

Franchising in Algeria, Registration Mechanism

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Abstract:

Registration in the franchising industry makes data and statistic collection easier. What are the primary legal concerns surrounding registration in Algeria, and what are the stakeholders' current practices regarding registration under franchise business in Algeria? Examining registration-related legal framework issues and analysing current stakeholder practices in Algerian franchise business registration are the main goals of this study. The method employed was the doctrinal legal approach combined with qualitative interviewing. The results demonstrate that: in Algeria, there is no requirement or procedure to register a business as a franchise during the registration phase, which leaves the industry devoid of information and a clear picture. The current procedure involves a franchisee registering after negotiating and signing a contract with the franchisor. The agreement will not be deemed a franchise. Subsequently, the franchisee registers as a new company with the Algerian Register of Commerce using that contract. Even if the franchise agreement was with a foreign franchisor, the franchisee registers his company as completely Algerian.

Key words: Franchising, Registration Mechanism, Registration Importance, Algeria.

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1. INTRODUCTION

Franchises are not just a typical industry; they are a means of expanding a business due to elements including buyer behaviour, cross-cultural interactions, internationalisation, and franchise appraisal. Franchises can distribute products and services and expand their businesses through the use of a licensed relationships. People have travelled great distances over the years in search of the same well-known brand and high-quality goods and services (Monika Kavaliauske and Erika Vaiginiené, 2011). In the franchising business, the franchisor is permitted to employ financial leverage as well as human resources, enabling companies to compete with bigger franchise competitors in the marketplace, leading to faster growth and the expansion of their brands as well as their companies. In addition, the franchise sector generates employment opportunities in developing and emerging markets for both franchise owners and staff (U.S. Department of Commerce, 2016). The term "franchising" is based on the French text "fraanchise," which at first arises from "frank." (Ilan Alon, Mirela Alpeza, and Aleksandar Erceg, 2003). The definition of this word is "free man," or "free to work over a particular event." The freedom from any limitation, permission, or privilege that allows a business to do or not carry out an act in which it would typically not have authority under the law is referred to as a "franchise" in English, nevertheless(Ilan Alon, Mirela Alpeza, and Aleksandar Erceg, 2003).According to legal definitions, franchising is a commercial arrangement in which the franchisor gives the franchisee the authority to run its business system in exchange for fees and royalties (Tamara Milenkovic Kerkovic, 2010).

A franchise is created when an entrepreneur creates a business plan then sells to the franchisee, another business owner, the authority to run their enterprise utilising that business plan. Owners of businesses who sell the rights are known as franchisors. Generally, a business model is granted exclusively to a franchisee for a predetermined amount of time and within a predetermined industry

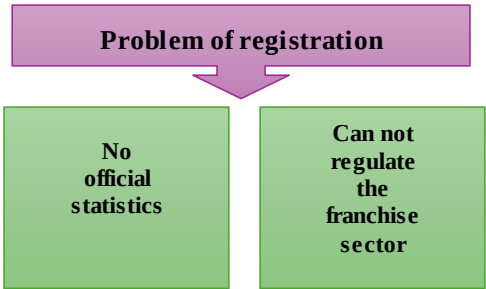
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(Alon, Alpeza, and Erceg,2003). Over 775,000 franchise locations could be found in the US in 2022. 8.2 million people were employed by franchising, which also produced \$787.7 billion in economic output and provided goods and services across more than 300 industry categories (Christina Niu, 2022).

In addition to serving as a regulatory tactic to monitor and improve regulatory compliance, registration in the franchising industry also makes data and statistic collection easier (Andrew Terry, 2009). In Malaysia, the Franchise Regulation Act of 1998 was passed with the goal of registering and overseeing franchises as well as handling other related issues (Malaysia Franchise Act, 1998).The Act's goal is to establish a comprehensive registration process to control the nation's franchise industry. Without an appropriate system of registration, the franchising industry cannot be regulated. Therefore, the government's efforts to regulate the franchising industry will be hindered by the absence of a precise registry of franchisors and franchisees. A thorough statistical analysis of franchising will enable governmental agencies to pinpoint the needs of the industry and track its advancement. In general, statistics are crucial for future development planning. Countries like Vietnam, Malaysia, Indonesia, Spain, and China have yearly reporting requirements when it comes to registration. Franchise statistics collection is facilitated by the annual updates that are submitted (Andrew Terry, 2007). With the aid of the easily accessible franchising data. and information, government agencies will be able to create programs and approaches that will boost the franchising sectors throughout the country. The franchising industry cannot be regulated in the absence of an appropriate registration system. Therefore, the authorities' ability to regulate the franchising industry will be hindered by the absence of a precise registry of franchisors and franchisees. Without comprehensive data on franchising, government officials lack the ability to evaluate the demands of the franchising sector or monitor the growth of the franchising manufacturing. In general, statistics are crucial for the

planning of future franchise developments within the nation. Only a small number of global franchise brands, including Swatch, Timberland, and Lacoste, are still in existence in Algeria (Aliouche, E. Hachemi Hachemi, et al, 2015). Massive corporations such as Carrefour shut down in February 2009, and European fast-food franchisors Quick fast terminated their operations in Algeria in November of 2011. Additionally, Celio, .Etam, and Naf Naf ceased their franchise operations in Algeria(Aliouche, E. Hachemi Hachemi, et al, 2015).Carrefour. closed after two years of being present in Algeria, despite the fact that the franchising agreement called for the opening of 18 grocery stores by the end of 2012. This was a huge loss for Algeria's economics(Aliouche, E. Hachemi Hachemi, et al, 2015).A complete regulatory and legal framework is necessary for the commercial development and competitiveness of franchising(Aliouche, E. Hachemi Hachemi, et al, 2015).Currently, Algeria's legal framework for franchising businesses has deteriorated. Additionally, there isn't a thorough rules structure. The reliance on the Civil Code, Commercial Operations Code, and consumer protection legislation fails to tackle matters like disclosure obligations, registration, and financial aspects of franchises. Algeria suffers from a lack of valid data in the franchising sector because there isn't a system in place for franchising enrolment (Director of the Algerian Franchise Association, 2021).

Figure 1.1 The Repercussions of Not Having a Registered System



Sources: Researcher

2. LITERATURE REVIEW

"Registration" refers to recording or entering information in a formal register (Henry Campbell Black, 1968). It has been stated that registration is the act of entering information into an official book. For instance, a corporation's official books may list the names of its stockholders. Similar to how voters register in order to cast a ballot, motor vehicles are typically registered with the state motor vehicle department. Some jurisdictions have laws that set up procedures for registering land titles so that it is always possible to determine who owns real estate by looking up public records ("Registration" The Free Dictionary, 2021). Registering entails formal, accurate recording, enrolment, precise entry into a list, and similar actions (Henry Campbell Black, 1968). Registration in the context of franchising refers to the need to register with government agencies.

In broad terms, registration requirements include the franchise agreement, franchisor disclosure, franchisor ownership rights, and franchise scheme registration (Binh, 2012). For instance, an agreement to franchise in Tunisia must be enrolled with the national fiscal agency sixty days after the date of performance (Franchising in Tunisia, 2019). The mandatory franchise enrolment in the Register of Commerce is referred to as "registration" in this article. Any person or legal entity that must be registered with the Register of Commerce in order to conduct business in the Algerian nation (Algerian Commercial Code, 1975).

The lack of legislation in Algeria pertaining to the franchise sector has led to a notable dearth of research on the subject. Although the first franchise opened in Algeria in 2003, franchise-related research didn't start until nearly ten years later. The limited number of studies that addressed general franchising issues neglected to address the obstacles that impede the growth of this kind of enterprise in Algeria. For any individual or legal entity to conduct business in Algeria, they must be registered with the Register of Commerce. The franchisee in Algeria was required to register as a company with the

Algerian Register of Commerce; specifically, a franchise that operated in Algeria was considered an Algerian company that was registered in the local commercial register, regardless of its contractual relationship with a foreign company ("Implantation Franchise: Algeria, A Market to Build", 2016). Regarding the quantity of franchise companies in Algeria, no data is available. The Register of Commerce only has a small number of registered companies. Not a single indication suggests that the businesses using franchising as a business model are actually franchising companies. As such, there is no official data regarding the number of franchise businesses in Algeria. In the Maghreb, and especially in Algeria, there are relatively few works that concentrate on this phenomenon, as opposed to developing countries where a great deal of research has been done on the franchise thought and its role in economic and social growth (Boumansour rym and Lahlou cherif, 2020). Nonetheless, in the absence of comprehensive data, the author depends on a field investigation conducted as a component of an article written by Odile Chanut, Nadjoua Gharbi, and Dominique Bonet Fernandez about the quantity of franchising in Algeria (Odile Chanut, Nadjoua Gharbi, and Dominique Bonet Fernandez, 2014). According to the study, as of 2012, "Algeria is home to fewer than thirty franchise chains and fewer than fifty franchised locations." In order to establish franchising as a business model, accurate annual statistics about the situation. of franchises in Algeria today are essential. The Ministry of Commerce in Morocco, for instance, regularly releases statistics on franchises, which has greatly aided in the growth of franchises in that nation (Chanut, Gharbi, and Fernandez, 2015). Using detailed information, the Algerian government is going to prepare, prepare figure out the needs of the franchising industry and track the growth of franchising. Generally speaking, statistics are important for future development planning. The government can create policies and strategies to promote franchising with the assistance of data and information on the industry. Additionally, having knowledge about franchising will make

it easier to manage and oversee franchise operations in Algeria.

Furthermore, foreign franchisors are not required to register their franchises with an approved body prior to offering them to Algerian franchisees. Foreign franchisors typically offer franchises directly to Algerian franchisees. This is how foreign franchisors sell franchises. The Algerian franchisees must register as a new company with the Algerian Register of Commerce. "The authorities could remove ill-prepared or fraudulent offerings from the market by requiring franchisors to register their franchises with a recognised authority prior to offering them to the general public" (Tanya Ann Woker, 2008). When starting a franchising business, the first steps are disclosure and registration. Franchising businesses should be fully regulated and covered by specific law from the outset to ensure their success, something that is not the case in Algeria.

One regulatory tactic to encourage regulatory compliance has been registration. It additionally makes the manner of compiling data and statistics about the franchise sector easier (Binh, 2012). The subject matter of registration varies greatly amongst jurisdictions that demand it. First, the registration of the franchisor disclosure document is required by nations like South Korea, Malaysia, and Indonesia. In Indonesia, the franchisor is required to register the disclosure document prior to signing any franchise agreement. The franchisor who operates in Malaysia is required to register its franchise prior to making a proposal to potential franchisees. The registration must include a disclosure statement. Similarly, in South Korea, franchisors must file disclosure statements with the Korea Fair Trade Commission (Joseph W. Sheyka and Richard G. Greenstein, 2009). Second, the intellectual property of the franchisor must be registered in nations like Taiwan and Spain. "A franchisor in Spain is required to register with the Registry of Franchisors, providing details on trademarks, a synopsis of the franchise concept, and data on both company-owned and franchised outlets throughout the nation. When a trademark or service mark is in Taiwan, the Republic of China Trademark Office

must receive registration of the licence agreement (Joseph W. Sheyka and Richard G. Greenstein, 2009). Thirdly, the franchise structure may need to be formally registered with the government, franchise consultants or brokers, and/or the offering prospectus (Blackburn and Robert A, 2016). Furthermore, nations like Spain, Vietnam, China, Malaysia, Indonesia, and Spain require yearly updated disclosure documents (Blackburn and Robert A, 2016). The purpose of requiring yearly updated disclosure documents was to facilitate the process of gathering sector statistics.

In every jurisdiction where franchising is legal worldwide, the franchisor must register all pertinent information and supporting documentation with the relevant government body. Indonesia, which has franchise law takes a unique step in that it requires the franchisee to register an agreement for franchise and disclosure statement—rather than the franchisor (Abell and Mark, 2017). Malaysia takes a different tack and demands that the franchisor and the franchisee collaborate in order to complete the registration. The franchisee must register in order to do business with a foreign franchisor (Malaysia Franchise Act, 1998). Furthermore, those contracts need to be composed in the national tongue in order for them to be registered in countries like the nation of Brazil and the country of Vietnam. The original agreement, which is written in the foreign franchisor's language, should at the very least have an attachment with the translation of the agreement in the local tongue. This is especially crucial in nations where agreements have to be registered with government agencies, as it might not be possible to do so if the agreement is not written in the native tongue (Unidroit, 2007). For instance, it is required in Brazil to register an agreement that has been translated into Portuguese with the Brazilian Central Bank, Trademark Office ("INPI"), and Brazilian licence (Joseph W. Sheyka and Richard G. Greenstein, 2009).

Nonetheless, franchise laws requiring franchise registration do not exist in Africa (Marzheuser-Wood and Babette, 2013). The

Democratic Republic of the Congo and Nigeria, for example, demand that trademark licenses be registered. The franchisor may register his trademark in Malawi and Egypt, but it is not required to do so in order to begin a franchising business (Abell and Mark, 2017). Within sixty days following the date of execution, In Tunisia, the franchise arrangement must be filed with the national fiscal agency. The franchisee can additionally register its right to use the franchisor's trademarks with the National Register of Marks, giving it legal protection against third parties. Although, franchise registration is not required by law in South Africa, it is recommended that the country implement some sort of registration process (Tanya Ann Woker, 2008). Any founder of a business in Algeria is required to register with the Algerian Register of Commerce. Algerian law did not recognise franchises as a form of business organisation. The Algerian franchise owner registers his company as a new entry in the Algerian Register of Commerce, making no mention that the business is engaged. in franchising.

3. METHOD

A systematic examination and analysis. of the operation of laws and legal institutions is the goal of the doctrinal methodology (Anwarul yaqin, 2007). The present article is written using a hybrid approach that blends the legal doctrine approach with qualitative interviewing. The choice of the research's design was influenced by the advice of scientists like Wortley, who supported the thought of bringing written content or legal studies. from libraries to the field of study. The goal is to compile viewpoints and opinions. of interested parties, including public servants and legal specialists (Wortley and B. A, 1964). Combining various methods is meant to increase the article's findings' acceptability and. Reliability (Volkh and Alexander, 2008). The doctrinal method gives the scholar an insider's perspective. of the law, while the qualitative approach helps to see it from the outside (Roger Cotterrell, 1983). The research's conclusions become even more unique when the two. approaches are combined. The

objective of amalgamating diverse techniques is to fortify the corpus of knowledge within the research domain and furnish comprehensive visual representation (Tracy-Anne De Silva, 2010).

The doctrinal approach and semi-structured interviews, which are suitable to provide prompt answers to the article objectives, were used to accomplish the goals of this article. Qualitative research produces words as data to be analysed and sheds light on a variety of social life aspects. The goal of qualitative research is to investigate and comprehend "The understanding that people or groups make regarding social or human concerns" by focusing on people's emotions, perceptions, and experiences (Simion and Kristina, 2016). Twelve (12) people were interviewed for this article, Academics, lawyers, franchisees, franchisors, representatives from the Algerian Central Bank, the Algerian Registry of Commerce, the Ministry of Commerce, and the Algerian Franchise Association. The association's director was among those in attendance for the purpose of achieving data saturation in this article, the respondents were selected based on their background and level of familiarity with franchises in Algeria. The interviews furnish the requisite data for comprehending the viewpoints on diverse facets of franchise registration in Algeria from the perspectives of franchisors, franchisees, attorneys, the director of the Algerian Franchise Association, academics, the Algerian Central Bank representative, the Algerian Registry of Commerce representative, and the Ministry of Commerce representative.

A thematic analysis was conducted on the study's findings. Because of its versatility and capacity to recognise and convey both explicit and implicit concepts within the data, thematic analysis was selected. Thematic analysis is used for two main reasons: it is accessible and flexible. Thematic analysis offers and draws upon methods of conducting research that would otherwise appear ambiguous, perplexing, conceptually difficult, and unduly complex to those who are unfamiliar with qualitative research it provides a method for teaching qualitative researchers how to code and analyse

qualitative data systematically. These skills can then be applied to more general theoretical or conceptual issues (Braun, V. & Clarke, V., 2012). The process of finding, classifying, and presenting a methodical view of meaningful patterns. (themes) within a dataset is known as thematic analysis. By concentrating on the meaning of datasets, thematic analysis enables researchers to perceive and comprehend. shared or collective meanings and experiences. Finding distinct and peculiar meanings and experiences within a single piece of data is not the goal of thematic analysis. As a result, this method allows you to identify and comprehend the commonalities in how the subject is discussed or written about (Braun, V. & Clarke, V., 2012).

Twelve individuals responded to the interview. The director of the Algerian Franchising Association, two practicing solicitors in Algiers, two franchisees, two franchisors, and two academics are among the respondents, along with representatives of the Algerian Central Bank, Algerian Registry Commerce, and Ministry of Commerce. Both primary and secondary data were used to create this article. Relevant materials like Algerian franchising statutes are examples of primary data. In a similar vein, the information obtained through the interviews—direct information from authorities on franchising in Algeria—is regarded as primary data. Textbooks, articles, scholarly journals, newspapers, dictionaries, information from the internet, government publications, theses, online databases, and pertinent guidelines are examples of secondary data.

The armchair library method was employed to gather primary legal materials, excluding interviews. The Sultanah Bahiyah Library provided the main legal resources for this project. Additional information was sourced equally through the library approach. Interviews are another method of gathering data that helps and improve the researcher's comprehension. Additionally, this approach enables the researcher to discover people's ideas, opinions, and beliefs regarding any particular subject (Anwarul Yaqin, 2007). The researcher used McNamara's eight principles to prepare for the interview (Campbell, A., Gilroy, P., & McNamara, 2003). Here are

some suggestions: pick a scene that will cause the least amount of distraction; clarify the purpose of the interview, assure them of your confidentiality, lay out the schedule, indicate how long it will take, make clear how to follow up, and ask if they have the inquiries before you start; and make use of a recording tool. As per McNamara's assertion, the preparatory stage holds paramount importance in maintaining a distinct focus on the interview setup that will maximise the advantages of the researched topic at hand (Turner III, Daniel W., and Nicole Hagstrom-Schmidt, 2022). Interviews via WhatsApp are being conducted with two franchisees, two franchisors, two lawyers, and two academicians due to the Covid-19 pandemic. Nevertheless, the researcher was unable to arrange a WhatsApp interview with the director of the Algerian Franchising Association, the representative. of the Ministry of Commerce, the representative of the Algerian Central Bank, or the representative of the Algerian Registry Commerce due to their hectic schedules. The researcher lowered the interview questions for them to answer in order to make up for this setback, and they all did. The duration of each interview, which took place between November 2021 and. February 2022, was roughly thirty to forty minutes. A smartphone was used to record each session. The entire interview was. conducted in Arabic.

This article used the semi-structured interview method to collect relevant data from those who participated. Due to its flexibility, which allows the researcher to prepare particular enquiries in advance to help guide the interview, semi-structured. interviews are used (Gillham and Bill, 2005). In addition to allowing respondents to freely. express their opinions, semi-structured interviews yield accurate data (Cohen D and Crabtree B, 2006). Purposive sampling is the method used. In qualitative research, a purposive sampling technique is employed (Anwarul Yaqin, 2007). This indicates that the respondents in this article were chosen by the researcher based on their ability to supply the necessary research answers. As a result, only those with relevant expertise and knowledge about franchising in Algeria were chosen. A total of twelve responders were chosen for this purpose. One of the first qualitative researchers, Harry Wolcott, offered a succinct response. to the question of how many qualitative interviews

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is enough. One interviewee is sufficient if they can supply the data necessary to explain the phenomenon under study, was the response (Sarah Elsie Baker, Rosalind Edwards, and Mark Doidge, 2012). When no new information is found that allows the researcher to construct category properties, saturation takes place. A researcher can be empirically confident that a category is saturated when he observes similar cases repeatedly (Saunders, Benjamin, et al, 2018). Twelve responders to the interview fulfilled the objective of collecting information from Algerian franchising industry stakeholders in order to research and enhance franchising enterprises in Algeria. The interview data was examined using the thematic data analysis technique. The investigator conducted data analysis in accordance with Creswell's recommendations. Data management was done manually. The table listed below displays the background information of the participants:

Table 1Background of the Respondents

No	Code	Gender	Position	Business Type
1	R1	Male	Director of the Algerian Franchise Association	Nil
2	R2	Male	Lawyer	Nil
3	R3	Male	Lawyer	Nil
4	R4	Male	Franchisee	Furniture Industry
5	R5	Male	Franchisee	CosmeticIndustry
6	R6	Male	Franchisor	Food Industry
7	R7	Male	Franchisor	Food Industry
8	R8	Female	Lecturer at University (Professor)	Nil
9	R9	Male	Lecturer at University (Professor)	Nil
10	R10	Male	Representative of the Algerian Central Bank	Nil
11	R11	Male	Representative of the Algerian Registry Commerce	Nil
12	R12	Male	Representative of the Ministry of Commerce	Nil

Sources: Researcher

4. RESULTS AND DISCUSSION

Legal Framework Regarding Registration of Franchise in Algeria

In developing countries, franchising was initially developed with international franchisors, followed by the establishment of a local franchise system. International franchisors would implement world-class quality standards, business practices, and infrastructures (Aliouche, E. Hachemi, et al, 2018). This will encourage business owners and entrepreneurs in Algeria to pick up and use these traits, guidelines, and techniques. In Algeria, how do foreign franchisors register their companies? Rather than being governed by a single specialised statute, the registration of a franchise is governed by multiple sets of laws because franchising is not specifically regulated in Algeria.

Law on Registration

The Algerian Commercial Code

Every business that is incorporated in Algeria must register in the Algerian commercial register with the Algerian register of Commerce (Algerian Commercial Code, 2007). Art 19 stated that: “All businesses founded in Algeria are required to register with the Algerian Register. of Commerce in the commercial. register of Algeria.” The following business types are included in Art. 20 and are required to register with the Algerian Register of Commerce: “Every trader, whether a natural person or a corporate body, an agency of a business corporation having its headquarters abroad, a branch or any other establishment in Algeria; a foreign commercial agency engaged in commercial activities in the Algerian territory; any business in crafts, service provider, whether a natural or legal person; and a lessee-manager (funder) of a business. ”(Algerian Commercial Code, 2007).

As a result, any franchisee in Algeria is required to register with the Algerian Register of Commerce. The Algerian franchisee registered his business with the Algerian Register of Commerce as a new company, despite having a contract with a foreign company. For

instance, in order to run Puma franchising in Algeria, the Algerian franchisee was required to establish a new business entity named DTRC, which serves as Puma's master franchisor in Algeria. Consequently, the company's registration with the Algerian Register of Commerce will show up as a brand-new Algerian company with no mention of a foreign franchisor. This was confirmed by the respondent 4, "The franchise business's beneficiary is not required by Algerian law to register the franchise. A franchise agreement is a legal agreement. between the franchisor and the franchisee, who registers their business as. an entirely Algerian enterprise." (R4 Franchisee, 2022). The respondent 10 added, "There is no mechanism to register franchise in Algeria." (R 10 Representative of the Algerian Central Bank, 2022).

There is no requirement or procedure in Algeria for businesses to register as franchises at this point, which prevents the collection of information and a clear understanding of the industry. The statistics about franchises are crucial for the company's future growth.

Intellectual Property

A wide range of rights relating to intellectual property (IPR), such as patents, trade secrets, designs for products, trademarks, and copyrights are involved in the franchise industry. Every area of intellectual property has distinct qualities and varies in the types of legal protection available. Brand names and trade secrets are the most fundamental aspects of intellectual property rights in the franchising industry (Santoso and Budi, 2019). In Algeria, the legal basis of intellectual property is Law on Patent No. 03-07 of 2003; The following executive decrees have been established: Executive Decree No. 03-07 of 2003, which lays out the process for filing. and issuance of patents; Law on Trademark No. 03-06 of 2004; Executive Decree No. 08-346 of 2008, which regulates the process. for filing and registering trademarks; Law on Copyright and Related Rights No. 03-05 of 2003; Law on the Protection of Integrated Circuit Layout. Design No. 03-08 of 2003; Executive Decree No. 98-68 of 1998 on the establishment and statute of the Algerian National. Institute of Industrial Property (INAPI); and Executive Decree No. 76-121 of 1976, which governs the process for registering and publishing appellations of origin and the establishment of the applicable fees

(Brishi Iman, 2018). Although there has been improvement, Algeria's legal framework for intellectual property rights (IPR) is still weak, and the laws are not adequately enforced. There is a lot of counterfeiting, particularly in the following areas: electrical equipment, software and hardware for computers parts, food and consumer goods (like shampoo or conditioner and baby formula), shoes, clothes, and cosmetics (Privacy Shield framework, 2018). Companies should think about registering for trademark and patent protection even before they start selling goods or services in Algeria, since first-in-time or first-in-right registrations are used for patent and trademark applications. When a franchisor chooses to franchise a business, they grant the franchisee permission. to use any licensed trademarks. The franchisee then replicates the associated. business model using the relevant trademarks. The franchisor has the authority to provide franchisees. with trademark usage guidelines. Additionally, they ought to instruct franchisees on how to refrain from breaking any intellectual property rules that concern trademarks. In order to pursue further protection for a trademark, a franchisor should register this essential type of intellectual property with the appropriate intellectual property authorities. Additionally, this will shield it from rivals' or franchisees' infringements on its intellectual property (Exy Intellectual Property, 2021).

No Mechanism for Registration

There are some cases of franchising in Algeria, which is accomplished by the franchisee receiving licenses from the Ministry of Commerce and submitting the signed franchisee-franchisor contract (R 2 Lawyer, 2021). Respondent 3 added, "There are cases of franchise in Algeria, but without any legal basis, but contracts signed from abroad, then register with Algerian Register of Commerce as a new company or new shop, new restaurant, or new factory, according to the commercial activity that will be practiced by the franchisee." (R 3 Lawyer, 2022). The respondent 6 added, "The franchisee in Algeria register their business as a company or institution." (R 6 Franchisor, 2022). Respondent 4 stated that, "The franchise business's beneficiary is not required by Algerian law to register the franchise. A franchise agreement is a legal agreement between the franchisor and the

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franchisee, who registers their business as an entirely Algerian enterprise. " (R 4 Franchisee, 2022). The respondent 10 highlighted, " There is no mechanism to register franchise in Algeria. " (R 10 Representative of the Algerian Central Bank, 2022). The respondent 1 said, "There is a legal vacuum in relation to franchising in general in Algeria, and there are no special measures for registering franchising business, which creates difficulties in knowing the true size of business related to franchising in Algeria. There are no accurate statistics for this field until this moment. " (R 1 Director of the Algerian Franchise Association, 2021). Respondent 12 mentioned " In Algeria, franchising is done on the basis of a contract between two parties the brand owner and the franchisee. However, this contract will not be declared as a franchise agreement. That's why the Ministry of Commerce have no official number regarding franchise business in Algeria. " (R 12 Representative of the Ministry of Commerce, 2021). Respondent 8 observed the following, "Not registering the franchise business under the name of the franchise in the commercial registry leads to the tax problem, as the franchise activity is not indexed at the level of the tax administration, where taxes are calculated on the franchisee activity as being exclusive distributors of products. " (R 8 Lecturer at University Professor, 2021).

As was previously mentioned, the majority of respondents claimed that there is no system in place to register franchises as a specific type of business activity. Subtitling franchising as other activities, like licensing, is completely counterproductive to the growth of franchising in Algeria. The government will not be able to keep an eye on franchisors operating in the Algerian market if there is no registration mechanism in place.

Current Practice of Franchise Business Related to Registration

The respondents were asked one question about the current practice of franchise business registration. How did the franchisees get their businesses registered in Algeria? The respondent 8 highlighted, "The registration process is done by contract, where the beneficiary of the

franchise concludes a contract with the franchisor, this contract enables him to establish a company, shop or factory according to the type of franchise business that he is dealing with, and then register this company with the Commercial Registry, so that he can start his activity. "(R 8 Lecturer at University Professor, 2021). Respondent 12 added, "In Algeria, franchising is done on the basis of a contract between two parties the brand owner and the franchisee. However, this contract will not declare as a franchise agreement. " (R 12 Representative of the Ministry of Commerce, 2021). Respondent 3 explained more, "There are cases of franchise in Algeria, but without any legal basis, but contracts signed from abroad, then register with Algerian Register of Commerce as a new company or new shop, new restaurant, or new factory, according to the commercial activity that will be practiced by the franchisee." (R 3 Lawyer, 2022). Respondent 4 added, "The franchise business's beneficiary is not required by Algerian law to register the franchise. A franchise agreement is a legal agreement between the franchisor and the franchisee, who registers their business as an entirely Algerian enterprise. " (R 4 Franchisee, 2022). The respondent 10 observed that, " There is no mechanism to register franchise in Algeria, franchising registration done through normal steps to register other types of businesses." (R 10 Representative of the Algerian Central Bank, 2022). Respondent 1 added, "There are no special measures for registering franchising business, which creates difficulties in knowing the true size of business related to franchising in Algeria. " (R 1 Director of the Algerian Franchise Association, 2021).

Based on the discussion above, it is clear that there is no mechanism for registering franchises as a business activity. Currently, in order to register a franchise, the franchisee must negotiate and sign a contract with the franchisor. which will not be declared as a franchise agreement. With that contract, the franchisee registers with the Algerian Register of Commerce as a new company, shop, restaurant, or factory, depending on the commercial activity he will engage in.

Despite the fact that the contract was with a foreign franchisor, the franchisee registers his business as entirely Algerian.

The Importance of Registration in Franchising

Registration serves as a regulatory strategy for monitoring and improving regulatory compliance, as well as facilitating the collection of franchise information and statistics (Andrew Terry, 2009). The Franchise Act 1998 of Malaysia is intended to provide for franchise registration and regulation, as well as other incidental matters (Malaysia Franchise Act, 1998). The Act's goal is to establish a comprehensive registration system to regulate the country's franchise businesses. The franchising industry cannot be regulated without an adequate registration system. As a result, the lack of an accurate register of franchisors and franchisees will make it difficult for the government to regulate the franchising sector in Algeria.

A comprehensive franchising statistic will enable the Algerian government to identify the needs of the franchising field and track its progress. Statistics are generally useful in the planning of future developments. China, Indonesia, Malaysia, Spain, and Vietnam require annual reports. The submission of annual updates facilitates the collection of franchising statistical analysis (Andrew Terry, 2007). The availability of franchising statistics and data will assist the government in developing policies and strategies to improve the franchising sector in the country. The primary goals of registration are to provide franchise information that will allow the government to better manage and control franchising activities in Algeria. The lack of statistics will make it difficult to analyse the actual growth of franchising in any country.

To further try to guarantee that prospective franchisees have access to pertinent information, franchise documentation can also be registered. All franchisors should have to put crucial information into a public registry so that potential investors can compare what is offered with other franchises and make an informed decision. The administrators who manage the register must approve the information before it can

be entered (Abell and Philip Mark, 2011). The idea is that this not only allows potential franchisees to "compare stores," but it also ensures that all franchisors provide a minimum level of offerings. Jurisdictions that mandate that paperwork be entered into a public registry aim to guarantee that the paperwork has been examined and authorised prior to the franchisor starting to sell franchises in that jurisdiction. "Prevention is better than cure" is the standard justification.

5. CONCLUSION

In Algeria, there is no mechanism for registering franchises as a business type. In Algeria, there is no obligation or mechanism for registering a franchising business as a franchise, resulting in a lack of data and a clear vision of the sector. The current practice in franchise business registration is for the franchisee to negotiate with the franchisor and sign a contract, which will not be declared as a franchise agreement. With that contract, the franchisee registers with the Algerian Register of Commerce as a new company, shop, restaurant, or factory, depending on the commercial activity he will engage in. Despite the fact that the contract was with a foreign franchisor, the franchisee registers his business as entirely Algerian. There is a need for a specific law to regulate franchises in Algeria. The law should require franchisors to register their trademarks before offering their franchises for sale to prospective franchisees. Putting franchising under other names, such as licensing, does not benefit the development of franchising in Algeria.

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