The Sankalpa: International Journal of Management Decisions
ISSN: 2454-7425
Volume 12, Issue 2 (July - December 2026)

Entrepreneurial Adaptation to Institutional Challenges: Evidence from Structured Distribution Networks in Algeria

Bounaia Mohamed Redha [1], Aboura Wassila [2]
[1] University Oran 2 (Algeria). Email: bounaia.mohamed@univ-oran2.dz
[2] University Oran 2 (Algeria). Email: aboura.ouassila@univ-oran2.dz

Received: 23/05/2026 ; Accepted: 27/08/2026 ; Published: 16/09/2026

Abstract:
Entrepreneurship research has increasingly moved beyond static structural analyses to focus on what entrepreneurs actually do, the way in which they interpret constraints, make decisions, and adapt their practices in challenging environments. Within this perspective, franchising represents a particularly relevant organizational form, as it combines individual initiative with network-based coordination. In theory, franchising relies on a stable and supportive institutional framework to function effectively. In practice, however, such conditions are not always present.
This tension is especially visible in Algeria, where franchising, particularly in the distribution and retail sectors, has expanded despite persistent regulatory gaps, administrative uncertainty, and weak market-support institutions. Rather than preventing activity, these constraints have shaped distinctive entrepreneurial behaviors. This article examines entrepreneurship as an adaptive response of franchises to institutional challenges. Drawing on a behavioral entrepreneurship approach, it analyzes how franchise actors develop pragmatic strategies to cope with, bypass, or reconfigure institutional constraints. In doing so, the study contributes to a better understanding of entrepreneurship in complex and imperfect institutional environments.
Keywords: Entrepreneurship; franchises; Institutional dimensions; Algeria.
Jel Classification Codes: L26, L81, M13, O17.

I- Introduction :

Entrepreneurship has traditionally been conceptualized as an independent process of new venture creation (Gartner, 1985; Stevenson & Jarillo, 1990). However, over time, research in this field has expanded this perspective, showing that entrepreneurship extends beyond firm creation to encompass broader organizational practices, including specific forms such as franchising. This entrepreneurial model is particularly prominent in the distribution sector, especially in apparel retail.

Franchising has become increasingly visible in Algeria, particularly within the clothing sector. It enables local entrepreneurs to benefit from the expertise and brand recognition of established firms while adapting to the specific characteristics of a rapidly evolving domestic market. Beyond its economic contribution, franchising also reflects broader socio-cultural transformations, including changing consumption patterns and the modernization of commercial activities.

Despite its growing importance, the Algerian institutional environment presents significant challenges. Regulatory rigidity, limited access to financing, and the absence of a clear legal framework for franchising hinder its development. These constraints create uncertainty and complicate the ability of franchised firms to operate effectively within an environment where formal rules remain ambiguous. In particular, the lack of specific regulation makes it difficult to clearly distinguish franchised businesses from other forms of import-based distribution activities, thereby limiting their integration into the formal economy.

However, such institutional ambiguity may also create opportunities for entrepreneurial adaptation (Shane, 2000). This reflects the core nature of entrepreneurship, where environmental constraints can stimulate innovation, resilience, and strategic flexibility.

The literature highlights the critical role of institutional environments in shaping entrepreneurial behavior by imposing both constraints and opportunities (Greif, 2006). Within this perspective, franchising is increasingly examined as an entrepreneurial activity, where franchisees act as active agents capable of adapting standardized business models to local contexts (Shane, 1996, 1998). Dickson and Weaver (2008) argue that, in environments characterized by institutional hostility toward certain forms of investment, the adoption of an entrepreneurial orientation by small and medium-sized enterprises -including franchised firms- may constitute a strategic response to the regulatory, normative, and cognitive pressures imposed by the prevailing institutional framework.

Entrepreneurial orientation (EO), defined through innovation, pro-activeness, and risk-taking (Miller, 1983), emerges as a key mechanism for adaptation and performance, particularly in uncertain environments. Previous studies have shown that EO enhances resilience and efficiency within franchise systems operating under institutional constraints (Dada & Watson, 2013; Bounaia & Boudjani, 2022).

In the Algerian context, franchising faces structural barriers that limit its development compared to neighboring countries, notably Morocco and Tunisia (Chanut & Gharbi, 2011; Boumansour & Lahlou, 2020). Nevertheless, it retains significant economic potential, provided that firms adopt appropriate entrepreneurial strategies to overcome these constraints (Aliouche & al, 2018).

These studies suggest that, in Algeria, the ability of franchised firms to develop an entrepreneurial behavior is a key factor in transforming institutional constraints into opportunities for growth. However, the relationship between institutional pressures and entrepreneurial behavior remains underexplored, particularly in the apparel sector.

Against this backdrop, this study aims to analyze the entrepreneurial strategies adopted by franchisees in the Algerian clothing sector to ensure their viability within a constrained institutional environment. The central research question is therefore formulated as follows:

Despite a constrained institutional environment, what strategies do franchisees in the Algerian apparel sector adopt to maintain and develop their activities?

The objective of this study is to test the following main hypothesis:

H1: Franchisees in the distribution (apparel) sector in Algeria adopt entrepreneurial orientation to overcome institutional constraints and ensure business viability.

More specifically, this research examines the dimensions of entrepreneurial orientation (EO) through the following sub-hypotheses:

H1.1: Innovation enables firms to overcome institutional constraints;

H1.2: Risk-taking contributes to overcoming these constraints;

H1.3: Pro-activeness allows firms to anticipate market changes.

This study contributes to the literature by highlighting the role of entrepreneurial orientation as a key mechanism of adaptation in constrained institutional environments, providing empirical evidence from the context of apparel franchising in Algeria.

I.1. Institutional Theory and the Concept of Franchising

Institutional theory posits that franchising cannot be reduced to a purely economic logic of profit maximization. The decisions of actors within franchise systems are simultaneously shaped by social, normative, and regulatory pressures that encourage behavioral alignment with prevailing rules and practices (DiMaggio & Powell, 1983). The interaction between formal and informal institutional dimensions structures the rules of the economic game, influences organizational behavior, and shapes the development trajectories of franchised firms (Valdez & Richardson, 2013).

The survival and sustainability of franchise systems thus depend not only on access to economic resources, but equally on compliance with dominant market norms (Shane, 1996, 1998), with franchisors' and franchisees' behaviors strongly conditioned by their socio-economic environment (Melo et al., 2020). To gain legitimacy, firms frequently adopt mimetic behaviors, conforming to institutionally sanctioned practices to enhance social acceptance and long-term survival (DiMaggio & Powell, 1983), suggesting that the diffusion of franchising is driven as much by institutional mechanisms as by economic considerations (Shane, 2000).

In emerging economies, these dynamics are further intensified by external constraints (economic, legal, and socio-cultural) that complicate network expansion and increase adaptation costs (Meyer, 2001; Hoffman & Preble, 2004). Institutional uncertainty, alongside entry and transaction costs, directly influences expansion strategies (Hoffman et al., 2016), with political, regulatory, and infrastructural institutions emerging as key determinants of franchise system development and performance (Lanfranchi et al., 2021).

I. 2. Regulatory Dimensions and Franchising:

Political and regulatory institutions play a central role in shaping how franchise systems grow, enter markets, and sustain their operations over time. When franchisors seek to expand, they inevitably encounter the reality of local regulatory environments that can either open doors or erect significant barriers. Bureaucratic entry regulations, inadequate contract enforcement, and the absence of franchise-specific legislation, as experienced in countries such as Croatia, Nigeria, or pre-reform Ukraine, translate into higher operational costs and a climate of legal uncertainty that discourages both domestic and international franchisors from committing to new markets (Klapper et al., 2006; Alon et al., 2007).

On the other hand, when political stability and sound governance prevail, franchise networks tend to flourish more naturally. Yet even in relatively developed contexts, regulatory fragmentation can prove damaging, as the heterogeneous legal landscape across EU member states demonstrates, where the lack of uniform pre-contractual disclosure rules continues to undermine cross-border franchising (Hoffman & Preble, 2004). Encouragingly, several countries have shown that targeted regulatory reforms do make a difference. The introduction of franchise-specific legislation in Vietnam, Malaysia, China, and Kazakhstan has helped clarify the rights and obligations of both parties, reduce opportunistic behaviors, and restore investor confidence (Alon et al., 2007).

Ultimately, rather than remaining passive in the face of institutional shortcomings, franchised firms often choose to act as institutional entrepreneurs, working to trigger positive regulatory changes and turn emerging market challenges into genuine growth opportunities (Combs et al., 2009; Valdez & Richardson, 2013; Lanchimba, 2020).

I.3. Normative Dimensions and Franchising

In the context of franchising, normative dimensions refer to the role played by professional associations and support institutions in shaping the franchise sector. By disseminating standards, codes of conduct, and best practices, these organizations strengthen the legitimacy and effectiveness of franchise systems, while also facilitating coordination among actors.

At the international level, bodies such as the International Franchise Association (IFA), the European Franchise Federation (EFF), and the World Franchise Council (WFC) contribute to the harmonization of practices and the development of franchising. These institutions exert a normative pressure that encourages the adoption of franchising as a dominant organizational model for distribution networks (Dumoulin & Gauzente, 2009).

They also play a role in coaching, training, and informal regulation, helping to curb opportunistic behaviors and align the strategies of the various actors. In certain contexts, they may even compensate for the shortcomings of formal institutions. Thus, normative dimensions provide firms with resources and reference points that facilitate adaptation to complex institutional environments, while also stimulating entrepreneurial behavior.

I.4. Cultural Dimensions and Franchising

Culture constitutes a fundamental pillar in the institutional analysis of franchising (DiMaggio & Powell, 1983), shaping both partner selection and local market adaptation (Alon & McKee, 1999; Hoffman, 2008). Cultural distance simultaneously increases transaction costs and encourages franchising as a preferred market entry mode (Anderson & Gatignon, 1986; Eroglu, 1992), while Hofstede-derived dimensions (individualism, uncertainty avoidance, and power distance) further explain organizational and entrepreneurial behaviors across diverse contexts (Baena, 2012; Lanfranchi et al., 2021). Entrepreneurial culture additionally shapes franchisees' capacity to identify and exploit local opportunities (Jack & Anderson, 1999; Watson et al., 2020). Consequently, franchise systems operating in complex institutional environments are compelled to mobilize entrepreneurial behaviors in order to sustain long-term growth and organizational legitimacy.

I.5. Entrepreneurial Orientation and the Strategic Posture of the Organization

Entrepreneurship research has progressively shifted from an individual-centered perspective toward a broader organizational approach, driven by growing recognition of entrepreneurial activity as a critical driver of firm growth (Gartner, Bird, & Starr, 1992). The firm is thus increasingly conceived as an entrepreneurial actor in its own right, capable of identifying and exploiting market opportunities through active interaction with its environment.

This conceptual evolution culminated in the development of the Entrepreneurial Orientation (EO) construct (Covin & Wales, 2011; Covin & Miller, 2014), which posits that high-performing firms adopt strategic behaviors characterized by innovation, risk-taking, and pro-activeness, enabling effective adaptation to and capitalization on market opportunities (Kreiser, Marino, & Weaver, 2002).

Rooted in Miller's (1983) foundational typology of organizational configurations, EO has since been conceptualized as a key strategic dimension embedded within organizational processes and mobilized by top management to guide the firm's vision, objectives, and operational choices (Covin & Lumpkin, 2011).

Integrating EO into organizational analysis therefore provides deeper insight into the determinants of firm performance and growth, underscoring the active and strategic role organizations plays in shaping their own development trajectories.

I.6. Institutional Environments and the Role of Entrepreneurial Orientation in Franchise System Resilience

Franchising is an organizational form enabling franchisors to expand their market presence through decentralized operations, while providing franchisees with a degree of strategic flexibility in resource utilization (Phan et al., 1996). Beyond standardized mechanisms, firm performance within franchise networks relies critically on the integration of entrepreneurial behaviors, with Entrepreneurial Orientation (EO) emerging as a key driver of innovation, collaboration, and strategic adaptability (Shane & Hoy, 1996; Covin & Miller, 2013).

While the franchise structure allows for decentralized decision-making and efficient exploitation of local markets, franchisees operate within contractual frameworks that simultaneously constrain and enable entrepreneurial initiative (Kaufmann & Eroglu, 1999). This inherent paradox, balancing organizational conformity with entrepreneurial agency, is particularly pronounced in complex institutional environments (Dada & Watson, 2013), where EO is positively associated with network performance through innovation, new offering development, and local opportunity exploitation (Kaufmann & Dant, 1999).

Institutional constraints, whether regulatory, normative, or cultural, further reinforce the need for adaptive EO, compelling franchisees to demonstrate strategic flexibility in reconciling network standards with local market specificities. Grounded in innovation, risk-taking, and pro-activeness, this adaptive capacity enables firms to transform environmental constraints into growth opportunities (Falbe & Welsh, 1998), thereby supporting the long-term sustainability of franchise networks.

In the Algerian context, characterized by an imperfectly structured institutional framework, this dynamic interaction between institutional constraints and entrepreneurial responses becomes particularly central. It is within this perspective that the present study seeks to empirically test its research hypotheses.

II– Methods and Materials:

This study employs a quantitative approach based on a structured questionnaire to examine the entrepreneurial strategies adopted by franchised firms operating in Algeria's apparel retail sector. Grounded in Entrepreneurial Orientation (EO) theory, the research seeks to understand how franchisees adapt and sustain their development within a constrained and uncertain institutional environment. This methodological framework enables the statistical measurement of firms' strategic behaviors, providing a robust basis for identifying the mechanisms through which franchised firms overcome institutional barriers and ensure their long-term viability in a context widely perceived as unfavorable to this type of investment

.

II.1. Target Population and Sampling

The study targets senior managers of franchised apparel retail firms in Algeria, each overseeing one or more points of sale (POS) within the same franchise network. The sample comprises 23 franchised firms representing approximately 260 POS across major commercial centers in Sétif, Algiers, and Oran. Out of 100 distributed questionnaires, 53 valid responses were returned, yielding a response rate of 53%, deemed sufficient for quantitative analysis, though limitations regarding sample size and generalizability are acknowledged.

II.2. Data Collection Instrument

The questionnaire is based on Danny Miller's (1983) Entrepreneurial Orientation scale, measuring three core dimensions: innovation, risk-taking, and pro-activeness. Widely validated in management research, the scale demonstrates cross-cultural applicability across both Anglo-Saxon and Francophone contexts (Knight, 1997). Responses were recorded on a five-point Likert scale, ensuring standardization while capturing nuanced managerial perceptions.

II.3. Reliability and Validity

Internal consistency was assessed using Cronbach's alpha, which returned a value of 0.726, indicating satisfactory reliability and coherent measurement of the underlying entrepreneurial dimensions.

II.4. Data Collection Procedure

Questionnaires were administered via electronic means and direct delivery over a six-month period (from January to June 2024) with participants assured of full confidentiality.

II.5. Data Analysis

Data were processed using SPSS, through reliability testing, descriptive statistics, and correlation analyses examining relationships between POS count, years of experience, and the three EO dimensions, enabling the testing of both main and sub-hypotheses of the study.

III- Results and discussion :

III.1. Results

III.1.1. Frequency Results by Years of Experience

The sample reveals a predominantly mature franchise landscape. The majority of firms (75.5%) have between 11 and 15 years of experience, reflecting a moderately stable market presence in Algeria's distribution sector. Firms with 5 to 10 years represent a minority (15.1%), while only 9.4% have accumulated more than 16 years of operation (Table 02, Appendix).

III.1.2. Frequency Results by Number of Points of Sale (POS)

Table 02 (Appendix) presents the distribution of franchised firms according to the number of points of sale (POS). The results indicate that 54.7% of firms (29) operate between 21 and 30 POS, representing the largest share of the sample. Firms with 6 to 10 POS account for 22.6% (12 firms), while those with 11 to 20 POS represent 17% (9 firms). Only 5.7% of firms (3) operate fewer than 5 POS, highlighting the limited presence of small-scale networks.

III.1.3. Descriptive Statistics

Descriptive statistics for innovation, proactiveness, and risk-taking were calculated based on responses from 53 participants. The results are summarized in Table 03 (Appendix).

The mean scores for all three dimensions exceed the theoretical midpoint (3.0), indicating overall moderate to high levels of entrepreneurial orientation. Innovation exhibits the highest mean (3.79; SD = 0.64), reflecting a strong tendency toward the adoption of new practices, with relatively low variability across firms. Proactiveness shows a mean of 3.43 (SD = 0.80), indicating a moderate level with greater variability among firms. Risk-taking records a mean of 3.53 (SD = 0.66), suggesting a moderate and relatively consistent approach across respondents.

III.1.4. Correlation Analysis

To further explore the relationships between the studied variables, a correlation analysis was conducted. This method allows for the identification of both the strength and direction of relationships between firm characteristics (number of POS, years of experience) and the dimensions of EO (innovation, pro-activeness, and risk-taking).

The results presented in Table 04 (Appendix) provide insights into the statistical significance of these relationships and contribute to a deeper understanding of entrepreneurial behavior within franchised firms.

III.2. Analysis of results:

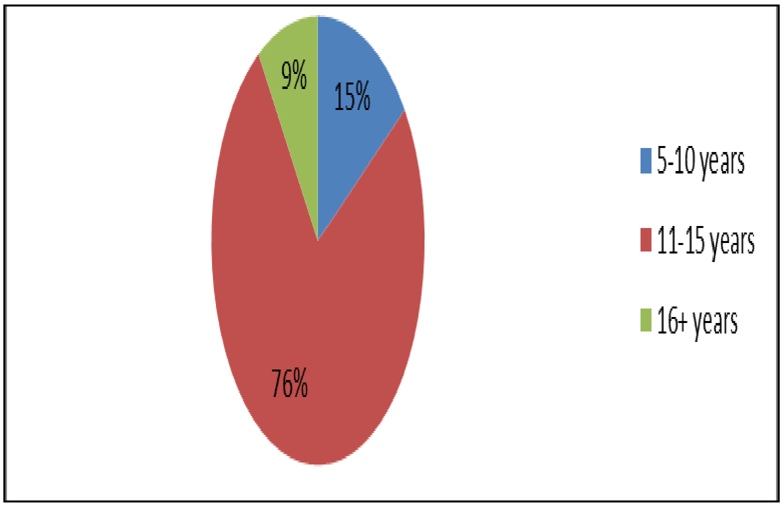
III.2.1. Distribution of Firms by Years of Experience

A strong concentration of moderately experienced firms is observed, with 75.5% of firms having between 11 and 15 years of experience. This reflects a relatively stable and consolidated sector. In contrast, younger firms (5 to 10 years) account for 15.1% of the sample, indicating limited market entry, while highly experienced firms (more than 16 years) remain marginal at 9.4%.

The Sankalpa: International Journal of Management Decisions
ISSN: 2454-7425
Volume 12, Issue 2 (July - December 2026)

Overall, these findings suggest that the franchising market in Algeria is in a consolidation phase, characterized by intermediate maturity and relatively low entry dynamics, as illustrated in Figure 01.

Figure (01): Distribution of franchised companies according to year's experience.



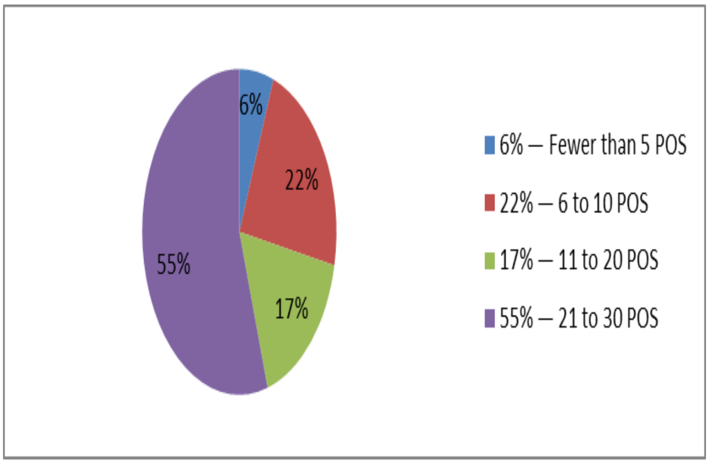
Source: Authors' own compilation based on SPSS output.

III.2.2. Frequency Distribution by Point of Sale (POS)

The distribution of firms by number of POS indicates a predominance of well-developed networks, with 54.7% of firms operating between 21 and 30 POS. Conversely, small-scale structures remain marginal, accounting for only 5.7% of firms with fewer than 5 POS, while 22.6% operate between 6 and 10 POS. Additionally, 17% of firms report between 11 and 20 POS, suggesting a phase of progressive network expansion.

These findings suggest a market characterized by relatively mature firms with extensive distribution networks, reflecting an ongoing consolidation process and considerable potential for further sectoral development. The results of this distribution are presented in Figure 02.

Figure (02): Distribution of companies according to the number of (POS)

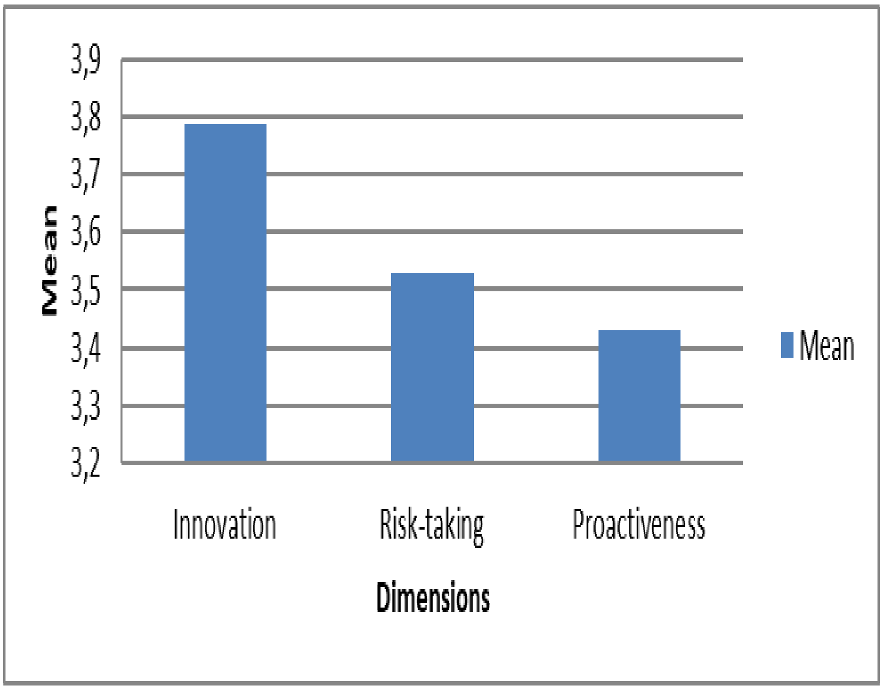


Source: Authors' own compilation based on SPSS output

III.2.3. Descriptive statistics: Correlation Analysis

The descriptive statistics pertaining to the dimensions of entrepreneurial orientation as illustrated in Figure 03, reveal overall moderate to high tendencies among the surveyed firms.

Figure (03): Firms tendencies toward (EO) dimensions



Source: Authors' own compilation based on the results of firms' tendencies toward (EO).

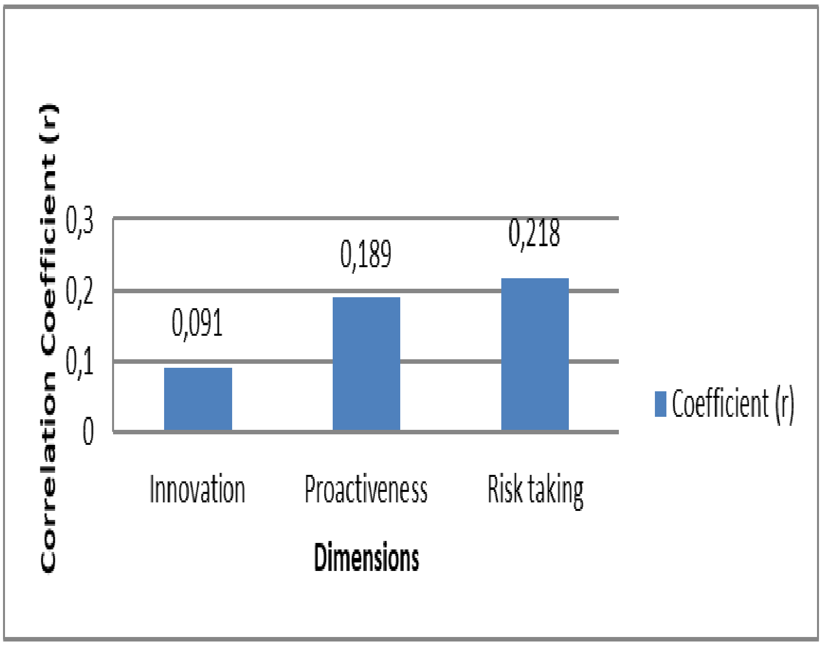
The descriptive statistics reveal an overall dynamic entrepreneurial orientation among franchised firms in Algeria. Innovation emerges as the dominant dimension (M = 3.79; SD = 0.64), reflecting a strong and consistent tendency toward the adoption of new ideas and practices. Risk-taking follows with a moderate yet calculated approach (M = 3.53; SD = 0.66), while pro-activeness, though moderately high (M = 3.43), exhibits greater variability across firms (SD = 0.80), highlighting the diversity of entrepreneurial behaviors within the sample.

The correlation analysis reveals several noteworthy relationships between the number of points of sale (POS), years of experience, and the dimensions of entrepreneurial orientation (EO)

- **Correlation Between the Number POS and the Dimensions of EO**

Statistically significant relationships are found between network size and any EO dimension, innovation (r = 0.091; p = 0.516), pro-activeness (r = 0.189; p = 0.176), or risk-taking (r = 0.218; p = 0.118). Figure 04 indicating that network size does not directly drive entrepreneurial behavior. EO dimensions appear instead shaped by internal strategic factors such as managerial orientations, organizational culture, and franchisor influence, consistent with Dada and Watson (2013).

Figure (04): Correlation between POS and the Dimensions of EO

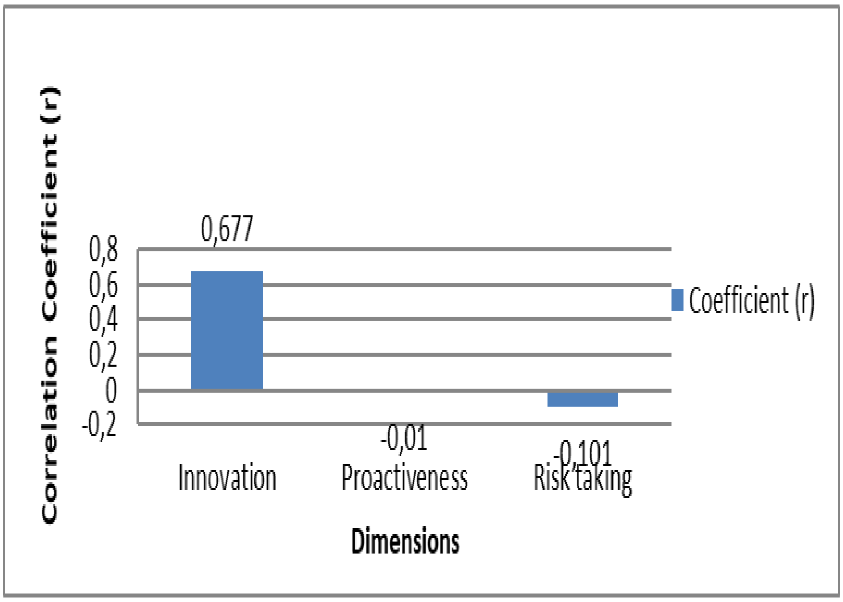


Source: Authors' own compilation based on the correlation results between POS and EO

- **Correlation Between Years of Experience and Each Dimension of EO:**

A strong and statistically significant positive relationship is observed between experience and innovation (r = 0.677; p = 0.000), suggesting that accumulated experience fosters innovative capacity over time (Shane, 1996, 1998). Conversely, no significant relationships are found for pro-activeness (r = -0.010; p = 0.945) or risk-taking (r = -0.101; p = 0.473), confirming that these dimensions are governed by deliberate managerial choices rather than firm seniority, consistent with Miller's (1983) conceptualization of EO as a strategic posture.

Figure (05): Correlation Between Years of Experience and the Dimensions of EO

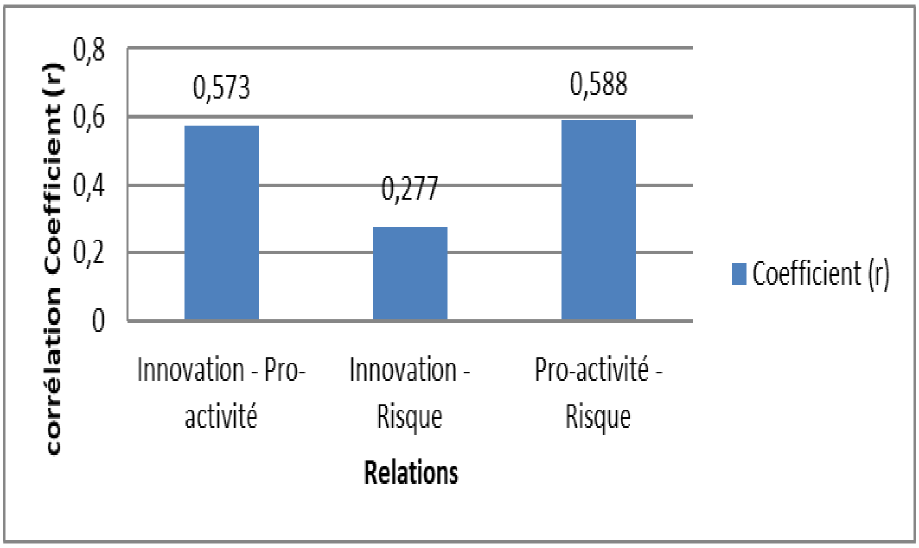


Source: Authors' own compilation based on correlation results between years of experience and EO

- **Correlation Between the Dimensions of Entrepreneurial Orientation**

All three EO dimensions exhibit positive and statistically significant interrelationships. Innovation correlates significantly with both pro-activeness ($r = 0.573$; $p = 0.000$) and risk-taking ($r = 0.277$; $p = 0.045$), while the pro-activeness–risk-taking relationship emerges as the strongest ($r = 0.588$; $p = 0.000$), confirming the interdependence of EO (Figure 06).

Figure 06: Correlation between the Dimensions of Entrepreneurial Orientation



Source: Authors' own compilation based on the correlation results between the dimensions of EO.

III.3. Discussion and Interpretation of Results

The findings highlight a franchise market currently evolving through a phase of consolidation, where firms operating within Algeria’s institutionally constrained environment appear to rely increasingly on adaptive entrepreneurial strategies to secure their long-term continuity. From a structural standpoint, the predominance of medium- and large-scale franchise networks, particularly those managing between 21 and 30 points of sale (54.7%), reflects a relatively strong capacity for expansion despite the complexity of the surrounding business environment. However, the weak entry of new firms, combined with the limited proportion of franchises exceeding sixteen years of experience (9.4%), suggests that institutional barriers continue to weigh heavily on both entrepreneurial entry and organizational sustainability. Regulatory instability, import restrictions, and limited access to financing collectively contribute to maintaining a business climate that remains only partially favorable to franchise development in Algeria.

The analysis of entrepreneurial orientation (EO) dimensions provides empirical support for the study’s central hypothesis by showing that franchisees operating in the Algerian apparel sector actively mobilize entrepreneurial behaviors in order to navigate and circumvent institutional constraints. Among the different dimensions examined, innovation emerges as the most pronounced ($M = 3.79$), with a strong and statistically significant relationship between accumulated experience and innovative capacity ($r = 0.677$; $p = 0.000$), thereby confirming H1.1. This result suggests that innovation progressively develops through organizational learning and sustained market exposure, becoming a critical mechanism through which franchised firms strengthen both their competitiveness and their capacity for survival within a restrictive institutional setting.

In contrast, pro-activeness, although present at moderate levels, does not appear to be significantly associated with firm seniority, confirming H1.2. This finding indicates that proactive behavior may depend less on accumulated experience than on managerial orientation, strategic decision-making, and the nature of franchisor support. Franchisees therefore seem to rely not only on experience but also on anticipatory managerial practices aimed at preserving operational continuity and adapting to changing market conditions.

Risk-taking, while also validated through H1.3, remains relatively controlled and deliberate. Rather than engaging in aggressive or speculative expansion strategies, firms appear to adopt measured forms of risk-taking characterized by caution and strategic calculation. Such behavior likely contributes to the relative operational stability observed among franchised firms despite the uncertainty generated by institutional instability. In this sense, prudence does not appear to limit entrepreneurial action, but rather functions as a mechanism of adaptation within a volatile environment.

Importantly, the results further suggest that franchisees engage in genuine processes of entrepreneurial opportunity creation. This interpretation aligns with the perspective advanced by Scott Shane (2000), who argues that entrepreneurial actors do not merely respond passively to existing market conditions, but actively identify and construct opportunities through accumulated knowledge and continuous interaction with their environment. Within the Algerian context, this ability to create opportunities appears to constitute a central mechanism through which franchised firms generate value and maintain growth despite institutional rigidities.

Collectively, these findings reinforce the arguments developed by Danny Miller (1983), who identifies the simultaneous expression of innovation, pro-activeness, and risk-taking as a defining characteristic of entrepreneurial and high-performing firms. The results also support the conclusions of Andrew Watson (2018) as well as Olufunmilola Dada and Watson (2013), who position entrepreneurial orientation as an important mechanism of adaptation and resilience in institutionally constrained environments.

Rather than pursuing rapid multiplication of points of sale, Algerian apparel franchises appear to prioritize operational efficiency, infrastructure modernization, and long-term resilience. This strategic orientation is consistent with the observations of Peter Dickson and K. Mark Weaver (2008), who demonstrate that organizational experience, combined with institutional instability, directly influences firms' strategic decision-making processes. Nevertheless, the findings also suggest that a clearer regulatory framework and more supportive institutional conditions would be necessary to facilitate a new phase of sustainable expansion for this entrepreneurial model in Algeria.

IV- Conclusion:

This research aimed to analyze the strategies adopted by franchisees operating in Algeria's clothing sector within a constraining institutional environment. The findings highlight a franchise model in development, characterized by a still-limited legal framework, yet marked by a genuine capacity for adaptation.

The empirical analysis demonstrates that, despite regulatory and institutional constraints, franchised firms manage to sustain and expand their operations. The predominance of relatively extensive networks reflects a degree of sectoral consolidation, although the entry of new players remains limited — confirming the existence of significant barriers to entry. Furthermore, the examination of the dimensions of entrepreneurial orientation reveals moderate to high levels of innovation, proactiveness, and risk-taking, thereby validating the central hypothesis that franchisees mobilize entrepreneurial strategies to navigate institutional constraints.

These results confirm that entrepreneurial orientation constitutes a key lever of adaptation in uncertain environments, in line with the work of Shane (2003), Miller (1983), Dickson and Weaver (2008), Dada and Watson (2013) and Watson.*(2018)*

They further demonstrate that these behaviors are not solely determined by network size or firm seniority, but are rather shaped by strategic and organizational choices specific to franchised firms.

From a managerial and institutional standpoint, these findings underscore the need to strengthen the regulatory framework governing franchising in Algeria. The absence of clear legal recognition constrains sectoral development and complicates the identification of market actors, even though this business model holds considerable potential in terms of value creation and the modernization of trade.

The findings of this study provide a coherent and nuanced understanding of how franchised firms in Algeria actually operate when confronted with a difficult institutional environment. Beyond the statistical relationships observed, the results reveal the concrete ways in which these firms adapt, survive, and maintain their activities within a context marked by uncertainty and structural constraints. To fully appreciate the implications of these findings, it is important to examine successively the structural dynamics of the market, the entrepreneurial mechanisms mobilized by firms, and the broader theoretical and managerial implications that emerge from the analysis.

- **Market Structure and Expansion Dynamics**

The evidence suggests that franchising in Algeria cannot be understood as a freely expanding market operating under stable institutional conditions. Most firms appear to evolve within medium-sized franchise networks, while the relatively limited presence of newly established firms reflects more than a simple issue of market maturity or saturation. It points, rather, to the weight of an institutional environment where market entry remains costly, uncertain, and often discouraging for potential newcomers. In this sense, the Algerian franchise market seems to function through a form of selective survival, where institutional barriers largely determine not only who can enter the market, but also who can remain in it over time.

The firms that succeed in maintaining their activities appear to be those that have progressively learned how to navigate local institutional realities. Over time, they develop practical forms of adaptation, informal adjustment mechanisms, and operational resilience that cannot simply be derived from formal regulations or managerial guidelines. This interpretation is consistent with the institutional perspective developed by North and Scott, according to which organizations operating in uncertain institutional environments gradually internalize contextual constraints and adapt their behavior accordingly. At the same time, the relatively limited number of firms demonstrating long-term continuity suggests that surviving sustainably within this environment remains particularly difficult. Institutional pressures do not disappear with time; firms rather learn how to coexist with them.

- **Entrepreneurial Orientation as an Adaptive Mechanism**

Perhaps the most significant finding of this study is that franchised firms in Algeria do not behave as passive economic actors. Faced with regulatory opacity, import-related constraints, and limited access to financing, these firms do not simply wait for institutional conditions to improve. Instead, they actively innovate, anticipate market developments, and engage in calculated forms of risk-taking. Entrepreneurial orientation therefore appears less as a voluntary managerial posture than as a practical necessity for survival. In the Algerian context, adaptation is not optional; it becomes an operational condition for continuity.

What appears particularly revealing is the role played by innovation. Among the different entrepreneurial orientation dimensions, innovation is the only one that seems to strengthen progressively through accumulated experience. This suggests that innovation in this context is not an innate organizational characteristic, but rather a capability developed gradually through repeated exposure to market realities, trial-and-error processes, and the accumulation of practical knowledge that firms acquire over time. The longer firms operate within this environment, the better they appear to understand where opportunities, flexibility, and strategic margins can realistically be found. This interpretation strongly resonates with the resource-based perspective developed by Jay Barney, according to which experiential knowledge constitutes a strategic resource capable of strengthening firms' adaptive capacities.

Pro-activeness and risk-taking, however, seem to follow a different logic. Their evolution does not appear to depend systematically on organizational experience. This suggests that these dimensions are shaped more strongly by managerial profiles, strategic culture, and the degree of support provided by franchisors than by the age of the organization itself. Some firms may remain highly proactive despite operating in uncertain conditions, while others may adopt more conservative approaches regardless of their experience. What ultimately seems to matter is the strategic mindset cultivated within the organization and the extent to which adaptive behavior is encouraged and supported at the network level.

The measured nature of risk-taking observed throughout the study is also particularly significant. Franchised firms do take risks, but they do so cautiously and deliberately. This prudence should not be interpreted as a lack of entrepreneurial spirit. On the contrary, it reflects a form of strategic rationality developed through prolonged exposure to an environment characterized by uncertainty and institutional inconsistency. In a context where regulations may shift unexpectedly, financing remains difficult to secure, and administrative interpretations are not always predictable, excessive risk-taking becomes less a sign of entrepreneurial courage than a source of organizational vulnerability. The firms that endure appear to have understood these limits and adjusted their strategic behavior accordingly. This observation is consistent with the arguments developed by Peter Dickson and K. Mark Weaver, who demonstrate that institutional instability directly shapes firms' strategic decision-making processes.

- **What These Findings Reveal About the Algerian Franchise Market**

When stepping back from the individual findings, the broader picture that emerges is that the Algerian apparel franchise market has gradually learned how to function within its own constraints. The sector has not collapsed under institutional pressure, but neither has it fully overcome those limitations. The firms operating within it have developed a form of entrepreneurial resilience that is genuinely remarkable. Yet this resilience comes at a cost: firms appear to focus more on preserving stability than on pursuing aggressive growth, and more on managing uncertainty than on exploiting opportunities at scale.

This, ultimately, may constitute the central contribution of the study. The relative limitations observed in the Algerian franchise market do not stem primarily from a lack of entrepreneurial ambition or managerial capability. Rather, they reflect an institutional environment that has not yet created the conditions under which entrepreneurial potential can fully express itself. A more transparent regulatory framework, improved access to financing, and a more coherent application of commercial regulations would not merely support the expansion of existing firms. Such changes could fundamentally transform the nature of the market itself by encouraging new entrants, extending investment horizons, and allowing franchising in Algeria to realize a level of economic potential already observed in more institutionally supportive environments.

This study is nevertheless subject to certain limitations, particularly with regard to sample size and the exploratory nature of the methodological approach adopted. Future research could deepen the analysis by incorporating additional sectors or by employing qualitative methods to better capture the internal decision-making mechanisms of franchisees.

Looking ahead, the evolution of Algeria's institutional framework will constitute a determining factor in the development of the franchise model. A more robust regulatory structure could facilitate a new phase of expansion, enabling franchised firms to consolidate their market position and contribute more substantially to the country's economic dynamism.

- Appendices:

Table 01: Frequencies for years of experience

	Frequency	Percentage	Valid Percentage	Cumulative Percentage
From 5 to 10 years	8	15,1%	15,1%	15,1%
From 11 to 15 years	40	75,5%	75,5%	90,6%
More than 16 years	5	9,4%	9,4%	100,0%
Total	53	100,0%	100,0%	

Source: Authors' own construction based on data extracted from SPSS

Table 02 : Frequencies for points of sale (POS)

	Frequency	**Percentage**	**Valid Percentage**	**Cumulative Percentage**
Less than 5	3	5,7%	5,7%	5,7%
From 6 to 10	12	22,6%	22,6%	28,3%
From 11 to 20	9	17,0%	17,0%	45,3%
From 21 to 30	29	54,7%	54,7%	100,0%
Total	53	100,0%	100,0%	

Source: Authors' own construction based on data extracted from SPSS

Table 03: Descriptive Statistics of Entrepreneurial Orientation Dimensions

Variable	**N**	**Minimum**	**Maximum**	**Mean**	**Std-Deviation**
Innovation	53	2.00	5.00	3.7862	0.64415
Pro-activeness	53	1.50	5.00	3.4340	0.79686
Risk-taking	53	1.67	5.00	3.5346	0.66455
Valid N (listwise)	**53**				

Source: Authors' own construction based on data extracted from SPSS

Table 04: Correlations between variables

Variables	**Correlation Coefficient (r)**	**Significance (p)**
POS - Innovation	0,091	0,516
POS - Pro-activeness	0,189	0,176
POS - Risk-taking	0,218	0,118
Experience - Innovation	0,677	0
Experience - Pro-activeness	-0,01	0,945
Experience - Risk-taking	-0,101	0,473
Innovation - Pro-activeness	0,573	0
Innovation - Risk-taking	0,277	0,045
Pro-activeness - Risk-taking	0,588	0

Source: Authors' own construction based on data extracted from SPSS

Bibliography:

[1] Aliouche, E. H., Fernandez, D. B., Guechtouli, M., & Guechtouli, W. (2018). Letting go of the oil addiction: Oil, entrepreneurship and franchising in Algeria. *Journal of Management Policy and Practice*, 19(4), 28–34.

[2] Alon, I., Alpeza, M., & Erceg, A. (2007). Implementation of franchising as a business model in Croatian business context. In *3rd International Conference on Economics and Management of Networks*.

[3] Alon, I., & McKee, D. L. (1999). The internationalization of professional business service franchises. *Journal of Consumer Marketing*, 16(1), 74–85.

[4] Anderson, E., & Gatignon, H. (1986). Modes of foreign entry: A transaction cost analysis and propositions. *Journal of International Business Studies*, 17(3), 1–26.

[5] Baena, V. (2012). Market conditions driving international franchising in emerging markets. *International Journal of Emerging Markets*, 7(1), 49–71.

[6] Bounaia, M. R., & Boudjani, M. (2022). L'approche de l'orientation entrepreneuriale (OE) dans l'expansion des franchisés en Algérie. *Revue Algérienne d'Économie et Gestion*, 16(1), 427–448. https://asjp.cerist.dz/en/article/196610

[7] Boumansour, R., & Lahlou, C. (2020). La franchise en Algérie : un état des lieux. *Revue Algérienne d'Économie et Gestion*, 14(2), 310–325. https://asjp.cerist.dz/en/article/141491

[8] Chanut, O., & Gharbi, N. (2011). L'environnement institutionnel comme facteur explicatif du développement de la franchise : comparaison entre le Maroc, l'Algérie et la Tunisie [Communication présentée]. *Colloque Etienne Thil*, Lille, France. https://www.association-etienne-thil.com/wp-content/uploads/2018/01/2011-ChanutGharbi2011.pdf

[9] Chanut, O., Gharbi, N., & Fernandez, D. B. (2013). Environnements institutionnels et internationalisation des réseaux de franchise : le cas contrasté des pays du Maghreb. *Management & Avenir*, 63(5), 187–207. https://doi.org/10.3917/mav.063.0187

[10] Combs, J. G., Michael, S. C., & Castrogiovanni, G. J. (2009). Institutional influences on the choice of organizational form: The case of franchising. *Journal of Management*, 35(5), 1268–1290.

[11] Covin, J. G., & Lumpkin, G. T. (2011). Entrepreneurial orientation theory and research: Reflections on a needed construct. *Entrepreneurship Theory and Practice*, 35(5), 855–872.

[12] Covin, J. G., & Miller, D. (2014). International entrepreneurial orientation: Conceptual considerations, research themes, measurement issues, and future research directions. *Entrepreneurship Theory and Practice*, 38(1), 11–44.

[13] Dada, O., & Watson, A. (2013). Entrepreneurial orientation and the franchise system: Organisational antecedents and performance outcomes. *European Journal of Marketing*, 47(5/6), 790–812.

[14] Dickson, P. H., & Weaver, K. M. (2008). The role of the institutional environment in determining firm orientations towards entrepreneurial behavior. *International Entrepreneurship and Management Journal*, 4(4), 467–483.

[15] DiMaggio, P. J., & Powell, W. W. (1983). The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. *American Sociological Review*, 48(2), 147–160. https://doi.org/10.2307/2095101

[16] Dumoulin, R., & Gauzente, C. (2009). Les facteurs d'institutionnalisation de la franchise et leurs conséquences sur la performance. *Management & Avenir*, 22(2), 155–170.

[17] Eroglu, S. (1992). The internationalization process of franchise systems: A conceptual model. *International Marketing Review*, 9(5).

[18] Falbe, C. M., & Welsh, D. H. (1998). NAFTA and franchising: A comparison of franchisor perceptions of characteristics associated with franchisee success and failure in Canada, Mexico, and the United States. *Journal of Business Venturing*, 13(2), 151–171.

[19] Gartner, W. B. (1985). A conceptual framework for describing the phenomenon of new venture creation. *Academy of Management Review*, 10(4), 696–706. https://doi.org/10.5465/AMR.1985.4279094

[20] Gartner, W. B., Bird, B. J., & Starr, J. A. (1992). Acting as if: Differentiating entrepreneurial from organizational behavior. *Entrepreneurship Theory and Practice*, 16(3), 13–32.

[21] Greif, A. (2006). *Institutions and the path to the modern economy: Lessons from medieval trade*. Cambridge University Press.

[22] Hoffman, R. C., & Preble, J. F. (2004). Global franchising: Current status and future challenges. *Journal of Services Marketing*, 18(2), 101–113. https://doi.org/10.1108/08876040410528707

[23] Hoffman, R. C., Munemo, J., & Watson, S. (2016). International franchise expansion: The role of institutions and transaction costs. *Journal of International Management*, 22(2), 101–114. https://doi.org/10.1016/j.intman.2016.01.003

[24] Jack, S. L., & Anderson, A. R. (1999). Entrepreneurship education within the enterprise culture: Producing reflective practitioners. *International Journal of Entrepreneurial Behavior & Research*, 5(3), 110–125.

[25] Kaufmann, P. J., & Dant, R. P. (1999). Franchising and the domain of entrepreneurship research. *Journal of Business Venturing*, 14(1), 5–16.

[26] Kaufmann, P. J., & Eroglu, S. (1999). Standardization and adaptation in business format franchising. *Journal of Business Venturing*, 14(1), 69–85.

[27] Klapper, L., Laeven, L., & Rajan, R. (2006). Entry regulation as a barrier to entrepreneurship. *Journal of Financial Economics*, 82(3), 591–629. https://doi.org/10.1016/j.jfineco.2005.09.006

[28] Knight, G. A. (1997). Cross-cultural reliability and validity of a scale to measure firm entrepreneurial orientation. *Journal of Business Venturing*, 12(3), 213–225.

[29] Kreiser, P. M., Marino, L. D., & Weaver, K. M. (2002). Assessing the psychometric properties of the entrepreneurial orientation scale: A multi-country analysis. *Entrepreneurship Theory and Practice*, 26(4), 71–93.

[30] Lanfranchi, A., Melo, P. L. R., Borini, F. M., & Telles, R. (2021). Institutional environment and internationalization of franchise chains: A regional and global analysis. *International Journal of Emerging Markets*, 16(4), 726–744. https://doi.org/10.1108/IJOEM-03-2019-0188

[31] Melo, P. L. R., Delgado, R. T., & Corrêa, V. S. (2020). Regional development and institutional environment: Regional expansion of franchise chains in Brazil. *Revista de Administração Mackenzie*, 21(1), eRAMD200002. https://doi.org/10.1590/1678-6971/eRAMD200002

[32] Meyer, K. E. (2001). Institutions, transaction costs, and entry mode choice in Eastern Europe. *Journal of International Business Studies*, 32(2), 357–367. https://doi.org/10.1057/palgrave.jibs.8490957

[33] Miller, D. (1983). The correlates of entrepreneurship in three types of firms. *Management Science*, 29(7), 770–791. https://doi.org/10.1287/mnsc.29.7.770

[34] Phan, P. H., Butler, J. E., & Lee, S. H. (1996). Crossing mother: Entrepreneur-franchisees' attempts to reduce franchisor influence. *Journal of Business Venturing*, 11(5), 379–402.

[35] Shane, S. (1998). Explaining the distribution of franchised and company-owned outlets in franchise systems. *Journal of Management*, 24(2), 271–289.

[36] Shane, S. (2000). Prior knowledge and the discovery of entrepreneurial opportunities. *Organization Science*, 11(4), 448–469. https://doi.org/10.1287/orsc.11.4.448.14602

[37] Shane, S., & Hoy, F. (1996). Franchising: A gateway to cooperative entrepreneurship. *Journal of Business Venturing*, 11(5), 325–327.

[38] Stevenson, H. H., & Jarillo, J. C. (1990). A paradigm of entrepreneurship: Entrepreneurial management. *Strategic Management Journal*, 11(Special Issue), 17–27. https://doi.org/10.1002/smj.4250110709

[39] Valdez, M. E., & Richardson, J. (2013). Institutional determinants of macro-level entrepreneurship. *Entrepreneurship Theory and Practice*, 37(5), 1149–1175. https://doi.org/10.1111/etap.12000

[40] Watson, A., Dada, O., López-Fernández, B., & Perrigot, R. (2020). The influence of entrepreneurial personality on franchisee performance: A cross-cultural analysis. *International Small Business Journal*, 38(7), 605–628.

[41] Weigel, R. (2016). *Internationalisation des réseaux de franchise : Une perspective dynamique pour appréhender le choix de la modalité d'entrée* (Doctoral dissertation, Université d'Angers).