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International Franchising in Emerging Markets

Nadia Ballard

Bridge Cultures, Inc., nadia@bridgecultures.com

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Book Review

Nadia Ballard

Ilan Alon and Diane H. B. Welsh, editors, *International Franchising in Emerging Markets: Central and Eastern Europe and Latin America*. Chicago: CCH Inc., 2001.

Ilan Alon and Diane H. B. Welsh, editors, *International Franchising in Emerging Markets: China, India and Other Asian Countries*. Chicago: CCH Inc., 2001.

Half of a two-book series, *International Franchising in Emerging Markets: Central and Eastern Europe and Latin America*, is a comprehensive, educational and yet practical collection of research and articles on the topic of cross-border franchising. Edited by Dr. Ilan Alon, associate professor of international business at Crummer Graduate School of Business, Winter Park, Florida, and Dianne H. B. Welsh, executive director of the Muldoon Center for Entrepreneurship at John Carroll University, the book begins with a general overview of franchising as one of the most effective methods for penetrating international markets and follows with an academic review of the political, social, economic, and technological developments facilitating the spread of franchising in developing regions. Most attention, however, is given to specific accounts of the opportunities and challenges facing current and future franchisors in the countries of Central and Eastern Europe and Latin America.

Through contributions from real-life franchisors and franchisees, academic researchers, consultants, legal experts and other authorities, the editors weave a dynamic portrait of the current state of franchising in the emerging markets that combines theory and practice from both global and local perspectives. For example, the first of two chapters dedicated to Russia focuses on the overall conditions for franchising in the country and gives general recommendations for entering that market, while the second chapter provides an in-depth analysis of the opportunities and threats in the Russian hospitality industry. A similar approach is followed in the sections on Central Europe and Latin America, while single chapters are dedicated to Slovenia, Bulgaria, Croatia, Brazil, and Mexico.

The book has special impact not only because Alon and Welsh are established authorities on franchising but also because the articles they've selected are mostly written by local practitioners and researchers who add realistic and

practical flavor to their writings, backing it with surveys, interviews, and statistical data. Therefore, the appeal of *International Franchising in Emerging Markets: Central and Eastern Europe and Latin America* stretches beyond academic circles to encompass business leaders, professionals, and entrepreneurs alike.

The exponential growth in the franchising sector and the frequent changes occurring in the developing countries covered in this book guarantee that the research and guidelines included here will soon have to be revised. Nevertheless, Alon and Welsh's compilation provides a much-needed glimpse into the dynamics of a business field and geographic regions that are often underrepresented in business research, but soon should emerge as some of the main sources for long-term growth for business.

The second part in this two-book series, *International Franchising in Emerging Markets: China, India and Other Asian Countries*, focuses on the Far and Middle East regions. To be precise, almost half of the book is dedicated to the development of franchising in China, and that is understandable, considering the importance this vast market holds for Western businesses. Three of the rest of the chapters focus on India, two on Kuwait, and one each on Singapore and Kazakhstan. Another chapter takes a more integrative approach in discussing restaurant franchising in the Middle East, while the final discussion looks at franchising in a global context, summarizing the findings and patterns emerging from both books into comprehensive, well-organized tables and bulleted lists.

The editors have selected a broad collection of articles on China that take readers from the beginning of franchising there in 1994 with KFC and McDonald's, to its evolution through the year 2000, its legal aspects, and its prospects for the future. The section on China is interspersed with articles examining real-life cases such as those of the executive management firm Management Recruiters International (MRI), California-based ITN, Inc., and a Chinese beauty parlor franchisor.

The chapters on India focus more on academic research and descriptive accounts of franchising in that country since new market-based economic policy reforms were enacted. The booming domestic franchise sector is examined, as well as the unique character of Indian franchises, which span from the traditional restaurant, hotel, and soft drink sectors to original sectors such as health

care, entertainment and education. Readers may find of particular interest the results of a couple of surveys conducted among franchisors in New Delhi and the general public throughout India on the subject of franchising in their country.

The survey method was also used first in 1995 with 62 local franchisors and in 1999 with 140 current and potential franchisors in Singapore to measure the progress of franchising as a business opportunity in that country, while interviews conducted with franchising companies in Kazakhstan were used to develop the market research there. Although at different stages of franchise development, both countries show encouraging signs for the success of their respective local franchising industries.

The most intriguing part of the book deals with the peculiarities of doing business as a franchise in the Middle East. From the first overview chapter on the region to the specific account of Starbucks' entry in Kuwait and the shoplifter situation at a Mercedes showroom, the section reveals some of the unique economic, cultural, religious, and managerial issues facing potential and current franchisors there.

Overall, Alon and Welsh deliver an authoritative and wide-ranging account of the challenges and successes of international franchising and the great potential this business sector has in the far-reaching corners of the world in this age of globalization.



NADIA BALLARD (nadia@bridgecultures.com), originally from Bulgaria, has a Masters of Business Administration degree with a concentration in international business from the Crummer Graduate School of Business at Rollins College in Orlando, Florida. She is the principal of Bridge Cultures, Inc., a cross-cultural communications agency. As an international marketing professional, Ms. Ballard has lectured and published articles on culture shock, cross-cultural communications, and translation issues at the Society for Technical Communications, the University of Central Florida, Shanghai University of Science and Technology, and the International Academy of Business Disciplines, among others.