

# A dynamic integrative view of signaling strategies during the franchisee recruitment process

Corentin Le Bot<sup>a,\*</sup>, Rozenn Perrigot<sup>a,\*</sup>, Anna Watson<sup>b</sup>, Gérard Cliquet<sup>a</sup>

<sup>a</sup> University of Rennes – Graduate School of Management, Univ Rennes, CNRS, CREM – UMR 6211, 11 rue Jean Macé – CS 70803, Cedex 7, 35708 Rennes, France

<sup>b</sup> Business School – Edinburgh Napier University, Edinburgh EH14 1DJ, UK

## ARTICLE INFO

### Keywords:

Asymmetric information  
B2B partnerships  
Franchisee recruitment  
Franchising  
Person-organization fit  
Signaling theory

## ABSTRACT

During the franchisee recruitment process, franchisors and franchisee candidates must both engage and screen each other to determine whether they are a suitable match. To facilitate this, they usually exchange a number of signals that reduce information asymmetry. Whilst several authors have attempted to examine the role of signals in the decision-making process, these studies have overlooked the evolution of signals over the recruitment process and the active role of both parties in reaching an informed decision. Building on a dynamic integrative view of signaling theory, our research aims to provide a more thorough understanding of the signaling strategies franchisors and franchisee candidates adopt during this process. We rely on data stemming from in-depth interviews with 29 franchisors and 34 franchisee candidates in the French market. Our findings challenge the literature on franchisee recruitment by showing how franchisors and candidates alike customize their signals and screen each other over the recruitment process in order to decide whether to contract based on their assessment of person-organization fit. Our research thus confirms the relevance of frameworks combining the latest developments in signaling theory and the person-organization fit perspective to examine contexts of information asymmetry, thereby opening new avenues for research in B2B settings. Additionally, our paper offers managerial implications for franchisors and franchisee candidates by helping them effectively send and interpret mutual signals to avoid adverse selection.

## 1. Introduction

Following long-standing concerns expressed by Wattel (1968), the franchisee recruitment process has remained a relevant managerial issue (Balsarini et al., 2022). Indeed, despite the critical importance of franchisee recruitment in terms of chain performance (Calderon-Monge et al., 2021; Perrigot et al., 2011; Sadeh & Kacker, 2020), little is known about how franchisors and franchisee candidates mutually select each other, even though this knowledge is critical for franchise partner recruitment, as shown by Altinay and Wang (2006) in the context of international franchising.

Since the seminal research of Gallini and Lutz (1992), signaling theory has emerged as a prominent framework for understanding how franchisors attract potential franchisees (Dant & Kaufmann, 2003; Lucia-Palacios et al., 2014; Michael, 2009; Sadeh & Kacker, 2020). In fact, this theory is considered particularly helpful for intuitively explaining naturally occurring phenomena that remain poorly

understood (Connelly et al., 2025), as in the context of information asymmetry where one party is better informed than the other (Connelly et al., 2011). As such, the fact that many markets are characterized by imperfect information argues for the continued use of signaling theory (Spence, 2002), especially in business-to-business (B2B) settings (e.g., Bergh & Gibbons, 2011; Gomulya & Mishina, 2017; Ko & McKelvie, 2018; Xia et al., 2016). Compared to consumer markets, B2B markets generally involve higher transaction values and hence higher risks (Jean & Kim, 2021; Yeung et al., 2016). In addition, suppliers may withhold information from buyers in order to influence their decisions (Ahmad, 2024). Decisions are therefore generally made after a thorough screening phase that includes considering all relevant signals available (Gomulya & Mishina, 2017; Sadeh & Kacker, 2020). Signaling theory has been widely applied in the context of financial investment (e.g., Bergh & Gibbons, 2011; Ko & McKelvie, 2018; Xia et al., 2016), as well as employee recruitment (Chung & Parker, 2023; Gully et al., 2013; Walker et al., 2013). However, in a recent review, Connelly et al. (2025)

\* Corresponding author.

E-mail addresses: [corentin.le-bot@univ-rennes.fr](mailto:corentin.le-bot@univ-rennes.fr) (C. Le Bot), [rozenn.perrigot@univ-rennes.fr](mailto:rozenn.perrigot@univ-rennes.fr) (R. Perrigot), [a.watson@napier.ac.uk](mailto:a.watson@napier.ac.uk) (A. Watson), [gerard.cliquet@univ-rennes.fr](mailto:gerard.cliquet@univ-rennes.fr) (G. Cliquet).

<https://doi.org/10.1016/j.indmarman.2025.04.002>

Received 18 July 2024; Received in revised form 6 March 2025; Accepted 21 April 2025

Available online 9 May 2025

0019-8501/© 2025 The Authors. Published by Elsevier Inc. This is an open access article under the CC BY license (<http://creativecommons.org/licenses/by/4.0/>).

encouraged the academic community to broaden the application of signaling to other contexts in order to improve our understanding of the theory and of information asymmetries. From this perspective, franchising represents a highly relevant context for applying signaling theory and its latest developments.

The purchase of a franchise store has been described as a high-involvement decision (Yeung et al., 2016) in view of the considerable financial investment required to start the business, especially the initial franchise fee, as well as the need to pay monthly royalties for the duration of the entire franchise contract. At the pre-contractual stage of the relationship, when franchisors and franchisee candidates must decide whether or not to contract with each other, they both face an information asymmetry with respect to each other and may need to interpret a number of signals to decide whether to contract (Lanchimba et al., 2021; Panda et al., 2023). Consequently, franchisors and franchisees are both signalers and receivers (Connelly et al., 2025), as they must not only send signals to emphasize their underlying qualities, but also interpret and screen the signals sent by the other party (Sadeh & Kacker, 2020). Thus, in keeping with Spence's (1973) seminal work, we argue that in franchising, just as in other contexts, "market participants use signals to represent unobservable attributes between a signaller and receiver" (Bergh et al., 2014, p. 1337) in order to reduce asymmetric information.

Despite the prior use of signaling theory in the franchising literature, its application has tended to be limited to economic perspectives and based on assumptions that the decision-making process depends on static market signals sent by franchisors (e.g., Dant & Kaufmann, 2003; Karle et al., 2016; Lafontaine, 1993; Lanchimba et al., 2021). As such, extant studies have failed to encompass the active role both partners play in reducing information asymmetry to facilitate informed decision-making, as well as the processes by which they may exchange signals to reach this objective (Drover et al., 2018). In addition, although the latest developments in signaling theory show that signals may evolve over time (Etzion & Pe'er, 2014; Gomulya & Mishina, 2017; Ko & McKelvie, 2018; Xia et al., 2016), the literature on franchisee recruitment has overlooked this dynamic evolution. Accordingly, it is not only necessary to consider certain specific signals and their impact – as most research on franchisee recruitment has done to date (e.g., Dant & Kaufmann, 2003; Gallini & Lutz, 1992; Michael, 2009) – but the process through which signals in their entirety may be sent and adapted over time and according to the receiver's profile (Connelly et al., 2025; Drover et al., 2018). Further, whilst a recent study has shown that person-organization fit, i.e., congruency between franchisor and franchisee profiles, is key to success (Semrau & Biemann, 2022), to the authors' knowledge no prior research has attempted to explain how this fit may be assessed by franchisors and franchisee candidates alike. In this respect, signals based on soft information (e.g., corporate values, personality traits) have largely been neglected, despite the importance of soft information for reducing information asymmetry (Ko & McKelvie, 2018; Moro et al., 2014). Consequently, applying the latest developments in signaling theory appears essential for explaining how franchisors and franchisee candidates select each other and for strengthening the relevance of this theory in franchising and B2B literature. Such an understanding is important because of the pervasive managerial challenge that franchisee selection represents for franchisors (Wattel, 1968), as well as the candidates' informational disadvantage with respect to franchise chains (Michael, 2022; Panda et al., 2023).

Building on a dynamic integrative view of signaling theory (Connelly et al., 2025; Xia et al., 2016), our research aims to provide a more thorough understanding of the signaling strategies franchisors and franchisee candidates adopt during the franchisee recruitment process in order to make an informed decision. More specifically, we attempt to determine whether and how they customize and screen their mutual signals during the recruitment process, how they assess their mutual congruency, as well as how they develop trust over time. Considering the signals in a broad and integrative sense (i.e., based on hard and soft

information, intentional or unintentional) (Song et al., 2020; Xia et al., 2016), we specifically examine their dynamic evolution (Etzion & Pe'er, 2014; Gomulya & Mishina, 2017; Ko & McKelvie, 2018; Xia et al., 2016). We do so by focusing on the French franchise industry, which is one of the most prominent in the world and where information transmitted at the pre-contractual stage is regulated (Perrigot et al., 2019). In the single year between 2021 and 2022, 5363 new franchised stores were opened in the French market, most by new franchisees, highlighting the importance of franchisee recruitment and the associated signals exchanged during this process. To capture the integrative nature of signaling strategies (Drover et al., 2018; Song et al., 2020; Xia et al., 2016), including the unintentional signals sent by each party (Connelly et al., 2011; Essman et al., 2021; Song et al., 2020), we rely on a dual perspective through in-depth interviews with 29 professionals from franchise chain headquarters involved in chain development in various industries, as well as 34 franchisee candidates.

By relying on signaling theory and person-organization fit, this research advances our understanding of franchisee recruitment and addresses key gaps in the literature. Our integrative approach based on a dual qualitative sample of franchisors and franchisee candidates allows us to broaden the lens through which signals are considered and emphasize the active role of both parties in signaling their qualities and screening each other. Our findings demonstrate the dynamic evolution of signals over the exchanges, as well as the process through which franchisors and candidates customize their signals to match the expectations of their prospective partners, thus illustrating the person-organization fit perspective of the recruitment process. In addition, our research shows how the co-construction of trust is paramount in the decision-making process, as well as the importance of franchisors' signaling and screening capabilities. It also contributes to confirming the relevance of the latest developments in signaling theory and person-organization fit frameworks to examine B2B information asymmetry. Finally, our paper can help franchisors and franchisee candidates in their selection process, as well as open new avenues for research.

The paper is organized as follows. In the following section, we review the literature on the franchisee recruitment process. In the third section, we introduce signaling theory as our theoretical background. We then present our methodology in the fourth section. We describe and discuss the findings of our research in Sections 5 and 6.

## 2. The determinants of franchisee recruitment

Many researchers consider the franchisee recruitment process critical to the success of franchise chains (Calderon-Monge et al., 2021; Croonen et al., 2022; Perrigot et al., 2011; Sadeh & Kacker, 2020). New franchisees – when successfully recruited – contribute to franchise chain growth and performance. By contrast, "casting errors" during the recruitment process may lead to brand image, performance, and governance issues (Calderon-Monge et al., 2021). Despite the critical role of franchisee recruitment and the challenges associated with it, this topic has received relatively little academic attention (Croonen et al., 2022; Watson et al., 2016) and mostly from the franchisor perspective (Jambulingam & Nevin, 1999; Sadeh & Kacker, 2020), even though franchisee recruitment relies on a dual selection process, with both partners in fact selecting each other based on their mutual exchanges (Brookes & Altinay, 2011).

Franchisors need to carefully consider how they can promote their brands in relation to what their competitors are offering (Panda et al., 2019; Zachary et al., 2011) and how they signal the quality of the franchise opportunities they offer to franchisee candidates (Sadeh & Kacker, 2018). Zachary et al. (2011) developed the concept of "franchise branding" to understand how franchisors can position their franchise opportunities. As such, several studies have emphasized how franchisors communicate through their websites (López-Fernández & Perrigot, 2018; Panda et al., 2019; Zachary et al., 2011) or franchise directories (Watson et al., 2019) in order to attract franchisee candidates. Previous

research has identified several tools franchisors can use to signal the quality of their franchise opportunities, namely franchisor ownership of units (i.e., plural form) (Gallini & Lutz, 1992; Lanchimba et al., 2021), franchise royalties (Lafontaine, 1992; Panda et al., 2023), initial support and training provided (Lucia-Palacios et al., 2014), earnings disclosures (Lucia-Palacios et al., 2014; Sadeh & Kacker, 2018), and multi-unit development opportunities (Lucia-Palacios et al., 2014).

At the same time, due to the high number of individuals who want to become entrepreneurs through franchising, franchisors must also carefully screen franchisee candidates to ensure they have the appropriate skills, personality, and motivation to operate the franchised units in accordance with the chain's systems and processes (Jambulingam & Nevin, 1999; Sadeh & Kacker, 2020). Characteristics that franchisors find desirable in franchisee candidates (Clarkin & Swavely, 2006; Jambulingam & Nevin, 1999) are not only their financial qualifications but also their human capital (Michael, 2022), i.e., their education, their experience and management ability, as well as their attitude and personality.

Furthermore, due to the high number of franchise chains in most countries worldwide, franchisee candidates have a large number of franchise opportunities to consider across different industries (Zachary et al., 2011). However, prior research has neglected to consider franchisee candidates' perspectives on the signals they receive and the signals they send. Consequently, how franchisee candidates credibly signal their characteristics or screen franchisors remains largely unexplored. A few studies have shown that franchisees may select their franchisor based on the assets provided by the chain (e.g., brand image, product, support provided by the franchisor) or based on their partner-related criteria such as trust or reliability (Altinay et al., 2013; Brookes & Altinay, 2011; Yeung et al., 2016), but these findings are based on samples of franchisees who have been operating their businesses for some time, or even several decades in some cases. These franchisees are unlikely to remember all the exchanges related to the recruitment process or the cognitive process that led them to make their decisions to join their chain. Further, given that not all franchisee candidates will end up joining a chain (i.e., because they have not found a suitable chain or they have not been recruited by a franchisor), samples involving operating franchisees may not be representative of the entire spectrum of franchisee candidates.

Several scholars (e.g., Altinay et al., 2013; Doherty, 2009; Guilloux et al., 2004) have also emphasized the importance of the selection process and the fact that, similar to franchisors, franchisee candidates may rely on different strategies to choose their franchisor (Altinay et al., 2013). A comprehensive picture of the franchise recruitment decision from a dual perspective (Brookes & Altinay, 2011; Guilloux et al., 2004) that considers both franchisors and franchisee candidates and their mutual signaling and screening strategies is not, however, covered in the extant literature. In fact, the ability of both franchisors and franchisee candidates to assess prospective partners can be challenging. For instance, information asymmetries (Lanchimba et al., 2021; Panda et al., 2023) can lead to both parties misrepresenting their resources and capabilities in order to forge the partnership (Ahmad, 2024), thereby creating a precontractual or "adverse selection" issue (Jambulingam & Nevin, 1999; Sadeh & Kacker, 2020). In this respect, information asymmetry compels actors to "use signals to represent unobservable attributes between a signaler and receiver" (Bergh et al., 2014, p. 1337) to avoid the risks of adverse selection and moral hazard.

Finally, the dominant perspective in the franchisee recruitment literature is that franchisors and/or franchisee candidates make their decision to contract based on the intrinsic quality of the other partner (Brookes & Altinay, 2011; Jambulingam & Nevin, 1999; Sadeh & Kacker, 2020). However, a more recent study has shown that a franchisee's performance in a chain depends on their fit with the chain (Semrau & Biemann, 2022). According to these authors and their categorization of franchisee profiles, "sergeants" (i.e., franchisees with limited educational background and prior industry experience who are

keen to follow the chain's directions) can outperform "generals" (i.e., franchisees with extensive prior experience who are inclined to make important decisions on their own) in franchise chains that have low levels of entrepreneurial orientation and high levels of centralization and standardization. In comparison, "generals" are better suited to chains that offer greater entrepreneurial autonomy to their franchisees. Although the person-organization fit has been suggested to explain franchisors' communication (López-Fernández & Perrigot, 2018) and their decisions (Watson et al., 2016) based on the chain's values, no empirical study has sought to investigate how this search for adequacy may affect both partners' overall signals and their mutual decisions. As such, following the recent introduction of signaling theory in the literature on the human resource recruitment process (Guest et al., 2021; Pernkopf et al., 2021), the franchising literature should follow the same path to fully uncover how franchisors and franchisee candidates mutually select each other and capture the dynamic nature of the recruitment process.

### 3. Theoretical background

#### 3.1. The evolution of signaling theory in B2B settings

Signaling theory is often used when assessing asymmetric information situations in various fields like economics, management, and entrepreneurship (Connelly et al., 2011). Since Spence's (1973) seminal paper on the use of signals by job candidates, Spence (1974) has further conceptualized this theory and extended its area of application. This has led to many applications of signaling theory in a variety of contexts, including individual (Bafera & Kleinert, 2023), product (Kirmani & Rao, 2000), and brand (Rahman et al., 2018) levels, as well as specific contexts, for instance the hiring of management consultants (Bergh & Gibbons, 2011) or different organizational contexts such as franchise chains (Dant & Kaufmann, 2003; Gallini & Lutz, 1992; Lanchimba et al., 2021; Panda et al., 2023; Sadeh & Kacker, 2020).

A signaling environment involves at least two different actors, the signaler and the receiver. The "signaler" (i.e., an individual or an organization) has knowledge of specific information and can disclose it through a signal in order to influence the perception of the receiver. Signaling theory explains "how one party may undertake actions to signal its underlying quality to other parties" (Connelly et al., 2011, p. 40). Signals can be either positive or negative and may or may not be intentional. Signals do not necessarily match their intended purpose nor signalers' expectations. Two characteristics have been identified as key to determining the reliability of the signal: "the extent to which the signal corresponds with the sought-after quality of the signaler" (*signal's fit*) and "the extent to which signalers attempt to deceive" (*signaler's honesty*) (Connelly et al., 2011, p. 52). Other studies exploring signal effectiveness have focused on the impact of the receiver's attention and interpretation of signals (Connelly et al., 2011) and the use of feedback mechanisms (i.e., countersignals) to determine whether signals have been correctly interpreted by the receiver. Drover et al. (2018, p. 209) assert that "signaling theory has proven to be useful in the organizational realm because it explains how a venture's attributes and actions communicate signals to outsiders about its quality and potential". However, these authors warn that multiple (often competing and even conflicting) signals can hinder the receiver and propose a cognitive approach to better understand and interpret "multi-signals environments".

In fact, signaling theory has progressively evolved to encompass a broader, more holistic view of signal and signaling strategies (Connelly et al., 2025). In response, an increasing number of authors are moving beyond the study of isolated, static signals and are focusing instead on multiple signals (Drover et al., 2018; Ko & McKelvie, 2018; Song et al., 2020) that may be unintentional (Essman et al., 2021; Song et al., 2020) and may evolve (Etzion & Pe'er, 2014; Gomulya & Mishina, 2017; Ko & McKelvie, 2018; Xia et al., 2016). This shift highlights the dynamic



nature of signaling and how mutual interactions, including counter-signals, may shape signals along the decision-making process. In addition, this approach stresses the importance of considering screening mechanisms (Gomulya & Mishina, 2017; Sadeh & Kacker, 2020), which are paramount for detecting and interpreting signals sent from the other party and adapting future signals accordingly. As recently summarized by Connelly et al. (2025), researchers have often missed the big picture by considering signals through individual static decisions. According to these authors, ‘zooming out’ by adopting a holistic perspective of signaling is challenging but essential in order to account for the complexity of signaling strategies and to understand their outcomes. Our research addresses this need by considering signaling strategies in a dynamic and integrative way.

### 3.2. Signaling in the context of franchisee recruitment

In the specific context of franchising, Gallini and Lutz (1992) first applied signaling theory to explore how franchisors send signals to franchisee candidates in order to emphasize their profitability. According to these authors, the ownership of company-owned units appears to be the main signal of chain profitability. However, the extent to which the proportion of company-owned outlets (PCO) is primarily driven by signaling considerations (e.g., Cliquet & Pénard, 2012; Dant & Kaufmann, 2003; Lafontaine, 1993; Michael, 2009) or can be better explained by other theories pertaining to franchise chain ownership structure (Glaser et al., 2020; Windsperger & Dant, 2006) has been a subject of debate among franchising scholars over the past decades. Nevertheless, whether or not franchisors intend to send a signal through their PCO, this information – among others – can be interpreted as a decisive signal by franchisee candidates since signals are not necessarily deliberate or even conscious (Connelly et al., 2011). In addition to the PCO, the franchising literature has examined other signals, including chain size (Lucia-Palacios et al., 2014), international operations (Alon & Elango, 2018), the brand value (Calderon-Monge & Huerta-Zavala, 2014), as well as royalty rates (Karle et al., 2016; Lanchimba et al., 2021).

Whilst these papers provide useful insights into signaling methods, they rely on an overly restrictive conception of signals thus limiting their ability to fully uncover the complexities of franchisee recruitment. On the one hand, they fail to consider the full array of signals (Drover et al., 2018; Ko & McKelvie, 2018; Song et al., 2020) by only examining certain specific and intentional signals sent by franchise chains based on hard information (e.g., Dant & Kaufmann, 2003; Karle et al., 2016; Lanchimba et al., 2021; Michael, 2009; Sadeh & Kacker, 2018). Yet, during the recruitment process, franchisors and franchisee candidates alike necessarily send multiple and sometimes contradictory (Drover et al., 2018) or negative signals (Essman et al., 2021). In this respect, as signals may not only be sent by a firm but also by one or several individuals within the same organization (Connelly et al., 2011), for example, by chain developers or directors, the personality traits or capabilities of individuals may provide differences in their signals (Chung & Parker, 2023; Ko & McKelvie, 2018). A more comprehensive view of signals exchanged during the recruitment process therefore requires a consideration of signals sent both on an organizational and individual level (Bergh et al., 2014; Connelly et al., 2025).

On the other hand, the franchising literature has approached these signals from a static perspective, failing to take into account the cognitive process by which they are interpreted and the potential evolution of signals based on receivers’ feedback (Etzion & Pe’er, 2014; Gomulya & Mishina, 2017; Ko & McKelvie, 2018; Xia et al., 2016). In this respect, the literature suggests that experience is key to detecting and interpreting signals (Wu & Reuer, 2021), which is why franchisors appear to

have an advantage over franchisees in adapting their signals to appear more attractive as they have more opportunities to learn how to send misleading signals (Michael, 2022; Panda et al., 2023). However, little is known empirically about the signaling and screening capabilities of franchisee candidates and thus studying signals from a dual perspective is essential for understanding the determinants of the recruitment process.

Building on recent developments in signaling theory, our research seeks to address these limitations by investigating signals exchanged during the recruitment process from a dynamic and integrative view (Connelly et al., 2025; Xia et al., 2016). This entails focusing on all signals exchanged by franchisors and franchisee candidates – including unintentional signals (Essman et al., 2021; Song et al., 2020) and signals based on soft information (e.g., quality of training and know-how, support provided to franchisees) (Lucia-Palacios et al., 2014; Panda et al., 2023) – as well as how these mutual signals are screened and interpreted (Gomulya & Mishina, 2017; Sadeh & Kacker, 2020) in order to adapt subsequent signals to the other party’s expectations (Connelly et al., 2025). This adaptation of signals supports a person-organization fit (Gully et al., 2013) approach of franchising (Semrau & Biemann, 2022), since customized signals allow both parties to determine their mutual fit.

## 4. Methodology

### 4.1. Context of franchising in the French market

Our empirical study was conducted in France for three reasons. First, France is one of the most dynamic countries in the world in terms of franchising. Indeed, the French market comprises 2035 franchisors and 92,132 franchised stores that generate a total turnover of 88.49 billion euros (French Franchise Federation, 2023). Second, the French market is particularly relevant for studying interactions between franchisors and franchisee candidates, since the pre-contractual stage of the franchisee recruitment process is governed by a set of regulations that promote the transfer, reliability, and honesty of signals (Perrigot et al., 2019). In France, “pursuant to section L.330-3 of the French Commercial Code, codifying the provisions of Act No. 29-1008 of 31 December 1989 on the development of commercial and craft enterprises and the improvement of their economic, legal and social environment (the Doubin Law), franchisors are required to disclose pre-contractual information to their [prospective] franchisees” in a document titled the Franchise Disclosure Document (FDD) at least 20 days before signing the franchise contract (Lexology, 2022, p. 14). While mandatory information provided in the FDDs in France is dictated by the regulation, any additional disclosures and their designs are not. Contrary to FDDs issued in the US, for instance, FDDs in France may have a visually pleasing design that, unlike franchise contracts, can match the brand’s style guide (e.g., the franchise brochure). It is possible that this flexibility of communication may influence the candidates’ interpretation. Franchisors and franchisee candidates must, however, demonstrate good faith in the signals they send to comply with the Civil Code (Perrigot et al., 2019). Third, the French market is one where franchisors directly conduct franchisee recruitment, contrary to markets such as in the US or Australia where franchisee recruitment is commonly handled by franchise brokers (Frazer et al., 2008; Weaven et al., 2010), i.e., third parties commissioned to find prospective franchisees and refer them to the franchisors with whom they are in business. Most franchisors operating in France employ chain developers who are responsible for attracting and assessing franchisee candidates. Signals exchanged during the franchisee recruitment process are thus mainly transmitted directly between franchisors and franchisee candidates.

#### 4.2. Qualitative approach

This research followed a constructivism paradigm, viewing reality as a subjective social construct. In constructivist research, theory is built by placing a strong emphasis on the research context (Miles et al., 2014). To examine signaling strategies and practices from an integrative perspective, we adopted a qualitative approach (Connelly et al., 2025; Song et al., 2020) that drew on in-depth interviews with franchisors and high-level managers in chain development departments<sup>1</sup> from various industries, as well as franchisee candidates. Qualitative approaches are increasingly used in the franchising literature to gain deeper understanding of understudied phenomena (Grünhagen et al., 2022; Perrigot et al., 2021; Watson et al., 2020). Whilst a number of qualitative studies are based on franchisee (e.g., Altinay et al., 2013; Grünhagen et al., 2022; Watson et al., 2020; Yeung et al., 2016) or franchisor perspectives (e.g., Balsarini et al., 2022; Doherty, 2009; Jell-Ojober & Windsperger, 2017; Perrigot et al., 2021), we are not aware of any qualitative research to date that considered the perspective of franchisee candidates.<sup>2</sup> In this research, we adopt a dual perspective (Frazer & Winzar, 2005; Guilloux et al., 2004; Perrigot et al., 2019) involving franchisors and franchisee candidates to investigate the dynamic evolution of their signals. Considering that past research has essentially examined the signals related to the franchisee recruitment process from a static view and through hard information sent by franchisors (e.g., Dant & Kaufmann, 2003; Karle et al., 2016; Lafontaine, 1993; Lanchimba et al., 2021), our approach was exploratory in order to obtain a comprehensive picture of mutual signaling strategies.

#### 4.3. Data collection

Interviewees were selected using purposive sampling to enable the collection of data from respondents “who are relevant to the research question and who can provide valuable information” (Grünhagen et al., 2022, p. 7). We selected franchisors based on their position within the chain (i.e., those with responsibilities related to franchisee recruitment, for instance, directors of chain development departments, development managers). The choice of franchisee candidates depended on their being actively engaged in searching for a franchise opportunity. Studies including franchisee candidates are scarce due to the difficulty of accessing candidates who are not yet part of a chain. Consistent with the few past studies focusing on franchisee candidates (e.g., Croonen et al., 2022; Guilloux et al., 2004; Kaufmann & Stanworth, 1995), we attended the main franchise exhibition in France (that is, Franchise Expo Paris) to recruit franchisee candidates. We also recruited several franchisor participants for our qualitative study during this exhibition, in addition to those with whom we had established contact by other means (e.g., through emails or phone calls).

At the franchisor level, we conducted 29 interviews with franchisors representing different chains and a variety of retail and service industries in the French market (as shown in Table 1). The franchise chains they represented include different sizes, lifespans, and of a varying percentage of company-owned stores. The interviewees also differed in terms of their backgrounds and level of seniority within their chains.

At the franchisee candidate level, we conducted 34 interviews with individuals in the process of joining a franchise chain (see Table 2). To ensure a diverse sample, we interviewed candidates at varying stages of the franchisee recruitment process (i.e., from first contact with one or more franchisors to the eventual signing of a franchise contract). The interviewees' profiles also differed in terms of industries of interest,

backgrounds, and previous professional experience.

Our franchisor interview guide contained two main parts in addition to the introduction of the research and the concluding remarks. To begin with, franchisors had to disclose the signals they send to franchisee candidates. The second part explored the signals they receive from franchisee candidates. We structured the franchisee candidate guide in a similar manner with two main parts dealing with signals sent to franchisors and signals received from franchisors. In both cases, we asked questions about the types of signals sent (and received), the mechanisms used to send signals (and to interpret signals), and the factors that influenced the signaling process (e.g., signal quality, transparency).

In line with our exploratory approach, we continued to collect data until a point of saturation was achieved, i.e., once additional interviews no longer provided new insights on signaling strategies during the franchisee recruitment process (Yin, 2009).

We conducted the interviews in French, either face-to-face, by phone, or by using video conferencing software according to the location of the interviewees. All interviews were audio-recorded and then transcribed for analysis. The total length of all the interviews was 54 h, 36 min (27 h, 2 min for franchisor interviews and 27 h, 34 min for franchisee candidate interviews), for an average of 52 min (56 min for franchisor interviews and 49 min for franchisee candidate interviews).

#### 4.4. Data analysis

In keeping with Saldaña (2015), we employed a two-step process to analyze the data. We used descriptive coding in the first cycle to assign symbolic meaning to the information provided by the interviewees to summarize the data (Miles et al., 2014, p. 74). In the second cycle, we used pattern coding where data segments were classified as themes in order to obtain “more meaningful and parsimonious units of analysis” (Miles et al., 2014, p. 86).

To ensure reliability, two coders, both experienced in qualitative methods, analyzed the data. The first coder analyzed the dataset in French, while the second coder reviewed the coding based on a translated version of the interview transcripts (after back translation checks). The two coders worked on the franchisors' and franchisee candidates' interview transcripts, corresponding to the 63 interview transcripts. They analyzed both datasets following the same approach, using “FOR” for franchisor transcripts and “CAND” for franchisee candidate transcripts to allow for quick identification of the data segments. A comparison of the coding done by the two coders found over 90 % consistency. Where disagreements existed, the two coders discussed the segments to reach a consensus (Gioia et al., 2013, p. 22).

To enhance validity, we shared and discussed the findings of our research with franchisors (including franchisors who had participated in the research) in a meeting organized for this purpose to enable feedback on the findings.

### 5. Findings

Our findings support the relevance of a dynamic view of the signaling strategies adopted by franchisors and franchisee candidates during the recruitment process. From this perspective, we also highlight the importance of fit and trust in their process of mutual selection. Further, our findings highlight the importance of franchisors' signaling capabilities.

#### 5.1. Dynamic evolution of signals over the recruitment process

Our findings reveal that signals sent by franchisors and franchisee candidates evolve over the course of the franchisee recruitment process, thus highlighting a dynamic view of signaling strategies. Both parties exchange a series of signals in order to determine whether to contract based on their level of mutual fit. As such, signals are exchanged back and forth as franchisors and franchisee candidates gradually customize

<sup>1</sup> From here on, the term “franchisor(s)” is used to refer to both franchisors and high-level managers with responsibility for chain development.

<sup>2</sup> It should be noted that Croonen et al.'s (2022) and Guilloux et al.'s (2004) studies explore franchisee candidate perspectives, but they rely on quantitative, survey-based studies.

**Table 1**  
Franchisor interviewee profiles.

Interviewee	Sex	Age category	Job title	Chain	Industry	Interview duration (in mins)
FOR#1	Male	21–25	Chain Developer	Chain A	Signage	53
FOR#2	Male	41–45	Chain Developer	Chain B	Coffeeshops	48
FOR#3	Female	26–30	Project Coordinator	Chain C	Fast food	55
FOR#4	Male	41–45	Chain Developer	Chain D	Bakery/Fast food	59
FOR#5	Male	51–55	Chain Developer / CEO	Chain E	Fast food	46
FOR#6	Male	41–45	Director of Chain Development	Chain F	Fast food	47
FOR#7	Male	51–55	Head of Chain Development	Chain G	Fast food	44
FOR#8	Male	36–40	CEO	Chain H	Fast food	46
FOR#9	Male	46–50	Director of Chain Development	Chain I	Specialized food retailer	47
FOR#10	Female	21–25	Chain Developer	Chain J	Restaurants	46
FOR#11	Female	21–25	Chain Developer	Chain K	Specialized food retailer	64
FOR#12	Female	36–40	Director of Franchisee Recruitment	Chain L	Specialized food retailer	43
FOR#13	Female	36–40	Chain Development Assistant	Chain M	Restaurants	60
FOR#14	Male	56–60	Director of Chain Development	Chain N	Restaurants	40
FOR#15	Female	26–30	Chain Developer	Chain O	Food retailer	80
FOR#16	Female	26–30	Chain Developer	Chain P	Food retailer	74
FOR#17	Male	31–35	Head of Franchisee Recruitment and Chain Development	Chain Q	Food retailer	61
FOR#18	Male	36–40	CEO	Chain R	Fashion	59
FOR#19	Male	41–45	Co-Founder	Chain S	Fashion	20
FOR#20	Male	56–60	Chain Developer	Chain T	Household appliances	78
FOR#21	Male	26–30	Chain Developer	Chain U	Home furnishing	75
FOR#22	Male	51–55	CEO	Chain V	Home furnishing	30
FOR#23	Male	26–30	Chain Developer	Chain W	Food retailer	42
FOR#24	Male	56–60	Chain Developer	Chain X	Hotels	66
FOR#25	Male	26–30	Chain Developer	Chain Y	Homecare services	66
FOR#26	Male	31–35	Director of Chain Development	Chain Z	Homecare services	85
FOR#27	Male	41–45	Head of Chain Development	Chain AA	Real estate	68
FOR#28	Female	46–50	CEO	Chain AB	Homecare services	38
FOR#29	Male	26–30	Chain Developer	Chain AC	Home furnishing	83

**Table 2**  
Franchisee candidate interviewee profiles.

Interviewee	Sex	Age category	Interview duration (in mins)
CAND#1	Male	26–30	28
CAND#2	Male	41–45	52
CAND#3	Male	21–25	85
CAND#4	Female	26–30	45
CAND#5	Male	31–35	42
CAND#6	Female	36–40	44
CAND#7	Female	31–35	52
CAND#8	Male	21–25	41
CAND#9	Female	41–45	28
CAND#10	Male	36–40	67
CAND#11	Male	56–60	42
CAND#12	Male	31–35	54
CAND#13	Male	36–40	32
CAND#14	Female	31–35	39
CAND#15	Male	26–30	40
CAND#16	Female	31–35	45
CAND#17	Male	41–45	34
CAND#18	Male	41–45	31
CAND#19	Female	26–30	55
CAND#20	Male	51–55	61
CAND#21	Female	41–45	36
CAND#22	Female	31–35	61
CAND#23	Female	36–40	50
CAND#24	Male	46–50	37
CAND#25	Female	26–30	51
CAND#26	Male	31–35	66
CAND#27	Female	31–35	51
CAND#28	Male	26–30	43
CAND#29	Female	36–40	37
CAND#30	Male	26–30	46
CAND#31	Female	46–50	49
CAND#32	Male	31–35	64
CAND#33	Male	51–55	66
CAND#34	Female	36–40	80

their signals based on the other party's expectations.

#### 5.1.1. Initial general signals sent during the recruitment process

The first signals exchanged during the recruitment process are typically general signals sent by franchisors using a “one-to-many” approach. In using these signals, franchisors try to attract franchisee candidates by emphasizing the quality of their franchise opportunities.<sup>3</sup> These initial signals are based on how franchisors promote their franchise opportunities, in line with the concept of “franchise branding” (Zachary et al., 2011).

The initial signals from franchisors' may be conveyed through various forms of chain communication, including the Internet and their presence at franchise exhibitions. For example, franchisee candidates attending an exhibition may interact with a franchisor whose chain they are already familiar with (i.e., the initial signals were transmitted before the exhibition) or that they discover through signals a chain delivers during the exhibition. Franchisors usually have a formalized franchisee recruitment process (Brookes & Altinay, 2011) with precomposed documents that they provide at each step. They first rely on general signals based on available hard information about their franchise chains, for example, by disclosing information in the chain's brochure or on the chain's website (e.g., the chain size, entry fees to join the chain, royalty rates, contract duration). At this stage, franchisors may be wary about the feasibility of the business proposal or the franchisee candidates' true motivations. They provide the information either orally (e.g., at franchise exhibitions) and/or in written format (e.g., in the franchise brochures) depending on the nature of the first contacts between franchisee candidates and the chain.

Some of the franchisee candidates receiving these initial signals may

<sup>3</sup> An exception may be noted in the case of franchisors relying on franchise brokers to pursue their chain development. In this scenario, the brokers can promote specific chains based on the initial signals sent by franchisee candidates. However, this exception does not really occur in the French market where franchisee recruitment is mostly conducted by chain developers directly employed by franchisors. As such, these cases were not observed in our data.

demonstrate an interest in the chain and may contact the franchisor. By doing so, they are not only trying to access additional information, but they are also sending signals related to their application. In this respect, certain franchisee candidates start the interactions with written and asynchronous contact with franchisors (e.g., filling in an application document or sending an initial email), while other candidates begin with face-to-face interactions at franchise exhibitions. During these first interactions with franchisors, candidates generally emphasize their motivation and interest in the chain, without revealing too much information on their part. While they may more or less demonstrate motivation through their signals, depending on their level of interest in joining a chain, their signals remain quite general as they do not yet know the franchisors' expectations. As such, at this stage, franchisee candidates usually adapt their signals to fit the industry in which the franchisor operates.

### 5.1.2. Customized signals exchanged over the recruitment process

Following these first general signals, franchisors and franchisee candidates will decide whether to continue their interactions and, if so, they will exchange further signals that will help in their mutual decision-making. Our findings emphasize that signaling strategies adopted by

**Table 3**  
Initial general signals sent during the recruitment process.

Initial general signals sent by franchisors	At the beginning, we are very formal. We will talk about numbers, we will talk about what is in the brochure, we will not go any further. (FOR#16) At the beginning they are quite [...] general signals that allow the candidates [...] to situate the concept in terms of investment, type of business, finally, new business [...]. After that, the signals are more focused on the investment, the figures, and, for example, the advice of partners to find financing. (FOR#28) What is very interesting is the e-reputation of the brand. Of the franchisees and of the brand. [...] This is perhaps the number one aspect that a candidate can look at, perhaps even before applying [...]. There are Google pages available for each store [...] the results are visible on the reviews. (FOR#21)	The number of points of sale they have in France, the average result and all these figures, were sent to us by email. There's an information leaflet they send you if you just want them to sell you their brand. (CAND#28) I went to the [X] website [...]. There's a website that looks something like this, with all the franchisees, with the different financial data.... And then I sorted it out. (CAND#1)
	The good candidate for us is someone who arrives with location leads, that is already a proof of motivation [...]. It's people who will have tasted the product. (FOR#6) By their attitude, by their openness, [...] through their behaviors, their words, we can quickly detect if it is a match or not. (FOR#7)	I think the signals are changing because when you contact the franchisor, obviously, you have to [...] show some interest, some motivation, explain why and how you plan to embark on this adventure. [...] In the first instance, it's really going to be a matter of demonstrating your motivation. (CAND#27) It's like all interviews. I think there's the attitude, the way you're dressed, the way you behave, the way you express yourself. Everything comes into play. It's the language, the communication itself. (CAND#23)

franchisors and franchisee candidates will evolve according to the receiver of the intended signals as they enter a "one-to-one" relationship. By screening the other party's signals, they will be able to assess what their prospective partner expects and adapt their future signals to better match these expectations.

Accordingly, franchisors customize their signals over the course of the recruitment process. They try to determine the candidates' profiles, for instance, as either investors or operational managers, and adapt subsequent signals. Franchisee candidates aiming to invest in a concept will be more interested in signals related to financial information, whereas candidates with an operational profile will be more sensitive to signals related to the support provided by their prospective franchisor (Fernández Monroy & Melián Alzola, 2005). Another distinction concerns franchisee candidates' past experiences, since candidates with no previous entrepreneurial experience will generally need to be reassured that the chain will provide a level of know-how and training.

As for franchisee candidates, they will also adapt their signals to meet franchisors' expectations. This dynamic evolution is specifically related to the types of interactions they have with the franchisors during the franchisee recruitment process. Certain franchisee candidates start the interactions with written and asynchronous contact with franchisors (e.g., through filling in an application or sending an initial email) before moving on to phone and/or face-to-face interactions. Other candidates may start with face-to-face interactions at franchise exhibitions before continuing with written, phone, and/or face-to-face interactions. Over their exchanges with franchisors, they screen the signals they receive and adapt their own signals accordingly. In fact, franchisee candidates sometimes adapt their signals not only according to the stage of interaction but also according to the position contacts hold. For example, franchisee candidates may be impressed or stressed when they meet the chain's founder and hence be afraid of sending negative signals that could lead the founder to reject their applications.

### 5.2. Decision-making during the recruitment process

Our findings also reveal how franchisors and franchisee candidates reach their decision about whether or not to contract. From this perspective, we observe that they exchange and screen mutual signals in order to determine their level of fit but also that trust is paramount to making their decision.

#### 5.2.1. Role of fit during the recruitment process

Whilst the literature emphasizes that franchisors and franchisee candidates make their contracting decision based on the qualities of their prospective partners, our findings stress the importance of person-organization fit between both parties. While our interviewees explained that profitability and financial figures are important for both partners, in fact most franchisors (in different industries) promote franchise opportunities with potential for profitability. No less important, fit is decisive in the decision-making process because it is a precondition to a good franchisor-franchisee relationship, which is key to performance. Indeed, our findings highlight that franchising is viewed more as a long-running partnership between people rather than simply an investment decision. For franchisee candidates, joining a chain often represents a life project and a lack of congruency with their franchisor may be detrimental to their success. This is even true for candidates with an investor profile, as they will need to be involved in the chain's activities (e.g., by attending regional meetings or annual conventions) or be in line with the franchisor's management of the chain (e.g., degree of autonomy or possibility to operate several units). From this perspective, franchisors and franchisee candidates both exchange and screen signals to determine their level of person-organization fit and then reach a decision. By customizing their signals and moving forward in the recruitment process (i.e., especially through one-to-one face-to-face interactions), their prospective partners are able to assess their expectations and determine to what extent both parties have consistent expectations.



**Table 4**  
Customization of signals during recruitment process.

Assessment of the other party's expectations	<p>In fact, understanding the expectations of the [candidate] you're dealing with is extremely important. I base my entire pitch, my entire argument, on discovering what my client is looking for. Because from one [...] entrepreneur to another, it won't necessarily be the same. [...] This discovery phase is crucial. I spend half an hour on it with [candidates] before we really dive into presenting the chain. (FOR#27)</p> <p>It's also a real strength to be able to tell a franchisee candidate that we will support them, not with a standard program but also in relation to their expectations. [...] Before giving too much information, it's essential to understand what the candidate is looking for. I assume that this is about building a relationship of trust over the medium and long term. A candidate is involving their family in this project, it's a life project to start a business. So first you understand what they're looking for [...] and then you tell them whether or not we can meet those needs. (FOR#29)</p> <p>At the beginning, [franchisee candidates] will [...] transmit signals of curiosity, discovery, desire, etc. And then, the more we advance in the project, the more they will transmit signals [...] of organization, [how they will] set up the project. They will be more rigorous, more technical [...]. We're going to get into some very tangible things. So, it can be financial, legal. So no, the signals are not at all the same. (FOR#3)</p>	<p>Every time I've spoken to a franchisor, they've picked up on things that they would never have picked up on through an open office file without knowing me. So, the fact that I can give them as much as they can give me really makes people react. It hits the nail on the head. And the few franchisors I've met, for whom I've shown a certain interest, actually want to dig deeper, want to go further. [...] So, generally when I take the time to talk to franchisors, the main message I give them is that I'm an entrepreneur and [...] above all a team player. (CAND#17)</p> <p>When you have to go to the headquarters for a day... Clearly, I went there saying to myself: 'I'm not going there to walk around, to see what it looks like'. I know that I'm going to meet people who will ask me questions and listen to me to see whether or not I'm capable of doing it. I was aware of that, in fact. For me, the day was like an all-day job interview. (CAND#34)</p>
	Customization of signals over the recruitment process	<p>We sell the same thing to all candidates, but some will be more attracted by the profitability, others by the support they will receive. So, you have to know how to nuance your speech. At least, adapt it to the person. (FOR#10)</p> <p>At the beginning, we will send the same documentation, but we will adapt it very quickly according to the profile of the candidate, because if the candidate is, for example, a former employee [...], we will focus on information that he did not necessarily have before as an employee.</p>

**Table 4 (continued)**

<p>With a franchisee candidate [...] who arrives directly via a trade show and who does not yet have a business proposal, we will direct [them] more towards the concept, the DNA of the brand, [...] what our values are. (FOR#13)</p> <p>So, after this interview stage, [...] we're going to take time with the prospective franchisee to present the different elements of the concept, the conditions. So, depending on how things go during the interview, we'll be more or less likely to win them over or not. If you feel that it's not going to work, then there's no point. On the other hand, if we feel that it's a really interesting project, we'll try to put forward arguments to attract the candidate. [...] Maybe highlight the prospects for career development, we're still a small chain. So, it's true that we're open with our franchisees. If they want to have two restaurants, well there's no problem. It could be interesting arguments for the franchisee. (FOR#3)</p>	<p>exchanges], we'll stop there. So, I think signals definitely evolve depending on the information we discover over time. (CAND#32)</p>
---	--

Moreover, our interviewees insist on the fact that franchisee candidates must not only fit with the franchise chain they intend to join, but also with the individuals at the franchise chain's headquarters. As such, franchisors try to assess not only their candidates' profiles (e.g., prior industry experience, investor or operational manager profile) but also aspects related to their personalities. As for franchisee candidates, they pay attention to the chain's values and culture (e.g., whether it is a family business), as well as the personality of the chain developer, founder(s) or other people from the chain headquarters with whom they interact. Despite a thorough mutual screening and rational decision-making criteria, some interviewees admit that the decision to become a franchisee ultimately rests on the connection between themselves and the people with whom they may contract. For this reason, as our interviewees reminded us, transparency between both parties is essential. Our interviewees also explained that franchisors have more recruitment experience and capabilities and are therefore in the best position to determine this level of fit.

**5.2.2. Role of trust during the recruitment process**

In addition to the search for mutual fit determined through exchanging and screening signals, our findings show that the decision to contract depends on the level of trust between franchisors and franchise candidates.

In fact, trust is not only an essential component of the relationship between franchisors and franchisees (Croonen et al., 2025; Croonen & Broekhuizen, 2019) but also between franchisors and potential franchisees. Bradach and Eccles (1989) highlight the importance of adding trust in the dual combination of market and hierarchy (Coase, 1937). This trust may be questioned by franchisee candidates depending on the franchisors' signals. The franchising literature suggests that this may be the case when the proportion of company-owned units is high compared to the number of franchised units, which could penalize franchisees



**Table 5**

Role of fit during the recruitment process.

Importance of fit between franchisee candidates and franchise chain culture and values	<p>We start from the principle that [Brand] DNA is so strong that [...] it's still something special. So, we know how to pass on our know-how, but it's hard to pass on our DNA. [...] We want to ensure as much as possible that there is a cultural fit between the prospect, the candidate, and the brand. [...] You could come to me and say, 'I've got money. I've got no problems and that's it'. I'm not going to say we don't want money but that's definitely not the right approach. It's really the cultural fit. (FOR#7)</p> <p>We're really going to look for [...] 'ambassadors'. So, the idea is really to find people whose profiles will match what we expect in terms of attitude, behavior, and open-mindedness. (FOR#11)</p>	<p>What's important for me to succeed is that the franchisor's DNA - I realize that you need different DNAs for the same business - matches my DNA. So that's better done face-to-face through seeing how the companies are organized, the franchisors' head offices. (CAND#33)</p> <p>Depending on the progress, depending on the stages, first I'm going to check that the DNA [...] the DNA of the franchise, the values of the franchise match my DNA and my values too. So first it has to be a good fit, as they say. (CAND#20)</p> <p>It's important to join a chain where you share the same values because if not you'll soon start to deviate and that's not what franchising looks for. (CAND#8)</p> <p>For me it's also a question of feeling. I'm convinced that the feeling between me and the franchisor, well the person you're in contact with, is really going to play a big part again, like a company interview, and then yes, having financial solidity can be reassuring, but it's not everything. You can be very solid financially and the contact doesn't work or the feeling doesn't work. Or the person may be a bad manager, for example. The person may have family financial capacities or that sort of thing, but he or she may also be a bad manager. Personally, I rely a lot on feeling and contact. (CAND#29)</p> <p>It's a question of personality too, so I think there's a feeling that's developed with the franchisor anyway. After that I think it's him who decides because from one personality to another, you'll say something, but it won't necessarily be understood in the same way and vice versa. I think it's a question of personality. (CAND#14)</p>
Importance of fit between franchisee candidates and people from franchise chain headquarters	<p>There are candidates who have more or less a good affinity with me and who, on the other hand, adore the founder [...]. Sometimes it's the opposite. [...] That's why the recruitment process is done in several steps, by several people. (FOR#25)</p> <p>I pay a lot of attention to people's smiles, the way they express themselves, not through language but rather the way they hold themselves and the way they give information about themselves. I pay a lot of attention to the personal aspect. In other words, I'm much more interested in someone who's going to go into a bit of personal detail quickly, who's going to confide in me, than someone who's going to be very vague and who's going to give off rather professional and rather closed signs.</p> <p>Secondly, I like people who are rather straightforward. (FOR#2)</p>	

because of the power their franchisors hold. Indeed, franchisees may then worry that they could be penalized by a too high PCO. While the PCO may be very different from one chain to another (Bradach, 1998), we did not find evidence that our sampled franchisee candidates were concerned about this. However, we observed that franchisee candidates may question the honesty of the franchisors' signals, in line with Panda et al.'s (2023) findings. In particular, they may be worried that franchisors will send misleading signals by exaggerating information (e.g., by overstating the profitability of the chain) or by concealing negative information (e.g., by hiding store closures or dissatisfaction among franchisees from the chain). Similarly, we observed that franchisee candidates may be tempted to send misleading signals to convey a positive image. These misleading signals could result in adverse selection stemming from information asymmetry, especially when both parties are not a good fit. Therefore, while screening the other party's signals, franchisors and franchisee candidates may try to mitigate these risks by verifying the signals they receive (e.g., by cross-checking information on the Internet or through third-party sources). In the event of misleading signals, they may decide to terminate the recruitment process.

It is thus important to reduce these concerns in order to help both parties make an informed decision. As such, Altinay et al. (2014) highlight the importance of development of trust within franchisee partnerships and the central role of franchisor communication in developing franchisees' trust. Our findings show that these efforts should begin from the recruitment process by adapting the signals sent during the different stages. Indeed, as franchisors get to know the franchisee candidates and their business proposals, and thus enter a more trusting relationship, they will transfer more precise information on concept profitability, financial data on the expected unit performance, and unit closures. These signals are usually transmitted through the franchise's disclosure document, for which franchisee candidates sign a confidentiality agreement. Over time, they extend the signals they send to candidates and provide them with more soft information, e.g., regarding the brand image, the know-how, the support provided to franchisees, and the values and organizational culture of the franchise chain. Developing a certain level of trust before transmitting confidential information is essential, as some franchisee candidates could, for example, disclose the chain's know-how to competing brands. If interactions progress well and the commitment increases, franchisors also provide candidates with signals about themselves, e.g., their personality, their professionalism, and so forth. Similarly, we find that during their first interactions with franchisors, candidates generally try to stress their motivation without revealing too much personal information. However, once this stage is over and suspicions have been allayed to the benefit of a more trusting relationship, they adapt their signals to develop a closer relationship with the franchisor (e.g., increased familiarity, frequent contacts) and disclose more information about themselves and their business proposal.

The development of trust is therefore paramount in the decision-making process, as it allows confirmation of the level of fit between both partners (i.e., by ensuring that the other party is not sending deceptive signals). Once a relationship of trust has been developed, some franchisors and franchisee candidates explain that it is no longer necessary to verify the honesty of the signals sent by their prospective partner. This is why some franchisors try to foster this trust by relying on transparency. Transparency may involve willingly disclosing negative signals about the chain or providing the contact details of all current franchisees within their chains, including dissatisfied franchisees. This transparency strategy may be a way for franchisors to build trust by showing that they have nothing to conceal and that they want candidates to make an informed decision by limiting information asymmetry. Franchisee candidates follow the same logic and therefore largely seek to be honest in their signals. In fact, being conscious of franchisors' screening capabilities, some candidates even insist on the necessity of sending reliable signals to enable them to determine this level of fit and avoid adverse selection that would be detrimental to both parties.

**Table 6**

Role of trust during the recruitment process.

Risks of misleading signals from the other party	The economic model, I think, is necessarily a little embellished. [...] We don't provide the chain's exact figures. They are perhaps a little overestimated in order to reflect what we want to say commercially. (FOR#26) Franchisee candidates will tend to limit the negative signals, because they know very well that there is a risk that they will not be chosen. (FOR#28)	If they start giving incorrect information, it can only create stress or disrupt the [business] start-up and that [...] ends up a failure. [...] For a franchisor, that's very bad press. (CAND#33) [We] want to show what we can do, our main qualities. But, besides that, we want to hide our flaws. There's an information asymmetry that is quite significant. (CAND#15) I have always assumed that transparency was the key to trust and success. For example, if you transform reality, if you lie to the face of your interviewer, you directly lose his trust. (CAND#3)
	The profile analysis of the [candidate] you have in front of you is an important element. We also make him do the [name of psychological and personality test] before the second appointment. [...] The guy who lies to us, his [test] betrays him right away. (FOR#4) Once I receive an application, I look directly on LinkedIn, [...] [websites dedicated to data on companies], to see what business they have owned, to see if they have not gone bankrupt. [...] We're not going to contract with a guy who's had four failed businesses. (FOR#10) When they are in the project phase, they will take the information and check everything out. So, they'll check with their [...] certified public accountant, their lawyer, the notary [...]. The family circle is extremely important... their spouse, friends, family. They will also check with other existing franchisees. (FOR#3) At the beginning, [franchisee candidates] are more wary because they are in a discovery phase. [...] And then, [...] once we've gained their trust, [they're] more about proving to us [...] that they can be a good opportunity. (FOR#29) In fact, [chain] development [...] it's understood that we're here to build a partnership together and it's not recruitment. We're really at the same level of discussion and to do that it's a mutual discovery. And first of all, since we're the ones proposing ourselves, I give a	[The recruitment process] is so structured and locked [...] there is little chance that a [candidate] will reach the end and lie about his motivation or his background or the knowledge he says he has and that he doesn't have. I think that this can be easily detected beforehand, in my opinion. [...] There are certain questions that allow you to detect this kind of behavior. (CAND#27) You have to check the signals sent by the franchisor [...]. It's up to the franchisee candidate to go and check in the field with franchisees about the truth of [these signals]. (CAND#20)  At the beginning, when they make contact, the recruiter doesn't really know the franchisee candidate. He can be suspicious at first and it is only during the pre-qualification and the following stages that an exchange will really take place. (CAND#8) Once we've created a climate of trust, there are certain exchanges, certain things we're informed about, which may not be the case for all the other franchisee candidates. [...] Because of the relationships we have with [franchisors],
Verification of signals from the other party		
Development of trust over the recruitment process		

**Table 6 (continued)**

	bit more information and after each stage, I invite the candidate to give me the same level of information about him or herself. That way we build a relationship of trust very quickly. (FOR#29)	we manage to get more personal information than others. (CAND#14) It's a question of feeling and people. As a result, we get to know each other. It's like in a relationship [...]. It's a relationship of trust that we're looking for. So, when we're confident, we give more signals. (CAND#1)
Importance of trust to determine the level of fit	You give them elements [...] When you create a very, very strong relationship of trust with someone ... in fact, they no longer need to check the information. They trust everything you tell them. (FOR#29) I always [give] realistic and achievable information. We're not here to sell a dream, we're here to sell a concrete project. [...] If we sell a dream, obviously, there will be a [backlash] after a few months of activity because the objectives [...] will never be reached. (FOR#23) I've also learned from my mistakes. [...] You have to be as transparent as possible, so that the partnership goes well. (FOR#16)	I think I'll sign with people who trust me, and whom I trust. I think the contact has to be important, has to be fluid. And I don't want any hidden figures, because it's our money we're gambling with. I need to be sure of everything they tell me in any case. (CAND#25) I think that in a franchisor to franchisee relationship or in any working relationship, you have to be honest. You have to put your cards on the table from the start. (CAND#1)

### 5.3. Importance of franchisors' signaling capabilities

Another phenomenon emerging from the data is the importance of franchisors' signaling capabilities stemming from their recruitment experience. This experience is decisive in terms of signaling capabilities, for instance, in order to customize subsequent signals (see Table 7). As such, franchisors mentioned that over time, through experience with different potential partners, they have evolved the signals they send and their interpretation of the signals they receive. This is in line with the concept of separating equilibrium (Bergh et al., 2014). In addition, franchisors' signaling experience is also key in terms of screening capabilities, which may be useful in avoiding bad recruitment decisions for their chain.

By contrast, candidates are often first-time entrepreneurs who have limited signaling experience and therefore fewer capabilities for screening franchisors' signals. Moreover, experienced franchisors can easily adapt their signals to match franchisee candidates' expectations compared to young franchisors who have had limited contact with franchisee candidates. Similarly, experienced chain developers are better able to interpret the franchisee candidates' signals and then adapt their own signals accordingly.

Fig. 1 below summarizes our findings on how franchisors and franchisee candidates exchange signals over time when deciding whether to contract. At the beginning of the recruitment process, they both face an information asymmetry. As such, they start by exchanging general signals and progressively customize these signals during their interactions. This iterative process facilitates the development of trusting relationships, and is accelerated by the use of transparent signals, enabling both parties to assess the level of fit while screening their respective signals and make an informed decision on whether to contract or not. Where

**Table 7**  
Franchisor signaling and screening capabilities.

Franchisor and franchisee candidate perceptions	<p>It's called expertise. In other words, I'm much more efficient today than I was 10 years ago. I've got 10 years of experience in my job, and I hope I'll get a lot better in the next 10 years. (FOR#24)</p> <p>Today, I can easily tell the difference between the different entrepreneurs and therefore know which signals will be stronger for some and for others. [...] It takes a bit of experience to be able to analyze that and see who's in front of you and how you're going to adapt your message. [...] I have enough experience today to understand quite quickly who I'm dealing with and what will interest the candidate most. It's complicated when you're just starting out in the business, but now my experience in management and my 10 years of chain management before that have taught me to differentiate between different types of entrepreneurs. (FOR#4)</p> <p>So, there's a lot of experience with emails because candidates send us a request for information to which I reply. So, it's the same, I don't know if it can be considered as signals but for me it is. And already in our email exchanges, we're trying to convey a bit of our code [Chain]. We're on first-name terms pretty quickly. We reply to all the emails, because we're interested in every request, even if they're not feasible (FOR#12).</p>	<p>I think that their expertise over the course of the shows means that they've also learnt to deliver a message. (CAND#20)</p> <p>This type of franchisor has such a background [of experience] [...] that, in my opinion, they won't be fooled. [...] A slightly more recent franchisor will immediately want to open units, will perhaps be hasty and make mistakes in their choice of candidates. But a company like [Brand] [...], they have so many applications that the choice is wide and therefore the risk of deception is lower. (CAND#5)</p> <p>Through their experience, [franchisors] learn to recognize the right candidate and to trust what they are told, and also [...] to see the signals that [candidates] send back to them. (CAND#8)</p> <p>[Chain], [...] these people have nothing to hide. As the market leader, they have no interest in promoting themselves any more than they already are. [...] They've been established for forty years, they have proven know-how, their figures are consistent. (CAND#3)</p> <p>Those who are already used to dealing with candidates and who have processes in place interpret my questions and my interest correctly. (CAND#23)</p>
---	---	--

signals lack transparency, trust may falter, and the ability to judge person-organization fit will be reduced.

**6. Discussion**

**6.1. Contributions to the literature**

As stated at the outset of this article, the existing literature has struggled to understand the complexity of the pervasive managerial issue of franchisee recruitment (Wattel, 1968). Indeed, prior studies have largely attempted to explain this mutual selection process through the lens of static signals sent by franchisors (e.g., fees, contract terms), thereby ignoring signals sent by franchisee candidates, as well as the processes through which both parties may engage to reduce information asymmetry and reach an informed decision. Our empirical research addresses these gaps by bridging signaling theory and person-organization fit through a more holistic perspective, aiming to uncover how franchisors and franchisee candidates make a contracting decision. By doing so, our paper challenges the extant knowledge on franchisee recruitment by broadening the lens through which signals are considered and showing their dynamic evolution over the entire recruitment process. As such, it enhances the literature on franchisee recruitment through several contributions.

Our study constitutes the first attempt to investigate signals exchanged during the recruitment process from an integrative perspective (Connelly et al., 2025; Song et al., 2020; Xia et al., 2016), by simultaneously considering signals sent by franchisors and franchisee candidates, from an organizational and individual level (Bergh et al., 2014; Connelly et al., 2025). By adopting a dual sample of franchisor and franchisee candidate interviewees, our study is the first to directly incorporate both perspectives through an in-depth qualitative approach. This dual analysis reveals how their perceptions converge and complement each other throughout the recruitment process (as reflected by Tables 3 to 7), as well as the interdependence of their decision-making processes. Our integrative approach also emphasizes the active role played by both parties in reducing information asymmetry and shaping the recruitment outcome. While prior research has predominantly focused on franchisors as signalers (e.g., financial disclosures, brand reputation), our findings reveal that franchisee candidates are equally engaged in signaling their own suitability. This mutual exchange of signals demonstrates that franchisee recruitment is not a unilateral process led by franchisors but rather a dynamic and interactive process, where both parties adapt their signaling strategies to align with the other party's expectations over time.

As such, our paper captures the dynamics involved in mutual signaling strategies (Etzion & Pe'er, 2014; Gomulya & Mishina, 2017; Ko & McKelvie, 2018; Xia et al., 2016) adopted throughout the recruitment process, thus challenging the static perspective hitherto adopted (e.g., Dant & Kaufmann, 2003; Karle et al., 2016; Lafontaine, 1993; Lanchimba et al., 2021). This dynamic view is essential for not only examining the signals sent, but also the cognitive process through which they are interpreted (Drover et al., 2018). By emphasizing the dynamic evolution of signals, our research reveals a sequential process where franchisors and franchisee candidates progressively adapt their signaling strategies. Specifically, we identify an initial phase dominated by generalist signals sent by franchisors – corresponding to franchise branding (Panda et al., 2019; Watson et al., 2019; Zachary et al., 2011) – that serve to attract or screen a broad pool of potential matches (Sadeh & Kacker, 2020). These initial signals are then returned by franchisee candidates through similarly generalist signals, mainly expressing their interest in joining the chain or entering the industry. As the recruitment process advances towards one-to-one interactions, these generalist signals give way to an exchange of increasingly customized signals, tailored to address the specific expectations and concerns of the other party. This dynamic evolution underscores the interactive nature of signaling strategies, where both parties actively engage in an iterative screening process to interpret and respond to each other's signals. Our findings highlight that this screening is not merely about evaluating objective criteria but also about uncovering the implicit expectations and preferences of the other party. This iterative screening process enables both parties to refine their understanding of each other's needs and constraints, thereby facilitating the customization of subsequent signals.

Moreover, by shedding light on the search for congruence between franchisor and candidate profiles, our research challenges the dominant view that franchisors and franchisee candidates decide to contract based on the intrinsic quality of the other partner (Brookes & Altinay, 2011; Jambulingam & Nevin, 1999; Sadeh & Kacker, 2020). By contrast, our paper introduces a person-organization fit of the mutual selection. Whilst search for fit has been suggested to explain how franchisors attract (López-Fernández & Perrigot, 2018) and select candidates (Watson et al., 2016), our study is the first to empirically support this perspective and demonstrate the process whereby both franchisors and candidates assess and achieve person-organization fit by means of signaling and screening mechanisms. In fact, we show that fit is not merely important in terms of congruence between candidates' profile and their prospective chain (Semrau & Biemann, 2022; Watson et al., 2019) such as culture and values, but also in terms of personality and feeling between candidates and staff from the chain headquarters (e.g., chain developers and founders). Our research therefore suggests that the

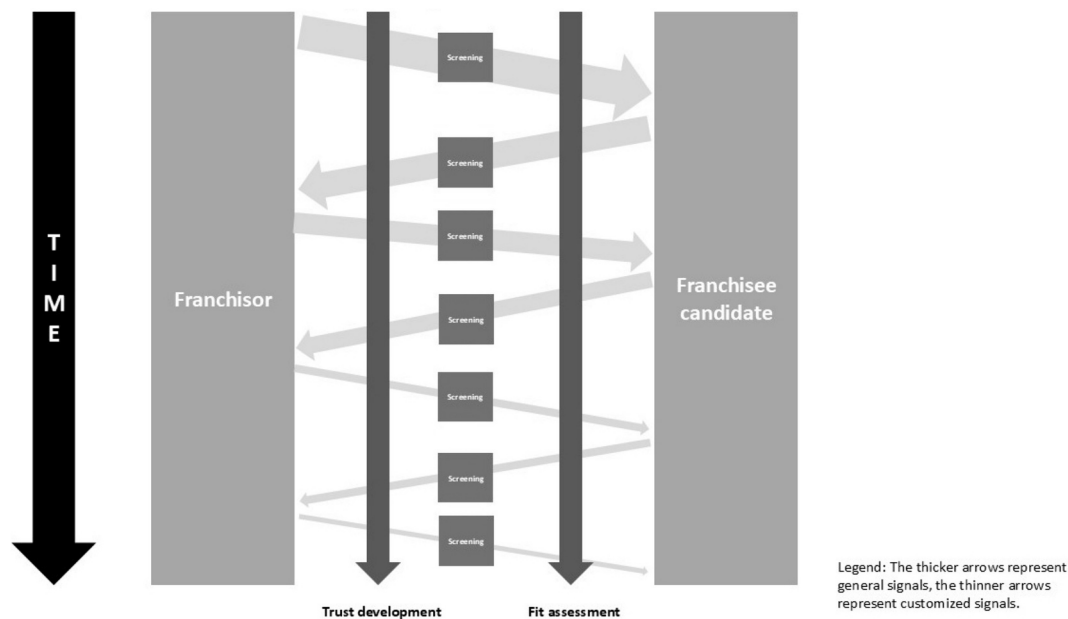


Fig. 1. Iterative process of exchanging signals during the recruitment process.

decision of franchisors and franchisee candidates to contract is rather dominated by an “affective commitment” than a “calculative commitment” (Fernández Monroy & Melián Alzola, 2005), meaning that they contract because they identify with the partner more than out of a mere calculation of expected benefits. Indeed, although franchisors and franchisee candidates place a strong emphasis on financial criteria, fit is considered paramount as it will shape the future franchisor-franchisee relationship, but also performance within the chain (Semrau & Bie-mann, 2022; Watson et al., 2019). In addition, our findings especially bring out the crucial role of signals related to soft information in order to determine this level of fit. Although such signals are particularly useful in reducing information asymmetry in B2B settings, they have received scarce attention in the context of franchisee recruitment so far (Lucia-Palacios et al., 2014; Panda et al., 2023). We show that these signals are only exchanged after the initial general signals, once both parties have disclosed their expectations.

Our research also emphasizes the central role of trust in the mutual selection related to franchisee recruitment. Trust is considered a decisive component of the franchisor-franchisee relationship (Altinay et al., 2014; Croonen et al., 2025; Croonen & Broekhuizen, 2019), and also a criterion used by franchisees to select their franchisor (Altinay et al., 2013). However, we show that trust is above all a mechanism allowing franchisors and candidates to make an informed decision, as it provides both parties with confidence in the reliability of the other’s signals. In this respect, our research evidences that transparent signals help to develop trust and commitment in the relationship, which in turn leads both parties to progressively send more precise and sensitive signals (e. g., signals related to the chain’s know-how or figures related to the chain’s profitability). Such signals are more costly and consequently more effective and difficult to imitate (Bergh et al., 2014), and they may contribute to reinforcing the influence of initial signals (Xia et al., 2016). In line with these conclusions, our research shows that developing trust is not the sole responsibility of the franchisor (Altinay et al., 2014), but that trust is developed through an interdependent exchange of signals with franchisee candidates.

Furthermore, our research contributes to a better understanding of the role of signaling capabilities in the context of franchisee recruitment. The signaling literature suggests that the attention paid to signals is dependent on the receivers (Connelly et al., 2025), and their screening processes (Gomulya & Mishina, 2017). In this respect, our findings show

that franchisors’ signaling and screening capabilities may be reinforced over time to enable better fit with the other party. However, we only evidence this at the franchisor level and not at the franchisee candidate level, which supports franchisors’ informational advantage (Michael, 2022; Panda et al., 2023). In line with the concept of separating equilibrium (Bergh et al., 2014), franchisors have already experienced signal confirmation or disconfirmation from current or past franchisees in their chain. By contrast, most franchisee candidates, as first-time entrepreneurs (Croonen et al., 2022), do not have the confirmation experience related to franchisor signals. Through experience, franchisors can then develop organizational know-how related to franchisee recruitment, which is consistent with recent research on franchisors’ capabilities (Gillis et al., 2020; Perrigot et al., 2020).

Finally, our research contributes to enriching the application of signaling theory by applying some of its latest developments (Connelly et al., 2025) in the specific B2B setting of franchising where information asymmetry and adverse selection represent a pervasive challenge (Bergh & Gibbons, 2011; Gomulya & Mishina, 2017; Ko & McKelvie, 2018; Xia et al., 2016). Although signaling theory has expanded beyond its original employment context since Spence’s (1973) seminal paper, economic perspectives still dominate its usage, which means that signals are primarily viewed from a static and restrictive standpoint (i.e., general signals related to hard information that are sent to the entire market and interpreted rationally). In line with the latest developments of the theory by management scholars (Connelly et al., 2025), our study supports the need for a more holistic approach to examining signaling strategies in B2B contexts. In particular, Connelly et al. (2025) stress that academics are often disconnected from reality as they usually consider signals from a static isolated perspective instead of encompassing the broad and mutual interactions between signalers and receivers as well as their cognitions. We address the calls from these scholars to “zoom out” by considering signals from both organizational and individual perspectives, including both hard and soft information, intentional or unintentional signals, as well as the exchanges of signals over the course of the relationship (Etzion & Pe’er, 2014; Ko & McKelvie, 2018; Xia et al., 2016). Drawing on a dual qualitative sample, we also study both prospective partners and the cognitive process through which they interpret (Drover et al., 2018) and adapt mutual signals in order to match the other party’s expectations. Accordingly, our research shows the relevance of linking person-organization fit perspectives with signaling



theory beyond the employee recruitment setting (Gully et al., 2013), thus confirming the explanatory power of these combined frameworks in contexts of B2B information asymmetry.

## 6.2. Contributions to practice

By providing a better understanding of how franchisors and franchisee candidates decide whether to contract, our findings can be useful to franchisors who want to recruit new franchisees and to prospective entrepreneurs who want to join a franchise chain. By pointing out the relevance of the person-organization fit in the recruitment process, our findings show the importance for both franchisors and franchisee candidates of using signals to determine the adequacy of the other party. To do so, it is important that they progressively send customized signals that allow the other party to determine optimal fit. For example, franchisors might first signal their performance through general signals related to the branding and positioning of their chain (e.g., figures about the chain development or contractual terms in the brochure) and then signal their values and chain culture over their one-to-one exchanges with candidates. Similarly, franchisee candidates may try to reassure franchisors regarding their financial situation or their motivation and then focus on other aspects of their personality (e.g., values, interpersonal qualities) once they have built trust and commitment in the relationship. In this respect, our findings emphasize the importance of transparency over the recruitment process for both parties. Although they may try to convey a better image by sending misleading signals, contracting based on such signals might lead to poor franchise relationships and performance in case of absence of fit (Semrau & Bie-mann, 2022). Furthermore, our findings illustrate that both franchisors and franchisee candidates should pay attention to the other party's signals and should be proactive in gathering and verifying information. For example, visits to chain headquarters or immersion periods in chain units can provide a valuable opportunity for both parties to signal their qualities and screen the other party.

Our study also highlights the importance of franchisors' capabilities in managing signals during franchisee recruitment. Indeed, franchisors usually learn through experience how to develop a franchisee recruitment process with formalized steps and questions, which enables them to better send and interpret signals. By contrast, as most franchisees are first-time entrepreneurs, franchisee candidates do not have the benefit of such an experience and should rely on business partners who are experts in franchising (e.g., specialized lawyers or accountants). They may also rely on other sources of information to assess the trustworthiness of franchisors' signals, for example by contacting current franchisees from the chain or checking customer reviews to assess the brand image.

## 6.3. Limits and tracks for future research

Our research has several limitations that open avenues for future research. The first limitation of our work is our methodological approach. Indeed, though qualitative approaches are suitable for generating ideas regarding understudied topics, a quantitative approach with a questionnaire-based survey may help assess which signals are most useful in determining the level of person-organization fit between franchisors and franchisee candidates. Moreover, a longitudinal study could better capture the dynamic process of signaling, and how signals help both parties to build trust, as well as determine whether fit between partners is confirmed after contracting. Secondly, we selected interviewees in various industries in order to obtain a greater diversity of data. However, franchisors' signaling practices may vary across industries, in particular due to differing levels of competition (Michael, 2009). Further research could study signaling strategies in specific sectors, such as the fast-food sector, which is particularly competitive and requires franchisors from this industry to strengthen their signaling efforts in order to position their brand. Thirdly, we focused on the French

market, as pre-contractual exchanges between franchisors and franchisee candidates are regulated by the Doubin Law and the Civil Code. Studying signals sent in countries such as the US or Australia, where franchisee recruitment is often carried out by brokers (Frazer et al., 2008; Weaven et al., 2010), could also be relevant for comparing the strategic management of signals in this context. Where franchise brokers are used, they become mediators between franchisee candidates and franchisors and will be responsible for interpreting signals from both parties, at least in the initial stages, to determine fit. It could be interesting to explore if this mediating role means that the types of signals used by both franchisors and franchisees differ, and how this impacts perceptions around the quality and credibility of franchisor/candidate signals, as well as whether and how this impacts the development of trust between franchisor and franchisee. Further, given our finding that franchisors develop capabilities in the management of signals over time, future research could consider whether this learning process also applies to franchise brokers, and if this leads to improved person-organization fit compared with traditional franchisee recruitment processes. In addition, a cross-country approach could also enable consideration of how cultural factors impact the signals exchanged and the decision-making process (Watson et al., 2019; Yeung et al., 2016). Fourthly, future research could build on our integrative approach by examining the role of franchisee ambassadors in the recruitment process or considering signals exchanged with other stakeholders (e.g., employees and potential employees, business partners, national and local public authorities). In fact, these signals may be particularly important in the recruitment process since signals sent by other stakeholders influence the interpretation of initial signals (Xia et al., 2016). Furthermore, this approach could be all the more relevant since chain employees constitute a pool of potential franchisees (Balsarini et al., 2022). Lastly, future research may seek to focus on signals exchanged between franchisors and multi-unit or multi-brand franchisees to investigate if the latter develop signaling capabilities through experience and therefore whether franchisees' informational disadvantage (Michael, 2022; Panda et al., 2023) can be overcome when operating several units.

## CRedit authorship contribution statement

**Corentin Le Bot:** Writing – original draft, Validation, Methodology, Formal analysis, Data curation, Conceptualization. **Rozenn Perrigot:** Writing – review & editing, Validation, Project administration, Methodology, Formal analysis, Data curation, Conceptualization. **Anna Watson:** Writing – review & editing, Validation, Methodology, Conceptualization. **Gérard Cliquet:** Supervision.

## Data availability

The data that has been used is confidential.

## References

- Ahmad, F. (2024). Source-oriented asymmetric information sharing in B2B negotiations: Two sides of time pressure. *Industrial Marketing Management*, 117, 114–130.
- Alon, I., & Elango, B. (2018). Franchising and initial public offering: A signaling perspective. *International Journal of Retail & Distribution Management*, 46(11–12), 1193–1208.
- Altinay, L., Brookes, M., & Aktas, G. (2013). Selecting franchise partners: Tourism franchisee approaches, processes and criteria. *Tourism Management*, 37, 176–185.
- Altinay, L., Brookes, M., Madanoglu, M., & Aktas, G. (2014). Franchisees' trust in and satisfaction with franchise partnerships. *Journal of Business Research*, 67(5), 722–728.
- Altinay, L., & Wang, C. L. (2006). The role of prior knowledge in international franchise partner recruitment. *International Journal of Service Industry Management*, 17(5), 430–443.
- Bafera, J., & Kleinert, S. (2023). Signaling theory in entrepreneurship research: A systematic review and research agenda. *Entrepreneurship Theory and Practice*, 47(6), 2419–2464.
- Balsarini, P., Lambert, C., & Ryan, M. M. (2022). Why franchisors recruit franchisees from the ranks of their employees. *Journal of Strategic Marketing*, 30(2), 180–200.

- Bergh, D. D., Connelly, B. L., Ketchen, D. J., Jr., & Shannon, L. M. (2014). Signalling theory and equilibrium in strategic management research: An assessment and a research agenda. *Journal of Management Studies*, 51(8), 1334–1360.
- Bergh, D. D., & Gibbons, P. (2011). The stock market reaction to the hiring of management consultants: A signalling theory approach. *Journal of Management Studies*, 48(3), 544–567.
- Bradach, J. L. (1998). *Franchise organizations*. Harvard Business School Press.
- Bradach, J. L., & Eccles, R. G. (1989). Price, authority, and trust: From ideal types to plural forms. *Annual Review of Sociology*, 15(1), 97–118.
- Brookes, M., & Altinay, L. (2011). Franchise partner selection: Perspectives of franchisors and franchisees. *Journal of Services Marketing*, 25(5), 336–348.
- Calderon-Monge, E., & Huerta-Zavala, P. (2014). Brand and performance signals in the choice of franchise opportunities. *Service Industries Journal*, 34(9–10), 772–787.
- Calderon-Monge, E., Pastor-Sanz, I., & Sendra-García, J. (2021). How to select franchisees: A model proposal. *Journal of Business Research*, 135, 676–684.
- Chung, S. H. D., & Parker, S. C. (2023). Founder affiliations: Jobseeker reactions and impact on employee recruitment by start-up ventures. *Small Business Economics*, 61(1), 259–283.
- Clarkin, J. E., & Swavely, S. M. (2006). The importance of personal characteristics in franchisee selection. *Journal of Retailing and Consumer Services*, 13(2), 133–142.
- Cliquet, G., & Pénard, T. (2012). Plural form franchise networks: A test of Bradach's model. *Journal of Retailing and Consumer Services*, 19(1), 159–167.
- Coase, R. H. (1937). The nature of the firm. *Economica*, 4(16), 386–405.
- Connelly, B. L., Certo, S. T., Ireland, R. D., & Reutzel, C. R. (2011). Signaling theory: A review and assessment. *Journal of Management*, 37(1), 39–67.
- Connelly, B. L., Certo, S. T., Reutzel, C. R., DesJardine, M. R., & Zhou, Y. S. (2025). Signaling theory: State of the theory and its future. *Journal of Management*, 51(1), 24–61.
- Croonen, E., & Broekhuizen, T. (2019). How do franchisees assess franchisor trustworthiness? *Journal of Small Business Management*, 57(3), 845–871.
- Croonen, E., Broekhuizen, T., & Brand, J. (2025). Trust and control in franchise networks: A dyadic, multi-referent analysis on franchisee network exit intentions. *Entrepreneurship Theory and Practice*, 49(1), 129–158.
- Croonen, E., van der Bij, H., Perrigot, R., El Akremi, A., & Herrbach, O. (2022). Who wants to be a franchisee? Explaining individual intentions to become franchisees. *International Small Business Journal*, 40(1), 90–112.
- Dant, R. P., & Kaufmann, P. J. (2003). Structural and strategic dynamics in franchising. *Journal of Retailing*, 79(2), 63–75.
- Doherty, A. M. (2009). Market and partner selection processes in international retail franchising. *Journal of Business Research*, 62(5), 528–534.
- Drover, W., Wood, M. S., & Corbett, A. C. (2018). Toward a cognitive view of signalling theory: Individual attention and signal set interpretation. *Journal of Management Studies*, 55(2), 209–231.
- Essman, S. M., Schepker, D. J., Nyberg, A. J., & Ray, C. (2021). Signaling a successor? A theoretical and empirical analysis of the executive compensation-chief executive officer succession relationship. *Strategic Management Journal*, 42(1), 185–201.
- Etzion, D., & Pe'er, A. (2014). Mixed signals: A dynamic analysis of warranty provision in the automotive industry, 1960–2008. *Strategic Management Journal*, 35(11), 1605–1625.
- Fernández Monroy, M., & Melián Alzola, L. (2005). An analysis of quality management in franchise systems. *European Journal of Marketing*, 39(5/6), 585–605.
- Frazer, L., Weaven, S., & Wright, O. (2008). *Franchising Australia 2008*. Asia-Pacific Centre for Franchising Excellence. Brisbane: Griffith University.
- Frazer, L., & Winzar, H. (2005). Exits and expectations: Why disappointed franchisees leave. *Journal of Business Research*, 58(11), 1534–1542.
- French Franchise Federation. (2023). La franchise c'est quoi? [What is franchising?]. <https://www.franchise-fff.com/entreprendre/la-franchise-c-est-quoi/>.
- Gallini, N. T., & Lutz, N. A. (1992). Dual distribution and royalty fees in franchising. *Journal of Law, Economics, and Organization*, 8(3), 471–501.
- Gillis, W. E., Combs, J. G., & Yin, X. (2020). Franchise management capabilities and franchisor performance under alternative franchise ownership strategies. *Journal of Business Venturing*, 35(1), Article 105899.
- Gioia, D. A., Corley, K. G., & Hamilton, A. L. (2013). Seeking qualitative rigor in inductive research: Notes on the Gioia methodology. *Organizational Research Methods*, 16(1), 15–31.
- Glaser, M., Jirasek, M., & Windsperger, J. (2020). Ownership structure of franchise chains: Trade-off between adaptation and control. *International Journal of the Economics of Business*, 27(3), 357–375.
- Gomulya, D., & Mishina, Y. (2017). Signaler credibility, signal susceptibility, and relative reliance on signals: How stakeholders change their evaluative processes after violation of expectations and rehabilitative efforts. *Academy of Management Journal*, 60(2), 554–583.
- Grünhagen, M., González-Díaz, M., Hussain, D., da Silva, M., & Filho, H. (2022). Multibrand, multisystem and multirole franchising: A qualitative exploration and framework development in Brazil. *Journal of Small Business Management*, 60(2), 1–36.
- Guest, D. E., Sanders, K., Rodrigues, R., & Oliveira, T. (2021). Signalling theory as a framework for analysing human resource management processes and integrating human resource attribution theories: A conceptual analysis and empirical exploration. *Human Resource Management Journal*, 31(3), 796–818.
- Guilloux, V., Gauzente, C., Kalika, M., & Dubost, N. (2004). How France's potential franchisees reach their decisions: A comparison with franchisors' perceptions. *Journal of Small Business Management*, 42(2), 218–224.
- Gully, S. M., Phillips, J. M., Castellano, W. G., Han, K., & Kim, A. (2013). A mediated moderation model of recruiting socially and environmentally responsible job applicants. *Personnel Psychology*, 66(4), 935–973.
- 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.
- Jean, R.-J. B., & Kim, D. (2021). Signalling strategies of exporters on internet business-to-business platforms. *Journal of Management Studies*, 58(7), 1869–1898.
- Jell-Ojober, M., & Windsperger, J. (2017). Determinants of the governance structure of the international franchise firm: A case study analysis in the automotive rental industry. *International Marketing Review*, 34(6), 814–884.
- Karle, H., Schumacher, H., & Staat, C. (2016). Signaling quality with increased incentives. *European Economic Review*, 85, 8–21.
- Kaufmann, P. J., & Stanworth, J. (1995). The decision to purchase a franchise: A study of prospective franchisees. *Journal of Small Business Management*, 33(4), 22–33.
- Kirmani, A., & Rao, A. R. (2000). No pain, no gain: A critical review of the literature on signaling unobservable product quality. *Journal of Marketing*, 64(2), 66–79.
- Ko, E.-J., & McKelvie, A. (2018). Signaling for more money: The roles of founders' human capital and investor prominence in resource acquisition across different stages of firm development. *Journal of Business Venturing*, 33(4), 438–454.
- Lafontaine, F. (1992). Agency theory and franchising: Some empirical results. *The Rand Journal of Economics*, 23(2), 263–283.
- Lafontaine, F. (1993). Contractual arrangements as signaling devices: Evidence from franchising. *Journal of Law, Economics, and Organization*, 9(2), 256–289.
- Lanchimba, C., Welsh, D. H., Fadaio, M., & Silva, V.-L. D. (2021). The impact of franchisor signaling on entrepreneurship in emerging markets. *Journal of Business Research*, 131, 337–348.
- Lexology. (2022). FRANCHISE France (Lexology GTDT - Franchise). <https://www.franchise.org/sites/default/files/2022-09/2023%20Franchise%20-%20France.pdf>.
- López-Fernández, B., & Perrigot, R. (2018). Using websites to recruit franchisee candidates. *Journal of Interactive Marketing*, 42, 80–94.
- Lucia-Palacios, L., Bordonaba-Juste, V., Madanoglu, M., & Alon, I. (2014). Franchising and value signaling. *Journal of Services Marketing*, 28(2), 105–115.
- Michael, S. C. (2009). Entrepreneurial signaling to attract resources: The case of franchising. *Managerial and Decision Economics*, 30(6), 405–422.
- Michael, S. C. (2022). Investing in entrepreneurs: The case of franchising. *Managerial and Decision Economics*, 43(8), 3785–3794.
- Miles, M. B., Huberman, A. M., & Saldana, J. (2014). *Qualitative data analysis: A methods sourcebook* (3rd ed.). Sage.
- Moro, A., Fink, M., & Kautonen, T. (2014). How do banks assess entrepreneurial competence? The role of voluntary information disclosure. *International Small Business Journal*, 32(5), 525–544.
- Panda, S., Paswan, A. K., & Mishra, S. P. (2019). Impact of positioning strategies on franchise fee structure. *Industrial Marketing Management*, 81, 30–39.
- Panda, S., Thapa, S., Paswan, A. K., & Mishra, S. P. (2023). Franchising: A signaling perspective. *Journal of Business & Industrial Marketing*, 38(4), 813–827.
- Pernkopf, K., Latzke, M., & Mayrhofer, W. (2021). Effects of mixed signals on employer attractiveness: A mixed-method study based on signalling and convention theory. *Human Resource Management Journal*, 31(2), 392–413.
- 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.
- Perrigot, R., López-Fernández, B., Basset, G., & Herrbach, O. (2020). Resale pricing as part of franchisor know-how. *Journal of Business & Industrial Marketing*, 35(4), 685–698.
- Perrigot, R., Terry, A., & Di Lerna, C. (2019). Good faith in franchising: The perceptions of franchisees, franchisors and their lawyers in the French context. *International Journal of Retail & Distribution Management*, 47(3), 246–261.
- Perrigot, R., Watson, A., & Dada, O. (2021). Sustainability and green practices: The role of stakeholder power in fast food franchise chains. *International Journal of Contemporary Hospitality Management*, 33(10), 3442–3464.
- Rahman, M., Rodríguez-Serrano, M.Á., & Lambkin, M. (2018). Brand management efficiency and firm value: An integrated resource based and signalling theory perspective. *Industrial Marketing Management*, 72, 112–126.
- Sadeh, F., & Kacker, M. (2018). Quality signaling through ex-ante voluntary information disclosure in entrepreneurial networks: Evidence from franchising. *Small Business Economics*, 50(4), 729–748.
- Sadeh, F., & Kacker, M. (2020). Performance implications of using signaling and screening for expanding interfirm business networks: Evidence from franchising. *Industrial Marketing Management*, 88, 47–58.
- Saldana, J. (2015). *The coding manual for qualitative researchers* (3rd ed.). Sage.
- Semrau, T., & Biemann, T. (2022). When sergeants can outrank generals: Person-organization fit and the performance of franchisees as agents of their franchisor. *Journal of Business Venturing*, 37(2), Article 106177.
- Song, H., Yang, X., & Yu, K. (2020). How do supply chain network and SMEs' operational capabilities enhance working capital financing? An integrative signaling view. *International Journal of Production Economics*, 220, Article 107447.
- Spence, M. (1973). Job market signaling. *Quarterly Journal of Economics*, 87(3), 355–374.
- Spence, M. (1974). Competitive and optimal responses to signals: An analysis of efficiency and distribution. *Journal of Economic Theory*, 7(3), 296–332.
- Spence, M. (2002). Signaling in retrospect and the informational structure of markets. *American Economic Review*, 92(3), 434–459.
- Walker, H. J., Bauer, T. N., Cole, M. S., Bernerth, J. B., Feild, H. S., & Short, J. C. (2013). Is this how I will be treated? Reducing uncertainty through recruitment interactions. *Academy of Management Journal*, 56(5), 1325–1347.
- Watson, A., Dada, O., Grünhagen, M., & Wollan, M. L. (2016). When do franchisors select entrepreneurial franchisees? An organizational identity perspective. *Journal of Business Research*, 69(12), 5934–5945.

- Watson, A., Dada, O., Wright, O., & Perrigot, R. (2019). Entrepreneurial orientation rhetoric in franchise organizations: The impact of national culture. *Entrepreneurship Theory and Practice*, 43(4), 751–772.
- Watson, A., Senyard, J., & Dada, O. (2020). Acts of hidden franchisee innovation and innovation adoption within franchise systems. *Industrial Marketing Management*, 89, 431–445.
- Wattel, H. (1968). Are franchisors realistic and successful in their selection of franchisees. *Journal of Retailing*, 44(4), 54–68.
- Weaven, S., Frazer, L., & Giddings, J. (2010). New perspectives on the causes of franchising conflict in Australia. *Asia Pacific Journal of Marketing and Logistics*, 22(2), 135–155.
- Windsperger, J., & Dant, R. P. (2006). Contractibility and ownership redirection in franchising: A property rights view. *Journal of Retailing*, 82(3), 259–272.
- Wu, C.-W., & Reuer, J. J. (2021). Acquirers' reception of signals in M&A markets: Effects of acquirer experiences on target selection. *Journal of Management Studies*, 58(5), 1237–1266.
- Xia, J., Dawley, D. D., Jiang, H., Ma, R., & Boal, K. B. (2016). Resolving a dilemma of signaling bankrupt-firm emergence: A dynamic integrative view. *Strategic Management Journal*, 37(8), 1754–1764.
- Yeung, R. M. W., Brookes, M., & Altinay, L. (2016). The hospitality franchise purchase decision making process. *International Journal of Contemporary Hospitality Management*, 28(5), 1009–1025.
- Yin, R. K. (2009). *Case study research: Design and methods* (4th ed.). Sage.
- Zachary, M. A., McKenny, A. F., Short, J. C., Davis, K. M., & Wu, D. (2011). Franchise branding: An organizational identity perspective. *Journal of the Academy of Marketing Science*, 39(4), 629–645.