi aux enseignants, en générant des gains pour la société ainsi que leurs bénéfices. Ces avantages sociaux dans le secteur de l'éducation sont contrebalancés avec un côté commercial. Ainsi, la franchise dans le secteur de l'éducation au Pakistan peut être identifiée comme une forme de franchise sociale.

Cette franchise sociale dans le secteur de l'éducation a permis aux franchiseurs nationaux d'étendre leurs opérations à travers le Pakistan dans les zones urbaines, rurales et éloignées. Récemment, certains des franchiseurs nationaux ont élargi leurs activités à l'étranger, principalement pour les expatriés pakistanais dans de nombreux marchés développés et émergents. L'utilisation de la franchise sociale dans le secteur de l'éducation a équipé les acteurs clés pour générer des revenus gagnés au lieu de dépendre des subventions gouvernementales et des moyens philanthropiques. Le gouvernement reconnaît également le phénomène croissant des chaînes de franchises dans le secteur de l'éducation au Pakistan.

Les chaînes de franchise doivent faire face à certains problèmes et à tous les défis, y compris le maintien de l'uniformité dans les affaires académiques, le choix des franchisés, la formation des franchisés inexpérimentés, l'embauche de professeurs expérimentés dans les zones rurales, traitant des programmes avancés en anglais, en particulier dans les zones rurales, assurant l'uniformité dans les installations du campus de franchise et la stratégie de survie dans le cas où le gouvernement améliore ses écoles publiques.

Ces chaînes sont interconnectées les unes avec les autres par des relations économiques et sociales. Cette canalisation des chaînes de franchise a permis aux franchiseurs de lutter

collectivement pour la réalisation d'une cause sociale avec des moyens privés - la fourniture d'une éducation scolaire de qualité à des prix abordables. Le nombre et la demande de ces réseaux de franchise augmentent graduellement. Par conséquent, ces réseaux devraient augmenter à l'avenir.

MOTS CLÉS

Franchise sociale; théorie de l'écologie organisationnelle; théorie du capital social; théorie des réseaux sociaux; secteur de l'éducation; marchés émergents; Pakistan; approche qualitative.

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Abstract

This study investigates the main characteristics, development, social dimensions, benefits and the challenges of franchising in the education sector of Pakistan. Furthermore, it highlights that education franchising in Pakistan is mainly operating as a form of social franchising. The study also discusses how the social dimension of education franchising in Pakistan is counterbalanced with the commercial side of this business. A multi-perspective qualitative approach was adopted. This involved conducting and recording 44 in-depth interviews with franchisors, franchisees, school teachers, network employees, parents, students and government officials. Secondary data was collected from franchisor websites. Data was transcribed and analyzed by NVivo. The findings suggest a link between the emergence of social franchising and the performance of public sector educational institutions. Moreover, findings elaborate that education franchising networks in Pakistan have made a significant social contribution by increasing literacy rates and reducing gender inequalities. Therefore, it can be considered as a form of social franchising. Some characteristics of educational franchise networks in Pakistan are the same as those of franchising in more traditional sectors such as hotels and restaurants. Interestingly, the provision of brand name, transfer of know-how, assistance and training, as well as network uniformity, were found to be just as important as they are in traditional franchising sectors. The findings also suggest that users and public have a positive perception of franchising in the education sector and it is regarded as a better alternative as compared to other available options.

Résumé

Cette thèse étudie les principales caractéristiques, le développement, les dimensions sociales, les avantages ainsi que les défis de la franchise dans le secteur de l'éducation au Pakistan. En outre, les résultats de notre étude montrent que la franchise de l'éducation au Pakistan fonctionne essentiellement comme une forme de franchise sociale. L'étude illustre également comment la dimension sociale de la franchise, dans le paysage éducatif pakistanais, est contrebalancée avec le côté commercial de cette pratique. Une approche qualitative multi-perspective a été adoptée. Cela a consisté à mener et à enregistrer 44 entretiens approfondis avec les franchiseurs, les franchisés, les enseignants, les employés du réseau, les parents, les étudiants et les représentants du gouvernement. Les données secondaires ont été collectées sur les sites Web des franchiseurs. Les données ont été transcrites et analysées parNVivo. Nos résultats mettent en évidence un lien entre l'émergence de la franchise sociale et la performance des établissements d'enseignement du secteur public. Nos résultats montrent également que les réseaux de franchises d'éducation au Pakistan ont eu une contribution significative sur le plan social, dans la mesure où, les taux d'alphabétisation ont augmenté et que les inégalités entre les sexes ont été réduites. Cela peut, par conséquent, être considéré comme une forme de franchise sociale. Certaines caractéristiques des réseaux de franchises éducatives au Pakistan sont les mêmes que celles de la franchise dans des secteurs plus traditionnels tels que les hôtels et les restaurants. Il est intéressant de noter que la fourniture de la marque, du transfert de savoir-faire, de l'assistance et de la formation, ainsi que l'uniformité du réseau, ont été aussi importants que dans les secteurs traditionnels de franchise. Les résultats suggèrent par ailleurs que les utilisateurs et le public ont une perception positive de la franchise dans le secteur de l'éducation et cela est considéré comme une meilleure alternative par rapport aux autres options disponibles.