Franchisee leadership traits vs. manager leadership traits an exploratory study comparing hope, leadership, commitment and service quality delivery

Robin B. DiPietro
University of Central Florida
Rosen College of Hospitality Management
Department of Hospitality Operations
9907 Universal Blvd.
Orlando, FL 32819
Phone: 407-903-8034
Email: dipietro@mail.ucf.edu

Denver E. Severt
University of Central Florida
Rosen College of Hospitality Management
Department of Hospitality Operations
9907 Universal Blvd.
Orlando, FL 32819
Phone: 407-903-8036
Email: dsevert@mail.ucf.edu

Dianne H.B. Welsh
James W. Walter Distinguished Chair of Entrepreneurship
Director, Florida Entrepreneurship & Family Business Center
John H. Sykes College of Business
University of Tampa
401 W. Kennedy Boulevard
Tampa, FL 33606-1490
Phone: 813-253-6221 ext. 1760
Fax: 813-258-7236
Email: dwelsh@ut.edu

Peter V. Raven
Albers School of Business and Economics
Seattle University
901 12th Ave.
Seattle, WA 98122
Phone: 206-296-5763
Email: pvraven@seattleu.edu

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Abstract

In order to add to the understanding of the role of franchising in entrepreneurship and to help franchise systems improve efficiency, the constructs of organizational leadership, hope, organizational commitment, and service quality perceptions of franchised managers and franchisees are differentiated in the current study. For scholars and practitioners, the dynamic relationship between entrepreneurship, franchisees, and management is an important triangle which merits further investigation. While the results offered only that managers and franchisees differed statistically in service empathy, differences were noted across all areas which approached significance but was limited due to the small sample size. Implications for future research are discussed.

Key Words**:** Hope level, organizational leadership traits, organizational commitment level, service quality perception, franchisees.

Executive Summary

In order to help advance the human resource practices in franchised organizations, it is critical to understand the general differences between what franchisees perceive and what managers perceive regarding their own traits and characteristics. The effectively run franchise system will have a clear understanding of the differences between managers and franchisees. This understanding is critical in determining the organizational dynamics for the franchise. This study compares the following variables between franchisees and managers: organizational leadership traits, hope level, organizational commitment, and service quality perceptions. Following the analysis of results using ANOVA, the researchers intend to shed light on some previously unexplained variables of organizational effectiveness. This exploratory research sets the stage for answering the following important questions:

- How do managers/staff positions and franchisees differ by the measurement of organizational leadership traits?
- How do managers/staff positions and franchisees differ by levels of hope?
- How do managers/staff positions and franchisees differ in their level of organizational commitment to their specific organizations?
- How do managers/staff positions and franchisees perceive the service quality delivered in their organizations?

Differences between franchisees and managers across the various constructs were tested with ANOVA statistics. Reliabilities and dimensionalities were confirmed with Factor Analysis. Significant results offered only that managers and franchisees differed statistically in service empathy yet differences were noted across all areas which approached significance but was limited due to the small sample size. The applicability of the findings is not warranted to a

population given the small sample size, however as an exploratory study, this papers offers new information by comparing the organizational traits of franchisees, owners and managers yielding many possibilities for future studies.

Introduction

Franchising is so widespread that one out of every 12 retail businesses in the U.S. is a franchised business and more than 8 million people are employed in these franchised businesses. According to the International Franchising Association, franchising accounts for greater than 40% of all retail sales and totals more than a trillion dollars in revenue annually (International Franchise Association, 2006a).

One of the most important trends in franchising is the internationalization of franchising. Franchising allows businesses to cover the globe with proven, successful products that are recognized in many places in the world (Welsh, 2002). On average, 14 percent of a country's franchisors establish franchises across country borders. In 1995, more than 400 U.S. franchise systems operated internationally. By 2000, approximately 100 additional U.S. franchise systems were set up globally (International Franchise Association, 2006b).

Franchising has been one of the fastest growing methods of doing business in the U.S. and abroad for the last half century. It is a less expensive, less risky form of doing business than developing a start up company (Taylor, 2000). Because of the dominance of this form of doing business, the exploration of franchisees' perceptions as well as the perceptions of the managers that work with them is needed to investigate the differences between franchising and other types of entrepreneurship, but also in order to increase the effectiveness of franchised organizations. Through more research and understanding, franchising as a type of entrepreneurship will be more understood. The current exploratory research will help franchise systems to create more effective methods of recruiting franchisees and to implement human resource practices that help to develop their managerial talent better. This study will help to ensure a better understanding of the perceptions of franchisees versus managers in these franchise systems.

Background Literature

Entrepreneurship theory and the resource-based view of the firm

There is extensive literature on the role of entrepreneurship in economic development. The work of Schumpeter (1934) is a key building block in the argument that new firms are essential to a revitalized economic order. In this view, entrepreneurs destroy the existing economic order by introducing new products and services, by creating new forms of organization, or by exploiting new raw materials. Opportunity recognition and subsequent action are essential to entrepreneurship. The importance of acquiring resources for new venture formation and growth is a long-standing theme in the entrepreneurship literature (Gartner, 1985; Covin & Slevin, 1991; Stevenson & Gumpert, 1985; Timmons, 2004). Alvarez and Busenitz (2001) have linked entrepreneurship theory and the Resource-Based View of the firm (RBV) by identifying resources as the central focus of the two theoretical models. In entrepreneurship, opportunities are recognized because individuals have heterogeneous views of resources while RBV views heterogeneous resources across firms as the basis for sustainable competitive advantage.

The RBV of the firm addresses one of the central issues in management - the identification of the factors that make firms different and are responsible for above average performance (Rumelt, Schendel, & Teece, 1994). In this perspective, resources of the firm, both tangible and intangible, and their combinations are employed by managers to provide competitive advantage (Amit & Schoemaker, 1993; Barney, 1986; Conner, 1991; Penrose, 1959; Prahalad & Hamel, 1990; Wernerfelt, 1984). The sustainability of the competitive advantage of resources, capabilities and core competencies depends on factors such as the rate of environmental change, degree of imitation, and the availability of substitutes (Hitt, Ireland, & Hoskisson, 1999).

The acquisition of financial resources and human resources in the form of a management team are cited as particularly important (Timmons, 2004). The RBV of the firm has more typically dealt with the deployment of resources in established firms. Recent research provides an expanded definition of human resources (capital) and social capital that take account of the personal characteristics and connections of the entrepreneur (Brush & Greene, 1996). This work can provide a link between the RBV and the extensive research on the individual entrepreneur (Shaver & Scott, 1991). Some of the personal characteristics that have received attention in the literature include need for achievement (McClelland, 1961), locus of control (Rotter, 1966), propensity for risk (Slevin & Covin, 1992), and vision (Falbe & Larwood, 1995). Other characteristics of the entrepreneur that may affect new venture creation include skills that are education and experiential-based and social capital, that is, the relationships and networks established by the entrepreneur (Perkins & Perkins, 1999).

The resource based view of the firm takes into account the relationships between the franchisee and managers in franchise systems. Each person contributes a bundle of complementary resources which provide the firm a competitive advantage. However, an important difference is that franchisees are not simply managers in their business, rather they are the owners and as such they tend to put much more into the effort of running their business, yet this RBV of the firm could be extended to the relationship between the franchisee who brings resources and managers who deploy those resources.

Franchising as a form of entrepreneurship

There are many classifications of franchises by the Department of Commerce. One type of franchising is product and trade name. These types of franchised 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 fees. 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.

The franchisor, or founder of the unique business format system, fits clearly into the definitions of entrepreneurship 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); and the creation of new ventures (Gartner, 1985). Franchising encompasses entrepreneurial characteristics such as the introduction of new products and services, innovative marketing, openness to change, outrunning the competition and fast growth (Aldrich & Auster, 1986; Gartner, 1985).

While franchisees differ from the franchisors, which fit into the traditional entrepreneur categorization, in that they are buying a license from an organization that has a proven concept and a structured set of operating procedures, they are still business owners, which classify them as a particular type of entrepreneur. Entrepreneurship entails: innovativeness, risk taking, and proactiveness (Morrison, 2000). Despite the control of the franchisor, a franchisee still must commit to a certain amount of risk taking and proactiveness in the running of their business in order to help ensure the business is successful.

Current Research in Franchising

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. No specific papers on “leadership” were presented; however, six papers on power and influence were presented. 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.

The managers and franchisees of a business must work together in a system that maximizes the performance of the business. The franchised organization, the franchisee, the managers and the hourly employees makes for a diverse set of interactions when operating a business. As such, this study will hone in on the relationship between self-assessed leadership traits (organizational leadership traits, hope, organizational commitment, and service quality perceptions) of franchisees and the managers in the organizations, which seem to be missing from the franchising literature.

Management Literature

Organizational Leadership Traits

In research presented in a symposium based on a pilot tested survey at the International Society of Franchising conference in 2001 (Welsh et al., 2001), it was determined that the perceptions of the vision, leadership, and operations of franchise systems were different depending on whether you 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. Franchisors also viewed themselves as more long-term and strategic than the franchisees in the system. By using the same organizational leadership traits analyzed in that initial pilot study, the current study intends to analyze the similarity and differences between the perspectives of franchisees and managers in franchise systems, rather than the differences between franchisees and franchisors.

The specific questions asked in the survey used a 1-8 Likert scale where 1=Strongly Agree and 8=Strongly Disagree. The specific areas covered by the questions were: sense of belonging to the organization; emotional attachment; enjoyment in working with and discussing the organization; staying with this organization is a matter of necessity rather than desire; I have few options in my career outside of this organization; I am afraid to leave this job without having another job lined up ahead of time.

Hope

The term hope has been defined as the perceived capability to derive pathways to desired goals, and motivate oneself via agency thinking to use those pathways (Snyder, 2002). A theory measuring hope and the usefulness of hope was developed in 1991 (Snyder, et al., 1991). Snyder 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). Hope has been a construct that has been researched in academics, athletics, and physical and mental health areas and has been positively related to positive performance outcomes, but has lacked empirical research in business settings to date beyond Peterson and Luthans' (2003) exploratory study using "state" hope with managers in a single fast food restaurant chain, and Adams, et al. (2002) who examined some emerging concepts of hope in the workplace.

In current management and business literature, the trend has been to start looking at the positive traits that people have and not as much at the negative traits that have been prevalent in the literature regarding work performance. Luthans (2001, 2002a, b) introduced the term positive organizational behavior (POB) and positive approach to leadership (PAL) (Luthans, et al., 2002) to describe the construct of trying to encourage managers and leaders to support people in developing their strengths instead of reprimanding and criticizing people for their weaknesses. The traditional positive organizational behavior constructs most related to hope are: self-efficacy and optimism (Bandura, 1977; Seligman, 1998).

Snyder et al. (1991) has developed a measure of dispositional hope called "trait" hope that is a valid and reliable measure of the hope level that a person is born with, as well as a measure of "state" or more situational hope that can be developed and expanded in a person over their life depending on the situations that arise (Snyder et al., 1996).

Despite the lack of research regarding hope in the area of business performance, the evidence from Peterson and Luthans' (2003) pilot study is positive. Their study compared the "state" hope of quick service restaurant managers and the level of performance of the business along with the employee turnover rates of the individual restaurants. The current study will look at the level of "trait" or dispositional hope of managers and franchisees. If a relationship is found, hope will be a positive selection tool for franchisors to use while selecting franchisees for their organization.

Because of the nature of franchising, it is believed that franchisees will have more hope than other segments in the business arena. In the literature on franchising, the personality of individuals that chose to go into franchising is more "adventuresome, risk taking and aggressive" than those not in a franchisee position. It is also believed that because of the nature of franchising, where someone puts money and effort into the support of a business that is by all rights their own, that the leadership style of this type of person will be different than the leadership style of a person who decides to work as a manager rather than an "owner" or franchisee.

Organizational Commitment

Organizational commitment has been defined as the magnitude of an employee's relationship with a company. Many times, it is related to various factors such as the employee's belief in the organization's goals and values, the employee's attitude in giving effort for the company and the desire to remain with the company (Mowday, Steers, and Porter, 1981). Hunt, Chonko, and Wood (1985) viewed organizational commitment as having the strong need to stay with the company when given opportunities to leave.

Empirical work regarding organizational commitment exists within the business and hospitality research that underscores the importance of this concept to franchised organizations. Many earlier studies linked the organizational commitment variable with its relationship to role ambiguity, role conflict, work-family conflict, job satisfaction and intentions to stay (Good, Sisler, and Gentry, 1988; Johnston, Parasuraman, Futrell, and Black, 1990; Michaels, Cron, Dubinsky, and Joachimsthaler, 1988). Recently, a study of organizational commitment in hotel managers supported past literature claiming that work overload, conflict and job ambiguity can all reduce organizational commitment and that a feeling of importance, expectations of pay, social involvements and organizational dependence lead to increased levels of commitment (Maxwell & Steele, 2003).

In the past literature, commitment has also been defined as part of the relationship quality or strength between the employee and the organization. If the commitment levels are high, the relationship strength is said to be strong. If the commitment levels are low, the relationship strength is said to be weaker. Understanding the differences between managers and owners of franchised businesses and being realistic about their various levels of commitment can aid franchise organizations in setting policies and procedures which are realistic, fair and improve upon the performance of the organization.

Service Quality

Service quality as defined by Zeithaml, Parasuraman, and Berry (1991) is made up of five attributes. These attributes include tangibles, reliability, empathy, assurance, and responsiveness. Tangibles refer to the physical appearance of the actual organization. Reliability is the ability to do for the guest what the business said they were going to do. Empathy refers to the ability of the staff to put themselves in the shoes of the customer. Assurance refers to the delivery of the service while making the customer feel like you are trustworthy. Responsiveness refers to the speed of the delivery and the speed at which the business responds to customer needs.

While the service experience is different for each individual (Groonroos, 1988), an attribute known as heterogeneity in the service literature research has confirmed that the five aforementioned attributes are a good assessment of the service quality expected by the consumer. Once they have the service experience, then each individual assesses the ascribed importance of the five dimensions based on their own weighting system.

From the inside of a franchised business, understanding the perceptions and the differences in perceptions of service quality between the managers and the franchisees is critical in order to better employ service training systems that are realistic and effective. The current survey instrument was created in order to determine the perception of franchisees and managers regarding the service provided by the organizations to the customer.

While franchisees may understand the complete mission of the organization and what the customer expects, many times, the manager may have a more honest view of what is actually being delivered. In aligning company policies, it is important that both owners and managers understand the service they are delivering to the guest. While this will differ by time and day and by guest, only a consistent perception between owners and managers will help the businesses to significantly improve the service quality they are delivering. Further we may surmise that hopeful individuals will have a higher perception of the service being delivered and that more committed individuals will perceive higher levels of service delivered and finally this may vary by leadership trait.

Methodology

Objectives of the Study

Since both franchisees and the managers in the franchised organizations play a key role in the success of the business, it is important to understand the inter-relationships and perceptions of these inter-relationships between franchisees and managers. Specifically, the variables investigated in this study include perceived organizational leadership traits, hope levels, organizational commitment and service quality perceptions of the individuals.

The research instrument used in the current study was created in order to test the following hypotheses to add to the literature on leadership qualities and service perceptions of franchisees and managers that is lacking in the current literature.

H1: The leadership qualities, as measured by the survey items developed by Falbe, Welsh and Larwood in 2000 (Welsh et al., 2001), are different for franchisees and managers of the franchised units.

H2: The dispositional hope of franchisees, as measured by the trait hope scale developed by Snyder (1991), will be different than the managers that work for the franchised units.

H3: The organizational commitment of franchisees will be different from the managers of franchised organizations.

H4: The perceived service quality that the organization provides to customers will be different based on ratings of franchisees and managers of franchised organizations.

Sample

The current study analyzed the survey results of a leadership survey sent out to 215 franchisees and managers in franchise organizations. Approximately 130 surveys were sent out to franchisees and 85 to managers from these franchise organizations. Thirty percent of the surveys were sent out via mail to the franchise locations and the rest of the surveys were sent out via electronic mail specifically to franchisees and managers in franchised units. Of the surveys sent out, 34 were returned for a response rate of 15.18%. This represents 17 franchisee surveys returned (13.07%) and 17 manager surveys returned (20.0%).

Franchisees and managers were surveyed in order to gain their perspective of their own leadership style and hope measures. The survey was developed using components of other validated instruments: the organizational leadership traits questions were formulated from a leadership/entrepreneurship survey done by Falbe, Welsh and Larwood (Welsh et al., 2001), the trait hope scale, organizational commitment, and the service quality measures.

The sample population of franchisees and the managers that operate the units was gathered from the list of attendees at the 2003 International Franchise Association Conference, franchise companies that had participated in earlier research by Welsh over a five-year period, and contact information from the National Franchise Association. The franchise organizations were randomly gathered from these lists using a stratified sample. The organizations were sent emails introducing the study to them, and then they received another 2 email rounds with the survey link attached. This method was the modified three contacts approach to email surveys (Schafer & Dillman, 1998). The franchise organizations varied as to the service or product that they provided. The surveys took approximately 20 minutes to complete and participants were told that their participation in the study was voluntary.

Procedure

The statistical analysis was done using SPSS. For each scale we developed composite variables consistent with the literature, factor analyzed the scales, then tested for reliability (Coefficient Alpha). After our measures were deemed satisfactory, we used analysis of variance (ANOVA) to determine if the measures differed significantly for franchisees and managers. We list the psychometric properties of the measures – correlations, reliabilities, means, and standard deviations – in Table 2.

The first hypothesis was tested by the use of the Organizational Leadership/Entrepreneurship items on the survey. These 15 items were taken from a pilot survey distributed to a random sample of members of the British Franchise Association and the International Franchise Association developed by Falbe, Welsh and Larwood in 2000 and presented at the International Society of Franchising Conference in 2001 (Welsh et al., 2001). Although the original pilot study return rate was low, with only 24 franchisors and 8 franchisees returning the survey, franchisors and franchisees did not view the vision, leadership, and operations of the franchise system the same.

The dispositional hope items were developed and validated by Snyder, et al. (1991). The 12 items consist of four items measuring agency, four measuring pathways, and four distracter items. The instrument demonstrates both internal reliability (alphas ranging from .74 to .88 for the overall scale, and alphas ranging from .70 to .84 for the agency scale, from .63 to .86 for the pathways subscale) and temporal reliability (test-retests range from .85 for three weeks to .82 for 10 weeks). The agency and pathways subscales were related, but not identical (Snyder, 2002; Babyak, Snyder, & Yoshinobu, 1993). The hope scale has also received extensive concurrent and discriminant validational support, as well as experimental manipulation-based convergent validation (Snyder et al., 1991).

Sixteen questions were used to measure organizational commitment adapted from Mowday, Steers and Porter (1981). For a review of the use of this scale, see Zajac and Mathieu (1990). Reliability estimates for Michaels et al. (1988) reported an alpha of .90 for the items, while Good et al. (1988) sampled 595 department stores and arrived at an alpha of .91, thus all studies proving consistent in reliability estimates.

Using a modified version of ServQual (Parasuraman, Zeithaml, & Berry, 1988), the managers' and franchisees' perceptions of service quality delivered to guests were evaluated. The perceptions tell us what the respondents feel the company is delivering at the current moment on all of the attributes of the service quality instrument.

The ServQual questionnaire measured the attributes of service tangibles, service reliability, service empathy, service assurance and service responsiveness has been used extensively with all validities and reliabilities confirmed across and within service industries. Items measuring reliability, empathy, assurance, responsiveness, and tangibles found acceptable ranges of reliabilities. Most past studies have reported reliability alpha estimates of .87 and .90 across the multiple dimensions of tangibles, reliability, empathy, assurance, and responsiveness, again, acceptable in terms of reliability (Parasuraman et al., 1988).

Results

A summary profile of the respondents is introduced in Table 1. Additionally, confirmatory factor analysis was performed on the Hope Scale, the Organizational Commitment scale, and the five attributes of service quality perceptions scale to confirm the measures. Each of those factors was unidimensional, as described in the literature, so we proceeded to test these variables for reliability and internal consistency. In a couple of cases, reliabilities were improved by eliminating an item from the composite measure. Reliabilities for the Hope scales, Organizational Commitment, and the ServQual Perceptions scales were satisfactory (Table 2).

[Insert Table 1 here]

[Insert Table 2 here]

We also factor analyzed the Entrepreneurship Leadership Scale, testing the factors for reliability. As a result, we combined questions 1 and 2, but eliminated 2a, which had little to do with competition. We also eliminated 5c from the R&D factor, as it did not load well on the factor. Our measures have the following interpretations: E1 & E2 represented the competitive nature, referring to the competitiveness of the franchise, with higher means indicating greater competitiveness. E3 refers to level of innovation measuring the innovative leadership of the franchise. E4a measures whether the individual gas a cautious approach to opportunities. E4b measures adaptiveness, form more to less adaptive approaches to business. E5 represent research and development indicating the degree of product development and adaptation. Finally, E6 represents aggressiveness for whether the individual has an aggressive position in exploiting opportunities. Only the E1 & E2 measure had more than two items and was tested for reliability, which was .690 (Table 2) which we kept as acceptable though researchers realized this was borderline.

Using the factors from each scale as variables, we examined the hypothesized relationships. In all cases, we used ANOVA to determine whether statistically significant differences existed between Franchisees and Managers. Results testing leadership styles of franchisees versus managers are listed in Table 3. There are obvious numeric differences in mean values between franchisees and managers, but none are statistically significant. For example, compared to franchisees, managers tended to be more innovative, more likely to lead competition, prefer high risk projects, take bolder actions, initiate actions, be early entrants, quickly find solutions, adapt others processes, seize opportunities, have many new products, produce dramatic changes to products, and adopt an aggressive position to exploit opportunities. Franchisees are more likely to be cautious in their business dealings. Hypothesis 1 seems to be supported in that there do appear to be differences between franchisees and managers, although none of the results were statistically significant. The results indicate that the managers tolerate a higher level of risk and uncertainty than the franchisees.

[Insert Table 3 here]

Table 4 lists the ANOVA and means of the two factors of the Hope scale. Franchisees had lower scores on both the Pathways and Agency scales than did managers, although the differences are not statistically significant. Hypothesis 2 appears supported in that there are numerical differences between managers and franchisees yet there was not statistical significance in this difference.

[Insert Table 4 here]

Table 5 lists the results of Organizational Commitment. Franchisees seem to have less commitment to the organization, on both the affective and continuance scales, than do managers, but the results are not statistically significant. Hypothesis 3 must be rejected though slight differences are apparent across the levels of organizational commitment.

[Insert Table 5 here]

Service Quality l Perception means are listed in Table 6. Consistent with Hypothesis 4, there were differences between managers and franchisees, but only Empathy was statistically significant. Managers had higher values on all service quality factors, except for

Responsiveness. The only statistically significant finding however was that managers indeed have a higher level of empathy than did franchisees.

[Insert Table 6 here]

Conclusions

Franchising is an essential method of doing business in the U.S. and globally. Increasing the understanding of the leadership styles of franchisees and the managers working for them will help to discern the effectiveness of these various leadership styles with the positions held in the organizations. The current study has shown that there are some differences between franchisees and managers and that the hypotheses stated were accurate based on the analysis presented. Because of the small number of surveys returned, however, the study does not show statistical significance (except in one case) and cannot be generalized beyond the current sample, but it gives practitioners and academics alike an insight into areas that need of further research.

Regarding the organizational leadership items (Table 3), managers tend to be more competitive than franchisees, consider themselves as taking more risks than franchisees, and are more aggressive in their leadership styles. This may be because of the role that they play in the daily operations of the business. Because they are not vying for resources in the general marketplace like franchisees are, they may not feel that they compete on a regular basis. Also because they have jobs as operational managers, they may not feel the need to be aggressive in their leadership styles. Given only the approaching of statistical significance, we cannot make any conclusions regarding these differences other than to say that managers in general were higher across the items tested.

Regarding the hope factors (Table 4), franchisees and managers appeared to be very similar. Because hope tends to be an internal trait, it may be that people with similar hope levels tend to congregate together in an organizational setting. This would be something that as franchisees hire managers, they may look for people that have similar hope levels or are perceived to have similar hope levels to them.

In the organizational commitment area (Table 5), franchisees appeared to have less organizational commitment than managers. Managers may feel that because of their position, they may have more of a tie to the weekly pay check than the franchisee has. Managers may feel that their job has many attributes that make it difficult to leave the position. Additionally, the fact that they are physically present at the store more does not surprise us that managers measure higher on organizational commitment. However, it is surprising that managers exhibited more commitment to the brand of the franchise given that they had to buy in and the manager typically do not have to buy in financially into the enterprise.

In service quality (Table 6), franchisees appeared to have less empathy than managers. This may be due in part to the various levels of communication that a franchisee needs to have compared to the communication skills that managers have to have. A franchisee has to deal with many more factors external to the actual daily operations of a business and therefore is likely in many less situations requiring the activation of empathy whereby managers must deal with a great number of situations that empathy are important to (e.g., service recovery, employee lack of performance, employee not on time, etc.).

The current study has the limitations of being a small exploratory study. This information needs to be studied in more detail in order to be effective at improving recruiting and performance in franchise systems. Self-assessed leadership traits and the hope level perceived by franchisees and managers could lead to improved performance and success in franchised systems.

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Table 1. Profile of Respondents
(N=34)

Item	Units
Males	61.8%
Females	38.2%
Franchisees	50.0%
Managers	50.0%
Average Age of Company	23.2 yrs
Average number of employees	1104 (12-18,000)
Own a controlling interest	45.5.%
Average length of time in position	8.8 yrs (1-24)

Table 2. Variable Correlations
(N=34)
Reliabilities in Bold on the Diagonal

Variable	**E1**	**E3**	**E4a**	**E4b**	**E5**	**E6**	**HopeP**	**HopeA**	**AC**	**CC**	**TSQ**	**ReSQ**	**RSSQ**	**ASQ**	**ESQ**
E1 & E2 - Competitive	**.690**														
E3 – Innovation	.307	**NA**													
E4a - Cautious	-.45**	-.16	**NA**												
E4b - Adaptive	.193	.334	.267	**NA**											
E5 – R&D	.181	.183	-.48**	-.16	**NA**										
E6 - Aggressive	.54**	.124	-.06	.247	.260	**NA**									
Hope Pathways	.230	.131	-.153	.115	-.11	-.15	**.776**								
Hope Agency	.247	.46**	-.088	.147	-.09	-.12	.66**	**.725**							
Affective Commitment	.113	.203	.040	-.14	-.19	-.17	.249	.44**	**.872**						
Continuance Commitment	.066	-.37**	-.095	.113	.204	.134	-.02	-.38	-.56**	**.767**					
Tangibles – ServQual	.074	.111	-.123	.217	-.06	.052	.003	.040	.134	-.18	**.807**				
Reliabilty – ServQual	.291	.35*	-.028	.021	.029	.043	.019	.164	.280	-.45**	.236	**.672**			
Responsiveness – ServQual	-.08	-.06	.328	-.06	-.23	.030	.023	.033	.322	-.18	.44**	.015	**.751**		
Assurance – ServQual	-.00	.38*	.090	.37*	-.15	-.14	.322	.42*	.41*	-.25	.205	.283	.133	**.888**	
Empathy – ServQual	.039	.129	-.012	-.01	-.11	-.00	.128	.171	.43*	-.34*	.294	.281	.50**	.201	**.794**
# items	4	2	2	2	2	1	4	4	8	7	4	3	3	4	4
Mean	4.90	4.44	4.30	4.57	5.77	4.45	6.69	6.58	6.24	4.31	6.51	6.01	6.57	6.06	6.28
SD	1.45	1.68	1.70	1.55	1.67	1.79	.91	.80	1.36	1.45	.95	1.32	1.43	1.57	1.56

NA – Coefficient alpha not appropriate for 1 or 2 item scales
P < .01
P < .001

Table 3. Means of Leadership Items: Franchisees vs. Managers
(on an 8 point scale with 8 most positive for statement)

Item	ANOVA		Franchisee	Manager
	F	**P**		
1&2 – Competitive	.73	.400	4.77	5.03
3 – Innovation	.52	.474	4.22	4.65
E4a - Cautious	.55	.464	4.53	4.08
E4b - Adaptive	.02	.88	4.53	4.62
E5 – R&D	1.03	.32	5.47	6.06
E6 - Aggressive	1.06	.31	4.13	4.76

Table 4. Means of Franchisees vs. Managers on Hope Scale Factors
(1=Strongly Disagree/8=Strongly Agree)

Hope Scales	ANOVA		Franchisees	Managers
	F	**P**		
Pathways	.43	.52	6.59	6.79
Agency	.16	.69	6.53	6.64

Table 5. Mean Values of Organizational Commitment Factors
Franchisees vs. Managers
(1=Strongly Disagree/8=Strongly Agree)

Organizational Commitment	ANOVA		Franchisees	Managers
	F	**P**		
Affective Commitment	.01	.93	5.90	6.57
Continuance Commitment	.09	.77	4.23	4.38

Table 6. Mean Values of ServQual Perception Factors
Franchisees vs. Managers
(1=Strongly Disagree/8=Strongly Agree)

ServQual Perception	ANOVA		Franchisees	Managers
	F	P		
Tangibility	.81	.38	6.37	6.66
Reliability	.02	.90	5.98	6.04
Responsiveness	.01	.94	6.59	6.55
Assurance	2.26	.14	5.66	6.46
Empathy	5.73	.02	5.69	6.88