

# Analyzing the Impact of Franchisee Development on Entrepreneurship Trait Matrix: An Empirical Evidence

**Gowsia Bashir** : Research Scholar, Department of Management Studies, University of Kashmir, Hazaratbal, Srinagar. Email :shahgousia321@gmail.com

**Dr. Farooq Ahmad Khan** :Professor, Department of Management Studies, University of Kashmir, Hazaratbal, Srinagar. Email : farooqak65@yahoo.co.in

## Abstract

The study tried to find out the entrepreneurial process that exists in franchised outlets and to what extent the franchisees possess the entrepreneurship skills. The study also highlights and explores the dimensions of the entrepreneurial process as the unique feature of entrepreneurial firms and franchisee development dimensions. The questionnaire was administered to total of 325 franchisees out of which 306 were received back. Data collection was done at a point of time. Data was analyzed by using several statistical tools and techniques like descriptive statistics, correlation, ANNOVA and Structural Equation Modeling (SEM).The findings of the study reveal that franchisee development has got a positive and significant impact on entrepreneurship development. Franchisees also exhibit entrepreneurial behavior and possess entrepreneurship traits. Franchising system of entrepreneurship can serve as a tool for poverty alleviation. In developing countries franchising can accelerate economic growth by reducing unemployment, creating job opportunities and providing managerial expertise & training to the local small entrepreneurs. From entrepreneurship point of view, several authors have alleged that although the franchisors are usually the real entrepreneurs while as there is a doubt in considering franchisee's activities running and managing their outlets as the entrepreneurial firms. This study provides the empirical evidence to the fact the franchisees have got positive impact on entrepreneurship development.

**Key Words** : Franchisee, Entrepreneurship Development, structural equation modelling.

## Introduction

The main problem with the under developed countries has been poverty eradication, raising the standard of living and providing basic necessities like food, shelter, clothing. One of the most important reasons for such type of problems is unequal distribution of income and low per capita income. Even though several strategies have been formulated by the respective governments from time to time to overcome this problem but it

was not eradicated permanently. The best and successful solution to eradicate this menace happened to be the entrepreneurship promotion. Entrepreneurship is a very old concept according to which anyone who runs business is called an entrepreneur. The more precise meaning of entrepreneur is; one who perceives a need and then brings together manpower, material and capital required to meet that need. Entrepreneur is one who understands the market dynamics and searches for change, respond to it and exploit it as an opportunity. Entrepreneurship is a "process which involves application of time, effort and passion to create something new so as to receive the rewards of monetary and personal satisfaction and independence, despite having threat of financial, psychic and social risks" (Hisrich and Peters, 2002). Entrepreneurship is a dynamic process of vision, change, and creation. Different definitions by different authors have revealed several characteristics of entrepreneurship. Entrepreneurship plays an important role in the economic development of country and helps in generating more employment opportunities thereby raising the general living standard of the people. Entrepreneurs customarily write about the economic destiny of nations by changing the ways people live, revising the growth and development paths, bringing about the innovations that redraw economic contours and bring revolution. They stride unbeaten paths and use their creativity to create wealth out it. Most of government, non-government, educational and developmental institutions, after realizing the impact of entrepreneurship on economic development, has started pursuing entrepreneurship development through training interventions. Entrepreneurship development is considered as a very effective and potent tool for wealth creation, employment generation and poverty alleviation in India.

There are number of strategies available for the entrepreneurs to expand their business. However, one of the most dynamic and well accepted strategies that are often ignored by most of the entrepreneurs is franchising. The entrepreneurship and franchising concept are closely intertwined. Nowadays, term

entrepreneur is not confined only to the persons with a start-up business, but franchisees that get the rights to start their business under an established business model in a specific geographical area for a specific time period can also be regarded as entrepreneurs. Franchising is an entrepreneurial coalition between two organizations, the seller of the brand/business model known as franchisor and the buyer of the brand/business model known as franchisee. A franchise agreement is "a contract between two (legal) firms, the franchisor and the franchisee in which the franchisor is a parent company that has developed some products or services for sale; the franchisee is a firm that is set up to market these products or services in particular locations. The franchisee in return has to pay a certain sum of money for the right to market this product (Rubin, 1978).

### Review of Literature and Hypothesis Development

The franchising is considered as one of the most popular and well adopted strategy in most of the countries. It has significantly developed as an organizational form for the last four decades (Grewal *et al.*, 2011) chosen strategically by the firms in order to compete (Gillis *et al.*, 2011) in the industries requiring highly decentralized operations at a chain of multiple sites (Michael, 2000). It is now representing as one of the fastest growing and well accepted methods of doing business approved by 50 different industries worldwide (Combs *et al.*, 2010, Di Pietro *et al.*, 2007b, Shane and Foo, 1999). Nowadays, franchise business is largely involved in most of the day to day activities and is considered as a specific form of entrepreneurial cooperation. The reasons for joining the franchising business and the characteristics of the individuals involved in this business have been studied quite long. Most of the studies conducted by different authors have showed different reasons or advantages offered by the franchising business to the entrepreneurs.

Ramirez-Hurtado and Quattrociochi (2009) while studying the main motives for franchisees to go for franchising business found that proven business format, Startup support, Established name, Training provided, Faster development, and Ongoing support. The main motives in the USA are "training provisions", offered by the franchisors, well recognized/established brand name, greater independence, better investment, lower operating costs and less management involvement (Peterson and Dant, 1990). The findings were also supported by the study conducted by Izraeli (1972). Oxenfeldt and Kelly (1968) proposed that firms franchise in order to access scarce resources. They argued that firms prefer company ownership to manage growth because firms can expect higher rates of return from company owned

outlets. However, the desire to achieve economies of scale pressures firms to expand at a rate beyond what may be possible using only internally generated resources. Thus, young, small, growing firms will use franchising to fuel expansion until they reach the critical mass needed to generate economies of scale.

► **H1:** *Brand name, access to resources, ongoing support and training are significant dimensions of franchisee development.*

### Entrepreneurial Characteristics

Although the perfect entrepreneurship profile has not been found yet by anybody, there are certain characteristics of entrepreneurs which were repeatedly found while studying the entrepreneurial attitude (Gasse and Tremblay, 2009). There are certain characteristics which are unique and were founded by many studies. Most of the authors believe that entrepreneur is 'an innovator' responsible for creating ventures by identification of significant opportunities (Schumpeter, 1934). To describe alternate perspectives of entrepreneurship, numerous dimensions have been developed by the entrepreneurship scholars. As per Stewart *et al.* (1998), there are three classic psychological constructs predicting entrepreneurship. These include need for achievement, risk-taking, and innovation. While as Desset *al.* (1997) suggested that a distinct strategy-making process represented by entrepreneurial strategy-making is characterized by experimentation, innovativeness, risk taking, and proactive assertiveness. Morrison (2000) proposed that in case of hospitality franchising, entrepreneurship dimensions tend to reflect proactive, innovative and risk-taking strategies. Lumpkin and Dess (1996) proposed the most popular model of entrepreneurial orientation (EO), which specify that there are five dimensions of EO, namely autonomy, innovativeness, risk taking, pro-activeness and competitive aggressiveness.

► **H2:** *Creativity and innovation, need for achievement, risk taking ability and desire for autonomy are significant dimensions of entrepreneurship development.*

### Entrepreneurial Phenomenon to Franchisees

In service industries franchising is considered as a best technique to accumulate resources in order to rapidly create large chains and gain first mover advantage by the entrepreneurs (Bygrave, 1997, Michael 2003). Since the franchisor's role as an entrepreneur in creating entrepreneurial firm is generally understood, the status of the franchisee remains highly controversial (Falbeet *al.*, 1999; Morrison, 2000). Lindsay and McStay (2004) while exploring the entrepreneurial orientation of

franchisees, together with the entrepreneurial drivers of franchisee performance found pro-activeness regarding entrepreneurial orientation, together with a risk-taking entrepreneurial orientation. Franchising is seen as an entrepreneurial option enabling the development and creation of ventures (Deakins and Freel, 2003) and entrepreneurial orientation is regarded as being motive for sequential involvement of owner's as multi-outlet franchisees (Grunhagen and Mittelstaedt, 2001). Baucus *et al.* (1996) in his study concluded that the franchisees are often encouraged to innovate in areas such as local marketing and new product development so as to strengthen the system's competitive positioning in the marketplace. Grunhagen and Mittelstaedt (2005) stated that franchisee can be viewed as an entrepreneur because the franchise industry, in an attempt to promote the attractiveness of franchising to aspiring entrepreneurs has coined the catchy phrase: be in business for yourself, but not by yourself. Dada *et al.* (2010) while conducting a study concluded that franchisees actually play an important role in innovation within the franchise system in order to adjust to the existing situation which means they do possess the entrepreneurial skills. Cable and Shane (1997) in his study concluded that franchisees are responsible for business expansion by opening new markets, increasing new customer base, and all this involves a kind of risk associated with it signifying the risky behavior of the franchisees. Ketchenet *al.* (2011) in a study suggested that franchisees do almost all functions as other entrepreneurs except that they do not need to come up with the business idea and that from the individual franchisee's perspective, a franchise is a new venture and therefore can be considered an entrepreneur.

**H3:** There is a significant impact of franchisee development on entrepreneurship development.

**H3a:** Individuals with risk taking ability prefer franchise model of business.

**H3b:** Individuals with need for achievement prefer franchise model of business.

**H3c:** Individuals with inclination towards creativity and innovation prefer franchise model of business.

**H3d:** Individuals with desire for autonomy prefer franchise model of business.

### Objectives of the Study

The present study will be based on following research objectives:

1. To study the entrepreneurial relationship of franchisees.

2. To study and evaluate the domains of franchisee and entrepreneurship development.

### Methodology

#### Generation of Items

The entrepreneurship development is a multi-dimensional concept and involves many variables for explaining the diverse relationships. From time to time different researchers have given different dimensions. After reviewing the literature most of the researchers have focused on some key dimensions that have prominent impact on the entrepreneurship development. These include Creativity & Innovation (CI), Need for Achievement (NA), Risk Taking Ability (RA) and Desire for Autonomy (DA). Peterson and Dant (1990), and Watson and Stanworth (2005) have studied the franchise development and have developed a scale for the various dimensions identified. The main dimensions identified by the researchers include Brand Name (BN), Access to Resources (AR), Ongoing Support (OS) and Training (T). All these variables were selected after the thorough review of existing literature. The scale for the above generated variables was developed from the review of existing relevant scales and after thorough discussions with research experts to check the face validity and content validity. Besides, some modifications were made to increase its understandability to the respondents. In addition self-developed item were also incorporated in the final instrument. Five-point Likert scale has been used in all item constructs with ranks 5 (strongly agree) to 1 (strongly disagree). Franchisee questionnaire consists a total of 37 items.

#### Sample design and data collection

To evaluate the clarity and appropriateness of the questions contained in the questionnaire, which consisted of 37 items, a pilot survey was conducted in October 2014 on a sample of 89 respondents. To avoid duplication, seven items were identified and deleted in pretesting and, therefore, were not considered for the final survey. The instrument was finally left with 30 items.

The sample size was calculated using the sample size calculation formula; For finite population: (Yamane, 1967)

$$SS = \frac{N}{1 + N(e)^2}$$

Here,

SS = sample size

N = population

e = acceptable sampling error

The overall population of franchisees in J & K was 1500. For current study, at 0.05 significance level, percentage proportion of population ( $p = 0.5$ ) and margin of error to be 5 per cent. Thus, the final sample size so calculated in context to the above criterion arrived at 305 franchisees.

The franchisee questionnaire was administered to total of 325 respondents out of which 306 were received back. Out of 306 franchisee questionnaires 6 were rejected because of incomplete data. Therefore, the overall response rate was 92% for franchisee questionnaire.

## Data Analysis

### Descriptive Analysis of Franchisees

The overall description of variables provides the perception of franchisees towards the franchisee development and entrepreneurship development. Table 1 gives overall description of variables used in this study. The mean scores of all the understudy variables are above 3 which indicate that franchisees believe that brand name, access to scarce resources, ongoing support and training programs offered by the franchisors leads to franchisee development. It also reveals the positive attitude of franchisees towards the main entrepreneurial skills and signifies that franchisees give more emphasis on entrepreneurship development skills.

**Table 1: Overall Descriptive Statistics of Franchisees**

Variables	BN	AR	OS	T	CI	NA	R	DA
<b>N</b>	300	300	300	300	300	300	300	300
<b>Mean</b>	4.06	3.85	3.89	4.05	3.99	3.98	3.78	3.87
<b>SD</b>	.741	.818	.825	.699	.753	.826	.848	.854

**Note:** *SD:* Standard Deviation, *BN:* Brand Name, *AR:* Access to Resources, *OS:* Ongoing Support *T:* Training, *CI:* Creativity and Innovation, *NA:* Need for Achievement, *R:* Risk Taking Ability and *DA:* Desire for Autonomy

The Brand Name (BN) has got highest mean score ( $4.06 \pm .741$ ) indicating that it has greater inclination towards franchisee development followed by training ( $4.05 \pm .699$ ) and ongoing support ( $3.89 \pm .825$ ). However, AR ( $3.85 \pm .818$ ) has lowest mean score among franchisee development dimensions. The highest mean score for the BN towards franchisee development supports the fact that, well known and already proven brand mostly motivates the franchisees to go for franchising because in today's changing world customers give preference to well established brands and are always ready to pay more for it. A great advantage of a BN is its economies of scale in application (Caves and Murphy, 1976). Among the entrepreneurship

development variables the mean score is highest for Creativity and Innovation ( $3.99 \pm 0.753$ ) followed by Need for Achievement ( $3.98 \pm 0.826$ ) while as lowest for Risk Taking Ability ( $3.78 \pm 0.848$ ). The mean scores of all the entrepreneurship development variables understudy is above 3 which means franchisees also show entrepreneurial behaviour and have greater tendency towards entrepreneurial skills indicating that franchisees can also promote entrepreneurship. As revealed by the Table 1, the standard deviation values of the franchisee's responses lie between  $\pm 1$  which indicates that data assumes normal distribution or is in the normal range. So, franchisees are high on their agreement towards franchisee development and entrepreneurship development.

### Structural Model and Hypothesis Testing

Structural equation modeling is a technique that is now intensively used to describe large statistical models by evaluating the validity of underlying theories with empirical data. SEM is basically an extension of the general linear modeling (GLM) like, ANOVA and multiple regression analysis. It can be used to study the relationships among latent constructs which are measured through various variable/items and exogenous variables can be correlated/covariates which was not possible in GLM. Also error terms can be drawn to the variables in SEM. It is a confirmatory technique (hypothesis testing) for multivariate structural theory and determines the causal relations among variables. The causal pattern of relationship among the variables is specified prior from the theory. The SEM determines whether a hypothesized proposed model is consistent with the data collected to support this theory.

#### Structural Model-I

Model-I (Figure 1) shows overall relationship between franchisee development and entrepreneurship development. Structural equation modeling (SEM) was used to test the hypothesis. The structural equation model was developed which consists of various franchisee development dimensions (Brand Name, Access to Resources, Ongoing Support and Training) as independent variables and entrepreneurship development dimensions (Creativity and Innovation, Need for Achievement, Risk Taking Ability and Desire for Autonomy) as dependent variables

The hypothesis was tested by analysis and evaluation of model goodness-of-fit to check if the hypothesized model fits the observed data. Further, the significance of the path estimates was evaluated through critical ratios, p-values and coefficient of

determination ( $R^2$ ).

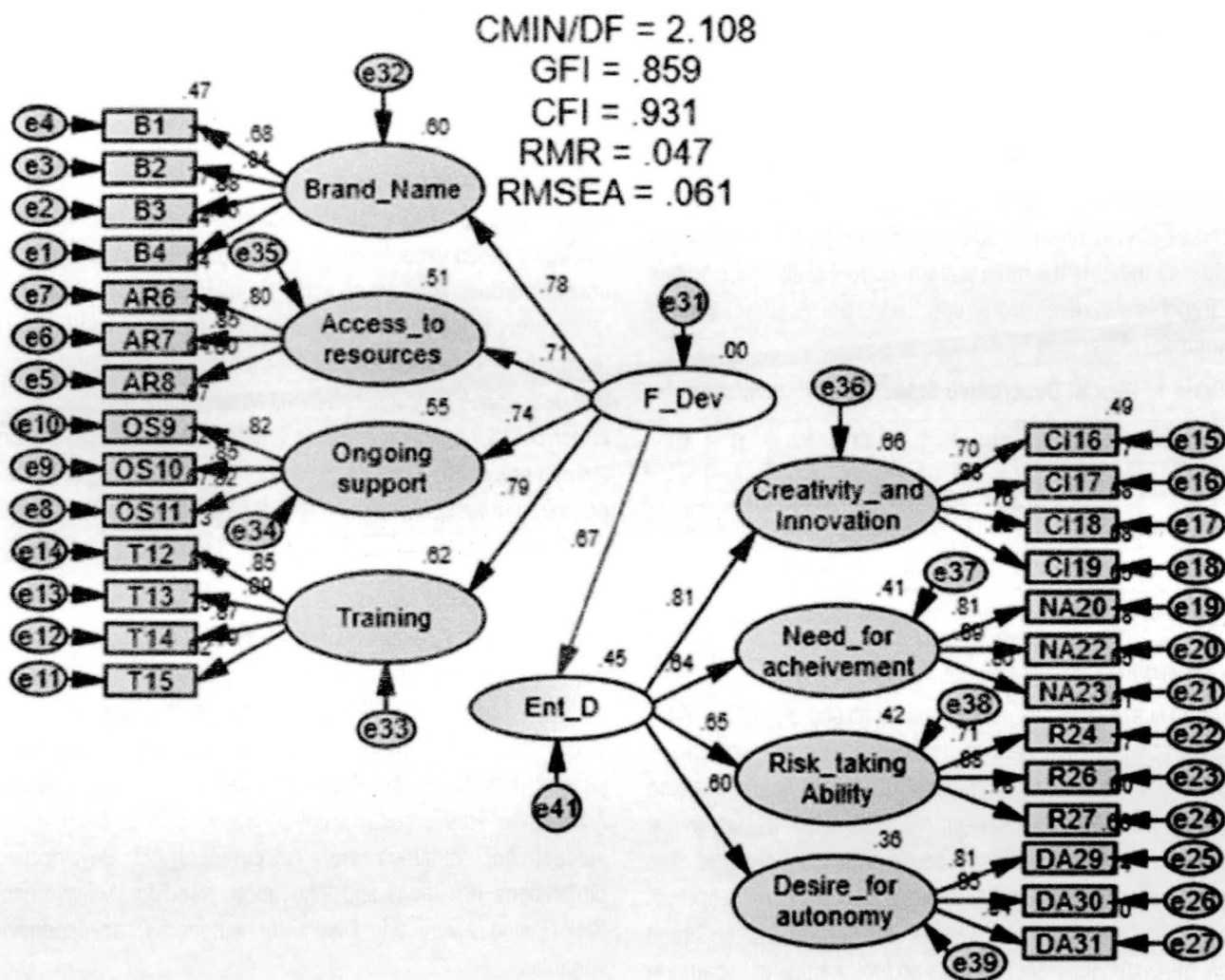
The structural path model was run to examine the research hypotheses;

**H1:** Brand name, access to resources, ongoing support and training are significant dimensions of franchisee development.

**H2:** Creativity and innovation, need for achievement, risk taking ability and desire for autonomy are significant dimensions of entrepreneurship development.

**H3:** There is a significant impact of franchisee development on entrepreneurship development.

Along with the model are given the goodness-of-fit measures indicating that they well exceeded the threshold values. The structural path results indicate that there is a significant and positive relationship between the franchisee development and entrepreneurship development. The results of the structural path model of franchisee development and entrepreneurship development are shown in Table 2 (critical ratio = 6.42, p-value = 0.000). In the overall model,  $R^2$  is 0.45 on entrepreneurship development. Thus, the findings and results provide support for H3 and confirm that franchisee development has a positively significant impact on entrepreneurship development. The RMSEA of 0.061 indicates low residual between the observed and estimated model.



**Figure 1: Showing Model Fit Measures and Impact of Franchisee Development on Entrepreneurship Development**

(NOTE: F\_Dev: Franchisee Development, Ent\_D: Entrepreneurship Development.) (Source: Based on Primary data)

This model gives the aggregate entrepreneurial tendency of franchisees. The positive impact of franchisee development on

entrepreneurship development is because of the fact that increasing competition in today's business markets compels the individuals to think different from what is mentioned in their paper works if they really want to succeed. The existence of contract clauses in franchising model agreement has created different images in people's mind set about franchising in terms of strict rules and standardization. Some franchisors may still believe in such things leading to certain restrictions to their franchisees as exceptions are always there, but majority of franchisors allow room for entrepreneurial activities in their outlets making their franchisees to exhibit their entrepreneurial tendencies (Clarkin and Rosa, 2005) as was demonstrated from their perception regarding their franchisees. This is evident from the results of the study which indicate that franchisees may not be dissimilar to entrepreneurs and support the findings of Deakins&Freel (2003).

The results provided in Table 2 reveal that the regression estimates of franchisee development dimensions namely brand name, access to resources, ongoing support and training are significant with critical ratio of 8.17, 8.49, 8.53, and 9.11 respectively. This provides support to the H1 that brand name, access to resources, ongoing support and training are significant dimensions of franchisee development.

**Table 2: Results of SEM Model I**

Paths		Std.Estimates	Critical Ratio	P-value	Decision	R <sup>2</sup>	
Brand Name	<-----	Franchisee Development	.785	8.172	***	Supported	
Access to Resources	<-----	Franchisee Development	.713	8.497	***		
Ongoing Support	<-----	Franchisee Development	.743	8.531	***		
Training	<-----	Franchisee Development	.797	9.118	***		
Entrepreneur ship Development	<-----	Franchisee Development	.670	6.427	***	Supported	.45
Creativity & Innovation	<-----	Entrepreneurship Development	.811	7.167	***	Supported	
Need for Achievement	<-----	Entrepreneurship Development	.649	6.796	***		
Risk taking Ability	<-----	Entrepreneurship Development	.653	7.04	***		
Desire for Autonomy	<-----	Entrepreneurship Development	.602	6.67	***		

Notes: \*\*\* p-value < 0.01

Franchising offering several advantages in the form of already recognized brand, training and guidance (covering most of the business issues to both the franchisees and their staff members) whenever required, support and guidance to operate their business and access to certain limited resources to the individuals who want to set up their business drives the youth to go for this model of business. These act as the main motivators for the franchisees as these can have significant influence on their performance and success of their business units. Similarly, the results in the Table show that regression estimates of entrepreneurship development dimensions namely creativity and innovation, need for achievement, risk taking ability and desire for autonomy are significant with critical ratio of 7.16, 6.79, 7.04, and 6.67 respectively. Thus supports H2 that creativity and innovation, need for achievement, risk taking ability and desire for autonomy are significant dimensions of entrepreneurship development.

### **Structural Model-II**

Model-II (Figure 2) shows relationship between franchisees and entrepreneurship development when disaggregated into individuals dimensions (Creativity and Innovation, Need for Achievement, Risk Taking Ability, Desire for Autonomy). The structural model was developed and hypotheses were tested by evaluation of model goodness-of-fit to check if the hypothesized model fits the observed data. Further, the significance of the path estimates was evaluated through critical ratios, p-values and coefficient of determination (R<sup>2</sup>).

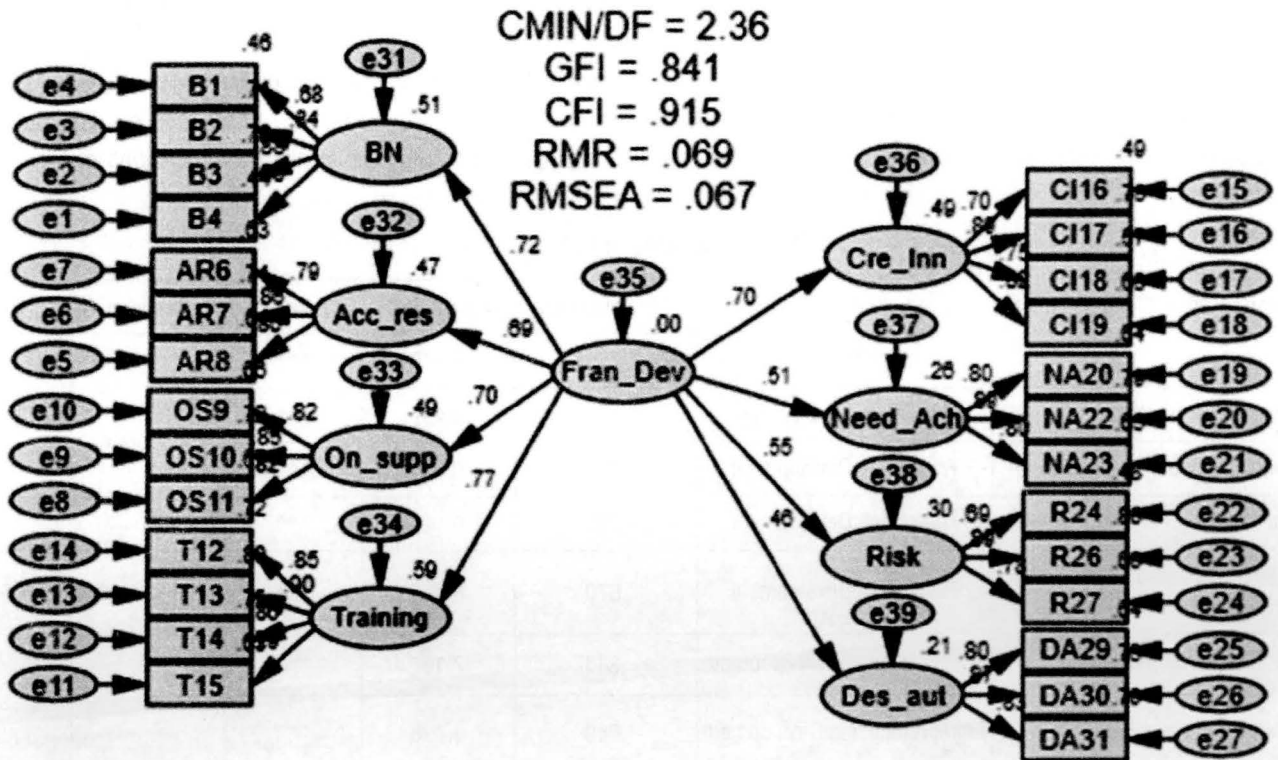
The structural path model II was run to examine the research hypotheses,

**H3a:** Individuals with risk taking ability prefer franchise model of business.

**H3b:** Individuals with need for achievement prefer franchise model of business.

**H3c:** Individuals with inclination towards creativity and innovation prefer franchise model of business.

**H3d:** Individuals with desire for autonomy prefer franchise model of business.



**Figure 2 : Showing Fit Measures and Impact of Franchisee Development on Various Dimensions of Entrepreneurship Development Respectively**

(NOTE: Fran\_Dev: Franchisee Development; (Source: Based on Primary data)

**Table 3: Results of SEM Model II**

Paths	Std.Estimates	Critical Ratio	P-value	Decision	R <sup>2</sup>
Creativity & Innovation <----- Franchisee Development	.719	7.728	***	Supported	.52
Need for Achievement <----- Franchisee Development	.531	6.705	***	Supported	.28
Risk taking Ability <----- Franchisee Development	.563	6.600	***	Supported	.32
Desire for Autonomy <----- Franchisee Development	.484	6.266	***	Supported	.23

Notes: \*\*\* p-value < 0.01

Along with the model are given the goodness-of-fit measures indicating that they well exceeded the threshold values. The structural path findings indicate that there is a significant and positive relationship between the franchisees and their entrepreneurship

development skills. The results of the structural path model of franchisee's development and entrepreneurship development are shown in Table 3. The findings reveal that franchisees are high in creativity and innovation (critical ratio = 7.7, p-value 0.000,  $R^2 = 0.52$ ) followed by need for achievement (critical ratio = 6.70, p-value = 0.000,  $R^2 = 0.28$ ), risk taking ability (critical ratio = 6.6, p-value = 0.000,  $R^2 = 0.32$ ) and desire for autonomy (critical ratio = 6.26, p-value = 0.000,  $R^2 = 0.23$ ). Thus, the findings and results provide support for the hypotheses H3a, H3b, H3c and H3d and confirm that individuals having inclination towards creativity and innovation, need for achievement, risk taking ability and desire for autonomy prefer franchise model of business. The findings of the study support the results of Lindsay & Mcstay (2004), which states that franchisee organizations are capable of demonstrating the entrepreneurial behaviour despite franchise system constraints. Due to the rapidly changing business environment most of the franchisees are responsible for exploring and initiating innovations within their units as per the local market need and being responsible for adapting their outlets to the local conditions (Sorenson and Sorensen, 2001). They are also supported by their respective franchisors for such entrepreneurial activities (Falbeet *et al.*, 1999). Franchisees need to engage in risk taking activities within their environment in pursuit of profits. Their risky behavior is revealed from their decisions for franchising business; this is because marketing a brand in untapped markets without knowing the success of that brand in those markets is the justifying example of their risk taking behaviors. Purchase of a franchise by a newcomer is unlikely to reduce the risks facing a new business start-up (Bates, 1998). Moreover, franchisees need to be proactive in scanning the environment to high light the opportunity areas (Lindsay & Mcstay, 2004). The results also reveal that risk taking ability and opportunism are the inherent traits within the franchise system (Mendelsohn, 2003).

### Conclusion

In today's highly competitive environment, entrepreneurship increases the efficiency of every business so as to have superior performance than their competitors. Entrepreneurship orientation exhibits a positive relation to business performance .i.e. the higher the EO, the higher will be the firm's performance. As such it has attracted increasing interest of both practitioners as well as academicians. Despite the increasing interest on entrepreneurship development (Rauch *et al.*, 2009), very few studies have been conducted on issues relating to entrepreneurship development in franchise systems so far. This

study attempted to fill this void in the literature by examining the entrepreneurship development skills in franchising systems empirically. The study was conducted in order to find out entrepreneurial process existing in a franchised outlets and contribution of the franchised systems towards entrepreneurship development.

Most of the studies conducted so far on franchising entrepreneurship believe that there is no doubt in considering franchisor's business as an entrepreneurial firm while as franchisees were doubtfully considered as entrepreneurs. While studying a franchise system from entrepreneurship point of view, the study findings provide evidence to the contrary. The results of the study show that franchising has got a positive and significant impact on entrepreneurship development. Franchisees also exhibit entrepreneurial behavior and possess entrepreneurship traits. No doubt the franchising contracts are characterized by standardization and uniformity but to a large extent, franchisors value franchisees that possess entrepreneurial qualities (mostly innovativeness, initiators, proactiveness, ambitious people, creative people, risk takers and people preferring excellence). This is because franchisors are aware of the fact that every business operating in distant markets needs to adopt and adjust as per the local market situation so as to succeed in the international as well unfamiliar national markets. This makes the franchisors to surrender control and allow relaxation and independence of franchisees to manage their outlets for success of their enterprises.

Moreover, franchised outlets are considerably incorporating most of the product innovations, promotion and advertisement innovativeness, innovative customer management techniques like other entrepreneurial firms. Franchisees while marketing brands in untried new markets risk their capital. To some extent risk may be shared with the franchisor but the franchisors did not eliminate business, financial and personal risk of franchisees in franchising systems. Similarly franchisors also take the risk of expanding their brands into newer markets to franchisees. The results of the study thus support the findings of Ketchen, *et al.* (2011) and also confirm that like other entrepreneurs / franchisors, franchisees do almost all functions except generating new ideas in the initial step of running a business.

### Implications

The study attempts to make some practical advice to the various stakeholders related to franchising as an entrepreneurial activity. These implications can help on boosting the franchising industry in the Jammu and Kashmir, which is at infancy stage in the state.



The various implications are being discussed as under:

1. The franchise business model developed in the study can assist the strategists and policy makers in identifying the various factors and challenges which determine the growth of franchising, that plays a crucial role in the economic development of a country and has become an important agent of the social change. As revealed from the research findings franchising has a multiplier effect on the entrepreneurship development, enterprise creation and employment generation. Franchising has a power for the creation of the needed sustainable jobs that can provide a better future for the thousands of the unemployed individuals of the Jammu and Kashmir.
2. The findings of the study regarding the various variables such as risk taking ability, training and support received from the franchisors and entrepreneurial potential of the franchisees etc. can help the policy makers (law makers) in formulating franchising specific laws. As there are no specific regulations for franchising. However, some generic laws in India like Competition law, Indian Contract Act are somehow applicable on the franchising business operations. Franchising specific regulations can help in protecting franchising rights thereby allowing conducive growth of franchise system in India as well as in Jammu and Kashmir.
3. The finding of the study will help franchisees in preparing the robust and comprehensive business plan that includes the business concept, business viability, risk mitigation strategy, resource allocation areas, fund raising agencies and operational process. This will help the franchisee in developing a sustainable and promising entrepreneurial business.
4. Franchising system of entrepreneurship can serve as a tool for poverty alleviation. In developing countries franchising can accelerate economic growth by reducing unemployment, creating job opportunities and providing managerial expertise & training to the local small entrepreneurs. The findings of the study confirm that franchisees agree of receiving training, support and access to the resources from the franchisors regarding their franchisee operations. This will enrich and sharpen their skills and provide them initial immunity against the competitors.

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