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Chapter

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**PRE-INSPECTION AUDITS IN COMPLIANCE
WITH FEDERAL HOUSING QUALITY STANDARDS IN SUBSIDIZED PROJECTS: A SYSTEMATIC REVIEW**



TWO SIDES OF THE SAME COIN? A SYSTEMATIC REVIEW OF FRANCHISING AND BRAND LICENSING AS COMPLEMENTARY EXPANSION STRATEGIES

Jean Diego Weber dos Santos¹

Abstract: This paper presents a systematic literature review on franchising and brand licensing as business expansion strategies in a globalised context. Through a rigorous analysis of academic publications from the last five years, indexed in Scopus and Web of Science databases, the study examines the main theoretical foundations underpinning these contractual modalities, with emphasis on transaction cost theory, resource scarcity theory and the resource-based view. The article analyses franchising models — single-unit, multi-unit and area development —, the determinants of franchisee performance, the specificities of brand licensing and the critical success factors in licence contract management. The growing relevance of digital transformation in franchise chains and the sustainability challenges shaping the sector's contemporary agenda are also discussed. Results indicate that the success of these strategies depends on alignment between contractual objectives, robust governance mechanisms, cultural compatibility and the dynamic capacity for market adaptation. It is concluded that franchising and brand licensing are complementary instruments and that choosing between them requires an in-depth strategic analysis of resources, organisational competencies and target market characteristics.

Keywords:: Franchising. Brand Licensing. Business Expansion. Intellectual Property. Strategic Management.

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INTRODUCTION

The pursuit of sustainable growth in increasingly competitive markets has led organisations of different sizes and sectors to adopt contractual expansion models that allow access to new geographic territories and consumer segments without necessarily requiring massive commitment of own capital. In this context, franchising and brand licensing emerge as the two most widespread intellectual property-based expansion strategies, each with distinct characteristics, risks and return potential.

Franchising, the system by which the franchisor grants the franchisee the right to operate a business under its brand, processes and operational support, accounted for approximately 17% of the global retail industry in 2022, according to data consolidated by Shah and Saqib (2023, cited in Retail Franchise Ecosystem Dynamics, 2024). The brand licensing market, valued at approximately USD 160 billion in the United States, has become an increasingly relevant strategic instrument for companies seeking to monetise their intangible assets without assuming direct operational management of licensees (Meschnig; Dubiel, 2023).

Despite its practical relevance, the academic literature on brand licensing remains fragmented and comparatively smaller than the scientific output dedicated to franchising. Meschnig and Dubiel (2023), upon reviewing 105 publications across 25 high-impact journals, found that licensing lacks a unified conceptual framework and empirical studies that clearly differentiate it from neighbouring strategies such as franchising itself. This gap motivates the development of the present study.

This article aims to conduct a systematic literature review on franchising and brand licensing as business expansion strategies, identifying the main theoretical foundations, prevalent models, performance determinants and gaps that guide the future research agenda. The temporal delimitation covers publications from the last five years, enabling the capture of the most recent developments in the field, including the impacts of digital transformation and sustainability agendas on franchise chains and licensing contracts.



The article is structured as follows: section two presents the methodological protocol of the systematic review; section three discusses the theoretical foundations; section four examines franchising in depth; section five addresses brand licensing; section six compares and integrates the two strategies; section seven identifies the critical success factors; and section eight presents the conclusions and future research agenda.

This study addresses the following research question: What are the main theoretical foundations, contractual models, performance determinants and research gaps concerning franchising and brand licensing as business expansion strategies in the period 2021–2025, and in what ways do these two strategies function as complementary rather than mutually exclusive alternatives?

METHODOLOGICAL PROTOCOL

This investigation adopts the systematic literature review (SLR) method, following the PRISMA guidelines (Preferred Reporting Items for Systematic Reviews and Meta-Analyses), widely recognised by the scientific community as a standard of methodological rigour for studies of this nature. The choice of SLR is justified by the need to ensure objectivity, replicability and minimisation of bias in the selection and analysis of sources (Bui; Jambulingam; Amin, 2022).

The bibliographic search was conducted in the Scopus and Web of Science databases, prioritising journals classified in the highest evaluation strata in Administration, Marketing and International Business. The search terms employed, combined with Boolean operators (AND/OR), were: “franchising”, “brand licensing”, “trademark licensing”, “franchise performance”, “intellectual property licensing”, “business expansion”, “franchise internationalization” and “licensing strategy”. The temporal scope covered publications from 2021 to 2025, in order to capture exclusively recent academic output aligned with the current state of the field. It is worth clarifying, however, that this temporal delimitation applies strictly to the primary corpus of the systematic review. Where essential theoretical grounding could not be adequately provided by recent publications alone, the study



deliberately incorporates foundational works predating 2021 — including seminal contributions by Williamson on transaction cost theory, Barney and Penrose on the resource-based view, and early agency theory formulations. This practice is methodologically consistent with established SLR protocols, which distinguish between the primary evidence corpus — subject to temporal filters — and the theoretical scaffolding, which may draw on landmark studies regardless of publication date. The inclusion of seminal references is explicitly signalled throughout the text and does not compromise the temporal integrity of the empirical synthesis.

The inclusion criteria adopted were: (a) articles published in peer-reviewed scientific journals; (b) direct thematic alignment with franchising and/or brand licensing as expansion strategies; (c) availability of full text for access and analysis; and (d) publication in English or Portuguese. As exclusion criteria, the following were discarded: conference papers without blind review, theses and dissertations, editorials, and works addressing technology licensing in a university context without relation to corporate brand strategies.

After applying these filters, the most relevant works were selected and analysed in depth, supplemented by seminal references providing the essential theoretical grounding for understanding the investigated phenomena. The qualitative synthesis was organised around the main emerging themes: theoretical foundations, contractual models, performance determinants, digital transformation, sustainability, and critical success factors.

THEORETICAL FOUNDATIONS

Transaction Cost Theory

Transaction cost theory (TCT), originally formulated by Oliver Williamson, constitutes the main theoretical foundation used to explain the option for franchising or licensing as an organisational form in lieu of vertical integration. TCT postulates that firms choose governance structures that minimise transaction costs, taking into account asset specificity, environmental uncertainty and



transaction frequency. When intangible assets — such as brands, processes and knowledge — exhibit high specificity, there is greater risk of opportunistic behaviour by partners, which demands more robust contractual mechanisms.

Meschnig, Decker-Lange and Dubiel (2023) explicitly apply TCT to the brand licensing context, arguing that licensing can be conceptualised as a form of alliance whose performance is affected by the licensee's potential opportunism, especially when there is asymmetry in the specific investments made prior to signing the contract. The authors find that high distribution risk and low perceived brand quality significantly reduce the attractiveness of licensing opportunities for licensors, which is consistent with TCT predictions about the determinants of governance structure choice.

In the franchising context, TCT helps explain why more mature systems with more consolidated brand assets tend to adopt mixed ownership arrangements — corporate and franchised units — calibrating the degree of control as a function of asset specificity and the observability of franchisee effort (Boulay et al., 2023).

Resource Scarcity Theory

Resource scarcity theory offers a complementary perspective to TCT in explaining the adoption of franchising. According to this theory, companies with scarcity of financial and human capital resort to franchising as a mechanism to access the resources that franchisees bring to the system — capital, local knowledge, intrinsic owner motivation and relationship networks. In this way, franchising is viewed not only as a governance solution, but also as a strategy for acquiring scarce resources.

McDermott and Butler (2023) apply resource scarcity theory to investigate the factors influencing industry choice and franchisee performance, demonstrating that access to or possession of resources largely explains the decision to undertake entrepreneurship through a franchise. The study, published in the *Small Business Institute Journal*, concludes that industry category and franchisee



age significantly moderate satisfaction with the business and financial performance, reinforcing the subjective and relational dimension of the theory.

Furthermore, McDermott and Butler (2023) observe that approximately one in every twenty businesses with employees in the United States operates under the franchise model, evidencing the scale and practical relevance of resource scarcity theory predictions for the contemporary context of entrepreneurship via franchising.

Resource-Based View

The resource-based view (RBV), developed from Penrose's work and popularised by Barney, assumes that sustainable competitive advantages derive from valuable, rare, inimitable and non-substitutable resources and capabilities. In the context of expansion strategies via franchising and licensing, the RBV contributes to understanding how companies mobilise intangible assets — brands, tacit knowledge, reputation, organisational culture — as sources of competitive advantage in the internationalisation process.

Bui, Jambulingam and Amin (2022), in their systematic review published in *Cogent Business & Management*, identify that the franchisor's intangible resources — operational support, training, information systems and brand strength — represent critical determinants of franchisee performance. At the same time, the franchisee's own internal resources, such as entrepreneurial orientation, intellectual capital and learning capacity, exert a relevant moderating influence, suggesting a relational vision of the RBV applied to the franchising context.

In the field of brand licensing, the RBV provides grounds for understanding why brands of high symbolic value and market recognition are more prone to be licensed — and to generate more expressive royalties — since these assets meet the criteria of rarity and inimitability advocated by the theory (Cao; Ren; Du, 2022).



Agency Theory

Agency theory, with its notions of principal and agent, informational asymmetry and moral hazard, permeates the entire franchising literature and has been increasingly mobilised to analyse brand licensing contracts. In franchising, the franchisor occupies the role of principal, while the franchisee is the agent. The central problem lies in the fact that the agent possesses local information that the principal does not have and may act opportunistically — delivering inferior quality or not complying with brand standards — thereby damaging the collective reputation of the system.

Boulay et al. (2023), in developing a taxonomy of franchise success determinants, identify more than fifty variables impacting the economic and financial performance of franchises, grouping them into ten distinct categories. Among these categories, variables related to the franchisor-franchisee relationship and contract design — directly linked to agency theory — emerge as having the greatest impact on system results. This reinforces the centrality of monitoring mechanisms and contractual incentives in mitigating agency problems in the franchising context.

FRANCHISING AS AN EXPANSION STRATEGY

Conceptualisation and Contractual Models

Franchising is a distribution and commercialisation system by which the franchisor grants the franchisee, in exchange for financial consideration — usually comprising an initial franchise fee and periodic royalties on turnover — the right to operate a business using its brand, products or services, operational systems and continuous support. The relationship is formalised through a franchise contract and, frequently, an operations manual detailing the quality standards, processes and communication guidelines the franchisee must observe.

From a structural standpoint, the literature identifies three main franchising models. The single-unit model is the most elementary, in which the franchisee receives the right to operate only



one unit in a given territory. The multi-unit model allows the same franchisee to operate multiple units, generating local economies of scale and facilitating decentralised monitoring by the operator itself. The area development model grants the franchisee the exclusive right to open a certain number of units in a defined geographic region within a contractually established timeframe.

Each model implies distinct trade-offs between control, expansion speed and shared risk. Kelepouris and Schwartz (2024) observe that navigating emerging markets represents a particular challenge for franchisors, especially for first movers in these regions, given the scarce guidance available for this context. The authors propose the use of PEST analysis (Political, Economic, Social and Technological) as a preliminary assessment tool before choosing the entry model, emphasising that regulatory asymmetry and the cultural particularities of emerging markets make the choice of franchise partner and contractual model even more critical.

Determinants of Franchisee Performance

Understanding the antecedents of franchisee performance is one of the most prolific agendas in franchising literature. Bui, Jambulingam and Amin (2022) conduct the first systematic review exclusively dedicated to franchisee performance at an international level, analysing forty articles published between 2013 and 2021 in various countries, predominantly developed countries with well-structured franchise systems. The study identifies four major categories of determinants: franchisor perspective, franchisee perspective, relationship quality and transaction cost determinants.

From the franchisor's perspective, the quality of operational support and training, brand strength, shared information systems and clarity of operations manuals stand out. From the franchisee's perspective, the operator's human and intellectual capital, entrepreneurial orientation, prior sector experience and intrinsic motivation from unit ownership are prominent. Relationship quality, measured by variables such as trust, commitment, communication and perceived fairness in the relationship, is identified as the most transversal factor with the greatest impact on performance



(Bui; Jambulingam; Amin, 2022).

Boulay et al. (2023), in turn, expand this analysis by incorporating data from fifty-three studies published between 1976 and 2020, proposing an integrative taxonomy encompassing both the franchisor and franchisee perspectives. The authors conclude that variables related to the external environment of the franchise — such as sector competitive dynamics, macroeconomic conditions and territorial density of competitors — exert a significant moderating influence on the relationship between management practices and the financial performance of units, underscoring the need for contingency frameworks for performance analysis in franchising.

International Franchising and Emerging Markets

Internationalisation through franchising represents one of the most studied forms of entry into foreign markets, given its capacity to combine brand control with low capital commitment from the franchisor. The literature identifies four major thematic clusters in international franchising research, in which agency theory, TCT, resource scarcity theory, the resource-based view and the OLI paradigm (Ownership, Location, Internalisation) figure as the main theoretical references (bibliometric review cited in Ghani et al., 2021).

Ghani et al. (2021), in a systematic review published in the *International Journal of Entrepreneurship*, identify that the research trend on franchising strategies has grown consistently across decades, with expressive increase in attention dedicated to emerging markets and the role of digital technologies in reconfiguring the operational models of franchise chains. The authors highlight that future research should focus on themes such as organisational attributes, governance structure and organisational culture in the international franchising context.

Lanchimba, Porras, Salazar and Windsperger (2024), in a study published in the *International Journal of Emerging Markets*, analyse data from forty-nine countries to examine the relationship between franchising and national development. The results reveal that franchising contributes



positively to the economic development of host countries, especially when combined with adequate levels of intellectual property rights protection and regulatory stability. This evidence suggests that the institutional environment of target markets is a fundamental moderating variable in the internationalisation decision via franchising.

Digital Transformation and Franchise Chains

Digital transformation represents one of the most significant disruptive forces for contemporary franchising systems. The digitalisation of communication, training, monitoring and commercialisation processes is reshaping the traditional boundaries of the franchisor-franchisee relationship and creating new hybrid models combining physical and digital presence.

Research on digital franchising in emerging markets, systematised through bibliometric analysis covering Scopus database data between 2000 and 2024, identifies as dominant trends the adoption of e-commerce platforms integrated into franchise operations, the use of artificial intelligence for customer experience personalisation, and the expansion of technology-enabled digital micro-entrepreneurship models. In Taiwan, for example, the number of franchise units reached 122,610 in 2023, growth driven by digitalisation that reduced entry barriers and expanded operational possibilities for smaller teams (Digital Franchising in the Age of Transformation, 2025).

From a theoretical standpoint, analysing these phenomena through the Motivation-Opportunity-Ability (MOA) framework reveals that franchisees' predisposition to adopting digital technologies is modulated simultaneously by their entrepreneurial motivations, the structural opportunities provided by the franchise system and individual digital competencies. This finding has relevant practical implications for the design of training and technological support programmes by franchisors.



Sustainability in Franchise Systems

Sustainability is emerging as a growing agenda in the franchising field. The systematic review by Perrigot et al. (2025), published in *Future Business Journal*, analyses seventy-six articles on the sustainability-franchising relationship published between 2000 and 2023 in business, economics and management journals. The study finds that sustainability research in franchising is still at a nascent stage, with a predominant emphasis on social and economic dimensions, while the environmental dimension receives considerably less attention.

The authors identify that the distributed nature of franchise chains creates particular challenges for the implementation of sustainable practices, since the franchisor has limited control over the day-to-day operations of franchised units. Corporate social responsibility (CSR) emerges as a point of tension in this relationship: while the franchisor has an interest in projecting a brand image committed to sustainability, the franchisee may prioritise short-term financial results. Le Bot, Perrigot, Déjean and Oxibar (2022), upon analysing French franchise chains, observe that CSR disclosure in franchise networks presents specificities that differentiate it from integrated companies, demanding adapted contractual and governance mechanisms.

This tension between brand standardisation and the franchisee's operational autonomy, especially in the sustainability field, points to one of the most relevant gaps in the current literature and constitutes one of the most promising research agendas for the coming years.

BRAND LICENSING: FOUNDATIONS AND CONTRACTUAL DYNAMICS

Conceptualisation and Distinction from Franchising

Brand licensing is a contractual agreement by which the owner of a brand — the licensor — authorises another party — the licensee — to use that brand on specific products or services, in exchange for remuneration, generally in the form of royalties calculated on the licensee's sales. Unlike



franchising, brand licensing does not generally imply the transfer of a complete business model, standardised operational systems or continuous support to the licensee. It is essentially a grant of intellectual property usage rights.

Meschnig and Dubiel (2023), in a comprehensive review published in the *Journal of Business Research* analysing 105 publications across 25 high-impact journals between 2000 and 2018, find that licensing has received considerably less academic attention than franchising, partly due to the lack of clear conceptual delineation between these strategies. The authors propose that future research focus specifically on brand licensing — as opposed to technology licensing — the licensee perspective, theoretical diversity and refined performance criteria.

Cao, Ren and Du (2022), in a systematic review published in the *Journal of Brand Management*, contribute to this conceptual distinction by proposing an integrative framework for strategic trademark management encompassing three action domains: rights, licensing and litigation. The authors identify four types of trademark strategy and five decision-making factors in trademark management, concluding that high-value trademark licensing can serve as an important complementary asset for companies to obtain external innovations and subsequently commercialise them.

Contractual Structure and Licence Agreement Design

The effectiveness of a brand licence contract depends largely on its structure, monitoring mechanisms and the incentives it aligns between licensor and licensee. The central elements of a brand licence contract include: precise definition of the scope of brand use (authorised product categories, territories and distribution channels), royalty structure (percentage rate on net sales, guaranteed minimum and any advance payments), quality standards the licensee must observe, audit and control mechanisms, and termination and renewal clauses.

Meschnig, Decker-Lange and Dubiel (2023), in a study published in the *European Journal of Marketing* based on a vignette experiment applied to 121 brand licensing professionals, demonstrate



that high quality risk and high distribution risk significantly reduce the attractiveness of a licensing opportunity for the licensor. The results reveal that distribution-related risks have an even more pronounced effect than quality risks on licensors' evaluations, which contradicts some intuitive assumptions about the hierarchy of concerns in these agreements.

The authors argue that, from the licensor's perspective, brand licensing represents a fundamental trade-off between brand protection and additional revenue generation. This trade-off is exacerbated when there is asymmetry in specific investments made prior to signing the contract: if the licensee has invested significantly in relationship-specific assets (such as equipment, training or dedicated physical space), the licensor becomes exposed to hold-up risk, becoming vulnerable to unfavourable renegotiations (Meschnig; Decker-Lange; Dubiel, 2023).

Strategic Trademark Management and Licensing

Strategic trademark management involves a complex set of decisions ranging from the legal protection of distinctive signs to active commercial exploitation through licensing and adversarial defence in the event of infringement. Cao, Ren and Du (2022) propose that strategic trademark management be analysed through a three-dimensional structure encompassing antecedents, core mechanisms and outcomes, articulating two core mechanisms: trademark strategy and strategic trademark management itself.

One of the most relevant contributions of Cao, Ren and Du (2022) to the licensing field is the identification that high-value trademarks constitute important complementary assets for companies, influencing their capacity to obtain external innovations and commercialise them through licensing agreements. This suggests a bidirectional relationship between brand strength and licensing propensity: stronger brands are more frequently licensed, and well-managed licensing reinforces brand value by broadening market presence.

The authors also identify that differences in trademark protection legal systems across



countries create both opportunities and challenges for companies operating internationally through licensing. Countries with more robust protection systems offer greater security to the licensor, reducing the risk of unauthorised brand use and strengthening the licensor's position in eventual contractual disputes (Cao; Ren; Du, 2022).

Performance of Licensing Agreements

Evaluating the performance of licensing agreements is one of the most complex and unresolved issues in the literature, since outcomes depend on a set of variables operating at different levels — contractual, relational, market and institutional. Meschnig and Dubiel (2023) organise the literature findings on licensing performance around three stages of the agreement's lifecycle: formation, contract design and performance outcomes.

In the formation phase, the main variables influencing future performance are: partner selection (strategic compatibility, licensee reputation, distribution capability), licensing timing (early licences tend to generate higher returns but with more risk; late licences reduce uncertainty but restrict value capture space) and the structure of preliminary negotiations. In the contract design phase, governance mechanisms — exclusivity clauses, guaranteed minimums, audit rights and termination conditions — emerge as central performance determinants. In the performance phase, the quality of the licensor-licensee relationship, mediated by variables such as trust, commitment and communication, significantly moderates the financial and strategic outcomes of the agreement.

FRANCHISING AND LICENSING: COMPARATIVE AND COMPLEMENTARY PERSPECTIVES

Although frequently treated separately in the literature, franchising and brand licensing share a common structure based on the exploitation of intangible assets by third parties in exchange for



financial consideration. The main difference between the two models lies in the degree of integration and control exercised by the grantor over the grantee’s operations. In franchising, the franchisor transfers not only the right to use the brand, but also a complete business system, including processes, training, continuous operational support and strictly monitored quality standards. In brand licensing, the transfer is restricted to the right to use the intangible asset, with less involvement of the licensor in the licensee’s operational management.

This difference in scope implies significant differences in the risk and return profiles of each strategy. Franchising offers greater control over consumer experience and brand reputation, at the cost of greater investment in support, monitoring and franchisee relationship management. Brand licensing offers greater agility and lower operational costs for the licensor, at the cost of less control over how the brand is used by the licensee, which may represent risks to brand integrity and long-term brand value.

Table 1 — Comparative Framework: Franchising vs. Brand Licensing

Dimension	Franchising	Brand Licensing
Scope of Transfer	Full business system (brand + processes + training + support)	Intellectual property rights only (brand usage)
Degree of Control	High — standardised operations, audits, compliance protocols	Low to moderate — contractual quality clauses, periodic audits
Operational Cost (Grantor)	High — continuous support, training infrastructure, monitoring	Low — contractual management and audit only
Reputational Risk	Moderate — mitigated by operational control and brand standards	High — brand use by licensee may diverge from grantor’s values
Governance Requirement	Complex — franchise contract + operations manual + ongoing relationship	Moderate — licence contract + quality standards + audit rights
Expansion Speed	Moderate — partner selection, training and onboarding slow rollout	High — simpler contract structure enables rapid market entry



Typical Sector Fit	Food service, retail, hospitality, education, personal services	Fashion, entertainment, consumer goods, sports, publishing
Main Theoretical Lens	TCT, Resource Scarcity, RBV, Agency Theory	TCT, RBV, Alliance Theory

Source: Elaborated by the authors based on Meschnig and Dubiel (2023), Bui, Jambulingam and Amin (2022), and Boulay et al. (2023).

The choice between the two strategies — or the combination of both — must be guided by a careful analysis of factors such as: the nature and specificity of the company’s intangible assets, remote monitoring capacity, brand maturity and recognition in the target market, availability of qualified local partners, the regulatory and institutional context of the destination country, and the company’s long-term objectives in terms of brand presence and revenue generation.

From the transaction cost theory standpoint, companies with high-specificity, high-reputational-value brands tend to prefer franchising, which offers more robust control mechanisms. Companies with consolidated brands less dependent on operational standardisation — such as fashion, entertainment or consumer product brands — tend to find licensing a more efficient solution, provided they have the capacity to audit brand use and to enforce the terms of the licence contract (Meschnig; Decker-Lange; Dubiel, 2023).

Building on this comparative analysis, the present study proposes an integrative conceptual framework — the Intangible Asset Governance Continuum (IAGC) — that positions franchising and brand licensing not as binary opposites but as points along a governance spectrum defined by two axes: (1) the degree of operational integration required by the grantor, and (2) the strategic importance of brand standardisation for value creation. At the high-integration, high-standardisation pole lies traditional franchising; at the low-integration, moderate-standardisation pole lies pure brand licensing. Between these poles, hybrid models emerge — such as master franchise agreements, co-branding arrangements and licensed franchise concepts — that combine elements of both strategies in response to specific market conditions, brand maturity levels and institutional environments. This framework



contributes to reconciling the theoretical fragmentation between the two fields and offers practitioners a diagnostic tool for selecting the most appropriate governance modality given their strategic context.

Another relevant comparative dimension concerns internationalisation. While international franchising is extensively studied and has a well-established theoretical body, international brand licensing remains relatively under-studied, especially regarding the perspective of developing countries and emerging markets. Lanchimba et al. (2024) demonstrate that the effectiveness of franchising as a vector of economic development varies substantially as a function of the institutional environment of host countries, a conclusion that likely applies equally to brand licensing, though it still lacks robust empirical evidence in this direction.

CRITICAL SUCCESS FACTORS IN FRANCHISING AND LICENSING MANAGEMENT

Partner Selection and Compatibility

Careful partner selection — whether franchisee or licensee — emerges consistently in the literature as the factor with the greatest impact on the outcomes of intellectual property-based expansion agreements. Boulay et al. (2023) identify that franchisee characteristics and competencies constitute one of the most impactful categories of franchise success determinants, surpassing, in some contexts, the influence of franchisor variables themselves. This highlights the importance of rigorous selection processes that go beyond financial criteria and encompass aspects such as value alignment, sector experience and management capacity.

In brand licensing, Meschnig, Decker-Lange and Dubiel (2023) demonstrate that the licensee's reputation in terms of distribution capability and commitment to brand quality standards are the most valued attributes by licensors when evaluating licensing opportunities. This evidence corroborates the central importance of partner selection and reinforces the need for in-depth due diligence processes before formalising any agreement.



Contract Design and Governance Mechanisms

The contractual structure of franchising and licensing agreements plays a central role in aligning incentives between parties and mitigating agency and opportunism problems. Well-designed contracts must balance the need for standardisation — essential for brand protection — with the flexibility necessary for the franchisee or licensee to adapt to local market specificities.

Bui, Jambulingam and Amin (2022) observe that the clarity and perceived fairness of contractual conditions are determinants of franchisor-franchisee relationship quality and, consequently, of unit performance. Contracts perceived as unbalanced or as instruments of exploitation by the franchisor tend to generate dissatisfaction, lower commitment and, ultimately, worse operational results. This evidence points to the importance of including in agreements periodic review mechanisms, formal communication channels and conflict resolution bodies that preserve the relationship even in contexts of tension.

Support, Training and Knowledge Transfer

In franchising, the quality of the support and training offered by the franchisor to franchisees represents one of the most consistent performance determinants identified in the literature. The effective transfer of operational knowledge, know-how and organisational culture of the network is what guarantees standardisation of consumer experience and protection of brand reputation along the chain.

Bui, Jambulingam and Amin (2022) emphasise that the franchisor's intangible resources — especially training systems, operations manuals and continuous support mechanisms — constitute the main assets transferred to the franchisee and the main drivers of overall system performance. The erosion of these assets through lack of updating, franchisee resistance to adopting new processes or inadequacy of content to local specificities represents a significant risk to franchise system integrity.



Trust, Communication and Relationship Quality

Relationship quality between parties emerges transversally throughout the analysed literature as one of the most critical success factors for both franchising and licensing. Bui, Jambulingam and Amin (2022) identify relationship quality as one of the four major categories of franchisee performance determinants, emphasising that variables such as trust, commitment, perceived fairness and effective communication function as moderators of other factors.

In brand licensing, Meschnig and Dubiel (2023) observe that the most urgent research gaps include precisely the in-depth study of the licensee perspective and the relational dynamics that develop throughout the lifecycle of licensing agreements. Importing advances from the franchising relationship literature into the brand licensing field is identified as one of the most promising directions for future investigation.

CONCLUSION AND FUTURE RESEARCH AGENDA

This article conducted a systematic literature review on franchising and brand licensing as business expansion strategies, focusing on publications from the last five years. The results demonstrate that franchising has a robust theoretical and empirical framework, supported mainly by transaction cost theory, resource scarcity theory, the resource-based view and agency theory. Brand licensing, in turn, presents a comparatively smaller and more fragmented body of knowledge that lacks greater theoretical integration and dedicated empirical studies.

The analysis revealed that, in the franchising field, the most critical performance determinants are franchisor-franchisee relationship quality, the competencies and resources of the franchisee, the clarity and fairness of contracts, and the quality of support and training offered by the franchisor. Digital transformation and sustainability agendas represent the most disruptive forces for change in



the sector and the research themes most demanding attention in the coming years.

In the brand licensing field, the most relevant contributions identified in recent literature concern the conceptualisation of licensing as a form of strategic alliance mediated by TCT-based governance mechanisms, the trade-off between brand protection and revenue generation that permeates licensors' decisions, and the centrality of partner selection and contract design for agreement outcomes.

As a future research agenda, the gaps identified in the literature are organised below according to three analytical dimensions — empirical, theoretical and methodological — in descending order of urgency and potential contribution to the field.

Empirical gaps (highest urgency). The most critical lacuna is the near-total absence of empirical studies on brand licensing contract performance in emerging markets — particularly in Latin American, African and Southeast Asian contexts. This gap is the most pressing because the institutional environments of these regions differ fundamentally from the developed-country settings that dominate the existing literature, and because franchising research has already demonstrated that institutional variables substantially moderate strategy outcomes (Lanchimba et al., 2024). A second empirical priority concerns the impacts of digital transformation on the licensor-licensee relationship: as artificial intelligence and e-commerce reshape brand-value creation, the monitoring and auditing mechanisms described in current licensing contracts risk becoming structurally obsolete. Empirical investigation of these dynamics is urgent precisely because its practical implications — for contract redesign, governance adaptation and regulatory policy — are time-sensitive.

Theoretical gaps (medium urgency). Two theoretical gaps merit attention. First, the lack of comparative analyses between franchising and brand licensing as internationalisation strategies for companies originating in emerging markets represents an important blind spot: current theory is predominantly constructed from the franchisor's perspective in advanced economies, and its applicability to South-South expansion contexts remains largely untested. Second, the Intangible Asset Governance Continuum (IAGC) framework proposed in this article requires theoretical validation through cross-sectoral studies that examine hybrid governance models — such as master franchise



agreements and co-branding arrangements — which occupy the intermediate space between pure franchising and pure licensing.

Methodological gaps (complementary priority). Two methodological investments would significantly strengthen the field. First, longitudinal studies on brand value evolution throughout the lifecycle of franchise and licensing contracts are needed to move the literature beyond cross-sectional snapshots and capture the dynamic, cumulative effects of governance decisions on intangible asset value. Second, the environmental dimension of sustainability in franchise chains — which remains considerably under-studied relative to social and economic dimensions (Perrigot et al., 2025) — demands dedicated research designs, including qualitative and mixed-methods approaches capable of capturing the tension between brand-level sustainability commitments and franchisee-level operational autonomy.

In summary, both franchising and brand licensing are powerful expansion strategies, each with a specific profile of risks, returns and management requirements. The choice between them — or the strategic combination of both — must be guided by an in-depth analysis of available organisational resources, target market characteristics, brand maturity stage and the company's long-term objectives. Rigour in contract design, careful partner selection and continuous investment in relationship quality are the common pillars that sustain success in both modalities.

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