

A Comparison of Entrepreneurial Traits among Franchisees, Franchisors & Franchise Executives: A Surprising Finding

Dianne H.B. Welsh\*  
James W. Walter Distinguished Chair of Entrepreneurship  
Director, Florida Entrepreneur & Family Business Center  
University of Tampa  
401 W. Kennedy Boulevard  
Tampa, FL 33606-1490  
Phone: 813-257-1760  
Fax: 813-258-7236  
Email: [dwelsh@ut.edu](mailto:dwelsh@ut.edu)

Peter V. Raven  
Albers School of Business and Economics  
Seattle University  
901 12<sup>th</sup> Ave.  
Seattle, WA 98122  
Phone: 206-296-5763  
Email: [pvraven@seattleu.edu](mailto:pvraven@seattleu.edu)

Robin B. DiPietro  
Hospitality, Restaurant and Tourism Management  
University of Nebraska-Lincoln  
202G Ruth Leverton Hall  
Lincoln, NE 68512  
Phone: 402-472-3875  
Email: [rdipietro2@unl.edu](mailto:rdipietro2@unl.edu)

**Keywords:** entrepreneurship, franchising, traits, hope

**Research Topic:** Franchising and Small Business

\*Corresponding Author

## Biographical Statements

Dianne H.B. Welsh is the James W. Walter Distinguished Chair in Entrepreneurship, Professor of Management, and Director of the Florida Entrepreneur & Family Center at The University of Tampa. Her research interests include international franchising, family business, and international entrepreneurship.

Peter V. Raven is an Associate Professor of Marketing and Director of International Business Programs at Seattle University. He is Co-Director of the Albers Center for Global Business. His research focuses on export marketing, cross-cultural consumer behavior, global e-business, and entrepreneurship.

Robin B. DiPietro is an Assistant Professor in the Hospitality, Restaurant and Tourism Management program at the University of Nebraska-Lincoln. Her research interests include multi-unit management, human resource issues in the hospitality industry, and restaurant franchising.

## A Comparison of Entrepreneurial Traits among Franchisees, Franchisors & Franchise Executives: A Surprising Finding

### **Abstract**

The current study looks at the entrepreneurial traits of franchise executives and managers, franchisees, and franchisors in order to determine if there are significant differences between these groups of individuals. There has long been debate regarding the level of entrepreneurship in these groups of people, and the current study evaluates those differences. It was determined that many of the hypotheses in the study are not supported by the current research, thus leaving many open doors to additional research and inquiry. The current study found that franchisors had lower entrepreneurial traits, but higher hope than franchisees and franchise executives. Males in the current study had higher hope than females in all of the categories. Non-owners of franchised operations had higher hope than owners did. Implications for practitioners are discussed.

## A Comparison of Entrepreneurial Traits among Franchisees, Franchisors & Franchise Executives: A Surprising Finding

### Introduction

Franchising is often overlooked as a major player in economic development, particularly retail sales. Franchises are classified by the Department of Commerce as first, product and trade name. These types of businesses include auto and gas establishments or soft drink organizations that are franchised to sell, manufacture or distribute a particular brand of product with little direct control over local operations. The second classification, and most prevalent, is business format franchising, which provides franchisees with an entire business concept, from product to operations management and accounting systems. Subway, McDonald's, Decorating Den and Jiffy Lube are familiar names in this category. Generally, the franchisee pays an initial fee to the franchisor for the right to use its system for a specified time period, and also pays a percent of gross sales as royalty. In return, the franchisee receives rights to market the franchisor's product or service and receives extensive support in issues such as location, design, opening of the facilities, selection and training of employees, national promotion, accounting and financial analysis. Franchisee ownership of business format franchises in the United States alone valued output (value of goods and services produced) at \$349.6 billion, producing 5,502,634 jobs with a payroll of \$126.1 billion (Price Waterhouse Coopers, 2004).

A franchise entrepreneur is a common term used in the franchise industry. In fact, in the February 2007 issue of *Franchising World* magazine, Matthew Shay, Chair of the International Franchise Association (IFA), describes those that founded the preeminent trade organization in 1960 as "franchise entrepreneurs" (Shay, 2007). A search of the IFA website found 15 news

items containing the word entrepreneurship ([www.franchise.org](http://www.franchise.org)). While the franchise industry has latched on to the popularity of being an entrepreneur, there are some differences in perceptions between entrepreneurs, franchisees, and franchisors. Our cultural stereotype of an entrepreneur is one who is willing to take large risks on uncertain ventures with the intent that he or she will create a profitable business.

### *Franchisees*

While franchisees differ from the traditional entrepreneurs in that they are investing in an already proven business model with a system established by a franchisor that has a structured set of operating procedures, usually decreasing their risk substantially relative to a traditional start up business, they are still business owners, and therefore are assumed to be a type of an entrepreneur (Hoy, Stanworth, & Purdy, 2000; Shane & Hoy, 1996; Spinelli, Rosenberg, & Birley, 2004). Despite the control of the franchisor, most agree that a franchisee still must commit to a certain amount of risk taking and proactiveness (Morrison, 2000) in the running of their business in order to help ensure the business is successful, as does the traditional entrepreneur. According to Knight (1984), franchisees are less independent than other entrepreneurs. He examined the differences between Canadian franchisees and independent entrepreneurs with respect to personal characteristics, management skills, financing and support services, and found that differences exist, in part, because franchisees are less independent due to the relationship that exists between franchisees and franchisors. Paswan and Johns (2007) looked at the perceptions of franchisees as employees and entrepreneurs and found that potential franchisees perceive a franchisee more as an employee rather than an entrepreneur in a business.

Ajayi-Obe, Kirby, and Watson (2006) explored whether U.K. franchise organizations had policies that allow franchisees to engage in entrepreneurial activities and whether they attempt to recruit entrepreneurial individuals as franchisees. The study found that franchise systems do have procedures in place to allow franchisees to be innovative and attempt to recruit potential franchisees with entrepreneurial qualities. Sardy and Alon (2007) concluded that franchisee entrepreneurs in the United States are distinctive in their characteristics and compared to nascent entrepreneurs, have less experience, less confidence in their skills, less capital, more aspirations for larger organizations, less confidence in their abilities to make the business a success, and more belief that their first-year incomes will be stable.

### *Franchisors*

The franchisor, or founder of the unique business format system, also has experiences in common with entrepreneurs found in the literature as reviewed by Low and MacMillan (1988), such as carrying out new combinations (Schumpeter, 1934); driven by the perception of opportunity (Stevenson, Roberts, & Grousbeck, 1989); creating new ventures (Gartner, 1985); introducing new products and services, innovating, openness to change, outrunning the competition, enabling fast growth (Aldrich & Auster, 1986; Gartner, 1985), and establishing relationships and networks (Perkins & Perkins, 1999). They also are perceived to share some of the personal characteristics of individual entrepreneurs (Shaver & Scott, 1991) that have received attention in the literature, such as need for achievement (McClelland, 1961), locus of control (Rotter, 1966), propensity for risk (Slevin & Covin, 1992), and vision (Falbe & Larwood, 1995). Williams (1999) found that there are multiple entrepreneurial types, ranging from the solo, self-employed business owner, somewhat like an individual franchisee to those in the corporate

environment, possibly akin to a franchisor. In other words, while there may be commonalities between entrepreneurs, franchisees, and franchisors, the traits they share may be on a continuum at different points.

While the research in franchising is relatively a new field of study, the first studies being published in the *Journal of Retailing* in the 1960s, most of the research has traditionally focused on the franchisor. However, there have been an increasing number of studies in the last few years that examined franchisees. There has been little, if any, research that has examined the relationship between franchisors, franchisees, and franchise executives and managers in the same study. Likewise, there have been few studies, if any, that have explored the differences between these three groups in franchising on common traits of entrepreneurs in the same study. The primary purpose of this study is to explore if the traits commonly shared by entrepreneurs are found in franchisors, franchisees, and franchise executives. A secondary purpose of this study is to measure the hope level among these groups. Hope has been identified as a necessary trait of entrepreneurs and has not been measured among these franchise groups. Therefore, the link between entrepreneurship and franchising will be better established.

### *Franchising and Entrepreneurship*

Elango and Fried (1997) as well as Young, McIntyre, and Green (2000) published reviews of franchising research. Young, McIntyre, and Green (2000) conducted a content analysis of the first thirteen volumes of the International Society of Franchising (ISOF) Proceedings (1986, 1988-1999). Twelve major topics of research were identified. Entrepreneurship and franchising encompassed twelve papers out of 285 papers and ranked eighth in frequency among the topics. A recent preliminary study found five articles with

entrepreneurship in the title between the years of 2000-2007. Overall, ISOF members' research interests primarily reflect the results provided by Elango and Fried's (1997) review of franchising research published in journals. They identified an absence of research involving training, control systems, cooperative advertising, and communication. Entrepreneurship was not mentioned as a research topic regarding franchising at that time.

Despite the perception that there has been major research to establish the link between the domains of entrepreneurship and franchising, the research has been somewhat limited. Tuunanen, Hoy, & Torikka (2006) concluded that the following features make franchising a form of entrepreneurship: striving for growth, education and training, lowering the threshold to entrepreneurship, the birth of vital new firms, women entrepreneurship, internationalization, efficiency and competition, generating new businesses. The authors concluded that franchising and entrepreneurship are overlapping domains and that franchising possesses unique characteristics for stimulating entrepreneurial activity. Shane and Hoy (1996) established that franchisees and franchisors are two different types of entrepreneurs. Spinelli, Rosenberg and Birley (2004) as well as Stanworth (1995) all agreed that franchisors and franchisees are entrepreneurs. Hoy and Shane (1998) identified seven main approaches in entrepreneurship research that overlap with franchising. Hoy (1995) found eight links to entrepreneurship in franchising: incubator organizations, business plans, investment criteria, success factors, corridor principle, corporate culture, and life cycle models. Kaufmann and Dant (1999) identified four special franchising research areas that have relevance to entrepreneurship: franchisor as retail entrepreneur, entrepreneurial partnership of franchising, franchisee entrepreneur, and multi-unit franchisees. Stanworth, Healeas, Purdy, Watson, and Stanworth (2003) looked at entrepreneurial teams in franchising as a small business growth strategy.

### *Entrepreneurship Leadership Measures*

Entrepreneurship characteristics are measured in different ways. Many studies focus on the personality profile of entrepreneurs, believing they differ from non-entrepreneurs in special ways. Cromie (2000) examined entrepreneurial traits using Durham University Business School's General Enterprising Tendency (GET) test. The GET test includes the following traits: locus of control, risk taking, tolerance of ambiguity, creativity, need for autonomy, and self-confidence. Trait approaches to explaining why some people become entrepreneurs may be useful, but are not without their critics. One particularly troubling issue is that often these "tests fail to distinguish between entrepreneurs and other groups, such as managers" (Cromie, 2000, 24).

Examining CEO personal traits and entrepreneurship, Wincent and Westerberg (2005) found no direct relationship. However, Zhao and Seibert (2006) did find differences in personality traits between entrepreneurs and managers. Specifically, they found that entrepreneurs scored higher than managers did on Conscientiousness and Openness to Experience, but lower on Neuroticism and Agreeableness. There was no difference between entrepreneurs and managers on Extraversion.

Engle, Mah, and Sadri (1997) used a combination of Kirton's Adaption-Innovation Inventory and Rotter's Locus of Control scales to differentiate between employees and entrepreneurs. They found that entrepreneurs are more innovative, had less respect for rules and authority, but were less adaptive than employees. Locus of control was not significantly different between entrepreneurs and employees.

The role of national culture has also been explored by a number of authors. For example, Hayton, George, and Zahra (2002) reviewed the literature of cross cultural entrepreneur profiles,

acknowledging that most use Hofstede's value dimensions as indicators, leaving other areas underdeveloped. Cultural values may well influence entrepreneurial activities, but there are many other issues involved, as well.

In a study assessing the success of new ventures by engineering students, Wong, Cheung, and Venuvinod (2005) find that risk-taking propensity and need to achieve to be critical for success. External locus of control influences selection of failure intended idea factors.

The extant literature attempting to profile entrepreneurs on personality traits and cultural traits has had mixed success in agreeing. Entrepreneurs continue to be a somewhat difficult group to effectively categorize. Our study attempts to shed more light on this elusive goal by employing an entrepreneur leadership measure with hope scales.

### *Hope*

The term hope has been defined as a psychological construct that is comprised of a person's capability to derive pathways to achieve goals and to motivate oneself via agency thinking to use those pathways (Snyder, 2002). A theoretical construct that was developed by Snyder, et al. (1991) to describe a person's ability to accomplish goals via various pathways, hope has been researched in academics, athletics, and physical and mental health areas. Hope has been positively related to positive performance outcomes in these areas, and has just recently been researched in the area of business performance. Peterson and Luthans (2003) found in their exploratory research that hope is positively related to better performance in fast food restaurant managers.

To date, the research on hope has not been used with entrepreneurs, franchise executives and managers, or franchisees and franchisors. The current research is being proposed to evaluate

the trait hope levels of the groups in order to assess the role that hope may play in the various groups that play a role in franchise systems. This research can help to specify whether hope plays a role in the performance of various franchise systems or whether it should be used as a selection criterion for franchised systems in the future.

## **Methodology**

### *Sample*

As part of a larger project, this study analyzed the results of a survey sent out to 1262 top executives, franchisees, and franchisors from a multitude of franchise operations. The surveys were sent out to 1047 members of the International Franchise Association Executive mailing list in July, 2006. The remainder of the surveys was from the list of attendees at the 2003 International Franchise Association Conference. Thirty percent of the surveys were sent out via mail to the franchise locations and the rest via electronic mail specifically to franchisees, franchisors, and top executives in franchised units. Of the 1262 surveys sent out, there were 145 usable surveys returned for a response rate of about 11.5 percent. Consistent with other franchise studies, the response rate lags other industry samples (Young, McIntyre, & Green, 2000). A profile of the sample is shown in Table 1.

[Insert Table 1 here]

### *Hypotheses*

The following hypotheses are proposed:

H1: Franchisors are more entrepreneurial than franchisees or franchise executives.

H2: Franchisees are more entrepreneurial than franchise executives.

H3: Franchise executives and managers are the least entrepreneurial.

H4: Franchisors should have the highest hope levels, then franchisees, then franchise executives.

H5: Males will score higher than females on: (a) Entrepreneurial traits; (b) hope.

H6: Owners of franchises will score higher than non-owners on: (a) Entrepreneurial traits;  
(b) hope.

### *Measures*

To test our hypotheses, we used several measures that have been previously developed and shown to be valid in the literature.

#### *Entrepreneurship Leadership Traits.*

Welsh et al. (2001) determined that the perceptions of the vision, leadership, and operations of franchise systems were different depending on whether respondents were a franchisee or a franchisor in a system. Franchisors viewed themselves as much more likely to recognize rapid change in the industry and company, focus more on research and development, and be more innovative than the perspective of the franchisee regarding the same franchisor.

Our measure asked questions such as how franchisee headquarters dealt with competitors, used marketing, research and development, was a leader, risk averse, developed new products, and other such questions. Respondents marked scales from one to eight to indicate their agreement with the questions.

In an attempt to be able to predict a person's position based on their responses to the entrepreneur leadership scale, we ran stepwise linear regression to help determine the most parsimonious results. Our results are reported in Table 2. These regressions are significant at the .03 level or less.

[Insert Table 2 here]

Almost 12% of the variance with executives is explained by two entrepreneur leadership variables, Initiator and Aggressive (negative). For franchisees, 13% of the variance is explained

by Innovator and for Franchisors, 39% of the variance is explained by the variables Competitive and New Products.

These results are interesting because they suggest that entrepreneurial leadership behaviors for each category of leader are explained by different variables.

Using factor analysis, we found seven entrepreneurial leadership traits and labeled them as follows:

- Competitive – describes the extent to which a franchise avoids or adapts to competitors approaches, with higher scores suggesting the latter.
- Innovator – higher scores indicate market leadership in R&D, new ideas, and new products.
- Initiator – higher scores suggest initiating, rather than reacting to, competitive actions.
- Adaptor – spends money on potential solutions and adapts method to solve problems.
- Aggressive – is aggressive, competitive, and quick to seize new opportunities.
- New Products – higher scores indicate the firm develops new lines of products and services, with some being quite dramatic.
- Bold – adopts a bold, aggressive position to maximize opportunities, rather than a “wait and see” position.

### *The Trait of Hope.*

Hope is defined as the perceived capability to derive pathways to desired goals, and motivate oneself via agency thinking to use those pathways (Snyder, 2002). Snyder et al. (1991) determined that hope, beyond wishful thinking, is represented by a person’s ability to use their willpower or desire (agency) to get something (goal) accomplished, and their ability to create various paths to get the goal accomplished (waypower). Increased hope level has been found to help determine how successful someone will be at achieving their goals (Snyder, 2002).

Our measure of hope consisted of four items measuring Hope Pathways and four items measuring Hope Agency. Hope Pathways items included “I can think of many ways to get out of a jam,” “There are lots ways around a problem,” “I can think of many ways to get the things in

life that are most important to me,” “Even when others get discouraged, I know I can find a way to solve the problem.” Hope Agency items included “I energetically pursue my goals,” “My past experiences have prepared me well for my future,” “I’ve been pretty successful in life,” and “I meet the goals I set for myself.” All items were recorded on an eight-point Likert type scale anchored by Strongly Disagree (1) and Strongly Agree (8).

The measures used were factor analyzed to determine dimensionality. Almost all measures were uni-dimensional and used directly. Those measures with more than one dimension were used as separate measures (e.g., Adaptor and Aggressive). In the case of the New Product Development measure, one item was discarded as it did not contribute to the overall measure. The uni-dimensional measures were then tested for reliability (coefficient alpha). The psychographic properties of the measures are indicated in Table 3.

[Insert Table 3 here]

## **Results**

Our first hypothesis expects franchisors to be more entrepreneurial than franchisees or franchise executives. The reasoning behind this hypothesis is that franchisors created the concept and system of franchising and would therefore be more entrepreneurial as the creators of the business concept. Table 4 tests the differences between the means of each of these categories using t-tests. Our data indicate that franchisors, in fact, tend to be less entrepreneurial on many of the entrepreneurial traits compared to franchisees and franchise executives. Franchisors had statistically significantly lower scores than franchisees on Competitive, Adaptor, Aggressive, and New products traits. Franchisors also had lower scores than executives on Competitive, Innovator, Initiator, Adaptor, Aggressive, and Bold entrepreneurial traits. These results do not support our hypothesis.

The second hypothesis expects franchisees to be more entrepreneurial than franchise executives. The reasoning here is that franchisees are buying the franchise and therefore should have higher entrepreneurial tendencies. The results (Table 2) suggest the opposite. Franchisees were less entrepreneurial than executives on the traits of Innovator, Initiator, and Aggressive. On the other traits, there were no statistically significant differences. Hypothesis 2 is not supported.

Our third hypothesis expects franchise executives to be less entrepreneurial than either franchisors or franchisees. These individuals are either managing unit(s) or employed at headquarters, oftentimes to sell the franchise units. Table 2 reports the results. In none of the statistically significant differences are executives lower in entrepreneurial traits than either franchisors or franchisees – they have higher values. Arithmetically, executives have lower means than franchisees in Adaptor and New products traits, but the differences are not statistically significant.

Hypothesis 4 expects franchisors to have the highest hope levels, franchisees the next highest and executives the least. Again, Table 4 reports the results. We found that they do tend to have higher hope levels – both pathways and agency – than either franchisees or executives, although there were no statistically significant differences between franchisors and executives. Executives had statistically higher hope levels than franchisees. Hypothesis 4 is partially supported.

Hypothesis 5 compares male and female respondents and expects both (a) higher entrepreneurial traits and (b) hope scores for males. Table 5 compares the means. We found statistically significant differences for the entrepreneurial traits of Competitive, Initiator, and Aggressive, with males having higher scores. There were significant differences between males

and females on both hope scales, with males scoring much higher than females. These results partially support our hypothesis.

Hypothesis 6 examines the issue of ownership of the firm. We expect that owners will (a) score higher on entrepreneurial traits than non-owners and that owners will have (b) higher hope scores than non-owners. Table 6 displays the results of our t-tests. Only one statistically significant result was found, with owners scoring higher than non-owners on Initiator. Owners tended to have slightly higher scores on most entrepreneurial traits, except for New Products and Bold. The hope measures were statistically different, but in the opposite direction of that hypothesized. Non-owners had much higher hope scores than did owners. Hypothesis 6 is partially supported.

### **Conclusion**

This study examined whether the traits entrepreneurs commonly portray are found in franchisors, franchisees, and franchise executives. One particular trait, hope, was measured for the first time with these three franchise groups. The study found that franchisors tended to be less entrepreneurial on many entrepreneurial traits than franchisees and franchise executives. Franchise executives were found to be more entrepreneurial than franchisees. Franchise executives had higher values in entrepreneurial traits than both franchisors and franchisees. On the particular trait of hope, we found that franchisors did have higher hope levels than either franchisees or executives. However, franchise executives had statistically higher hope levels than franchisees. We also looked at gender differences. Males had statistically significant higher scores on the entrepreneurial traits of Competitive, Initiator, and Aggressive. Males had significantly higher hope levels than females. Additionally, we examined ownership. Only one

significant entrepreneurial trait difference was found between owners and non-owners-owners scored higher on Initiator. Non-owners had much higher hope scores than owners did. While most of the hypotheses were in the opposite direction than we predicted, we believe these preliminary findings are particularly interesting and open the discussion in terms of the relationship between entrepreneurship and franchising.

### **Implications**

Our findings call into the question some of the long-standing assumptions surrounding entrepreneurship and franchising. While this study is limited to one point in time and self-reported results, it does present interesting findings that encourage further research. The representative sample of franchisors, franchisees, and franchise executives did not have the same levels of entrepreneurial traits; in fact, franchise executives had higher levels of entrepreneurial traits than either franchisees or franchisors. Franchisees had higher levels of entrepreneurial traits than franchisors. This may be the result of a number of factors, such as the age of the franchisor, where the franchise is in the life-cycle, whether the franchise is primarily corporate, individual franchisee-owned units, or multi-unit franchisees. For example, it raises the question if the franchisor becomes more process-oriented over time and less entrepreneurial as the franchise matures. Drucker (1985) called this systematic entrepreneurship. Does the high level of entrepreneurial traits in franchise executives reflect their sales abilities, as many have selling franchise units as one of the primary responsibilities? Are franchisees truly the entrepreneurs in the franchise system as they touch the customer most directly?

Franchisees had the lowest hope levels, then franchisors, while franchise executives had the highest hope levels. Since franchisees would presumably be closest to the customer, the

franchise industry would probably like to see this group as the most hopeful as they represent the franchise to the customer on a daily basis. The hope surveys could be utilized in recruitment and selection of franchisees as well as franchise executives, the ones selling the franchises. It would also be interesting to look at the hope level among self-employed entrepreneurs compared to franchisees, franchisors, and franchise executives. What is the optimum level of hope that breeds success?

While the study is limited, it raises questions that have major implications for franchising. The research on franchising is limited and we hope this study raises questions for future studies that will aide both researchers and the industry in better understanding what makes franchising unique and how it compares to entrepreneurship.

## References

- Ajayi-Obe, O., Kirby, D., & Watson, A. (2006, February). The franchise system as a context for entrepreneurship: Some preliminary findings. Proceedings of the International Society of Franchising, Palm Springs, CA.
- Aldrich, H., & Auster, E.R. (1986). Even dwarfs started small: Liabilities of age and size and their strategic implications. *Research in Organizational Behavior* 8:165-198.
- Cromie, S. 2000. Assessing entrepreneurial inclinations: Some approaches and empirical evidence. *European Journal of Work & Organizational Psychology* 9(1): 7-30.
- Drucker, P.F. (1985). *Innovation and Entrepreneurship*. New York: HarperCollins Publishers.
- Elango, B., & Fried, V.H. (1997). Franchising research: A literature review and synthesis. *Journal of Small Business Management* 35(3): 68-81.
- Engle, D., Mah, J., & Sadri, G. 1997. An Empirical Comparison of Entrepreneurs and Employees: Implications for Innovation. *Creativity Research Journal*, 10(1): 45.
- Falbe, C.M., & Larwood, L. (1995). The context of entrepreneurial vision. In W.D. Bygrave, B.J. Bird, S. Birley, N.C. Churchill, M. Hay, R.H. Keeley and W.E. Wetzels, eds., *Frontiers of Entrepreneurship*. Wellesley, MA: Babson College.
- Gartner, W. (1985). A conceptual framework for describing the phenomenon of new venture creation. *Academy of Management Review* 10(4): 696-706.
- Hoy, F. (1995). Researching the entrepreneurial venture. In J. Katz and R.H. Brockhaus, eds., *Adventures in Entrepreneurship, Firm Emergence, and Growth: Vol. 2*. Greenwich, CT: JAI Press Inc.
- Hoy, F., & Shane, S. (1998). Franchising as an entrepreneurial venture form. *Journal of Business Venturing* 13(2): 91-94.
- Hoy, F., Stanworth, J., & Purdy, D. (2000). An entrepreneurial slant to franchise research. In D.L. Sexton and H. Landstrom, eds., *The Blackwell Handbook of Entrepreneurship* (pp. 408-432). Oxford, UK: Blackwell Business.
- Kaufmann, P.J., & Dant, R.P. (1999). Franchising and the domain of entrepreneurship research. *Journal of Business Venturing* 14(1): 5-16.

- Knight, R. (1984). The independence of the franchisee entrepreneur. *Journal of Small Business Management* 22(2): 53-61.
- Low, M.B., & MacMillan, I.C. (1988). Entrepreneurship: Past research and future challenges. *Journal of Management* 14(2): 139-161.
- McClelland, D.C. (1961). *The Achieving Society*. New York, NY: Van Nostrand.
- Morrison, A. (2000). Entrepreneurs or intrapreneurs? In C. Lashley and A. Morrison, eds., *Franchising Hospitality Services* (pp. 68-91). Oxford, UK: Butterworth-Heinemann.
- Paswan, A., & Johns, R. (2007, February). Is a franchisee entrepreneur or employee? An exploratory investigation of perceptions about being a franchisee. *Proceedings of the International Society of Franchising*, Las Vegas, NV.
- Perkins, A.B., & Perkins, M.C. (1999). *The Internet Bubble*. New York, NY: Harper Business.
- Peterson, S.J. & Luthans, F. (2003). The positive impact and development of hopeful leaders. *Leadership & Organization Development Journal* 24(1/2): 26-32.
- Price Waterhouse Coopers (2004). The economic impact of franchised businesses. Retrieved February 10, 2007, from <http://www.franchise.org>
- Rotter, J. B. (1966). Generalized experiences for internal versus external locus of control of reinforcement. *Psychological Monographs* 609a.
- Sardy, M., & Alon, I. (2007, February). Exploring the differences between franchisee entrepreneurs and nascent entrepreneurs. *Proceedings of the International Society of Franchising*, Las Vegas, NV.
- Schumpeter, J. A. (1934). *Theory of Economic Development*. Cambridge, MA: Harvard University Press.
- Shane, S., & Hoy, F. (1996). Franchising: A gateway to cooperative entrepreneurship. *Journal of Business Venturing* 11(5): 325-327.
- Shaver, K. G., & Scott, L. R. (1991, Winter). Person, process, choice: The psychology of new venture creation. *Entrepreneurship Theory and Practice* 16: 23-45.
- Shay, M. (2007, February). The IFA convention-building the future together. Retrieved May 10, 2007, from <http://www.franchise.org/search>
- Slevin, D. P., & Covin, J. G. (1992). Creating and maintaining high performance teams. In D. Sexton and J. Kasarda, eds., *The State and Art of Entrepreneurship*. Boston, MA: PWS-Kent.

- Snyder, C.R., Harris, C., Anderson, J.R., Holleran, S.A., Irving, L.M., Sigmon, S.T., Yoshinobu, L., Gibb, J., Langelle, C., & Harney, P. (1991). The will and the ways: Development and validation of an individual-differences measure of hope. *Journal of Personality and Social Psychology* 60: 570-585.
- Snyder, C.R. (2002). Hope theory: Rainbows in the mind. *Psychological Inquiry* 13(4): 249-275.
- Spinelli, S., Rosenberg, R.M., & Birley, S. (2004). *Franchising: Pathway to Wealth Creation*. Upper Saddle River, NJ: Prentice Hall.
- Stanworth, J. (1995). The franchise relationship: Entrepreneurship or dependence? *Journal of Marketing Channels* 4(1/2): 161-176.
- Stanworth, J., Healeas, S., Purdy, D., Watson, A., & Stanworth, C. (2003, February). Entrepreneurial teams, intellectual capital acquisition and knowledge management-New perspectives on franchising as a small business growth strategy. *Proceedings of the International Society of Franchising*, San Antonio, TX.
- Stevenson, H., & Gumpert, D. (1985, April-May). The heart of entrepreneurship. *Harvard Business Review*: 85-94.
- Stevenson, H., Roberts, M., & Grousbeck, H. (1989). *New Business Ventures and the Entrepreneur*. Homewood, IL: Irwin.
- Tuunanen, M., Hoy, F., & Torikka, J. (2006, February). Franchising-Multifaceted form of entrepreneurship. *Proceedings of the International Society of Franchising*, Palm Springs, CA.
- Welsh, D.H.B., Adler, M.F., Falbe, C.M., Gardner, R.O., & Rennick, L.A. (2001). Multiple uses of the internet in franchising. *Symposium at the International Society of Franchising*, Las Vegas, NV.
- Williams, D. (1999). Why do entrepreneurs become franchisees? An empirical analysis of organizational choice. *Journal of Business Venturing* 14(1): 103-124.
- Wincent, Joakim and Westerberg, Mats. 2005. Personal Traits of CEOs, Inter-firm networking and entrepreneurship in their firms: investigating strategic SME Network Participants. *Journal of Development Entrepreneurship* 10(3): 271-284.
- Wong, Wing-Ki, Cheung, Hong-Man, and Veuvinod, Patri K. 2005. Individual Entrepreneurial Characteristics and Entrepreneurial Success Potential. *International Journal of Innovation and Technology Management* 2 (3): 277-292.
- Young, J.A., McIntyre, F.S., & Green, R.D. (2000). *The International Society of Franchising*

Proceedings: A thirteen year review. Proceedings of the International Society of Franchising, San Diego, CA.

Zhao, Hao and Seibert, Scott E. 2006. The Big Five Personality Dimensions and Entrepreneurial Status: A Meta-Analytical Review. *Journal of Applied Psychology* 91(2): 259-271.

**Table 1. Respondent Profile**  
**N=145**

<b>Parameter</b>	<b>Percent</b>
Males	72.9%
Females	27.1%
Position:	
Franchisee	19.3%
Executive	44.8%
Franchisor	35.9%
Own controlling interest	42.3%

**Table 2. Stepwise Regression – Parsimonious Models**

<b>Parameter</b>	<b>Betas</b>		
	<b>Executive</b>	<b>Franchisee</b>	<b>Franchisor</b>
Initiator	.093	---	---
Aggressive	-.147	---	---
Innovator	---	.282	---
Competitive	---	---	.226
New Products	---	---	.095
F	5.284	5.177	17.323
P	.008	.031	<.001
df	64	27	51
R <sup>2</sup>	.118	.134	.390

**Table3. Correlations and means of measures**  
**N = 145**

Variable	Hope Pathways	Hope Agency	Competitive	Innovator	Initiator	Adaptor	Aggressive	New Products	Bold
<b>Hope Pathways</b>	<b>.97</b>								
<b>Hope Agency</b>	.952**	<b>.98</b>							
<b>Competitive</b>	-.227*	-.188*	<b>NA</b>						
<b>Innovator</b>	.088	.054	.136	<b>.69</b>					
<b>Initiator</b>	.087	.092	.256**	.668**	<b>NA</b>				
<b>Adaptor</b>	-.190*	-.110	.275**	.249**	.279**	<b>NA</b>			
<b>Aggressive</b>	.250**	.262**	.179*	.366**	.315**	.094	<b>NA</b>		
<b>New Products</b>	.004	-.021	.304**	.432**	.345**	.143	.378**	<b>NA</b>	
<b>Bold</b>	.062	.096	.154	.586**	.586**	.475**	.352**	.402**	<b>NA</b>
<b>No. Items</b>	4	4	1	4	2	2	2	2	1
<b>Mean</b>	20.14	20.30	4.77	5.29	5.27	4.02	5.23	5.14	4.76
<b>SD</b>	10.48	10.71	2.18	1.32	1.74	1.43	1.50	1.88	1.67

Reliabilities (Cronbach's alpha) are in bold on the diagonal; for one or two-item measures, alpha is not appropriate.

\*\* P<.01 \* P<.05

**Table 4. t-Tests of differences between means: franchisors, franchisees, and executives**

Parameter	Means		
	Franchisor	Franchisee	Executives
Hope Pathways	23.4091 <sup>a</sup>	11.6429 <sup>a, c</sup>	21.7895 <sup>c</sup>
Hope Agency	22.7273 <sup>a</sup>	12.2857 <sup>a, c</sup>	22.3509 <sup>b, c</sup>
Competitive	3.9375 <sup>a, b</sup>	5.5769 <sup>a</sup>	5.1053 <sup>b</sup>
Innovator	4.8750 <sup>b</sup>	4.8611 <sup>c</sup>	5.8421 <sup>b, c</sup>
Initiator	4.7188 <sup>b</sup>	4.5370 <sup>c</sup>	6.0789 <sup>b, c</sup>
Adaptor	3.1875 <sup>a, b</sup>	4.7037 <sup>a</sup>	4.3947 <sup>b</sup>
Aggressive	4.9896 <sup>a, b</sup>	4.6481 <sup>a, c</sup>	5.7018 <sup>b, c</sup>
New Products	4.6250 <sup>a</sup>	5.6667 <sup>a</sup>	5.3333
Bold	4.1042 <sup>b</sup>	4.6296	5.3984 <sup>b</sup>

<sup>a</sup> significant difference between Franchisor and Franchisee (P<.05)

<sup>b</sup> significant difference between Franchisor and Executives (P<.05)

<sup>c</sup> significant difference between Franchisee and Executives (P<.05)

**Table 5. t-Tests of males and females**

<b>Parameter</b>	<b>Means</b>				<b>P</b>
	<b>N</b>	<b>Males</b>	<b>N</b>	<b>Females</b>	
Hope Pathways	93	21.52	35	16.11	.009
Hope Agency	93	21.83	35	15.89	.005
Competitive	97	5.01	33	3.97	.012
Innovator	97	5.36	34	5.06	.253
Initiator	97	5.98	34	4.34	<.001
Adaptor	97	4.06	34	3.88	.530
Aggressive	97	5.39	34	4.81	.044
New Products	97	5.18	34	4.97	.586
Bold	97	4.74	34	4.76	.945

**Table 6. t-Tests of differences between Owners and non-owners of companies**

<b>Parameter</b>	<b>Means</b>				<b>P</b>
	<b>N</b>	<b>Owner</b>	<b>N</b>	<b>Non-Owner</b>	
Hope Pathways	52	16.06	74	22.92	<.001
Hope Agency	52	16.65	74	22.72	.002
Competitive	51	5.12	78	4.58	.168
Innovator	52	5.33	78	5.24	.718
Initiator	52	5.67	78	4.94	.018
Adaptor	52	4.23	78	3.81	.089
Aggressive	52	5.15	78	5.31	.545
New Products	52	4.91	78	5.25	.325
Bold	52	4.63	78	4.79	.595