

Working Paper

18

**Economics of Organisations
applied to a Community
Enterprise in Gujarat**

Munish Alagh

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Sardar Patel Institute of Economic & Social Research

Thaltej Road, Near TV Tower, Ahmedabad - 380054.

Phone : (079) 26850598,26851428, Fax : +91-79-26851714

E-mail : info@spiesr.ac.in • Website : www.spiesr.ac.in

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Dr. Tattwamasi Paltasingh
tattwam@rediffmail.com

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Economics of Organisations Applied to a Community Enterprise in Gujarat

Munish Alagh*

Abstract

The Heartly Mart franchising Model involves a non-judicial informal contract between Heartly Mart Vishala Circle - a supermarket at Juhapura, the central authority in the Model and its derivative rural-semi-urban super market franchisees in Northern Gujarat. These franchisees are operated by small independent entrepreneurs at low margins. We also focus on how the Heartly Mart system provides the upsurging growth to the Region and Motivation to the Rural Farmers/Prospective Entrepreneurs and Customers. Nadeem Jafri, the central figure in the model and the Proprietor of Heartly Mart, has socio-economic leverage over his community enabling him to empower them. He wants to ensure this process of empowering his community in their semi-urban habitation. The Focus of this paper is on Organisational Economics concepts affecting the Case of the Heartly Mart Franchising Model. The specific research problem involves how in a situation of bounded rationality and information asymmetry, a community model empowering across the hierarchy can be initiated in a hybrid franchising organisational mechanism. The key concepts that have been analyzed include: Coordination, Motivation, Information, Reputation and Trust.

Key Words: Franchising Model, Bounded Rationality, Information Asymmetry, Community Model, Organisational Economics Concepts.

* ICSSR Senior Fellow, SPIESR, Ahmedabad. Email:munish.alagh@gmail.com

I. INTRODUCTION

Nadim Jafri an advertising professional turned entrepreneur belonging to the family of the Sect head of the Chilea Community of Shia Muslims, Pir Syed Mujahid Hussain. The Chilea community is an enterprising community which has built restaurants spread across the city of Ahmedabad and on the highways in Northern and Central Gujarat. The establishment of Hearty Mart in Vishala Circle was in 2004 and further growth in the form of franchising network across Northern and Central Gujarat, happened onwards from 2007. This paper is built upon the earlier work done by the author on various facets of this theme. (Alagh, M., S.P. Thenmouzi and Abraham Babu, February 2008. Alagh, M. and J. Christie, 2009. Alagh, M. and J. Christie, January 2011, Alagh, M, Himalaya Publications, 2015.)

The Hearty Mart Super Market at Vishala Circle has been franchised across ten franchisees (See Appendix for details) in Central and Northern Rural Gujarat. Hearty Mart is a community oriented social enterprise, which nevertheless maintains profit as one of its primary objectives. The Social and Religious ties of the Chilea Muslims are at the crux of evolving and developing this franchising network.

II. AIMS AND/OR OBJECTIVES OF THE PAPER

1. This paper tries to look at the development and progress through time of the Hearty mart Model. The growth of a New Kind of Community Organisation, and the Structure of this Community Franchising Network of Super markets across the villages of Northern and Central Gujarat is another focus of this paper.
2. This paper attempts to examine various Organisational-Economics concepts in the context of the Hearty Mart Case. Specifically it looks at Motivation, Coordination, Information-Flow, Institutional Trust, Reputation and Capital.

3. Markets and Organisations: The tasks of Organisation, Coordination and Motivation- A fundamental observation about the economic world is that, people can produce more if they cooperate, specializing in their productive activities and then transacting with one another to acquire the actual goods and services they desire. The problem of Organisation then arises because when people are specialized producers who need to trade; their decisions and actions need to be coordinated to achieve these gains of cooperation.
4. Particularly we need to know how a hybrid franchising model determines the **organizational-coordination solution** of dealing with community ownership and Decentralisation in an organization with flexible contracts, yet a strong Leadership Team at the level of the franchisee. How does it ensure institutional trust and community reputation and culture? How does it empower a rural community with facilities otherwise only they can dream of? The particular problem is of creating such an Organisational Model which is decentralized, yet provides enough scope for institutional motivation and culture.
5. Further, this paper aims to determine that how do middle class Shia Momin Community members, living in villages, lacking in modern sophistry and education, face an external political and cultural environment in Gujarat which is complex and uncertain. This is a **Motivation Problem** involving uncertainty and complexity. The situation which these conditions result in is one of the bounded rationality ie insufficient reasoning power of agents. A further problem which arises is Information Asymmetry, information is unequally distributed across the Organisation from top level educated cosmopolitan, well-connected franchisors like Nadim to bottom level uneducated franchisees, lacking in education. We aim to see how the Hearty Mart Model solves this issue.

III. ORIGIN AND BRIEF TIME LINE OF THE DEVELOPMENT OF HEARTY MART

With an arrangement of capital of about half a crore from relatives, investors and himself, Nadim Jafri purchased a seven hundred sqft space in Ellicon Tower at Vishala Circle in 2003 with a vision to start his enterprise. The brand name “Hearty Mart” was unique and immediately had a connect with the people. It depended on customer expectation and had to be established as the ideal neighborhood store “Sabse Khas Gharke Pass”. The positioning needed to be unique and long lasting.

With a journey of highs and lows of two years, Nadim got an idea of franchising his supermarket. He got the idea from Dr. Hemant Trivedi, an academician who used to be Head of the Retail- Area in the Mudra Institute of Communication and Advertising (MICA). He suggested “Why don't you sell your products in Saurashtra and open your retail outlet there?” and further suggested the franchising model to Nadim. While coming back from MICA, Nadim felt it would mean more sense to him to go to a network where his credibility was in place. He decided to move to Northern and Central Gujarat where there was a sizable community of Chileas. It was easier for Nadim to get associated with the community with which his family was associated. He discussed the same with Sabir and Shabbir, two managers at his Ahmedabad store and decided to discuss the franchisee model with the rural residents of Sathal and Ilol. They found a good response from Ilol where two entrepreneur brothers Mehendi and Mehmood volunteered to start off the first franchisee in April 2007. They registered as an independent firm and named it the Hearty Mart Smart Shop. Ilol is dominated by two areas Ilol Padhiya and Ilol Taalav. The smart shop was at Ilol talaav which drew attention of another entrepreneur some distance away at Ilol Pahadiya, to become a franchisee of a smaller Gandhi store. This mom and pop store was refurbished and built up as an over the counter store like a drug store and thus the **Hearty Mart Saral Sahyog Store Model** came into being. Later around 9 stores were opened by **October 2010 some of which were Sahyog stores and some super - markets.**(See Appendix for details).

Franchising did not end the journey for Nadim as there was more to look for. In the initial years of the Hearty Mart store when he did not see profits in the Juhapura outlet, he considered another venture which was later known as the Hearty Mart Enterprise. This was a landmark event to establish a sister concern which was less of a retail and more of a supplier or a distributor. This business had a potential to supply three hundred restaurants and had a revenue potential exponentially more than the retail venture he had done so far. He always took conflicts and challenges as opportunities.

IV. THE STRUCTURE OF THE HEARTY MART FRANCHISING MODEL¹

The structure of Hearty Mart System, can be understood by outlining all the entities involved. There are three entities that are involved in the Hearty Mart System.

- 1) The Hearty Mart Supermarket of Juhapura
- 2) The Hearty Mart Enterprise
- 3) The Hearty Mart Franchisee

The Hearty Mart Franchisees

The Hearty Mart franchisees are supermarkets and provisional stores in villages which run under the banner of Hearty Mart. Each franchisee is registered as an independent company and is involved with the Hearty Mart System under a simple contract involving a franchisee fee and refundable deposit for one year as decided by Hearty Mart. After the first year of running as a franchisee, these franchisees move to a contract where they pay 0.5% of their profits to the franchisor. This is a monthly fee in the form of royalty for the brand name of Hearty Mart. We will describe the relation between the franchisor and franchisee further in this chapter. The franchisees are involved in vending food grains, cosmetics, groceries and other consumable items. The supermarkets are uniformly spaced around 600 sq feet to 1500 sq feet and provisional stores called “Saral Shops” are around 400 sq. feet. The model is chosen and suggested as per the business potential of the territory which is decided by both the franchisee and the franchisor.

¹ This section is written with the help of Pratap Chandra Bandopadhyaya, Research Associate, SPIESR.

The Hearty Mart Supermarket of Juhapura

The Hearty Mart Supermarket of Juhapura was established by Nadim Jafri in the year 2004. It was the first venture of Nadim in the Hearty Mart System which later became a brand and the parent organisation for the system. The supermarket is basically handling the sale of groceries, food grains, cosmetics and other domestic consumable items. The store itself is registered as an independent company owning the brand Hearty Mart.

The Hearty Mart Enterprise

The Hearty Mart Enterprise is a company which acts like a warehousing and transportation company for the Hearty Mart Franchising Model. Alongside, the enterprise is also engaged in activities related to food packaging and marketing. The company was originally owned by two partners Vazir Ali and Husain Abbas in the name of Ashish Enterprises. In 2008, Nadim invested 40% of Capital to take a major stakeholder's position in this firm and thus the Hearty Mart Enterprise came into being. While establishing the franchisees, Nadim felt it is important to provide merchandize to the franchisees at a reasonable rate. For this, they needed bargaining power over the vendors. The concept of moving to food –grocery hotel supplies was to buy goods in quantities which they would not have bought if they remained in retail business. Today this company acts as a major wholesale supplier for over a hundred restaurants in and around Ahmedabad and three hundred restaurants across Gujarat.

There are four points under which the activities of Hearty Mart Enterprise are described. They are:

- 1) Hearty Mart Logistics - It is a supply chain company which would transport the merchandise from Hearty Mart Enterprise to franchisee network and restaurants.
- 2) Celesta – It is a company involved in supplies of silver foil, plastic containers and lunch packs tray which are supplied to hotels and franchisees. Paper napkins and other packaging items are also traded.
- 3) Hearty Mart Tea Packers– It is a company involved in processing and packaging of tea. The brand is named as “Day Break Tea”.

4) Hearty Mart Enterprise also involves in manufacturing of spices, sales of outsourced manufactured sauces and food grains; these products are sold under the brand name of “Hearty Mart Good Time” and “Chef ki Pasand” and “Hearty Mart”.

V. COMMUNITY-BASED FRANCHISING

As mentioned earlier this paper is concerned with the members of the Shia Momin Community (or Chilea community), who are living in urban/semi-urban/rural areas of Northern and Central Gujarat. Within a complex setting of various socio-religious communities, interacting in uncertain conditions of urban/semi-urban/rural life, the minority community may sometimes find the existing cultural environment somewhat complicated and complex (Alagh, M, 2015). This may, in turn, create the problem of instability and therefore motivation as far as new initiatives are concerned. Under such conditions of bounded rationality, there may be a reflection of the problem of information asymmetry (elaborated later). In the safe confines of their own community, the Shia Momin people feel that they have secure property rights and trust. In addition, they feel greater security under the umbrella of the influence of the reputation of the Community head. This perhaps stems from the common institutional culture and identity of the Chilea Community to which the leadership of Nadim acts as a further catalyst.

VI. COORDINATION

The Hearty Mart System is a Governance Structure which falls between Ideal Markets and Ideal Organizations (Douma and Schreuder, 2008: 338-9, it is a Hybrid Form of Governance, specifically Franchising, under Franchising in Hearty Mart the Franchisor, or it could be the Parent Company, Hearty Mart Enterprise or Hearty Mart Vishala Circle has a contract with Local Entrepreneurs. Specifically the Chilea Shop Owners with existing Kiriyana Stores or Mom and Pop Stores which are converted into Small Units called Saral Shops and other Larger Units which are the Super Markets which are given the Right to Operate under the name of Hearty Mart.

Such a contract is called a **Franchise Contract**. In Such a Contract, the Two Parties that take part are the Franchisor (The Parent Company) and the Franchisee (the Local Entrepreneur Owning and Operating a Unit).

Using a brand is not a pure market transaction when there is a franchising relationship. This is because it is possible in Franchising for transactors to achieve whatever benefits of the larger market there may be available, for example, brand name development and organisational design, while harnessing the profit incentive and retailing effort of local owners. However, a similar economic rationale can be applied to distribution arrangements more generally explaining why manufacturers often leave the retailing of their products to independent, non-franchised retailers (Klein, B, 1995). The paper focuses on the design and working of Hearty Mart as “hybrid enterprise” which is akin to a franchise but where the basis of franchising goes beyond the contract to social and network derived value, and hence in that sense an organizational element comes into the relation, other coordination mechanisms plays an important role: standardization of work processes (for food production), standardization of norms (for the house style) and direct supervision (the franchisor monitors the behavior of the franchisee in order to protect the value of the brand name).

In the sense of Social and Network Derived Value it is important to know how the Centralized Decisions are being made and, in that Process, what Information is obtained from outside the Organisation to Support these Decisions. Usually, the Task of Solving the Problem of Communicating the Centralized choices that Delimit the Decentralized Decisions to the Individual Decision Makers in Firms is handled by Senior Management, as is the Solution of the Design Problem of Setting and Communicating Strategy. (Milgrom and Roberts, 1992: 118). The Coordination Problem involves dealing with the independent franchisee as well as Dispersal of Information among the Interacting Parties of the relation with Periodical Supervision.

Hearty Mart Enterprise has flexible relations with the Franchisees in terms of

contractual relationship. By and large, the Franchisees are independent and have a contract with the Central Authority of the Hearty Mart Franchising Model.

Coordination of Hearty Mart System under Limited Information and Flexible Contracts

Information asymmetry is a situation where information is available but it is unevenly distributed. It is possible for one to have complete information about his/her own community business but he/she may have limited information about the external environment, the contracting party will be in a situation of limited security and confidence regarding how to interact and negotiate with others, this is specifically true of the franchisees of Hearty Mart who have limited knowledge and technology at their disposal.

Nadim never intervened in the areas of responsibilities of the franchisees and their freedom of making decisions. Nadim was pushing a modern idea through the traditional route. This was precisely possible for two reasons - One, Nadim was a qualified management graduate with experience in the corporate sector. Two, Nadim was culturally rooted in villages through close religious ties with his community acquaintances. In this way it was possible to make an uneducated traditional community deal with information technology as well as a modern franchising relationship.

It seems that such blending of two factors (modern and traditional) has perhaps been the key to Nadeem's success in franchising business. The role of Nadim as a good coordinator has been proved in Franchisee Development Cell meetings (A Supervising Group for the Franchises formed within the Hearty Mart System). In Hearty Mart, the franchisor and franchisees are maintaining a loose relationship. In order to cut small retail outlets on price with economies of scale, formalised retail chains such as **Reliance Fresh** are working towards more contractual organisational mechanisms in terms of both ensuring timely procurement as well as quality of produce. However, Hearty Mart has adopted a flexible system. The franchisees can

procure goods from Hearty Mart Enterprise or from open market/distributor or from both. To maintain an uninterrupted supply, the franchisee can choose any option. There is no rigid contractual organisational mechanism in this regard.

There is informality and flexibility in Hearty Mart, but there is certainly an element of a market relationship between the franchisor and the franchisee over a property. The franchisee obtains, the right to use a brand name owned by the franchisor for a royalty fee, though only ½ percent on turnover. This is a market transaction. However, the franchisee is an entrepreneur who invests in his own establishment. The franchisor and the franchisee are regarded as two separate entities in one system. In the absence of a formal contract there is a possibility that a franchisee might break the relationship with Nadim but this appears remote as indicated by Nadim, due to their religious bonding between each other. Moreover, as a member of the family of a religious leader, Nadim is more interested to get his franchisees involved in the “process” of supermarket business than a formal contract.

Although the contract is informal, there is not much obligation from the franchisees' side, since Nadeem takes only ½ percent royalty on annual turnover. As far as franchisees are concerned, they feel that their future with Hearty Mart depends on their capacity to grow with the brand. According to franchisees like Sadiq Ali at Dholka, sky is the limit to grow with this brand. He says that he is willing to expand his business.

VII. THE MOTIVATION PROBLEM

This Problem is simply stated as: Given the complex external environment in Gujarat divided among communal lines, what is the Secret Talisman of Motivation which the Hearty Mart System uses to encourage a Community. A community - deeply conservative, uneducated and stuck in Bounded Rationality and Information Asymmetry with a possibility of Hidden Information to work towards progressive lines of Social Entrepreneurship and Community Progress avoiding Moral Hazard.

Explaining these concepts,

1. Bounded Rationality (Milgrom and Roberts, 1992` :127-28)

In actual transactions, enacting and enforcing a complete and perfect contract is fraught with problems. Limited foresight, imprecise language, the costs of calculating solutions, and the costs of writing down a plan collectively, leads to the bounded rationality of real people.

2. Information Asymmetry - Information is available but is unevenly distributed. the problem arises that one agent in the transaction has access to the information and the other does not.

3. The problem of Hidden Information (Arrow, 1985,:3) - One party in a potential transaction is better informed about a relevant variable in the transaction than the other party. This is an information problem that exists before the contract is written. This is an ex ante information problem.

4. Moral hazard - is an ex post problem of hidden action; it refers to actions that parties in a transaction may take after they have agreed to execute the transaction. If these actions are unobservable to the other party in the transaction and if they harm the other party's interest, then they may prevent the successful completion of the transaction. Worse, still the anticipation that such hidden actions are possible may prevent the transaction altogether. The nature of Moral Hazard and its importance to economic analysis was made explicit by Mark Pauly (1968).

5. Principal-agent relationship, Agency relationship - The above moral hazard problem can be cast in terms of an agency relationship in which one individual (the agent) acts on behalf of the other (the principal) and is supposed to advance the principals goals. The moral - hazard problem arises when agent and principal have differing individual objectives and the principal cannot easily determine whether the agent's reports and actions are being taken in pursuit of the principal's goals or are self-interested misbehavior. The Principal Agent Model has several contributors including (Ross, 1973) and (Jensen, 1983). The former focuses on preferences, information and uncertainty for the parties to the contract in the principal-agent relationship while the latter differentiates between principal-agent relationship and positive agency theory focusing more on external environment, information and monitoring of the contract and less on the actual factors affecting the principal agent relationship.

6. The holdup problem - The general business problem in which each party to a contract worries about being forced to accept disadvantageous terms after it has sunk an investment or worries that its investment may be devalued by the actions of the others is called the **holdup problem**.

Motivation Problem related to Contracts, Moral - Hazard and Hold Up

The inability of certain franchisees to follow the dictum of detailed attention to their franchisor and patient handling of their business with limited margins in the first few years leading to stores closing down is an illustration of such a constraint. Post-contractual opportunism may arise because actions that have efficiency consequences are not freely observable and this may satisfy private interest at other's expense. The phenomenon is known as moral hazard. Moral hazard is an ex post problem of hidden action; it refers to actions that parties in a transaction may take after they have agreed to execute the transaction (Mark Pauly, 1968). A franchisee dealing with independent wholesalers on its own without informing the Hearty Mart Central authority is an example.

The general business problem in which each party to a contract worries about being forced to accept disadvantageous terms later, e.g. after it has sunk an investment, is called the hold-up problem, which is a kind of moral hazard. This may be reflected through a possible mismatch between strategies of Hearty Mart Franchisor(s) and activities of Hearty Mart franchisees, in which the latter may not follow the first due to lack of trust. However, this proposition needs to be verified through field work. Klein, Robert and Alchian (1978) were the first scholars to emphasize and elaborate the great importance of the hold-up problem for the analysis of business institutions and practices.

VIII. INSTITUTIONAL TRUST, REPUTATION AND INFORMALITY

Promises, beliefs, trust and loyalty -- all factors can avoid moral hazard when business transactions happen in a community. At the same time, the incidence of

moral hazard may be present in a very low scale among people whose personal interactions are intense and who can predict almost accurately the other's behavior. Mutual trust nurtured through close personal relations works as an effective brake on community moral hazards (Hayami, 1997: 241). To some extent close business ties and cooperative commercial relationship leads to avoidance of factors such as private business risks and uncertainties. The community trust factor has made the transactions within the Hearty Mart System relatively easy and comfortable. In the Shia Momin Chilea Community, trust seems to be the natural result of the reputation of the family of community head (i.e. family of Nadeem) and the concomitant culture of the community itself. The Chilea community people (both the franchisees and a section of the customers) did have faith in their sect-head family (and in Nadim too); and Nadim was also confident that the rural customers would want to accept the new model, especially when India is rapidly urbanizing and when consumer culture is changing fast through the intervention of media. These dynamics together has helped Hearty Mart to create and establish a new popular brand

At the initial phase, it was challenging for Nadim. Although he belongs to a deeply religious and conservative community, he is an educated open-minded person. But, he knows that most of the people in his community (the Chileas) have personal ambition to grow. Nadim said to us that he believes in personal growth through educational achievements. Thus, when he talks about Islamic principles, he does so from the domain of enlightened Islam, meaning that he belongs to both Islamic culture, on the one hand, and modern education-induced enlightenment, on the other. This has been possible for Nadim because the Chilea community as a whole is usually considered to be of somewhat practical, business minded and liberated mindset. Hence, the result that has been produced so far has experienced a process of quite smooth exchange of ideas between the franchisor and franchisee. Generally speaking, a member of the sect-head family of a community is usually thought to be following very strict religious guidelines. However, as said, Nadim has gone through modern education. Also, he did not lose the trust in his community members.

Similarly, he has also gained support from his followers in favour of his ideas of franchising venture. So, trust has been developed through two-way communications. In Hearty Mart organisation, trust is an important factor based on which, as already said, the informal framework of the organisation has grown. This framework provides the 'return' through cooperation. Such cooperation produces community-specific, distinct, reputation capital as well. As we generally know, a positive reputation earns a company or organisation long-term competitive advantages. The higher the level of sincere cooperation and trust, the lower the costs for supervising and exercising control (Klewes and Wreschniok, 2010). And, the result is that the organisation would gain confidence in meeting the functional and social expectations of a section of people (say, Chilea community), on the one hand, and would engage in a process of building a unique identity for itself, The Hearty Mart Model, on the other.

IX. ISSUES RELATED TO INFORMATION

There are fundamental information problems that cannot be resolved by the price system. A number of these problems can, however, be dealt with by means of organisational coordination. Thus, organisations arise as solutions to information problems. The market/organisation mix depends on the particular information requirements of the situation. To a large extent, information and communication costs determine the relative efficiency of the two broad coordination mechanisms (markets and organisations) (Douma and Schreuder, p.14,15).

Hearty Mart uses, as seen earlier a hybrid organisational mechanism to coordinate among various units. Information is exchanged through its own channels across the organisational structures. Once this information at the level of the franchisees -- which are dispersed across districts and somewhat localized in nature -- is available, processing and sharing can be done at the headquarter level, i.e. at the franchisor level. Solving this problem requires a mix of decentralized system of information collection at the individual franchisee level in the villages and centralized information and knowledge transmission by the Ahmedabad-based franchisor.

Regarding information creation in retail markets – We may examine how an individual retail-franchisee draw attention of the people to the quality of the products in his shop? A major reason for these differences is the variation in quality that may be expected from different brands. However, there are limitations to what can be achieved in terms of information generation by product display. For many retail products, an intermediate solution is to standardize quality as much as possible. Through media advertisements and other means, we learn to identify certain brand names as signals of particular quality classes. Also, we see common brand names for different products (e.g. soups and sauces).

Information asymmetry is a basic problem that prevails in many communities or societies or geographical pockets in India. Such problem may arise due to several reasons, one of which is lack of education which further leads to lack of self-confidence in some individuals. In a well-developed organisation its internal network would be found to be a way-out. As far as most of the franchisees are concerned, the organisation itself appears to be a mechanism to tackle the price-centered information problem. However, the monosyllabic responses to questions in the interview of some uneducated franchisees makes this study reflect that, organisational mechanism cannot be proved to be properly functioning, if some basic problems such as lack of self-confidence or lack of minimum education are not remedied. This flaw is perhaps associated with the conservative approach of the concerned franchisee owner towards his life and his family. If a person does not want to extend his human development horizon through the provision of education, he would be trapped into the narrow and conservative social domain and thus would find it difficult to grow. This has been evident from the difference we have found between such franchisees, particularly certain Saral Shop owners and other franchisees such as Asad Khan Pathan, Sadiq Ali, Wazir Ali etc., who have been found to be conceiving liberal as well as practical approach in their life. Hence, there might arise a conflict between the two attitudes -- one coming out of conventional ethics and the

other coming out of liberal attitudes. If the latter wins then it might be a determining factor for growth of the individual involved.

X. CONCLUSION

The economic logic of low margins operated in a franchising model using small rural Chilea community entrepreneurs as franchisees related with the organisational logic which is underlined by the limits of the Market as well as limits of conventional organisational forms. Further the logic of the framework of organisational hybrids such as franchising networks expressed in terms of a market-organisation mix. The inherent contradiction of solving the multi-faceted organizational dilemma of Decentralisation, Motivation, Coordination, Information Asymmetry, Flexible Contracts, Trust and Reputation within a novel structure of flexible contracts is brought out.

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APPENDIX
Table – 1: Personal and Professional Characteristics of the Franchisor and Franchisees

Sl. No.	Location and type of store (e.g. Supermarket or Saral shop)	Year of establishment of Hearty Mart retail store	Name of franchisor /franchisee	Age of franchisor /franchisee (in years)	Education of franchisor /franchisee	Work background before joining Hearty Mart	Monthly income before joining Hearty Mart (Rs.)	Monthly earning* during initial years of Hearty Mart (Rs.)	Current monthly earning* (Rs.)	No. of staff working at the store
1	Juhapura (supermarket)	2004	Nadeem Jafrri (franchisor)	43	MBA	He was employed at an advertising agency	20,000	13,000	75,000	10
2	Dholka (supermarket)	2012	Sadiq Ali Momin (franchisee)	29	12 th Pass	He was an LIC agent	20,000	35,000	150,000	12
3	Mehta (supermarket)	2014	Haider Ali Ismail (franchisee)	36	10 th Pass	He was employed at a hotel	15,000	25,000	40,000	4
4	Surat (supermarket)	2011	Jaffar Ali Momin (franchisee)	28	10 th fail	He was employed at a petrol-pump	10,000	8,000	26,000	2
5	Vadgam (supermarket)	2013	Asad Khan Pathan (franchisee)	30	B.Com.	He was doing business of computer parts and farming	25,000	50,000	75,000	9
6	Chhapi (supermarket)	2014	Hasanbhai Talsania Abbas (franchisee)	35	10 th Pass	He was unemployed	0	26,000	60,000	13
7	Kanai (saral shop)	2010	Naisam Ali Ahmedabhai Debrotia (franchisee)	50	7 th Pass	He was engaged in farming a	12,000	15,000	25,000	2
8	Pipodar (saral shop)	2012	Abid Hussain Bhatt (franchisee)	41	10 th Pass	He was owner of a general store	10,000	20,000	35,000	2
9	Ilol (saral shop)	2007	Hasanbhai Abbas Nasir (franchisee)	35	12 th Pass	He was owner of a general store	3,000	7,000	10,000	2
10	Jethipura** (saral shop)	2010	This franchisee is owned by a village cooperative	-	-	-	-	-	-	2

Note: * Here, earning indicates the amount of money that is drawn by the franchisee, not the profit amount (getting data related to actual profit is difficult). However, from the 'earning' data (which is here used to be a proxy for profit), we can somehow estimate the growth or prosperity of the store.
**Since the Jethipura franchisee is a cooperative, there is no individual level data.

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