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Creativity and Franchising

- A study on how compatible a creative climate is within franchising systems

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Creative Climate within

- A study on how compatible a creative climate is within franchising systems

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Knowledge-Based Entrepreneurship

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Abstract

As business environment are becoming increasingly complex and dynamic across markets, the need for innovations across industries is consequently rising. Among many of businesses resources, the creative acts of individuals are some of the key resources exploited by firms in the search for competitive advantages. Creativity and innovation are about constantly questing the status quo, while the main elements of the franchising business model are standardization and conformity. However, there is still a huge need for being creative within the franchising industry through introduction of new products, services and processes in order to stay in the forefront of competition. This thesis explores the prerequisites for a creative climate within franchising organizations by using the dynamic componential model of creativity and innovation by Amabile & Pratt as a theoretical base, interviewing four experts with more than 80 years experience in the field. The main findings of this study are that the evident hierarchy, along with the need for uniformity across locations can have hindering effects on creativity systemwide, but that other routes to Rome are continually used within Franchising. The analysis proposes that creativity and innovation is a key priority within franchising systems, but that the creativity and innovation activities are centered towards higher levels of hierarchy within the organization, in order to retain control over the system at large. Also, the alignment of values among organizational members within the system can have positive effects for fostering a creative climate within franchising systems.

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1. Introduction

1.1 Background

Every year, the International Franchise Associations (IFA) makes reports, and forecasts on the state of the franchising industry. For 2020, the outlook was positive with an expected addition of 232.000 jobs, and a GDP growth of 4,6%, to 494.960.000.000 USD worldwide (IFA, 2019). In Sweden, the franchising industry employs around 150.000 people, and accounts for close to 6% of Sweden's overall GDP in 2018 (Svensk Franchise, 2018), and the numbers were expected to grow. Unfortunately, the COVID-19 pandemic struck in the beginning of 2020, and during the writing of this thesis. The consequences of the pandemic are so far ambiguous, and we are unsure of how long the effects will last, making the expected numbers for the 2020 franchising industry close to useless. At a time like this when this thesis is written, the economy is affected, and the franchising industry is not spared. However, what is evident, regardless of pandemics and temporary disturbances is the fact that franchising plays an important role in the modern economy (Méndez, et al 2014).

Franchising is a long-term economic, and social exchange relationship, in which the franchisor the owner of the brand and business concept, sells the right to use the brand, tradename, products and services, for a specified time period, in a specific location, to the franchisee. The Franchisor provides the Franchisee with multiple services, such as business and employee training, marketing support, site selection, quality programs and vendor certification (Gillis & Combs, 2009). In return, the franchisee agrees to adhere to the rules and regulations stated in the franchising agreement, following the operating routines provided by their Franchisor, and ultimately deliver the business concept. Also, an upfront fee is paid by the Franchisee, along with ongoing royalty payments (Gillis & Combs, 2009).

Despite the existence of different forms of franchising, with different contractual properties, a Franchise is always a type of "multiplication" the business where another entrepreneur chooses to invest financially, in order to take part of an already tested, thus validated and profitable business (Lewandowska, 2014). This means that franchisees buy into the opportunity to skip the often risky initial steps of starting a business, which is also what makes franchisees fail to a substantially lower degree than independent business owner. (Lewandowska, 2014).

However, as business environments are becoming increasingly complex and dynamic across all markets, there is a need to keep up with competition through innovations. This would include increasing operation efficiency, to renew or initiate product or service lifecycles, and to stay in lead with one's industry through new creative ideas (Maranville, 1992). The pressure to be competitively equipped through continual innovation is rising for all firms, including franchise systems (Cook, 1998).

1.1 Creativity and Innovation

Creativity is the human capacity to generate new ideas, new approaches, new solutions to problems and ultimately innovations (Hennessey, et al 2010). The implementation and commercialization of new ideas is what turns a creative idea into an Innovation (Fagerberg, 2005, Hartley 2006). This makes the two concepts of Creativity and Innovation highly interlinked (Mathisen et, al., 2012). Creative thinking is a first step to a successful innovation which is vital for businesses in order to keep developing and ultimately sustain competitive advantages (Shalley & Gilson, 2004). Since knowledge and creativity is created by individuals, within a firm, this makes businesses more value-dependent on the sources of creativity and innovation that stems from their members and employees, rather than their tangible assets (Amabile, 1996).

As a result of this, the interest in *Organizational Creativity* and its impact on innovation is more prudent to today, than yesterday (Amabile & Pratt, 2016).

Before, Innovation (both radical & incremental) was mainly contributed by R&D departments from changes in products/services, internal processes, and business models. Lower levels of the organizations were before seen as not being able to contribute with radical innovations, which have proven not to be completely true. Lower level organizational members are able to contribute to the same extent as higher-level organizational members (Thamhain, 2003). Therefore, it should be relevant for all firms, including franchising systems, to create a climate that fosters creativity and innovation throughout their system.

1.2 Research Objective & Problem Discussion

1.2.1 Research Objective

The objective of this research is to explore the prerequisites for a creative climate within franchising systems. This in order to find out in which ways the business model is suitable for creating a creative climate throughout the organization, and in which ways the business model it may inhibit creativity.

1.2.2 Problem Discussion

The way that an organization manages, exploits and uses their resources are good predictors for how well they achieve competitive advantages, resulting in firm success and survival (Shalley and Gilson, 2004). Given the fact that franchising is not only an important part of the economy but also a driver of the economic development, it is proven that competitive advantages within the franchise sector is just as important as in any other sector (Michael, 2013). The elements of creativity and innovation is seen as key factors in gaining valuable competitive advantages sought after by firms (Cook, 1989, Magadley & Biridi 2009). Organizational Innovations stem from the creative acts of individuals within the organization (Amabile & Pratt, 2016, Ekvall, 1996). Stimulating creativity within an organization should be a key organizational goal (Qu,

Janssen, & Shi, 2017), and can be achieved with relatively small means within an organization (Amabile, 1988).

When talking about creativity & innovation in relation to franchising, there is a clear conflict between the nature the concepts. The main elements of franchising are *Standardization & Uniformity*, which is contradictory to *Creativity & Innovation*, which constantly aims to question the status quo. Franchising is per definition a transfer of property rights of the franchisor to the franchisee that is contractually determined with strict limitation on how the franchisor is allowed to act (Lewandowska, 2014). However, there is still a huge need for being in the forefront of competition, by introducing new products, services and processes, to avoid firm failure within franchising systems. The creativity of individuals can be deeply influenced by the climate in which people work and act within, and is fostered in environments that encourages Risk-taking, individual autonomy and change (Andriopoulos, 2001). Creativity is the development of variations, which is the opposite of the stable conformity that franchising chains, i.e. multi-outlet chains offer their customers. Still, creativity as first step to successful innovation and is much needed across industries in order to keep developing, and keep competitive advantages (Shalley & Gilson, 2004).

This study aims at exploring the topic of creativity within a franchising setting by interviewing four experts in the field, with over 80 years of combined experience working with different functions in a franchising environment. The study aims at finding what is special about the franchising business model in terms of if and how organizational creativity is utilized.

1.2.3 Research Questions

Based on the background and purpose presented previously, the following research question has been formulated:

- *What are catalysts and inhibitors for organizational creativity within franchising as a business model?*

1.2.4 Delimitations

On behalf of University of Gothenburg and the Swedish Ministry of Foreign Affairs all international travel was banned without an extraordinary purpose, and national travels were limited, due to the Covid-19 Pandemic. This also included no physical meetings, due to the social distancing plan to prevent spreading of the virus has led to limited contact with respondents, as well as supervisors apart from digital contact. It is understood that the chosen research strategy taken in order to investigate the subject could have been more precise but due to these limitations, the chosen strategy was determined. Due to the special circumstances and social distancing, the franchising industry with its physical outlets have been heavily affected and therefore many actors in the Swedish franchise market that otherwise would have wanted to take part in the study had to decline. Also, the study is limited to respondents that have been

active within the franchising industry mainly within Sweden but, involved with multinational Franchise Enterprises, with both European and North American origin.

2. Theory

2.1 Research Areas

When setting the stage for this research a literature review was conducted in order to establish a theoretical framework on Creative Climate, its catalysts and inhibitors, prerequisites and environmental properties. The theoretical framework was divided into three parts.

The chapter starts with a scope of a basic definition of the topics investigated:

1, Franchising 2, Creativity 3, Organizational Climate

The chapter then continues with a thorough description of the *Dynamic Componential model on Creativity and Innovation* by Amabile & Pratt (2016). The model is one of the most acknowledges theories on what constitutes a creative organizational climate in theory, and its effects on organizational innovation output. Finally, the previous research done on climate within franchising systems is investigated with an emphasis on creative climate attributes.

The secondary data sources were found by reviewing peer reviewed journal articles, dissertations and books. The main tools used to reach databases including material needed was; Göteborgs Universitet, Supersök & Google Scholar.

Keywords used when searching for relevant information: *Franchising, Franchisor, Franchisee*, alone and combined with: *Innovation, Creativity, Creative climate(/Environment), Organizational climate, Psychological climate.*

2.1.1 Scope of the Theoretical Background

The research areas presented in this thesis are not to meant to be seen as a complete declaration of the theories, its concept and components. It is also not intended to criticize, complement, or correct in order to broaden, or explain the complexity of the entire research area. The purpose is rather to give a streamlined understanding of the concept, while still keeping it relevant and in-depth enough for the sake of this thesis.

2.2 Definitions

2.2.1 Franchising

Franchising is business model that is based on an economic relationship between two parties, the franchisor, and the franchisee (Lewandowska, 2014). A long-term agreement is signed between the franchisor and the franchisee, where the franchisor allows the Franchisee to expand the business of the franchisor.

To which degree rights are given from one party to another is stated in the *Franchising Agreement* (Lewandowska, 2014). The franchising agreement is established where all the terms and conditions, rules and regulations of the transaction in ownership and brand rights is stated (Gillis & Combs, 2009). The transfer of property rights would include formal training, access to subsidiaries, marketing, systems and processes, products and services for sale in return for monetary compensation, but also an addition of an entrepreneur into the Franchisors multi-chain outlet (Gillis & Combs, 2009).

The Franchisee pays an upfront fee that usually ranges from 10.000 – over 100.000 USD, with an average range of 20.000 – 35.000 USD (Elgin, 2006). The franchisee will also be obligated to pay royalty fees, a fraction of the franchisees gross revenues to the franchisor, which ranges from 1 – 50%, but averages in 5 – 6 % (Elgin, 2006), marketing fees may also be included (Lewandowska, 2014). The concept creates a special relationship between the franchisor and the franchisee as it is clear that the franchisors is ready to give up a substantial part of control to the franchisee, in order for them to further expand their business (Lewandowska, 2014).

2.2.2 Creativity

Creativity is the human capacity to generate new ideas, new approaches, and new solutions (Hennessey, et al 2010), i.e. novel and applicable ideas which are produced in relation to an identified opportunity (Amabile, 1997). An idea is the primary step in the development of a new concept, that in a business context relates to processes, products or services (Koen et al., 2002). Creativity is the production of new and useful ideas by an individual, small group working together that inflict interrelated forces operating in various systematic levels of application (Koen et al., 2002).

Creativity forces operates on many different levels and, to avoid possible confusion and allow for common ground to discuss the central perspectives in this thesis, the following figure illustrates what areas of creativity that are explored. This thesis is investigating creativity on the social environment and groups level, and how it effects on the individual level. (See figure 1).

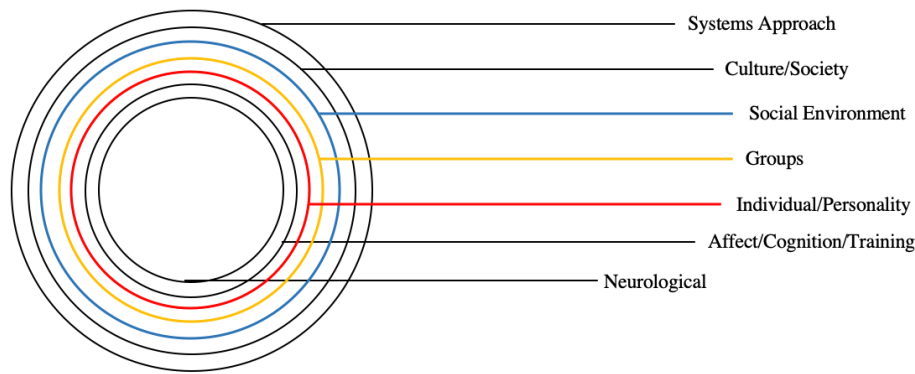


Figure 1: Simplified Schematic scheme of the levels that creativity operates at. (Hennessey et al., 2010)

Creativity on the groups, and social environment axis consists on the notion that most creative work that is accomplished within an organization more often created amongst two or more individuals in union (Hennessey, et al 2010). It is also established that the social environment in which individuals and workgroups operate in has major effects on the individuals, or groups motivation to be creative, which will form the basis for this thesis as it represents the social environment i.e. the organizational climate (Hennessey, et al 2010).

This study focuses on the group and social environment level of creativity forces, where creativity is seen as a socially bound construct, which is subjective to their time and place (Amabile, 1982, 1983). Creativity as first step to successful innovation is much needed across industries in order to create and maintain competitive advantages (Shalley & Gilson, 2004, Drazin et al., 1999).

2.2.3 Organizational Climate

The creative climate of a firm can be defined as:

“How an organizations climate manifests itself in the creative output from its employees”
(Moultrie & Young, 2009 p. 300, referenced Ekvall, 1996).

The climate of an organization is a set of shared perceptions of the members, or employees of an organization. (Amabile, 1988) A *Psychological climate* is made up of the individual perception of the work environment and what psychological effects the surroundings have on the individual’s well-being. When these perceptions are accumulated and shared across individuals into a common picture of what the surroundings represent, it is defined as the organizational climate (James & James, 1989). Processes and their execution within an organization is guided by the organizational climate in terms of; Problem-solving, coordination, decision-making, control functions, learning, both individual and organizational motivation; intrinsic, and extrinsic, learning processes, and work-commitment (Ekvall, 1996). The organizational climate is both affected by the regulations and processes within the organization but will also be affected by the interactions between social members of the organization. This

makes the organizational Climate into a mix of the resources put into an organization, both human resources, organizational culture, and infrastructural resources (Ekvall, 1996).

The manifestation of the organizational climate is displayed through the actions of the individuals and expressed in the attitudes, overall ambitions and goals displayed by workgroups and individuals in the organization. (Amabile, 1997) Which means that the people who are involved in in organization at large set both the upper and lower bar for the organizations potential to cultivate a creative climate (Ekvall, 1999).

Individuals perceive two fundamental things that make up the organizational climate. (1) How work is organizationally executed, (2) The overall goals and ambitions of the organization (Schneider et al. 1996). Within the climate, organizational members are guided by incentives in terms of rewards and encouragement, and through that form patterns of behaviors, that are influenced in the two main categories of climate through observations of practices, procedures as well as policies. This is also influenced in the way that members of the organization interpret what is believed to be important within the organization (Schneider et al. 1996).

The organizational climate is not to be confused with the organizational culture. The organizational culture is the aggregated belief system of the organization, which consists of norms and values. Investigating the norms and values of a company is more difficult than observing the organizational behavioral pattern, due to its abstractness. The organizational culture is rooted in the organizational values, but since studies on organizational culture is more concerned with the involvement of social systems under time, and organizational climate is more concerned with the effect of the social system on the individuals of the organization, they are different. This makes climate variables less abstract to members than those of organizational climate (Denison, 1996). The organizational climate consists of reoccurring behavioral patterns, and shared attitudes & opinions among the individual members of the organization (Ekvall 1999), which makes up the “life” of the organization (Isaksen et al. 2001). The climate of an organization will in its turn effect the behavior with a direction towards innovation within it (Isaksen et al. 2001).

The dimensions that make up a creative organizational climate has been widely discussed by scholars and a literature review by Hunter, & Bedel & Munford (2005) states that there are more than 40 different conceptualizations. This tells us that the exact definition of what constitutes a creative climate is still ambiguous. In order to establish a comprehensible creative climate taxonomy, it is suggested that we view creative climate as an enabler of a creative, innovative working context, rather than a set of static workplace perceptions (Fleishman & Quaitance, 1984).

2.2.4 Summary of Definitions

Summary of Definitions	
In order to make comprehensible what definitions are used in this thesis:	
Franchisor	<i>the party who rents out their business model</i>
Franchisee	<i>the party who rents the business model</i>
Franchise agreement	<i>the agreement signed at the transaction, stating the franchisees rights and obligations</i>
Creativity	<i>is the development of new and useful ideas.</i>
Innovation	<i>is the implementing and commercialization of the new ideas.</i>
Creative climate	<i>is an environment that fosters creativity and innovation.</i>

Table 1: Summary of definitions

2.3 Creativity as a mediator for Innovation

The topic of creativity has earlier on mainly been focused in the creativity of individuals with specific personality traits. This has now been questioned and the assumption is that anyone can be creative, given the right conditions (Amabile, 1997). Without a creative environment for employees or members of an organization, there will be no change and no innovations. Creativity is said to turn ordinary companies into market leaders (Pitta. et al, 2008). As mentioned before, the taxonomy of a creative climate and its components has not yet been fully determined. This due to the complexity and abstractness of the phenomena. Several attempts to describe what constitutes a creative climate has been made (Hunter, & Bedel & Munford, 2005). The studies made on the topic of creativity vary in perspectives and disciplines of the researchers examining them.

Attempts to define creativity have been made in psychological and cognitive studies of the phenomena, though the lens of either individual & organizational perspectives, group context or through various creativity models, trying to establish a systematic process to clarify the topic. The perspectives presented in this research, which take the standpoint of the psychological definition of creativity from a group, and individual context.

Taking the definition presented in the **Definitions p. 15**, as a standpoint, in order for an idea to be creative, it does not solely need to be unusual. An unusual idea is not creative per say, if it is not useful if it does not add any value to a current problem or situation (Amabile, 1997). The idea needs to contain the two core elements; (1) *Novelty* and (2) *Usefulness*, in order to be seen as a creative thought (Amabile 1997, Munford & Gustafson, 1988, Stenberg & Lubart, 1999). For an idea to be novel, its either needs to be completely new, or a new combination of already existing knowledge (Oldham & Cummings, 1996), while still holding the restriction of being problem, or situation oriented. Creativity is a part of both the generation of new ideas, and the implementation of them in order to turn them into innovations which makes the two concepts of creativity and Innovation highly related (Mathisen et. al., 2012).

An important distinction between Innovation and creativity, despite definitions sometimes looking quite similar is; Without the concept, idea or invention, which is the creative act, being

brought to market, i.e. being commercialized, it is not an innovation (Ekvall 1997, Isaksen & Ekvall, 1997, Amabile 1997). Creativity is therefore seen as a necessity for innovation to take place and only through completion of creative ideas, can an idea be an innovation. Innovation occurs at a time of interplay between individual, and work context factors (Hunter, & Bedel & Munford 2005).

There is a consensus among researchers that there is a link between a creative climate and the contribution to innovation within an organization (Amabile, 1996, Woodman et al. 1993). Empirical studies on the correlation between creative climate and creative outcomes has yielded results that vary from low-moderate, to high-moderate, with an estimated average of 0.35, which is considered moderate correlation (Hunter, & Bedel & Munford 2005).

In order to be an innovative organization at core, having creative organizational climate is important (Amabile and Pratt, 2016). The individuals in the organization needs to identify with the overall objectives of the organization and ultimately attach large meaning to their activities in a greater context (Amabile, 2016). In order to achieve innovation, it is critical that members feel motivated in finding new solutions to problems and issues as they arise within the organization and feel enthused and ultimately challenged to come up with new ideas and suggestions. This is they creative climate that will present tasks and activities that will ultimately lead to more innovations and continued development, thus competitive advantage, and increased firm survival (Ekvall, 1999). Innovations ultimately takes place in space where creativity is fostered, and a creativity environment is one that encourages change, individual autonomy and risk taking etc. (Andriopoulos, 2001).

2.3.1 The Dynamic Componential model of Creativity & Innovation

The Componential Theory was developed as a tool to explain the organizational creativity and Innovation by Amabile in (1988) and has since been one of the cornerstones in the research of in the field. The Model was developed to explain the way that Creativity of individual members of an organization feeds Innovations Organic Innovation within an organization. One assumption of the model is that; Without creative ideas, there can be nothing to implement (Amabile & Pratt. 2016).

Despite keeping base in the 1988 Componential Model (Amabile, 1988), scholar have made important contributions to the field of organizational creativity, and the model has since been revisited and revised by the original author, in order to make suitable adjustments to further develop the theory (Amabile & Pratt. 2016).

The creative climate of an organization is reflected by a combination of the perspective of the individuals, the team, and the organization at large i.e. the work-environment. One of the main assumptions of the Model is that all persons, can be and act at least moderately creatively when situated in some field with the right work environment (Ekvall, 1996). A suitable domain

combined the right work-environment can influence the degree to which a person acts creatively. The individual’s creativity is greatly impacted by the organizational climate that they find themselves working in i.e. the climate greatly impact the degree to which the individual produces innovations, which is the primary source of innovation in the organization (Amabile, 1988).

A distinction to make in the *Dynamic Componential Model On Creativity and Innovation*, is that creativity is value-free, it can be used for either good or evil, and what might be good for one stakeholder group, may be bad for another (George, 2007). As mentioned, both Innovation and Creativity as concepts are subjective constructs (Amabile, 1982, 1983).

The Dynamic Componential Model of Creativity and Innovation presents three cornerstone factors that influence creativity and Innovation within an organization on *The Individual Level of Creativity*, and *The Organizational Level of Innovation*. See Table 2 & Figure 2.

Input Factors/ Level of Creativity	Individual level of creativity	The organizational level of Innovation
Basic Raw materials	Skills in the task domain	Resources in the task domain
Skills and processes need to combine in new ways.	Creativity relevant processes	Skills in Innovation management
The Driver	Intrinsic motivation to do the task	Motivation to innovate

Table 2: Inputs on the Individual Level of creativity & Inputs on the organizational level of Innovation. (Amabile & Pratt, 2016)

It is important to note that changes in one of the organizational components, will inevitably spur changes in another (Amabile & Pratt, 2016). There is a “**Progress Loop**” connected to the creativity phenomena, were despite failure, a negative outcome, can cause iterations that lead to more creativity. Also, the success of one project can lead to increased intrinsic motivation (Bandura, 1997, Deci & Ryan, 1985). The process of selection and retention is giving the creative process an evolutionary like characteristic when work motivation is high (Staw, 1990, Simonton, 1999). Another important addition is the acknowledgement of the work environment as an open environment that is being influenced external factors as-well as on the internal factors (Woodman et al. 1993).

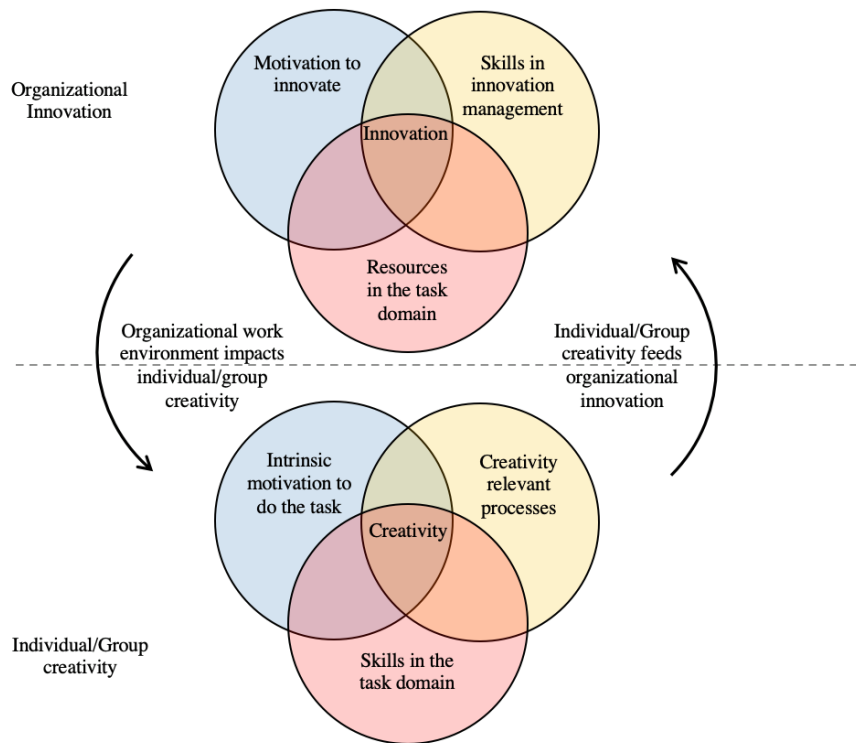


Figure 2: The Dynamic Componential Model Of Creativity. (Amabile & Pratt 2016)

2.3.1.1 The Dynamic Componential Model of Individual creativity

The Dynamic Componential Model of Individual creativity presents three corner-stone factors of Individual Creativity, or the creativity of a smaller team, in any area. Individual Creativity involves the following cornerstones: Intrinsic Motivation to do the Task, Creativity-relevant processes, Skills in the Task domain. When an overlap between an individual's expertise overlap with their intrinsic task motivating, combined with high creatively personality trait, is when the highest form of creativity will present. The overlap and vigor of these three components will produce greater creative outcome (Amabile, 1997), Both the factors: *Creativity-Relevant processes & Skills in the task domain*, are driven by the individual's intrinsic motivation. Skills is an indication of what a person is capable of doing, while his motivation, tells us what he is willing to do with those skills (Amabile & Pratt, 2016).

Component 1, Skills in the task domain

Expertise is the foundation for all creative work (Amabile 1997). Previous knowledge, or what is known as expertise is a set of cognitive pathways in the brain. The cognitive pathways lay the foundation for the knowledge needed to solve complex problems (Hirst, Van Kippenberg, & Zhou, 2009). Without any previous expertise, the individual must learn a set of ground rules before tackling a problem that lays outside of their usual domain (Amabile, 1988, Amabile & Pratt 2016). If a person inhabits the right competence in order to perform a task, and also motivation to do so, they will be able to produce an outcome that meets the criteria's set up in order to complete the task (Amabile, 1988).

Component 2, Creativity relevant processes

Processes or skills in creativity are needed in order to being able to combine the raw materials, skills in the task domain in order to generate novel and useful ideas (Amabile & Pratt 2016). An individual need to be able to use their cognitive pathways in order to see issues in relation to solutions in a new way i.e. taking other perspectives, ranking different options, an using divergent thinking (Amabile, 1988, Amabile & Pratt 2016). However, if the person still lacks the skills needed to view a problem from different angles and consequently explore the issue with an “out-of-the-box” mindset, they do not have the creative skills needed to produce a creative result. (Amabile & Pratt, 2016). Creativity self-efficacy, and trust in leaders is important in the creativity relevant processes (Gong et al. 2009, RITCHER, HIRST van KIPPENBERG & GONG 2012).

Component 3, Driver of creativity: Intrinsic Task Motivation

Intrinsic Motivation to do the task is the single most important factor for creativity at the Individual level (Amabile & Pratt, 2016). Intrinsic motivation is when a person is motivated by that they want to do something for enjoyment, for the sake of doing, i.e. passion or even just the fact that the problem poses a challenge (Amabile, 1988, Amabile & Pratt 2016). If an individual is motivated enough, a person can gather the right expertise in order to solve a problem (Amabile, 1988, 1997). Intrinsic motivation differs from extrinsic, where intrinsic motivation comes from within, something that we are highly motivated to do that gives us pleasure, while extrinsic is motivation in the form of either motivation from others, or monetary motivation (Amabile, 1997).

There is an inherent difference between different types of extrinsic motivators, that can be delegated to two categories: (1) *Informational* & (2) *Controlling* extrinsic motivators. The first one, informational extrinsic motivators, which through confirming the value of one’s work, which will allow them to develop competence in the domain. In order to achieve informational motivational effects, recognition in the form of a plaque on the wall for good work or motivating though allowing an individual to continue to work on their areas of interest and allowing funding for the projects with personal enjoyments, in which they are intrinsically motivated. (Deci & Ryan, 1985) The latter, controlling extrinsic motivators, lead to individuals feeling controlled, and therefore losing self-determination (Deci & Ryan, 1985). Generally, one wants to achieve positive synergetic effect from intrinsic and extrinsic motivation, by the combination of Informational extrinsic motivators with intrinsic motivators (Amabile & Pratt, 2016).

2.3.1.2 The Dynamic Componential Model of Organizational Creativity and Innovation

The components of the dynamic componential model on the organizational level are analogous to the ones at the Individual level (Amabile & Pratt 2016). The work-environment impact the separate components of individual creativity but has the has the greatest and most instantaneous effect on intrinsic task motivation (Amabile, 1997). To increase creativity in an organization a manager can act on all three areas in the componential model of individual

creativity namely; *Expertise, Creativity skills and Task motivation* (Amabile, 1997). However, the components of Expertise, and creativity skills would require a more expensive approach to broaden knowledge bases and creative skills, education, seminars and workshops. Lastly, the components of task motivation can be elevated by simple tweaks in the organizational climate (Amabile, 1998). The overlap and vigor of these three components will produce greater Creative outcome (Amabile, 1997). The main influencers of an organizations motivation to Innovative is higher-level management’s, together with the actions and statements of the founders. They are inherently the ones who set the aspiration towards being an innovative organization. This is also somewhat manifested in the action and statements of other lower level management and other organizational members (Amabile & Pratt 2016).

Component 1: Resources in the Task Domain

The raw material of Innovation on the organizational level is the resources in the task domain. This includes everything accredited to aiding members, or teams in their creative processes within the task domain (Amabile & Pratt 2016). The resources within an organization are both financial, infrastructural, technical, knowledge resources and human resources among others like accesses to time (Amabile, 1988, Amabile & Pratt 2016). In order for members of an organizations to be able to act creatively they need to be fed the sufficient amount of these resources. Studies have concluded that time often poses a challenge to be creative (Lawson, 2001, Wang, Choi, Wan & Dong, 2013), since not sufficient time is directed at the exploratory part of problem solving, this makes organizational members lean towards using already validated practices and routines (Amabile, 1997). Time is an important factor which is essential when thinking of a new idea, testing them and acting spontaneously and searching for new paths. The same rules apply for financial resources that are needed to try new ways. Human resources are also greatly important to bring in new perspectives on an issue and being able to discuss alternative options. A reduction in pressure generated from project recourse scarcity may inhibit the creative thinking process (Csikszentmihalyi, 1997). An abundance of resources an on the other hand can leave employees feeling too comfortable and seeing as they have so much resources, they will not have to act creatively in order to solve the problem. This implies that a sufficient amount of resources should be directed in order to spark creativity (Amabile, 1988). (See Table 3)

	Catalyst of creativity	Inhibitor to Creativity
Resources in the Task domain	<ul style="list-style-type: none"> - Sufficient Resources - Sufficient Time 	<ul style="list-style-type: none"> - Insufficient/Abundance of Resources - Insufficient/Abundance of Time

Table 3: Summary, catalyst and inhibitors of organizational creativity: Resources in the Task domain

Component 2: Skills in Innovation management

“Creativity thrives when managers let people decide; How to climb a mountain; They needn’t, however let people choose which one” – Amabile (1998).

The skills in innovation management component includes the way that managers act in order to promote Innovation and influence creativity. With unclear and shifting projects goals, task performers will be confused about what direction the project is headed towards (Amabile & Pratt 2016). A person will be more inclined to act creatively if they have the right to choose what task, and how they complete the task (Ekvall, 1996). Operational Autonomy is the most important type of freedom, which relates to the overall freedom of deciding how to perform in day-to-day job situations, rather than deciding on the overall task (Amabile, 1997, 1987).

An organization with mechanisms that are aimed at idea development does have a positive impact on creativity, these mechanisms are spaces where members can share ideas, communicate and discuss in a civil manner, which in turn will give a greater knowledge-sharing environment among and across competencies in the organization (Csikszentmihályi, 1996, Amabile 1997). Restricting the idea flow within an organization will have negative effects on creativity within the organization. The climate should be open to new ideas and let individuals with different competencies bring their individual perspectives on issues (Amabile & Pratt, 2016). This means that new ideas are not immediately discarded by leaders or other members of the organization in a diminishing and mean way, which would make the idea provider self-conscious and scared of coming up with new suggestions after being told off by members. The goal is to keep the climate warm, open and welcoming to make space for new meanings and suggestions, where members listen and discuss (Ekvall, 1996). Feeling ownership and in control over the work that an organizational member produces members is creating more creative outcome than those who feel trapped and harshly controlled by their superiors (Amabile 1996). Therefore, being involved in decision making has a positive impact on creativity, while feeling micromanaged can have an opposing effect (Amabile, 1988). An unnecessary level of hierarchy and bureaucracy can be hindering in the innovation management process (Shalley & Gilson 2004).

In order to achieve a creative climate leader of the organization should be supportive and give non-condescending constructive feedback that judges output in a fair and straightforward way. This to prevent that employee's thoughts and input is not valued, which may result in a decreased creativity (Shalley and Gilson, 2004). Intrinsic motivation i.e. passion is the single most important feature in order to foster creativity. It is therefore vital to members are allowed to work within their area of competence, but also with the things they enjoy doing for the sake of pleasure in order to achieve higher creativity (Amabile & Pratt, 2016). Therefore, Management needs to be concerned with forming workgroups that work well together, that allows people to work within their particular interests i.e. allowing them to be intrinsically motivated (Amabile & Pratt 2016).

Another important thing is that supervisors should encourage and reward creative acts in a fair way. Despite a failure of a project, it should be recognized for the process, the individual's skill and creative commitment rather than the outcome (Eisenhower & Armeli 1997). Bonuses and commission on executed work may inhibit the creative process of a company, by making individuals feel bribed, and performing the task in order to avoid pain. Supportive collaboration and coordination across teams in an organization will have positive effects on creativity

(Amabile & Pratt, 2016). In groups where members communicate well and are allowed to constructively challenge ideas, but still remaining open to new suggestions will increase the level of commitments to work, and therefore increase creativity (Amabile, 1997). The role of the supervisor should rather be seen as someone who motivates and encourages employees to reach goals rather than act as enforcing agents of the organization. In order to achieve a creative climate leader of the organization should be supportive and give non-condescending constructive feedback that judges output in a fair and straightforward way. This to prevent that employee’s thoughts and input is not valued, which may result in a decreased creativity. (Shalley & Gilson, 2004) An unnecessary level of hierarchy and bureaucracy can be hindering in the innovation management process (Shalley & Gilson, 2004). In a good organizational climate, supporting creativity is where the creative process is rewarded and recognized, rather than just the outcome of a project, which means that it is necessary to allow for failure (Amabile & Pratt 2016). (See Table 4)

	Catalyst of creativity	Inhibitor to Creativity
Skills in Innovation management	<ul style="list-style-type: none"> - Clear project Goals - Autonomy in how to meet Project Goals - Mechanisms for Developing New Ideas - Participate in Decision-Making - Constructive Feedback on new Ideas - Work Assignments matched to Skills and Interest - Generous but Balanced recognition & Reward for Creative efforts - Coordination of projects and collaboration amongst groups - Sufficient supervisory help and guidance - Learning from failure - Open idea flow 	<ul style="list-style-type: none"> - Unclear/Shifting Project Goals - Constraints in how to meet project goals - Unfair evaluation of new ideas - Hindrance in work - Ignoring or overreacting to problems - Restricting the idea flow

Table 4: Summary, catalyst and inhibitors of organizational creativity: Skills in Innovation management

Component 3: Motivation to Innovate

Goals and long-term strategic aims need to be communicated in a clear way by management, so that members share goals for task accomplishment would make them more creative and should allow stretching to goals and aims enough to allow for creativity (Shalley & Gilson 2004). When long term goals and strategic mission is shifting or unclear, creativity can be lowered due to the lack of focus (Amabile & Gyskiewicz, 1987).

The organizational motivation to innovate of an organization is manifested through the organization’s degree of placed value on activities that supports and promotes creativity and finally innovation. If an organization expresses a general disinterest in new undertakings, it will also be displayed in the behavior of the organizational members (Amabile & Pratt 2016). The

pride members take in what they as an organization can achieve and having an encouraging strategy that is forward-facing in terms of being ahead of competition, will have positive impacts on creativity in members (Amabile & Pratt, 2016). The motivation to innovate is displayed in the organization’s orientation towards risky projects. If there is a too conservative outlook on doing what the organization has always done, i.e. emphasizing the status quo rather than embracing the unknown through exploration there it can also have a negative impact on creativity in the individual level (Ekvall, 1996). The organizations skewness towards risky undertakings is unanimous with the organizations willingness to tolerate uncertainty. Allowing uncertainty gives the organizations members more space to gamble, and through that play a higher risk-reward game. Risk-taking is not something that should necessary be encouraged, but rather supported when displayed (Ekvall, 1996). (See Table 5)

	Catalyst of creativity	Inhibitor to Creativity
Motivation to Innovate	<ul style="list-style-type: none"> - Clear organization goals - Valued placed on Creativity and Innovation - Support for reasoned Risk-taking and Exploration 	<ul style="list-style-type: none"> - Shifting/Unclear organization goals - Disinterest in new undertakings - Conservative lookout/empathizing the status quo

Table 5: Summary, catalyst and inhibitors of organizational creativity: Motivation to innovate component

2.4 Climate within Franchising Organizations

Franchising is an economic relationship between two legally and financially independent entities, who operate under the same trademark, sharing a special relationship with aligned goals and ambitions across the organization (Strutton et al. 1995). On one hand, Franchisees are part of sizable organization striving towards similar goals, by some referred to as quasi-employees (Lewandowska, 2014), and on the other hand, they are run by entrepreneurs who has ownership over their own businesses. This gives Franchise Systems a unique set of characteristics, where organization like characteristics stem from a Franchisor – Franchisee relationship characterized by restricted exchange (Norton, 1988). This, despite being separate legal entities, allows for their “Organizational Climate qualities” to be assessed.

2.4.1 The Franchise Social Exchange relationship.

In regard to the complexity of a Franchising organization, with multiple levels, and evident hierarchy, there are room for many existing psychological climates within a franchising organization (Johnson, 1976). A franchising system is a commercial transaction between two parties, that sits far out on the continuum of the nature of commercial transactions (Strutton et

al., 1995). The continuum of relational transactions goes from *Discrete*, the minimum of relational involvement, such as stopping by a convenience store when traveling, to *Relational*, where the Franchisor and the Franchisee share a complex, long-term, important relationship (Strutton et al., 1995). The relational relationship is characterized by the importance of a sustained relationship, where any single transaction is insignificant in comparison to the relationship as a whole (Grossman, 1999).

The Franchise system is not only defined by economical relational exchange elements, but it's also a complex social exchange system where the cooperation is crucial and conflicts are bound to arise (Strutton et al., 1995). The individuals who choose to join a franchising system, and involve in the economic exchange relationship, is essentially individuals that recognize the benefits of being part of the system (Strutton et al., 1995). As mentioned, conflicts are bound to arise, which poses the major challenge to Franchisors, who need to retain control over the system in terms of brand, image and reputation, but also is the franchisees as a unit that creates value for the franchisor, without inflicting with their personal involvement, commitment and retained solidarity to the system. (Strutton et al., 1995)

When franchisees are held too accountable in relation to their performance benchmarks by franchisors, i.e. a lack of resources in the task domain (Amabile & Pratt 2016), there are evidence of a significant decrease in trust in the Franchisee-Franchise relationship (White, 2010). However, it is also suggested that there is room in the Franchisee Franchisors relationship to excerpt a degree of accountability to performance benchmarks (White, 2010). Another discovery by this study was that Franchisees contra regular members of a channel organization, tend to view themselves analogous, and they tend to highly value autonomy i.e. independence, which is given in relation to the big financial investment demanded from them, but also from the relative distance between franchisee and franchisor (White, 2010).

2.4.2 The Franchise Climate

When the psychological climate dimensions and its effect on a franchising systems level of solidarity was researched in 1995, there was found clear connections between some of the psychosocial factors (Strutton et al., 1995). The factor that had the greatest influence on system solidarity was *Recognition*, followed by *Fairness*, *Innovativeness*, *Cohesiveness*. Only partial support was found for the effect on solidarity by the factor of *Autonomy*, and no relationship was found on the factor *Pressure* (Strutton et al., 1995). *Pressure* is described as externally imposed pressure that in excess make individuals less likely to initiate their own work and behavior, where the feeling of free choice is undermined (Amabile, 1997). The author suggests though that this may be due to the fact that *Pressure* had a low mean value, which means that the franchisees did not perceive any particular excessive powers exerted by their franchisors. The mean values of the Psychological Climates in the questioned Franchisees, i.e. the perceptions of the climate dimensions in the Franchise systems ranged from: *Cohesion*, *Innovativeness*, *Fairness*, *Recognition*, *Pressure* & *Autonomy* (Strutton et al. 1995).

A study conducted on Australian Franchisees where support was found for the proposition that the perception of high quality ongoing support from a franchisor to a franchisee, has a positive impact on Franchise System Satisfaction, which deemed them to be more likely to recommend the system to fellow franchisee prospects (Hing, 1995, 1997). Another study found that franchisees in the fast food sector would perceive the system to be more successful, if they were more satisfied, than a dissatisfied Franchisee, who would in turn believe the system to be less successful, even though this may not be the case (Hing, 1997). In 2004, a study confirmed that service assistance e.g. Operational guidelines, training and information has apposite impact on Franchisee satisfaction (Chiou et al., 2004)

A positive franchising climate in regard to fairness and trust is defined as: *“The franchisee considers his franchiser to be fair, he trusts him, and he has the feeling that communication between him and the franchiser is good.”* And a negative franchising climate: *“The franchisee considers that his franchiser is unfair and untrustworthy, and that communication between them is non-existent”* - (Dubost et al., 2019 p.11).

3. Methodology

3.1 Research Strategy

The purpose of this study was to investigate the creative climate and its disclosure in a franchising context and compare the contextual prerequisites of the business model to foster a creative climate. The creative climate is as mentioned in the chapter *Creative Climate* is an aggregation of a set of perceptions on attributes that make up the climate of an organization, which lead up to a suitable research strategy.

In this study, the methods used for data gathering as well as data analysis are qualitative and conducted in the case study format while simultaneously drawing on already existing research regarding as to what are inhibitors and catalyst of a creative organizational climate. In order to gather the empirical data used in the study, four semi-structural interviews were held to gather enough data from to establish environmental qualities of a franchising climate. Due to the nature of the organizational climate, the researcher is interested in the words of the people in the climate, rather than numbers on a scale that may give a weaker indication of underlying reasoning's behind the results which is why a quantitative research strategy was deselected. Applying a qualitative research strategy will allow the interviewees real beliefs and interest of what they find to be important standpoint in determining what the franchising climate is like. With allowance for deviation from the predetermined questions, these valuable insights may be lost if a quantitative approach would have been applied (Bryman & Bell, 2019).

The organizational climate is a phenomenon which is bound to its physical borders, displaying a social world within these borders. With the agreement that a social world is best studied through the perceptions of it, it is suggested that it is best understood and explained by its natural participants, which further adds to the argument of applying a qualitative research method (Bryman & Bell, 2019).

Even though a quantitative strategy could have been used to collect a wide array of perceived perceptions of using a quantitative questionnaire style, the risk of questions being interpreted differently by respondents and therefore yielding a faulty result were deemed too high. Also, though context and underlying reasoning can be evident to some extent through a quantitative research method, these boil down to the variables that have been predetermined by the researcher. (Bryman & Bell, 2011) To be noted, is that there are methods available for quantifying creativity: KEYS Environment scales (Amabile et al., 1996), CCQ Creative climate questionnaire (Ekvall, 1996). (which the researcher instead used as part of the framework for conducting the interviews).

The two tools are suitable for researching a larger sample, bringing in a higher volume of data and giving results that lay within the variables set out by the researcher (Blumberg et al., 2011). Also, qualitative data and qualitative data gathering is the process of deriving meaning from

sources in the form of text and when qualitative data is turned into quantitative data the risk of meaning being lost is greater (Thomas, 2006).

The decision of adopting a qualitative approach was decided after the literature review was started and progressing. The realization was made that the factors attributed to Climate as a construct were derived from what actors perceived a climate to be, rather than an objective truth that is mutual across participants. Therefore, the ontological consideration in this research will be the constructivism viewpoint (Bryman & Bell, 2019). The meaning of the term constructivism in an ontological standpoint is that; A social phenomena is continuously constructed by social actors. In this case being that reality is seen in the light that it is created in its interaction with the Social world around it. Also, the information that was obtained by the author will ultimately be her interpretation of the perceptions communicated by the interviewees, which further argues for the constructivist's viewpoint.

The epistemological consideration of this thesis takes the standpoint in interpretivism. This since the information gathered and concluded by the author aims to make the organizational climate with focus on creativity, understandable in an appropriate way. The interpretivism standpoint endorses the condition that there is a difference between members of a social setting, and the elements of natural science (Bryman & Bell, 2018). Interpretivism takes in the consideration the different roles attributed to different members of the social setting and that these factors will affect both the reflections made by the researchers, and ultimately with the results presented (Bryman & Bell, 2019). In a natural science setting, truth is not considered subjective, but objective. The way of viewing knowledge in an objective manner is not suitable in researching social sciences, since the social world is made up by the different interpretations of social actors (Bryman & Bell, 2019). This is also the standpoints taken by the researchers who have previously done research in the area of organizational creativity e.g. Amabile & Pratt (2016), and Ekvall (1996) which further strengthens the reliability of the research (Bryman & Bell, 2019).

There is a clear connection between the theory, empirical data and methods used in this thesis. In order to gain understanding of the concepts, and previous theories, a literature review was conducted prior to collection of empirical primary data. In order to gain an understanding of the qualities of the franchising organizational climate and put them in direct contrast with the qualities of a creative organizational climate.

The data has afterwards been interpreted through the use of theory. The choice of using one clear definition of what a Creative climate "should" look like, in order to create a frame was found to be suitable. The researcher does not intend to find faults in the current theory, nor fully explain them, but rather apply it in franchising context and may therefore find deviations from the current theory due to the change in setting. This use of theory mixed with empirical data in order to gain new insights stemming from existing theory in a new setting is related to working with an abductive research approach. When using an abductive research approach, the new insights gained from the research are added to the existing theory on the subject (Bryman & Bell, 2018). Something that led the researcher to this approach was the changes in the

interview guide made as more interviews were conducted. In order to answer all research questions to author needed to be well informed on the basis of the theoretical base of creative climate, this to be able to confirm, pinot or reject the current theory in the Franchising setting.

3.1.1 Research Design – Case Study

In accordance with the overall purpose, research questions and chosen research strategy, combined with other possibilities and limitations of this study, the appropriate and adequate research design was found to be a case study on the franchising industry. A case study is characterized as a detailed exploration of a specific unity, such as a company, an organization, or a person and is especially suitable when the research question asks how or why something occurs (Yin, 2011). The chosen research design is suitable when trying to explain a contemporary phenomenon within a real-life context, especially when the boundaries between the context and the phenomena are not clear, and also there is no possibility for the researcher to control either the context or the phenomena itself (Yin, 2011). The case study was deemed to be appropriate when studying the climate of a franchising system, though the lens of what creative environment in a regular organization would look like, due to that the researcher could go in-depth into the current franchising systems and theory views on a creative environment. The intrinsic case study focuses on the case while the instrumental case study sets focus on the issue presented (Stake, 1995). It is therefore evident that the study conducted in this case is an instrumental case study, where a case is chosen with the sole purpose to investigate the issue of climate rather than the specific case itself.

The choice of the case study was further strengthened by the argument that a case study has two major benefits, (1) The case study allows for close and detailed decision of the reality present in the specific case, and (2) provides great learning opportunity for the researcher (Flyberg, 2006). This, while others may criticize the single case study for not being reliable due to the small sample size. The research is therefore not meant to draw casual conclusions which would apply to all franchising systems, but rather to give indications on what a creative climate would look like within a franchising system, which may be insightful to further research. As encouraged, case study research should rest upon multiple sources and make use of theoretical propositions to guide the data collection and finally analysis (Yin, 2011), which is the method used in this study.

3.2 Data collection

The most appropriate method for collection data, also considering the ontological and epistemological considerations, was found to be literature review to create the theoretical base, and interviews to explore the new research area. The interviews were held with experts within the franchising industry with more than 80 years of collected knowledge in working in the field in managing positions i.e. franchisors, but also in the position of being in lower levels, i.e. franchisees. For an overview of the data collection process see Table 6.

1. Initial formulation of area of interest.
2. Research question formulation.
3. Literature review. (Secondary data Collection)
4. Formulation of interview guide.
5. Interviews. (Primary data collection)

Table 6: Data Collection process

The data collection process started out with the researcher skimming through the area of interest, in order to be able to formulate appropriate research questions. After the research questions were formulated, the collection of Secondary data was conducted via a literature review. After the literature review was conducted, the interview guide (See appendix 1) was generated with basis in the theories on creative climate. When a proper narrowed down angle had been found the researcher started contacting individuals that could be interesting to interview. This was done through contacting industry organization and franchising consultant companies in order to seek experts with great experience in the area. Interviews were conducted in a sequential order, with smaller changes in the interview guide and interviews proceeded. After the data had been collected. The researcher turned back to theory in order to analyze the empirical data collected and finally answer the research question.

3.2.1 Literature Review

After conducting careful considerations into which subject was of interest was determined, and research questions were set the literature review started. A theoretical framework was developed in order to be able to use the already existing knowledge as a base for the research. The theoretical framework was extracted from scientific papers from researchers within the field, as well as books in the area. The sources of knowledge were reached through, Gothenburg Universities Supersök, and Google scholar, which was accessed through Gothenburg University library. The research was mainly accessed from December 2019- May 2020.

As mentioned, the literature review happened in two main parts. First, the researcher collected models, definitions and attributes to form a good understanding as to what constitutes a creative climate. The research boiled down into which attributes positively impacts a creative climate, and which attributes inhibits a creative climate, these attributes form the basis on which the interview guide was created. (See table 3,4,5) The second phase of the research aimed at collecting data and analyzing the organizational climate and its skewness towards or away from what a creative climate is, in a franchising environment.

3.2.2 Interviews

All respondents that were personally asked, via telephone to take part of the study agreed to be interviewed. The sample methods used in this study was snowball sampling. This sampling method is recommended when the subjects of interest is hard to reach. Snowball sampling is a technique where subjects in the study further recommends other subjects of interest. (Bryman & bell, 2019) The reason for this was because after respondent one agreed to be in the study, he then recommended the others, which gave the researcher the opportunity to use respondent 1 as a reference. In order to answer the research questions, collection of data from other sources than literature was deemed absolutely necessary since the research existing in the area was scattered. The interviewees represent different areas of expertise within Franchising and at least one respondent have experience with act as both franchisor and franchisee. For a selection of the experience of the respondents. (See Table 7)

Name	Franchise Experience	Length of interview
Jonas Idestrom	<ul style="list-style-type: none"> - Founder Franchise Arkitekt - CEO of Burger King Sweden, Vianor, Tesab, Fuji Foto Center. - Honorary Member of Svensk Franchise 	47 min
Anders Fernlund	<ul style="list-style-type: none"> - Lawyer at ASTRA ADVOKATER & Researcher at Stockholm Law School (Ph.D) - Specialty in Franchising and Distribution Cases. - Euro Franchise Lawyers. 	45 min
Johan Martinsson	<ul style="list-style-type: none"> - CEO Svensk franchise - CEO Madicon AB - Representative World Franchise council - Representative European Franchise Federation - Chairman Snille Bemanning AB. 	35 min
Mikael Holmstrand	<ul style="list-style-type: none"> - CEO, Garageportsexperten. - Chairman, Sun Off - Chairman, Svensk Franchise - Franchise Manager, Securitas - Founder, Verisure 	41 min

Table 7: List of respondents, a selection of experience, interview length

The interview guide can be found in Appendix 1. The interview guide was used as a guideline to conduct semi-structured interviews, and the questions in the guide was sometimes answered without asking the exact questions, and the guide was used merely as a guide. Since the researcher was interested in the perceptions of the interviewees, this use of interview is in line with the constructivism, and interpretivism. Semi-structured interviews usually consist of questions that works as starting points for discussion around a subject, rather than limiting the interviewee to answer strict and structured questions. The reason for choosing semi-structured rather than unstructured due to the already determined focus of the researcher, and clear subjects to investigate in order to particularly answer research questions. The interview guide was examined and criticized the supervisor of the researcher who clarified, corrected and deducted questions before conducting the interviews.

All interviews were conducted online in a manner that was preferred by the interviewee, either Telephone or via Microsoft Teams. All interviews where recorded which is considered important when conducting qualitative research in good practice (Bryman & Bell 2019). This was also deemed important to the researcher to be able to hold a conversation going instead of trying to take notes in the interview which would have disturbed the communication stream between the researcher and the respondent.

The downside of the semi-structured interview was the answers that could have been formulated with a little more thought process, if questions where sent in advance, may have been missed in some cases. To counter this type of information miss, the researcher kept contact with the respondents and left them an open source to add additional information easy if something relevant was thought of later.

The possibility to study climate though observations was discussed as an option, but due to the time constraints of the project and limited resources of the researcher, this would have been a more expensive and time-consuming option (Bryman & Bell 2019). Observations would also have been more infringing on the privacy of the observed objects.

3.3 Data analysis

3.3.1 Data Analysis methods

The prominent method used for data analysis in this thesis is qualitative. Yin's (2002) definition of analysis "consists of examining, categorizing, tabulating, testing, or otherwise recombining both quantitative and qualitative evidence to address the initial propositions of a study" (p.109). For the sake of building an empirical framework that lives up to a sufficient level of research validity it is crucial to have use a structured method for data analysis. (Bryman & Bell, 2019).

The researcher has used an iterative approach for analyzing the subject, meaning going back and forth between theoretical findings, empirical data and the analysis (Bryman & Bell, 2019). This data analysis method was chosen due to the newness of the specific topic of creative environment in a franchising setting. The data analysis process followed that of thematic

analysis which involves the color coding of patterns, found within the empirical data collected. The use of coding a thematic analysis is undertaken for the sake of categorizing i.e. separating parts in order to be able to interpret through the use of theory. The coding process was carried out on transcribed interviews where predetermined categories were used to pinpoint the attributes attributed to the specific environment investigated, statements that fell out of, or didn't belong in neither of the predetermined categories was collected and carefully analyzed as additional categories of themes which essentially would be new insights that could be added to the theoretical base. When coding to make for an easy interpretation colors were used to code themes, and finally create constructs. An example of how the coding was conducted is illustrated in figure 3.

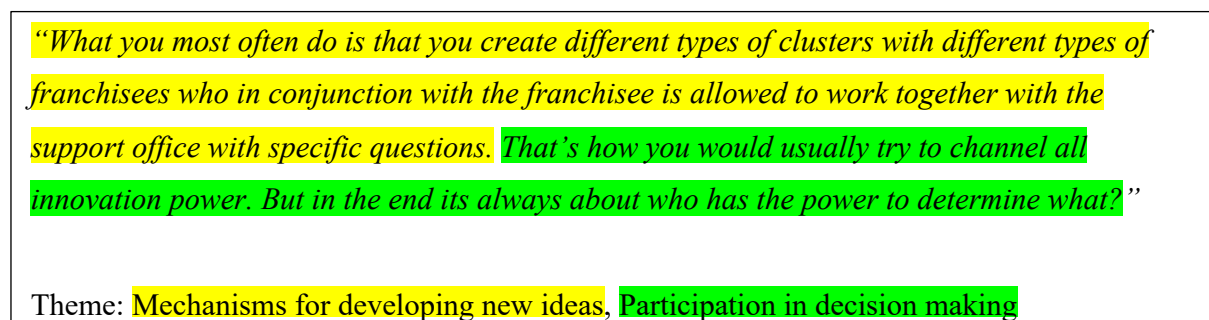


Figure 3: Example of coding for Data Analysis.

By applying the specific method, the researcher could use a structured in both gathering, and analyzing the data. An issue with coding can be the loss of relevant context, which was countered by letting the respondents review the interpretations of the researcher, in order to sort out if there were any major faults made in interpretation (Bryman & Bell, 2019).

3.4 Trustworthiness

As mentioned, subjectivity is a characteristic related to any type of qualitative research and the researcher takes an active part in the research process. The collection, and interpretation will therefore always be colored by the interpretation of the researcher (Bryman & Bell, 2019). Also, when researching something that to its nature is subjective to the social actors within the phenomena such as creative climate, and the empirical findings are made up of the subjective thoughts of the interviewees and their interpretation of reality. The analysis and categorization of constructs will thus also be subject to the interpretation of the researcher, which finally was an accepted and acknowledged part of the research. Despite this, it is important that the researcher takes action in order to minimize their own influence over the interpretation of the data and theoretical findings (Bryman & Bell, 2019). By transparently presenting the methods used for gathering both theoretical and empirical data, as well as the methods used when analyzing and interpreting, and also the flaws and doubts, the reader is able to make their own interpretation on the plausibility and truth worthiness of the presented research and potential conclusions made by the researcher. The researcher therefore takes a reflexivity standpoint and acknowledges and accepts that her own interpretation will color the results presented.

Another action taken to increase the trustworthiness and consensus about the subject discussed, the interviewees were asked to define the subjects asked about, which in this case relates to Creativity, Innovation and climate. Also, as mentioned, after the coding was conducted by the researcher, the interviewees were allowed to review the interpretation of the researcher in order to guide her in the process of making the truest interpretation. While the additional comments made by the interviewees after coding was taken into serious consideration, changes were only made if the researcher deemed them to be true, and not sudden change of opinions guided by shame or likewise. Also, full anonymity was offered to all interviewees in order to allow them to speak truthfully on the subjects without being the subject of scrutiny by superiors.

3.4.1 Validity

The validity of research is concerned about the conclusions that can be drawn from the empirical findings and their quality in relation to how well they match the conclusions (Bryman & Bell, 2011). Validity can be divided into internal validity and external validity. In order to establish internal validity throughout this study, the author has throughout the process of writing this thesis kept in mind the research ethic dimensions. This involves being transparent and truthful by for example recording and transcribing all the interviews in order to validate that what is being quoted has actually been said in order to avoid misconceptions leading to false conclusions. In order to establish external validity in this thesis, which is to what extent the research findings can be generalized. The author has taken into consideration that external validity is harder to reach when using a qualitative approach (Bryman & Bell, 2019), and has by interviewing several experts in the field, with different functions within the same area. However, the number of interviews, which constitutes of a relatively small sample, still pose a problem to the external validity and therefore it may be hard for the author to generalize across the whole franchising industry. The way that the author has dealt with this is by keeping an extensive empirical findings chapter in order to disclose as much information as possible which will increase the external validity (Bryman & Bell, 2011).

3.4.2 Reliability & Replicability

The reliability of research is concerned with how repeatable the research is meaning the consistency of research results over a number of trials (Bryman & Bell, 2011). The reliability of research can be divided into internal reliability, and external reliability. The internal reliability is concerned with the interpretation of the data and if there are more than one researcher involved in the project, if they agree upon the findings. This was not applicable in this study since there has only been one researcher but was somewhat countered upon consultation with supervisors. The external reliability is concerned with the degree to which the study can be replicated. The external reliability of this study was taken into consideration where the author aims at exposing as much as possible and be transparent about the methods used.

3.4.4 Critique of this Study

A major critique of the study is that the researcher has only interviewed four experts in the field. The reason for this has been to the ongoing pandemic of sars-cov-2. The pandemic has had a tremendous impact on locations-based chains based to the legally enforced or recommended social distancing laws, leading to the decline of visits to restaurants and brick and mortar chains. As a consequence of the pandemic, available respondents, who under other circumstances would have gladly been interviewed, declined, thus the small number of respondents. Also, the sampling method of snowball sampling is prone to sampling bias, as well as that the representativeness of the sample is hard to guarantee (Bryman & Bell, 2019)

4. Empirical findings

4.1 Catalysts and Inhibitors for Creativity

In order to establish how creativity as a subject is handled within a franchising system four interviews took place with four individuals that be seen as experts in the area sharing information on their experience in the subject. The experts had more experience from the Franchisor area but where all asked to take the perspective of the organization at large when answering questions. As declared in chapter 3 methodology of this thesis and in chapter 2 Theory, the categories sought for during the interviews where already established in accordance with the extensive summary of Inhibitors and Catalysts of a *Creative Organizational Environment* shown in Table 3 – 5 (Amiable & Pratt, 2016).

4.1.1 Definitions

A summary of definitions used in the empirical chapter:

Development counsel	<i>Counsel in a franchising system with specific development working areas, e.g. Product counsel, Marketing counsel</i>
Support Office	<i>Franchisor Head Quarters</i>
Voluntary trade union	<i>A collective of companies working together in different areas for examples purchasing. (Similar to a franchising system but the owners own the union together)</i>
Company X	<i>Pseudonym for an example company</i>

4.2 Resources in the Task Domain

When asked about how resources in terms of time and money was arranged and distributed in relation to tasks and implementation of new projects or tasks, respondents all agreed that it was situational and differed extensively from project to project. Depending on the dimension of the project, franchisor and franchisee should come up with an optimal solution that feels fair for both parties in terms of how much money is spent by the franchisor, vs by the the franchisee.

“When Company X introduced Coffee on their menu, the franchisees where given resources in terms of both monetary resources and staffing from the support office because it was a big project. But when they introduced the Ice cream, the franchisees needed to make the investment in a new machine, while the franchisor took the cost of an extensive marketing campaign, to kind of make up for that”

- Johan

When the franchisor decides who should take the cost for a new project, it is necessary to try to make it fair for the parties involved. The respondents all agreed that argument as who and how the cost should be taken are not uncommon and that when you work with people, there will

always be different opinions on the matter. In terms of the contract, the franchisee will be legally bound to make investments proposed by the franchisor. One of the respondents had a more clear-cut opinion on that it should be the franchisor who takes the cost, and who also provides the right tools to implement the new project, while the remaining three thought it should be divided in a fair way.

“I think it is difficult to do it in any other way. The franchisor should take the cost for a new project. I think most people agree it should be part of the franchising fee paid to manage and refine the brand, and these kinds of projects is after all to refining the brand.”

- Mikael

In terms of money attributed to creative and innovative tasks, all respondents agreed that resources are spent on this, and they are in this case usually payed for by the franchisor. On the other hand, franchisees are not encouraged to be creative or innovative in their daily jobs. The creative and innovative acts take place in the counsels, where only some either chosen, or elected franchisees and teamed up with representatives from the franchisor, in order to investigate additions to menus or other changes in concepts. One of the respondents mention that being a member of a developmental counsel, is usually something that franchisees think the want to do, before they realize how much time it actually takes. When they realize that it adds an extra burden on their backs, they usually choose to defer from it.

4.3 Skills in Innovation Management in Franchising

4.3.1 Clear Project goals

When respondents were asked about the clarity of project goals when and implementation of a new project was that in a franchise chain, clarity is one of the key factors for successful implementation, this is due to the nature of a collaborated implementation along many outlets, which has to be supported by a marketing plan. Another underlying factor that was mentioned by all respondents is that when implementing a new project, the goals need to be communicated in a way so that all involved can understand why this is in the long run would benefit from the change, or addition to the business. This is usually achieved through a mutual trust among franchisor and Franchise knowing that this project is here to benefit both me, and the collective.

“We have to run campaigns that in most cases are national, which means that everybody will have to be to be on board and deliver what we promise, or else the national marketing channel is useless”

- Johan

If a project from the franchisor is unclear to an extensive number of franchisees, the franchisees will have enough leverage to stop the implementation as a collective. In this case a special technique mentioned by two out of four respondents, is often used to go further in goal clarification. By showing results through some chosen loyal franchisees. The pioneers in the new project can later lead the way in order to persuade the remainder of the franchisees by showing the results of the project. The franchisors can usually be categorized into 3 segments

following the normal distribution: The top 15%, the ambassadors; the middle 70%, the floaters and the bottom 15%, the sinkers. This would ease the way for franchisors to start with the segment of ambassadors that are always enthusiastic about change and new projects. They would later show their results and persuade the middle franchisees into “understanding” that the project is beneficial for them. If the remainder 15% are still protesting, they are the ones who have to be met with legal force, referring to the franchise agreement.

“The caring franchisor will never try to run over a whole collective, instead we bring them along in the development. A great way of communicating goals is to say; Hey! Look at this location, they have run this system for two months now and its going great for them.

Shouldn't you also try?”

-Anders

4.3.2 Autonomy

When asking about Project Implementation Autonomy for the franchisors the respondents simply said that; No, the franchisor in collaboration with the counsels, with representatives of the franchisees both review and refine the idea, and make up an implementation plan, this will later be used as a blueprint for how the project will be implemented that is duplicate for all franchisees.

“No, it's the franchisor who decides how things are implemented. But, if you are attentive to your organization, you will understand what the best way is to get things to happen”

- Johan

One of the respondents bring up a case where allowing no autonomy to project implementations proved to have troublesome consequences. When a restaurant chain serving Italian food, were internationalizing into Sweden, the rules were rigid, and they had no interest in listening to new ideas, which in the respondent's mind, is the main reason for them having to close their three restaurants in Stockholm. Other international franchise chains have allowed for greater autonomy when internationalizing into the Swedish market, with greater success.

“The franchisee basically said, being XX (from a specific country) and all, this is the system, and this is how you run it. There was a culture clash. The XX structure was not optimal here in Sweden”

- Anders

Two of the respondents mentioned that sometimes, a franchisor can be allowed to try something in a small scale if they are eager. One, of the respondents mention that usually this is done in order to prevent conflict, despite the franchisor thinking the project is irrelevant to the core business. The other respondent says that when these “side-projects” are executed, keeping it confidential is a key aspect to not wind up expectations or even more discussion in the whole chain.

“You don’t really want some chain where little innovators turn up from nowhere. Variations will slowly deteriorate the brand.”

- Mikael

4.3.3 Mechanisms for idea Development and Evaluation

When asking about Mechanisms for idea development and evaluation within franchising systems, respondents all agree there is, (or should be) Mechanisms for Idea development and evaluation in an effective Franchise System. The main way that Idea Development and Idea generation is developed is through counsels with a variety of functions. The counsels are represented by both the franchisor and selected franchisees and come in varieties of marketing counsels, product counsels or even music counsels.

“When working with creativity and Innovation, we simply try to channel it though different forums. In this manner you are always trying to engage the franchisees”

- Johan

One of the respondent’s stress how important it is to not lower the willingness to be creative, but still balance the line between being effective or having to many ideas and discussions that will cost both time and money. He highlights that it is effective when franchisors bring in new ideas, but the franchisor sits on more information regarding the system and the market, which leads to fair evaluation for the whole system. Other mentioned ways to stimulate idea development is also mentioned to be yearly award ceremonies for doing a good job, along with competitions and “suggestion boxes” that exist in regular companies.

“In general, the franchisor sits on so much more information regarding how the product can be produced, what it’s going to cost, timeframe, distribution and if there even is a market and if it has potential to last”

-Johan

4.3.4 Participation in Decision Making

When respondents were asked about who makes decisions within a franchise organization the immediate answer for all respondents was that the franchisor always has final decision in everything, and this is always stated in the franchising agreement.

“We need to remember that this is no Swedish democracy, Consensus “gulligull”, it’s all about scale benefits. It’s not that I don’t like you, there is an economic reality that has to decide.”

- Jonas

Something that all respondents on the other hand highlight, that even though the franchisor has all the legal rights to make decisions, mutual trust can easily be damaged and running a legal process against a collective of franchisees would is not possible since it would have multiple

negative outcomes for the chain. A legal process would lead to a damaged franchisor/franchisee relationship, big costs and wasted time. This giving the franchisees a collective power to oppose decisions made by the franchisor in a way that non-franchisee hired managers could not.

“If you fully owned a chain of 100 restaurants with managers, then you can just enforce decisions otherwise the managers will lose their job. It’s different in Franchising, you can’t just do that”

- Jonas

All respondents mention that it is important to hold the chain together. Trust is one of the corner stones in a franchisor franchisee relationship, where the franchisee has joined because they trust the franchisor to make the right decisions. The respondents all agree that it is impossible to have everyone agree on every decision since that would be a waste of both time and money.

“If you release too much power then you no longer have a franchise, you end up with a voluntary trade union, and there we can talk about sprawling agendas. It’s all about trust, and as a franchisor you need to believe in what your franchisor does, otherwise you shouldn’t join the system”

- Mikael

4.3.5 Feedback on new ideas

When asked about how feedback is usually given and in what frequency in the case of someone within a franchise organization, the respondents all agreed that this was not something that could be generalized. How, what type of feedback and in what frequency was not unanimous between systems and in general was correlated with how open the systems discussion climate is. All respondents agree that in a perfect world every idea should be evaluated. But reality put economical boundaries on how much time, and money can be spent on these types of activities.

“In my mind, the most successful chains have created a process for this. If they get in a thousand ideas, they can effectively boil them down to ten good ones. And, if you have a good process, you won’t end up losing too many great ones”

- Jonas

All respondents also agreed on that most ideas do stem mainly from the franchisor and the counsels. One of the main functions of the franchisor is to act as support for the franchisees, and also to evaluate market opportunities and risks, the probability of success for an idea, and finally make decisions. When it comes to direct feedback to the idea provider none of the respondents seem to suggest any certain type of formal process, but rather unformal ones were there already being an understanding from the idea providers perspective, that the ideas are evaluated by someone who knows better.

“Some of those impulses we just have to put aside. You just have to say, we hear what you say, it is not right, now we will focus on something more important. “

- Johan

4.3.6 Skills & Interests

When respondents are asked about as to if people in the organization in general are allowed to work with the things they are good at, and the things they enjoy doing all respondent presume that yes, since franchisees have made a decision to join the system, they hopefully are working with the things they enjoy.

“Franchisees are sometimes referred to as semi-entrepreneurs, you may want to run your own business and all that comes along with that, but you lack the business idea, and you see potential in one that is already offered”

- Jonas

Respondents explains that it differs from system to system on what you are “allowed” to do that would go outside of your regular responsibility as a franchisor. Some systems are very strict, and the franchisor elects the representatives for the counsels, while other systems are more allowing, and sometimes apply an elective system where the representatives from the franchisee side is elected by a democratic vote. One respondent agrees that a good franchisor should allow the people who would like to participate, to somewhat engaged.

“I don’t think the problem lies in that people are not allowed to be on the counsels, its more about that human beings are lazy, and some people want to join, until they realize how much work it actually means”

- Anders

Another respondent gives the answer that allowing too much discussions and letting everyone’s opinion to be heard all the time, is too time consuming and will end up costing too much.

“Representatives should simply be elected by the franchisor, but should also be representative of the whole chain, so maybe not just the top 5% percent in performance.”

- Johan

4.3.7 Recognition Distribution for Creative Efforts & learning from failure

When asked about how organizational members are rewarded for creative efforts all respondents agreed that there are several ways that franchising systems deal with this. They also agree that its usually the bigger, i.e. more successful chains that engage in this more frequently.

“I have never heard of somebody that is rewarded financially, but chains like MacDonald’s always have employee of the month, and rewards and recognition is given to the ones who come up with a new product or a better working process”

- Anders

They respondents also mention that all chains engage in creating meetings through conferences, educational meetings, where awards and recognition is distributed, and contributions are given.

These activities take place usually at least once a year but often more frequently. Another important feature that the respondents mention is competitions. Competitions work as a great motivator to bring forth the best in people and also have motivated to be innovative.

“Everyone in the system are entrepreneurs, so obviously they like to compete. A franchisee will have to be a team-player in one sense, but at the same time, entrepreneurs are self-regarding, and they all want to win.”

- Jonas

When asked about the attitude to failure it is evident that all respondents are very humble towards the fact that all business development and brand refinement work is a trial and error process. In a good system allowing this type of involvement in taking chances has to be present. Without it, there will be no development.

You can test and theorize however much you like, but before the customer has said yay or nay, you will never know for sure”

- Jonas

Another respondent mentions that of course it's okay to fail, and that it is important that the whole chain learns from the actual mistakes made by one of the members, but not necessary to reveal the source of the failure.

“If something proved to go wrong, we take that criticism internally, if something goes well, we do it externally and make sure to reward the source”

- Mikael

One respondent highlights that there will be a difference in the area of trial and error and the severity of it, being part of a chain in comparison to being your own independent business owner. In the chain system, everyone is extremely dependent of what you do, therefore despite it being okay to fail, it's not okay to try out new things on your own. This since so many other parties are dependent on what you do. Therefore, the level of certainty needed to be reached before a concept is tested, has to be higher, and more certain from the beginning.

The difference is that many people are dependent on what you do, and that's why you can't act unheeded”

- Johan

4.3.8 Coordination of projects and collaboration of groups

When asked if there is about coordination of projects within a franchising organization all respondents mention that collaboration of projects one of the key factors of franchising in order to achieve sufficient scale effects and create a united front towards the customers. The respondent continues to explain, that in order to achieve the competitive advantage of a chain it is the single most important thing that the assortment of products and services do not differ from station to station.

“If a franchised chain is going to be successful and compete efficiently with fully owned chain, everyone will have to act in the same way. It’s all about the scale benefits associated with having your costumers choosing you, because they know what you offer, and they know it’s the same at every part.”

- Jonas

When asked about the collaboration between groups the respondents all note that after all you are all part of the same family. How regular the contact is depending on a few variables like how social the individual is, how much the franchisor facilitates meetings with the members of the system where they get a chance to form a friendly bond with each other. A main denominator as to how much organizational members communicate and collaborate is how well their basis in values and morals, i.e. how similar they are is brought up as a dedicator to how much franchisees inter-collaborate.

“It’s all about the value base that the system grows. The more counsels and meetups that is initiated usually directly influence how much companies collaborate.”

- Johan

4.3.9 Sufficient help and guidance

When asked about if there is sufficient help and guidance or should be within a rigid franchise system all respondents agree that that is one of the fundamentals of holding the chain together. When it’s time to implements something new or make any changes to concept it will of course be an effort for all franchisees, and spending time away from core business may be stressful. This is one of the main functions of the franchisor, also called the support office to help the franchisors succeed. It is brought up that the franchisors main function is to be available as soon as franchisees run into issues, and act as a rigid support system providing help and guidance.

“The best chains in mind runs a few outlets themselves, that will give them the right competence to understand what the franchisor goes through on a daily basis, only with that knowledge they can provide sufficient help and guidance”

- Anders

A respondent mentions that sometimes they adapt practices to make franchisees feel more comfortable in their zone. Instead of sending everyone to a big educational course in some of the bigger cities, it can be better to have them meet locally and learn from each other. This is one job of the ambassadors to be representatives for the collective at large. One of the biggest reasons for this is due to the mutual dependency on the success of everyone in the system which is said as a big part of the business model and a key factor for the rapid growth that a franchising system experiences in comparison to other companies.

“You are never stronger than the weakest link in the chain”

- Anders

4.3.10 Open Idea flow

When asked about how open the idea flow is and should be, respondents agree that there needs to be an idea flow, but there is a fine balance between a discussion club with lost effectivity, and completely closed system where creativity flow is lost. Once again, the respondents all come back to the value base in the system. Some systems are more open and have a lot of discussions, while many have a very clear mission where ideas that leaves the frame of the business is not discussed.

“Well I have had many idiot discussions where focus is on completely the wrong things. It takes up unnecessary energy, time and money”

- Jonas

Respondents say that when you share the same goals and visions overall, suggestions that come in are more in-line with what the chain overall wants to achieve, which means that it's a higher probability that the ideas would positively contribute to the success of the chain overall.

“Values make interest of stakeholders parallel and also, there can be no trust if the franchisor and the franchisee finitely want the same thing”

- Mikael

4.4 Motivation to Innovate in a Franchising System

4.4.1 Clear Organizational goals

When asked about how organizational goals are communicated and to what extent they are clear, all respondents bring up the Franchisee Agreement. The Franchise agreement is signed at the point of exchange where the franchisee is allowed access to the business model.

“The Franchising Agreement determines everything”

- Jonas

In the agreement comes clear specifications on how the business should and has to be run with directions on daily management, which is stated in the handbook, along with targets and minimums which the franchisee is expected to achieve. It is possible to identify that organizational objectives are both clearly structured and easily measurable in order to facilitate a good communication between the franchisor and franchisee.

“What we value the most is concept loyalty. In general, we manage our organizational goals pretty well, we have few goals that are fairly easy to measure, its market penetration, volume goals, customer index and also some small competitions.”

- Mikael

Thus, organizational goals are usually clearly communicated to avoid misconceptions, but all respondent agree that there is always room for improvement. What is also mentioned in specific by three out of four respondents is the questions of moving from highly specific formalities, to

the alignment of values within the system. When values are aligned, the need for control through formalities would decrease.

“The trend right now is moving from writing thick handbooks to add values into the mix. It may sound cliché, but when you work with people who share the same values, and you create almost a sect or a clan, their motives become more aligned.”

– Johan

All respondents agree that the ownership structure of franchising makes it special but is also what makes it effective. Shared ownership gives benefits by having all members sharing a stake in the outcome, thus giving them common goals, but sometimes different views on how to accomplish them.

“To develop and eventually run a franchising system is an art form, which will be a lot more complicated in specific areas. Handling different agendas is always difficult, but especially in a franchising system.”

– Johan

4.4.2 Value Placed on Innovation & Creativity

When asked about as to if there in general would be Value placed on creativity and innovation within a franchising system all respondent’s immediate reaction is that there very much is. The single most important factor for elevated creativity and willingness to find solutions and innovate comes from the investment made in order to attain ownership, which means sharing both the upside, and downside risk on the investment.

“I have never met a franchising chain that is somewhat easy going, since everyone involved is playing with their own money, they are all result driven, and this is what is called the Franchising effect”

- Johan

Three out of four respondents bring up that the business per say will elevate the level of creativity and the willingness to solve problems, since if a problem is not solved, it will directly affect their income. When comparing a Franchisee to a hired employee, it is evident that the consequences of a major problem will fall back on the company, and the manager will still get his salary next month, which the franchisee may not.

“You will with 100% certainty get more creativity and willingness to innovate from a franchise chain with 100 outlets, in comparison to a branch chain with 100 outlets. A franchised chain can bring forward something that a branch chain could never.”

- Jonas

A dynamic brought up by all respondent when developing and entering a franchised chain is the type of person that would choose to enter into a franchise agreement. Important to note when talking about organizational value placed on creativity and innovation is that the franchisee usually differs from the independent business owner. The franchisee chooses to

pursue a business that is already invented by someone else, and essentially renting the business idea, and in exchange pays a fee. Respondents all agree on that franchisees are, in comparison with independent business owners, less interested in being creative and in innovation per say. Instead, they pay a fee for having someone else partially deal with the development, innovation and creativity parts.

“If I have a great idea, there is room for it, and you are obviously not here to invent the wheel again. That is in fact what you are paying the franchisor for, that somebody does take care of development and brand refinement”

- Mikael

Respondents claims the shared ownership structure, will also affect the way that franchisors act as a headquarter, for example that they in general refers to themselves as support office, rather than head quarter. The shared ownership structure creates a special sense of dependence on each other, which elevates the feeling of responsibility from the support office.

“It is quite amazing, and I have never come across anything like it somewhere else. Stepping into a franchisor support office is like stepping into a vespiary, with incredibly high activity levels. It becomes something else when you are responsible for someone else’s livelihood, then you have to be creative and find solutions. You can feel the difference already in the reception, it’s so strange, but that’s how it is.”

- Johan

4.4.3 Support for Risk-taking

When respondents were asked about risk taking it was evident that risk-taking in the form of a franchisee trying something new without it passing through a substantial process and eventually having it approved by the Franchisor was not common. The risk firstly had to be substantially evaluated by the specific consul and finally approved. If an idea went through those stages, the implementation phase was either done in a large scale coordinated manner to ensure the chain is still applying the scale benefits, or in smaller scale, small enough to not hurt the reputation of the overall chain.

“If it is not evident that this new idea is going to fly, you need to shut it down before it cost too much money. Working with innovation such as introducing new products is both time and resources demanding.”

- Mikael

Two of the four respondents explained thoroughly why it is important that one cannot act alone in a chain system, despite the full ownership in one’s venture. One of the main reasons why people choose to visit a franchised outlet is because we know what we get, which gives the benefit of scale economics. If the assortment of products and services differs to a large extent at different locations, the scale benefits are lost.

“If you and I get in a car and drive to Stockholm, we might pass 30 restaurants in total, some franchised, and some independent. The independent ones may be incredible, but how will we know? If we go to Mac Donald’s, we know what we get, and that’s a big reason why we choose the franchised ones over independent”

- Jonas

When talking about risk-taking and what risks individuals or parts of the system usually allowed to take it was evident that the Franchisor sits on a higher power in terms of allowing risk taking, but not fully since not even the franchisor can force the whole collective of franchisees, since the relationship would end up too damaged.

“All franchise systems have a power-balance when it comes to changes in concepts and new projects.”

- Johan

Respondents also agreed that there is not really a way to generalize how risk taking is handled in all franchise systems. Some systems were more allowing while some are stricter. The appropriate way to hold onto control in the system is also dependent on which sector they act in and what their purpose is.

“Our product is very traditional, it’s also low interest and discretionary.”

-Mikael

An example brought up by one of the respondents was the difference between being a franchisee in one system, compared to another. In the first system, the initial investment for being a franchisee is low, and the franchisor takes a lot of the costs, owns the facility, controls the bookkeeping, and owns the inventory, but when the business is sold, the franchisor can charge no goodwill. At the other system, the franchisee owns all inventory and makes all initial investments, Burger King owns nothing, and if the franchisor has turned the location profitable, he can sell it with a profit. Two very different systems with a different approach to risk and control.

“Good or bad, I don’t think its relevant to talk about, there are many happy franchisees that operate in very tightly controlled systems”

-Jonas

5. Analysis

5.1 Introduction to the Analysis

The following analysis aims at discussing what was made evident in the interviews with the four respondents with extensive experience within the franchising industry. The analysis analyses the claims made regarding creativity and compare and contrast the prerequisites for a creative climate within franchising systems. All analysis will take basis in the environmental catalysts and inhibitors for a creative climate presented in the theoretical framework, (see table 3, 4 and 5). It was evident from the answers received in the interviews that one cannot analyze a franchising system without taking into account the evident hierarchy that proves that there is room for several climates within one franchising system. Therefore, the analysis will be made on three hierarchal levels namely, *Franchisor*, *Franchisee in counsel*, and *Franchisee level*.

5.2 Resources in the Task Domain in franchising

In an organization where creativity is promoted there is a need for sufficient resources aiding members in their creative processes within the task domain (Amabile & Pratt, 2016). Resources in the task domain is the raw material of Innovation on the Organizational level of creativity. (Amabile & Pratt, 2016).

In the interviews it is evident that resources in terms of infrastructural, technical and knowledge resources are sufficient, or should be provided by the franchisor to the franchisee when a project is implemented system wide. In regard to the technical, infrastructural and knowledge resources provided to help the franchisee implements a task, where the franchisee inherently receives a blueprint for how things should be done. They still cannot be creative in the task implementation phase, which will depend on the instructions provided with the task implementation blueprint i.e. an already established process of implementation, where there is neither allowance, nor time for being creative on the franchisor level of hierarchy. Cooperation is essential within franchising (Strutton et al. 1995), and creativity requires acting spontaneously to search for new paths of wisdom. (Amabile, 1997) Therefore, the blueprint for how things should be done, can be seen as sufficient resources for task implementation, but not for task creativity.

Going into the creative part of a project, meaning the front end of project development, it is evident in the interviews that that's where the creativeness takes place. The franchisees in a counsel, get resources directed at them. These resources entail both financial, infrastructural, technical, knowledge resources and human resources to be creative in the task domain when exploring and developing which projects to pursue. The counsels are specified units of development and evaluation of projects existing phenomena within the system.

Time often poses a challenge to be creative (Lawson, 2001, Wang, Choi, Wan & Dong, 2013), and it is evident, (see Skills & Interest in Empirical findings) in the interviews that franchisees

sometimes want to be in a counsel, but when they realize how much time it will actually take, they feel pressured, and therefore adhere from being in a counsel. The lack of time will make task the franchisees who would want to be in a counsel, adhere to old ways of doing things, i.e. deferring from being in a counsel, due to the risk of not being able to make ends meet spending time in the counsel. This indicates that there is a time pressure that makes franchisees less inclined to join a counsel where the actual exploratory part of development and instead choose to just be at the end part of task implementation at their station, where the allowance for creativity, has been taken away from the project.

In the case of franchising, it is evident in the interviews, that despite who provides the financial means for project implementation, all franchisees will receive an exact project implementation plan, which will take away the need for resorting to acting creatively or thinking outside of the box, in which case they would not be allowed in task implementation. This could be seen as an abundance of resources in the task domain and can leave organizational members feeling too comfortable and seeing as they have so much resources, they will not have to act creatively in order to solve the “problem”. (Amabile, 1988).

As illustrated in Table 8, there is a clear distinction in how resources are distributed throughout the system for creativity and Innovation, and this can be divided in a hierarchy.

Hierarchal level	Sufficient resources in the task domain
1, Franchisor	Provider of resources
2, Franchisee in counsel	Sufficient resources, but time pressure
3, Franchisee	No resources for task Creativity

Table 8: Resources in the Task Domain

5.3 Skills in Innovation Management in Franchising

The skills in innovation management component includes the way that managers act in order to promote Innovation and influence creativity. (Amabile & Pratt, 2016)

Goals and long-term strategic aims need to be communicated in a clear way by management, but also allow stretching to goals and aims enough to allow for creativity (Amabile & Pratt 2016). It was evident in the interviews that project goals are always very clear in terms implementation of new projects that where delegated from the franchisor to the franchisees to be able to implements new projects. Without goal clarity there could potentially be difference in outcome which in turn would lead to a loss of scale effects. In terms of goals not being clear enough, franchisees could refuse to implement the project. In order to further clarify project goals a common technique was to have some franchisees; the ambassadors lead the way in setting an example of the outcome of a new project.

As illustrated in Table 9, there is a clear distinction in how clearly project goals are communicated throughout the system for creativity and Innovation, and this can be divided in a hierarchy.

Hierarchal level	Clear project goals
1, Franchisor	Accepts and supplies the project goals
2, Franchisee in counsel	Develops and suggests project goals
3, Franchisee	Adheres strictly to project goals

Table 9: Skills in Innovation management: Clear project goals

Amabile & Pratt (2016) recognizes autonomy in how to meet project goals as prerequisite for being able to express creative behavior. Constraints in the “how” to meet project goals is an inhibitor to creativity, and a person will be more inclined to act creatively if they have the freedom to choose how to perform the task, rather than choosing the task themselves (Ekvall, 1996).

It was evident in the interviews that autonomy in how to meet project goals was under most circumstances “No” on the franchisee level. This due to the great importance of making a collective implementation of a project in a chain system, to not confuse costumers. Marketing campaigns are of done through national channels and it was important that all locations would present the same offers at the same time, with no exception for a national marketing campaign to work. This concept would in general apply to all franchise systems.

Operational Autonomy, which is the most important type of freedom, which relates to the overall freedom of deciding how to perform in day-to-day job situations (Amabile, 1997, 1987), seemed to not be an issue in franchising. It was brought up in the interviews that that depending on the size of the project and if there is some sort of information deficit where creativity is needed, there should be some sort of allowance for autonomy, while small projects where coordination amongst groups is needed.

Small projects can be carried out by franchisees on demand by the franchisor, or if the franchisee is really keen on trying something new that would not have a fatal impact if it goes wrong, depending on the type of firm and project. In this case, small scale operations would be kept confidential in order to not stir up expectations and cause disciplinary problems in the chain amongst other franchisees.

As illustrated in Table 10, Also here a distinction in the three hierarchal levels of a franchise systems as to how autonomy is allowed and accepted throughout the system.

Hierarchal level	Autonomy in how to meet project Goals
1, Franchisor	Yes
2, Franchisee in counsel	Intermediary
3, Franchisee	No, but operational autonomy, partially yes.

Table 10: Skills in Innovation management: Autonomy

When fostering a creative climate within an organization one of the key mediators is having good processes and arenas for idea development an evaluation (Csikszentmihályi, 1996, Amabile 1997). For a creative organizational climate, it is also crucial not to restrict the idea flow which can make organizational members less inclined to freely provide ideas as they occur (Ekvall, 1996). It was evident in the interviews that this does exist or should exist if you want to effectively channel creativity and be successful in your development in order to keep up with competition. These arenas took form in annual or more frequent meetings either system wide, or more local events with parts of the systems, counsels for different types of idea development and other types of conferences where creativity and innovation is celebrated. Adhering to these types of approaches to increase creativity in an organization is considered to be of the more expensive kind (Amabile, 1997). The meetings would include educational meetings parties with award giving, and discussion forums. This would imply that informational extrinsic motivators are used in order to confirm the work of the organizational members and achieve informational motivational effects (Deci & Ryan, 1985).

The most specific way that a franchising system works with creativity and innovation is through counsels. Selected, or elected franchisees are teamed up with representatives from the franchisor in order to develop and evaluate new ideas. Usually, systems have several forums with tasks of refining or developing the business model within their area of undertaking. Common areas of undertakings would include counsels for: - Product development, - Service development, - In-store interior counsel, music counsel, etc. Not all Franchisees wish to join a counsel, since it would increase their workload and therefore create a challenge. This is an indication of that the franchisees who do join a counsel are intrinsically motivated. It seems that joining a counsel for enjoyment and being passionate about development of the system would cause creativity to increase, since it is based in intrinsic motivation, which is the single most important factor for creativity in the individual level (Amabile, 1988, Amabile & Pratt 2016).

When discussing Mechanisms for idea development it was evident in the interviews that there are different factors that influence in the way that systems adopt counsels for development. First, it is a factor of financial means in being able to include many people, and also, being able to support the counsels. Secondly, the type of business matters in how fast the development is inclined to be. Consumer discretionary goods seems to be able to take a greater variation among locations but are also less sensitive to trends. While, consumers staples sector may need to keep up more with competition due to changes in consumer trends, and therefore are in greater need of adaption to trends. Also, a system that requires more strict control, and want less questioning would also want to go for a decrease in mechanisms for idea development such as counsels. Also, idea flow would be more open in some system, where value base is more aligned to that suggestions will be more aligned with the overall goals of the organization.

As illustrated in Table 11, there is a distinction between the hierarchies in the involvement in mechanisms for idea development and how open their idea flow is. This on the other hand, differs widely from system to system and is harder to generalize.

Hierarchal level	Mechanisms for idea development/Open idea flow
1, Franchisor	Yes
2, Franchisee in counsel	Yes, intrinsically motivated to join. Open idea flow in the counsel.
3, Franchisee	Yes, but fewer. Relatively open idea flow

Table 11: Skills in Innovation management: Mechanism for Idea Development

An unnecessary level of hierarchy and bureaucracy can be hindering in the innovation management process (Shalley & Gilson, 2004). This of course, poses a problem within a franchising system due to the inherent hierarchy within the franchising system (Johnson, 1976).

It was evident in the interviews that participation in decision making was something that was exclusive for a selected group of organizational members. In general, the franchisor has the right to veto any decision came up with in the counsels. Some systems apply an election system where the representatives from the franchisees is elected democratically by the franchisees themselves. It was evident in the interviews that this was not the most common method though, and development counsels where first and foremost elected by the franchisors and was usually hand-picked from the group of top performers and most loyal members of the system.

An issue raised by all respondents is the loss of efficiency when Participation in decision making goes far out on the spectrum of involving everyone. A good example of an organization where decision making becomes extremely time consuming and hard to keep together is a voluntary trade union. The respondents that had experience of leading voluntary trade union which is an organization that is bases decision making on consensus amongst members, all agreed that it was extremely difficult situation that in general did not benefit the organization at large. In the case of a voluntary trade union, which is somewhat similar to a franchising organization but has a democracy made decision making process, it was agreed that the *cost/benefit* of being further out on the democracy spectrum was low.

Feeling ownership and in control over the work that an organizational member produces members is creating more creative outcome than those who feel trapped and harshly controlled by their superiors (Amabile 1996). Therefore, being involved in decision making has a positive impact on creativity, while feeling micromanaged can have an opposing effect.

It was evident in the interviews that not all franchisees want to partake in decision making, and that the franchising fee payed to the franchisor, could be seen as a payment for the franchisor to make the right decisions for the chain. This aligns with the fact that franchisees are aware of the hierarchy when joining the system (Strutton et al. 1995), potentially being more or less interested in making bigger decisions, but always on the lower spectrum side.

All respondents mentioned that there is a difference between the individual entrepreneur and the franchisor, and that the people who join a franchising chain as franchisees aren't usually innovators per say, which may incline that the willingness to participate in all decisions is not strong amongst all franchisees, and does therefore not pose a great issue.

As illustrated in Table 12, The participation, perceived cost benefit for participation and perceived interest by the franchisees in participation in the counsel by the respondents, was manifested in this particular manner.

Hierarchal level	Level of Participation in decision making	Perceived Cost/Benefit of partaking in decision making	Perceived interest in decision making
1, Franchisor	High	Low/High	High
2, Franchisee in counsel	Medium	Medium/Medium	Medium
3, Franchisee	Low	High/low	Low

Table 12: Skills in Innovation Management: Participation in decision-making.

In order to achieve a creative climate leader of the organization should be supportive and give non-condescending constructive feedback that judges output in a fair and straightforward way (Shalley & Gilson, 2004). Once again, how feedback on new ideas in general was communicated differs a lot from system to system.

It is evident that there is a feedback processes going on in the higher levels of the organization but that they the franchisee who is not in a counsel is excluded. The process on giving feedback on a new idea presented by a franchisee not included in a counsel can but did not always have any special type of formal process. It could be in terms of discussions where “impulses” as described by one respondent, could be presented from the franchisee to the franchisor on a rather informal basis. Some ideas where straight up rejected without any special feedback on it, while the good ones could go further and be evaluated. This way of disregarding organizational members thoughts and input as impulses that just not work, and as of no value, which may result in a decreased creativity (Shalley and Gilson, 2004).

What was evident though was that in a good system there is an open climate for idea suggestion and a formal process for constructive and straightforward feedback. but spending time on evaluating all ideas is a large system can be too time consuming. This may or may not create conflict, which is bound to arise while the franchisor is trying to balance remaining control over the brand, without inflicting on solidarity to the system (Strutton et al.,1995).

It was evident in the interviews that the way that ideas where perceived by the receiver depended a lot on as to if the idea was in line with the overall values of the franchisor, i.e. the values of the organization. One example brought up as a good climate who was more allowing to open discussion was one where franchisors and franchisees had particularly aligned values. Aligned values called for more similar ideas, which made them easier to accept for evaluation, rather than ideas that radically differed from the systems grounded value base. (See figure 4.) Working with a workgroup that works well together and is compatible is something that can allow members to be intrinsically motivated which is one of the key catalysts for creativity (Amabile & Pratt, 2016).

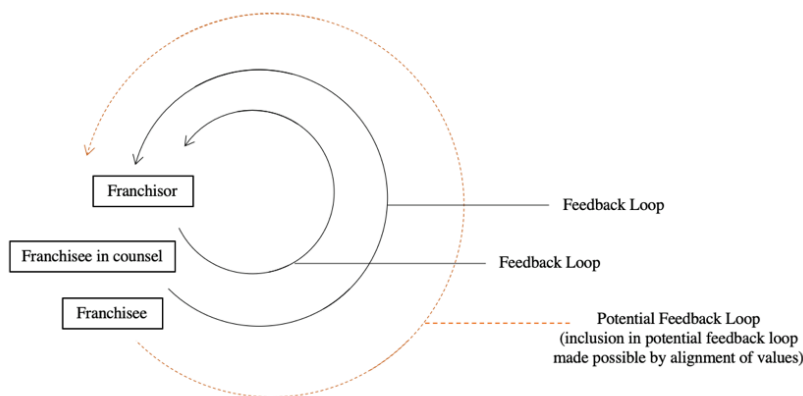


Figure 4: Skills in Innovation Management: Feedback loop

In a good organizational climate, supporting creativity is where the creative process is rewarded and recognized, rather than just the outcome of a project, which means that it is necessary to allow for failure (Amabile & Pratt 2016). It was evident in the interviews that most system do everything they can to minimize risks that can have effects on the chain systemwide. It was therefore no learning from failure on the franchisee level at least not in making own decisions and trying something new without having it thoroughly evaluated and tested though the assigned counsel for the new idea, which would cause a decrease in creativity on the franchisor level. The learning from failure would be more prudent in the upper levels of the organization.

Hierarchal level	Can learn from failure of initiated project.
1, Franchisor	Yes
2, Franchisee in counsel	Semi-Yes
3, Franchisee	Can only learn from franchisors mistake.

Table 13: Skills in innovation Management: Learning from failure

Task motivation is the single most important factor for creativity at the Individual level (Amabile & Pratt, 2016). Motivation comes in two main categories in the form intrinsic, passion for what you are doing, or extrinsic, external sources of motivation, and managers should therefore match the work assignments of organizational members to their skills and interests. (Amabile & Pratt, 2016) A presumption brought up by respondents when they were asked if members of the organization were allowed to work with the things they liked was yes; if you are joining a system it is many times what you do want to work with, this makes since individuals who choose to join a franchising system know what they commit to, and also see the benefits (Strutton et al., 1995). According to the respondents, many of the franchisees dream of owning and running their own business but lack the business idea or see opportunity within a chain system. This essentially means that many of the people who chooses to pursue franchising may not find particular value intrinsic value in being creative and partake in every decision, but rather in being a businessowner alone, which would indicate them being

intrinsically motivated to work with what they signed up for, and not brand refinement per say (Amabile, 1997).

The franchisee – Franchisor relationship is an economical one, which indicates that there may be Extrinsic motivators for both the franchisor to do their job, but also for the franchisee to do theirs. Informational extrinsic motivators are those who confirm the value of a person’s work, that would allow them to develop competencies in their expertise domain, while controlling are the motivators who lead to a person feeling controlled (Deci & Ryan, 1985), which may also be the case due to overall performance objectives given to the franchisor. Regardless, it didn’t seem from the interviews that they perceived franchisees do feel controlled to a large extent.

As mentioned, it also didn’t seem to be too much conflict regarding who is involved in the development counsels due to the added workload, many of the franchisees where not interested in this. However, it seemed that most franchisees are more interested in running their business.

As illustrated in Table 14, the respondents did not perceive an issue with having members being forced to do something that they do not want to, but that rather all members choosing to join the system liked the way it was set up.

Hierarchal level	Motivators
1, Franchisor	-
2, Franchisee in counsel	Intrinsic & Informational Extrinsic
3, Franchisee	Intrinsic & Informational Extrinsic

Table 14: Skills in Innovation Management: Skills and Interest Matching

In order to achieve informational extrinsic motivational effects, the recognition in form of a plaque on the wall will or allowing an individual to continue to work in the domains that he wishes is effectful (Deci & Ryan, 1985). It was evident during the interviews that rewards, and recognition is always or should always be given to those who perform well within a Franchising system. Franchisees are entrepreneurs and entrepreneurs have a built-in drive to compete and to want to perform well. The first one, informational extrinsic motivators, which through confirming the value of one’s work, which will allow them to develop competence in the domain. It was evident during the interviews that this was many times the way that franchise systems work with motivation and raising performance in the systems. Franchise systems do work a lot with informational extrinsic motivators is forms of wards, employees of the months, galas where efforts of performance sort and creative sorts are awarded. Monetary rewards are usually in terms of bonuses where never given in franchise system, this due to that all members in the system would benefits from an improvement already, which is somewhat connected to controlling extrinsic motivators, that can decrease the willingness to be creative (Deci & Ryan 1985).

Hierarchal level	Reward for creative efforts
1, Franchisor	Yes
2, Franchisee in counsel	Yes
3, Franchisee	Maybe, but usually reward for performance.

Table 15: Skills in Innovation management: Rewards for Creative efforts

The Franchise system is not only defined by economical relational exchange elements, but it's also a complex social exchange system where the cooperation is crucial and conflicts are bound to arise (Strutton et al., 1995). It is evident in the interviews that cooperation is one of the most crucial aspects of a successful chain system. A franchised system has to cooperate in order to be able to compete with a fully owned chain, where managers will be ordered to cooperate in order to achieve scale benefits.

Supportive collaboration and coordination across teams in an organization will have positive effects on creativity (Amabile & Pratt, 2016). In groups where members communicate well and are allowed to constructively challenge ideas, but still remaining open to new suggestions will increase the level of commitments to work, and therefore increase creativity (Amabile, 1997). Systems try to encourage relationships amongst organizational members in order for them to be able to help each other out but also create a family like bond to increase solidarity among members. Also, the franchisors will invest in the relationship with franchisees because of the importance of a good relationship in order to putting up a uniting front with strong collaboration and understanding for each other. This to decrease conflicts and elevate trust and solidarity (Strutton, 1995). On the other hand, according to the respondents, franchisors did not want too much collaboration among groups since this could spark up franchisees on agreeing on what they thought the franchisor to do wrong. As one respondent put it "*The worst thing possible is franchisees together in a Sauna*".

How embedded coordination of projects and collaboration is among groups is illustrated in Table 16.

Hierarchal level	Coordination and collaboration
1, Franchisor	Yes
2, Franchisee in counsel	Intermediate
3, Franchisee	Yes, to create family-like bond and solidarity, but also no, too decrease unwanted thoughts

Table 16: Skills in Innovation Management: Coordination & Collaboration.

Having a leader that acts as someone who motivates and encourages members of organizations to reach their goals works as a catalyst for creativity (Shalley & Gilson, 2004). It was evident in the interviews that the franchisor franchisee relationship becomes extra special in terms of all members having a high dependency on each other in the system. The franchisors headquarters is often not called the headquarters, but the support office. The support office

becomes a more correct term since its main function is to give help, guidance and support to their franchisees. It is generally understood that the mutual dependence creates the special dynamic in the system, where the support office feels highly responsible for others livelihood, as much as their own.

The franchising relationship is an economic exchange relationship between two parties. This exchange relationship lies far out towards the relational end of the continuum, which indicates that no single transaction is more important than the long-term importance of the sustained relationship (Johnson, 1976). It is evident in the interviews that this is how franchisors feel about their franchisees, and that the franchisor takes great responsibility in their tasks of brand refinement, brand development, for the chain to be successful overall. Support and guidance is also offered in a variety of ways to the franchisees and is often adapted to what is wished for from the franchisee like for example setting up an educational course not just in the biggest city, but in a neighboring village to make sure that organizational members learn in the best way possible. Therefore, sufficient help and guidance is provided throughout a good franchising system. All members of an organization have an interest for the others to succeed, and there is no inherent competition on positions system wide for managing positions and others that could cause members to want to inhibit each other's success.

The role of the supervisor should rather be seen as someone who motivates and encourages organizational members to reach goals rather than act as enforcing agents of the organization (Amabile & Pratt, 2016). In the interviews there was a special situation that was brought up by several respondents which is the situation of the bottom 15% of franchisees (sinkers) going against a decision because of mistrust or suspicion against the franchisor. In the case of this situation occurring, franchisors used the acknowledged technique of having the top 15% of franchisees (ambassadors) act as guidance and motivate in order to convince the protesting franchisees.

Table 17 illustrated how help and guidance is provided and received throughout the franchising system.

Hierarchical level	Help and Guidance	Type of help and guidance
1, Franchisor	Provider of Help and Guidance	-
2, Franchisee (Ambassador)	Receiver and provider of help and guidance	Seminars, Direct help, Education, Handbook,
3, Franchisee (Floater)	Receiver of help and guidance	Seminars, Direct help, Education, Handbook, motivation from Ambassadors
4, Franchisee (Sinkers)	Receiver of help and guidance	Seminars, Direct help, Education, Handbook, motivation from Ambassadors

Table 17: Skills in Innovation Management, Sufficient Help & Guidance

5.4 Motivation to Innovate in a Franchising System

The skills in innovation management component includes the way that managers act in order to promote Innovation and influence creativity and is also the driver of organizational innovation on the organizational level of creativity. (Amabile & Pratt, 2016).

Amabile & Pratt (2016) recognize that organizations that communicate overall organizational goals vaguely can have an inhibiting effect on the creative climate. The overall goals are communicated by managers and the clarification of goals contribute to a positive impact on creativity. In order to establish clear organizational goals within a franchising system we need acknowledge that a franchising organization is hierarchical organization. Johnson (1976) explains how there are room for many existing climates within a franchising organization, due to the multiple levels and hierarchal structure of the system. Where the franchisors inter-organizational goals can be different from the ones communicated out in the wider organization to different levels of hierarchy.

It is identified that a franchising system does in many ways have to set clear organizational goals in order to be successful as a franchising chain, which by Amabile & Pratt (2016) is mentioned as a catalyst for creativity. Without clear organizational goals, going from the franchisor, defined as higher level managements, to the franchisees, defined as lower level management, will be confused by what is expected of them and concepts will vary over locations. A variation over locations will in turn remove one of the most important factors that makes chain concepts successful. It is therefore evident that the overall organizational goals will be clear.

This, on the other hand, doesn't mean that the overall organizational goals orient towards being creative and innovative throughout the system. The goals on innovation and creativity is mainly communicated and exclusive for levels further up in the hierarchy within the organization. Goals and overall objectives towards Franchisees are communicated out in terms or targets and minimum, a handbook that specifies how operations is to be carried out along with other formalities included in the Franchise-agreement. Therefore, the overall goals communicated to the franchisees are usually only a part of what the organizations is doing, which in itself makes sense since different people within the organization have different tasks and need to focus on different things in order to be effective in their work. Also, Strutton et al. (1995) explains how the individuals who choose to join the system, and the economic exchange relationship, are individuals who do recognize the benefits of the configuration, which indicates that this is not necessary something that is "unfair" to the franchisees, and that they are okay with.

One way that franchisees is invited to take a larger part in the overall organizational goals is by being invited or elected to join one or more of the counsels for development set up by the franchisor. Therefore, there are three levels of taking part in clear organizational goals and objectives set up by the Franchisor, simplified in the table below.

As illustrated in Table 18, the overall organizational goals are more concentrated to the upper levels of the organization while lower levels are more included in performance benchmarks and specific project goals.

Hierarchal level	Involvement in organization goals
1, Franchisor	Overall Goals, + Developmental Goals
2, Franchisee in counsel	Production Goals + Partly Developmental Goals
3, Franchisee	Production Goals

Table 18: Motivation to Innovate: Involvement in organizational goals

Amiable & Pratt (2016) recognize that disinterest in new undertakings in the organization can have an inhibiting effect on the creative climate, the disinterest in new undertakings is displayed in the organization by the behaviors of managers but can also be altered to a positive impact on creativity by being more welcoming to new ideas. By placing a general value on creativity and innovation there will be increases in creative behaviors in the organization.

Once again, the respondents indicate that there is a hierarchy inherent within franchising systems that determines where the organization values creativity and Innovation. It is identified that there is a lot of willingness within the franchise organization in terms of placing a lot of value on creativity and innovation, with the restriction that it must be controlled. This is attributed to large consequences even minor changes made by single units in the system. What is evident is that due to the ownerships stake held by all parts of the organization, is that it will increase the members willingness to do what is best for their business, thus be creative and solve problems as they arise with creative solutions.

A creative solution may work well for a single part in the chain but may have fatal consequences for other parts of the chain, which makes it vital that no single unit act alone in the system. An analogy that can be drawn from the way that value is placed on creativity and innovation within a franchise system is; A soccer-team will always want to play better, and in a new way cause confusion to the opponent team, but if every player chooses to play in their own individual innovative style, the team will fail, since their new ways of doing things is not coordinated.

Therefore, by restricting the value placed on creative acts in some parts of the system and place more value on thinking outside of the box to other parts of the system. Despite most ideas coming from the support office and franchisor, all respondents express that creative ideas needs to come from the ones who are in the frontline meeting the costumers, this meaning that they do realize that there is potential in creativity and innovation from franchisees, but also, that there is a cost benefit analysis having to be made before deciding how much potential to reach.

The cost benefit analysis made will then determine that some selected franchisees are allowed or elected to participate in activates aimed at being creative or innovative along with representatives from the franchisor, while others are not. Once, again, we find three hierarchal levels of as to which member are selected to be valuable in terms being creative and innovative which is illustrated in Table 19.

Hierarchal level	Value placed on creativity and Innovation
1, Franchisor	Yes, comes up with new ideas and, evaluates and makes final decision.
2, Franchisee in counsel	Yes, comes up with new ideas and participates in evaluation.
3, Franchisee	Yes, can submit new ideas, but do not participate in evaluation or decision making.

Table 19: Motivation to Innovate: Value placed on creativity and Innovation

Ekvall (1996) recognize that risk minimization within and organization can have an inhibiting effect on the creative climate, without organizational members being allowed to take a risk, and potentially fail there can be a decrease in creative acts thus a decrease in innovation within the organization. It was evident during the interviews that risk is something that is always minimized within a franchise system, for the main reason that the chain is a team, and that you will never be stronger than the weakest link in the chain. Executive actions are always backed up by extensive in-house research and testing where the franchisor always inhabit the right to veto every suggestion made by the counsel.

If a suggestion is deemed to have the potential to bring scale benefits to the firm, then an idea would be implemented and either on a small scale, keeping the experiment either confidential to not stir up expectations within the system, or non-confidential. The experiment can also be executed throughout the firm and the main idea is that the system acts collectively, even when taking risks. Under no circumstances would a franchisee be allowed to act alone and go ahead and test an idea that would impact the concept that the chain provides.

This is illustrated once again with a hierarchal level in Table 20.

Hierarchal level	Support for reasoned risk taking
1, Franchisor	Evaluates and Minimizes Risk Before Acting
2, Franchisee in counsel	No individual risk taking.
3, Franchisee	No individual risk taking.

Table 20: Motivation to Innovate: Support for reasoned risk-taking.

6. Conclusion

This study has examined how a creative climate manifests within franchising organization i.e., the catalyst and inhibitors for sparking creativity with the aim to gain deeper knowledge within the subject. The thesis has built on the Dynamic Componential Theory on Creativity and Innovation (Amabile & Pratt, 2016) in order to investigate the creativity manifestation within a chain business model with shared ownership properties. The collected data has been analyzed by comparing the franchising business model properties to the ones suggested in organizations organized in a single ownership format, with an underlying theme of creativity, in order to add new insights into how to raise the utilization of creative potential within a franchising system.

6.1 Background to answering the Research Questions

After conducting this study and closing the analysis of the empirical data, it was evident that there is no simple answer to the research question set up by the researcher, mainly due to the differences in terms of management, culture, values and other distinctive organizational characteristics, differing substantially from one Franchising system to another. Despite, it was evident that there are a few interesting characteristics about the business model of franchising that share more similarities among systems than others, which causes impacts on how organizational creativity can be amplified or decreased within a franchising system.

6.2 Research questions

The most valuable finding is that franchise systems do operate on several hierarchical levels that can be applied in all organizational activities. Acts of creativity and innovation is not unprioritized, but rather concentrated to some parts of the organization. The reasons for this are several. From this study, it was found that allowing all parts of the organization to be creative would stay in direct conflict with the main competitive advantages of scale benefits, meaning that if actors in the system act alone, it can consequently break the unity of the chain, and therefore be negative to the brand. Also, allowing all parts of the system provide and experiment with ideas would be too costly, which contributes to the controlled creativity. However, it was also found in this study that not all franchisees want to be creative, and that their ongoing royalty payment to the owner of the brand can be seen as a fee for continuously working with creativity, innovation and brand refinement activities.

Figure 5 illustrates the involvement in creativity activities that was found in this study divided in a hierarchical scale where the Franchisor is the most involved in creativity activities, meaning that they are in the inner circle of the creativity centrum. In the next circle, a bit further out from the creativity and involvement centrum. The orange dotted arrow in the figure which is in the far-out periphery. This dotted line represents where the inclusion of creativity arrows could potentially be, with the inclusion of values. This was a main finding of this study, that the more scattered the value base amongst the organizational members within the franchising system, the more need for control and constrain on creativity activities, since they may result in unwanted outcomes. Similarly, the more aligned the values among the organizational members within the

franchising system, the more overall consensus within the system, thus decreasing the need for control and constraints of new ideas, since the new ideas will be more similar to what the franchisor would perceive to be. (See figure 5)

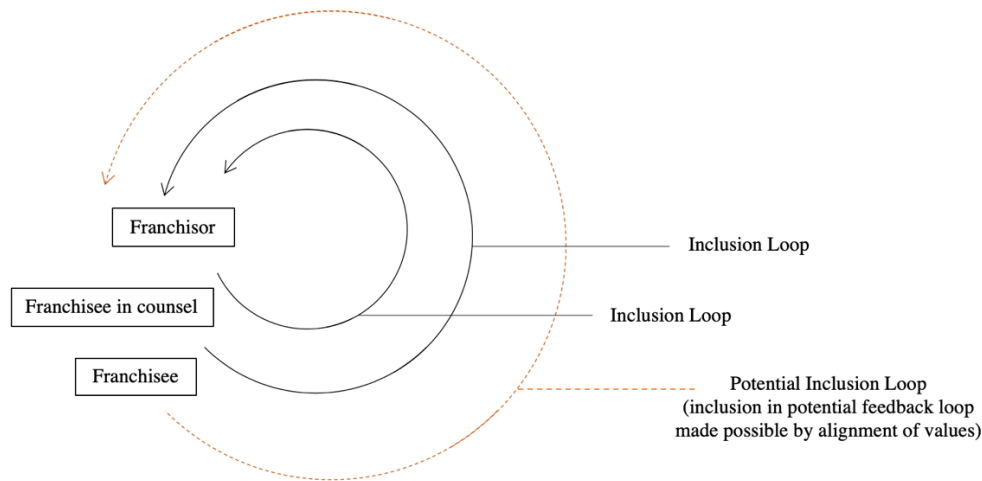


Figure 5: The mediating effect of inclusion of values in selection of potential franchisees

➤ ***What are catalysts and inhibitors for organizational creativity within franchising as a business model?***

Overall, from this study it seems that the Dynamic Componential Model of Creativity and Innovation (Amabile & Pratt, 2016) is not directly applicable in the business model of franchising. This can potentially be explained by that several psychological climates exist within one Franchising system (Johnson, 1976), and that the Dynamic Componential Model of Creativity and Innovation is applicable in a more localized organization.

However, keeping base in that the Dynamic Componential Model of Creativity and Innovation this study discovers areas where the model where the components are applicable in certain settings to certain extents within the Franchising business model. In some areas the nature of the business model of Franchising works as a direct Inhibitor to creativity while in some areas as direct catalysts and therefore a promoter of creativity.

Regarding the category of resources in the task domain, the same catalyst and inhibitors of creativity as proposed by Amabile & Pratt (2016), apply to an extent within franchising systems. Sufficient resources need to be directed at creativity promoting activities, such as counsels and competitions, but also team building activities and meetings among organizational members. Also, Franchisors do need to be concerned with that franchisees already have a certain workload, thus are restricted by time when attending the activities set up by the franchisor. Taking into account and facilitating free time for franchisees to be able to participate to the extent they want to be important in order to elevate creativity within the franchising system. (See Table 21)

Table 21: Resources in the Task domain in Franchising Systems

	Catalyst of creativity	Inhibitor to Creativity
Resources in the Task domain in Franchising Systems	<ul style="list-style-type: none"> - Sufficient Resources - Sufficient Time 	<ul style="list-style-type: none"> - Insufficient resources - Insufficient time

Regarding the category motivation to innovate within a franchising system, the same catalyst and inhibitors of creativity as proposed by Amabile & Pratt (2016), apply to an extent within franchising systems but not fully. An addition of the alignment of value base for potential franchisees has been added, along with restrictions on two of the factors. Within a Franchising system it is still crucial to have value placed on creativity and innovation, and to have support for reasoned risk-taking and exploration, but the condition “in certain spaces” has been added due to the nature of the business model, that thrives from scale benefits and similarity across locations, which gives the condition of the business model that no single link can act alone (See table 22).

	Catalyst of creativity	Inhibitor to Creativity
Motivation to Innovate in Franchising Systems	<ul style="list-style-type: none"> - Clear organizational goals - Aligned value bases - Valued placed on Creativity and Innovation in certain spaces - Support for reasoned Risk-taking and Exploration in certain spaces 	<ul style="list-style-type: none"> - Misalignment of Value base among organizational members. - Disinterest in new ideas

Table 22: Motivation to Innovate in Franchising Systems

Regarding the category of skills in innovation management within franchising systems, the same catalyst and inhibitors of creativity as proposed by Amabile & Pratt (2016), apply to an extent within franchising systems but not fully. Due to the nature of the business model, autonomy in how to meet project goals has been completely deducted, since in general, it can be very important within the Franchising business model that there is a strict coordination of projects along the chain. A catalyst of allowing the franchisees that wish to be in a counsel to be able to partake has been added to the model. Also, the statement of allowing learning from failure has been restricted to “in arenas of experimentation”, since the trial and error process still needs to exist, though not allowed to conflict with all parts of the chain delivering the same business concept. An inhibitor to creativity has been added with the message that rewarding

only on performance indicators, and not on creativity activates can have inhibiting effects for creativity.

	Catalyst of creativity	Inhibitor to Creativity
Skills in Innovation management in Franchising Systems	<ul style="list-style-type: none"> - Clear project Goals - Mechanisms for developing new ideas - Participate in decision-making - Constructive Feedback on new Ideas - Allowing participation in counsel to all who wants to join. - Generous but Balanced recognition and reward for creative efforts - Coordination of projects and collaboration amongst groups - Sufficient supervisory help and guidance - Learning from failure in arenas of experimentation - Open idea flow 	<ul style="list-style-type: none"> - Unfair evaluation of new ideas - Ignoring or overreacting to problems - Restricting the idea flow - Restricting access to being in a developmental counsel - Only rewarding for performance objectives

Table 23: Skills in Innovation management in Franchising Systems

6.3 Managerial Implications

After conducting this study within the field of franchising, and finally answering the research questions there are three recommendations that the author would like to make based in the findings of this study.

The first recommendation is: Considering that all franchise systems are different to their nature and that some systems do require higher control, and therefore the franchisees joining the system should be aware of this. Some systems are more sensitive for variations than others and this should be communicated to potential franchisees.

The second recommendation is: In order to build a strong corporate culture that is based on trust, teamwork and understanding, the founders of a franchise should always consider their own value base when allowing partners into the brand, i.e. franchisees. This will make suggestions and actions from the franchisees more aligned with the overall goals and objectives of the organization, which will decrease conflicts and unnecessary discussions in the system, thus increasing efficiency.

The third recommendation is: Take into account the suggested catalyst and inhibitors for creativity within a franchising system that can be read in the franchising revised dynamic componential model of creativity and innovation (Amabile & Pratt 2016) which can be seen in table 21, 22 & 23.

6.5 Suggestions for Future Research

This study has explored the surface of applying the Dynamic Componential Model of Creativity and Innovation (Amabile & Pratt, 2016) through interviewing four experts in the field which has given insights into how creativity is worked with within the franchising industry. The author suggests repeating the study in a multiple case study, where the franchisee perspective is also taken into account in order to be able to draw causals conclusions. By observing the phenomena, rather than asking about it a more generalizable result. By conducting a multiple case study in a specific industry that applies franchising as a business model more can be understood about what factors determine how open/closed a system will need to be, and how to utilize creative power in the best manner.

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8. Appendices

Appendix 1

Interview Guide

Formal/Starting questions.

1. Can I record this interview?
2. Do you want to be anonymous?

Definitions

3. What do you think is an organization within a Franchising Organization Climate? (give examples of good/bad)
4. What is Creativity for You and What is Creativity in a Franchising Organization?
5. How is it different from a regular organization?
6. When is creativity good and when is it bad? Give examples of situations

Motivation to Innovate

7. Is there value placed on creativity and innovation in the Franchising world? (Different activities?)
8. To what extent are you allowed to take risks within organizations? and how does it work? (is it different for different systems?)
9. Do organizations tend to be good at communicating clear organizational goals to middle members? Better or worse than other companies?

Resources in the task Domain

10. If you want to test something new, is there organizational support available? And how does that work?
11. Do you feel that there is a forward momentum in the organizations that you have worked with in an organization where you want to be innovative?
12. Do they have a more conservative attitude (Things should be as they always have been) or a more liberal attitude in Franchising?

Skills in Innovation Management

13. How is the time pressure within organizations in general? A lot of work and some time?
14. Are there enough resources to test new things and think about old accepted work methods or products?
15. If you are working on a new project, are there clear goals regarding what the project aims to do?
16. How much self-determination and decision-making regarding the approach and outcome of the projects are there within organizations?
17. Are there systems in place to handle new ideas within the organization and how do they work?
18. What does the criticism of new projects and ideas and projects look like? (Is it constructive?)

19. How much feedback is received on new projects and in what form is it distributed?
20. How much should the organizational members be involved in the process when deciding which projects to run on a farm etc.?
21. Do you get appreciation and recognition if you come up with something good? How is it given?
22. Is it appreciated for a good try and even creative, even if it failed?
23. Is there a lot of collaboration between different organizational members (different locations) on projects?
24. Can you get help and support from the organization when working on a new idea or project?
25. Are failures accepted as successful attempts, or only as failures?
26. If an idea is not good, can you be noticed anyway?
27. Are you heard within the organization if you come up with a new idea or encounter a problem?