

**HOPE AMONG FRANCHISE LEADERS:
WHY HOPE HAS PRACTICAL RELEVANCE TO FRANCHISING – AN
EXPLORATORY STUDY**

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Abstract

How hopeful leaders are about the future is believed to be integral to the success of any business. This premise has been tested extensively as part of the positivity movement. Positivity is defined in psychology as using positive approaches to all human endeavors in the workplace. One aspect of positivity has been identified as hope. Recently, hope has gained new importance as key to one's personal and professional level of success as well as that of businesses. This exploratory study found that franchisors had about the same self-perceptions of hope about the future compared to franchisees. Franchising comprises over 40 percent of retail businesses worldwide and has a major impact on the economy. Implications for franchising and success are discussed.

Key Words: Hope, franchising, leadership, Positive Organizational Behavior

Many concepts from psychology have been applied to business to help us better understand the human side and the critical role that human resources play in success. While financial data has often been the major focus in business schools as well as the marketplace, in recent years the value of people and their critical role in the future of the business has been emphasized and has risen in importance as more than just one component in a financial equation. It has become clear that people are the integral component that other business factors depend upon. Indeed, the human side has determined the competitive edge for many companies. This has long been espoused in the field of psychology since the 1950s (see Herzberg, 1966; Maslow, 1954; and McGregor, 1960, among others). Indeed, the field of Organizational Behavior as applied to business began with the identification of positive feelings and performance at the Hawthorne site of the General Electric Company. A plethora of current theories derive from positivity, including organizational commitment, job satisfaction, intrinsic, and extrinsic motivation, self-determination, and many others. The positive approach to the development and management of human resources in the workplace is termed Positive Organizational Behavior. Luthans (2002b, p. 59) defines it as, “the study and application of positively oriented human resource strengths and psychological capacities that can be measured, developed, and effectively managed for performance improvement.” Many researchers have found that it is the key to higher performance and productivity (Nelson & Cooper, 2007; Turner, Barlory, & Zaharatos, 2002; Welsh, Luthans, & Sommer, 1993a, 1993 b; Wright, 2003, among others).

One component in positive psychological capital, as opposed to intellectual capital or social capital in an individual, is hope. Positive psychological capital can be understood simply as the individual motivation possibilities that one possesses that accumulate through positive

psychological constructs. Snyder et al. (1996, Snyder, 2002) published scales to measure both the current state of hope as well as the future state of hope a person possesses and provided evidence that hope is able to be developed in individuals (Snyder, 2000). Snyder and colleagues (1991, p. 287) defined hope as a “positive motivational state that is based on an interactively derived sense of successful (a) agency (goal directed energy) and (b) pathways (planning to meet goals).” Therefore, hope consists of three major psychological conceptual foundations: agency, pathways, and goals. The agency component of hope can be thought of as the will to accomplish the intended or desired effect (Snyder, 2000, 2002; Snyder et al., 1996). Future hope measures how hopeful one is about the future. This is called the Trait Hope Scale or The Future Scale (Snyder, Harris, et al., 1991). The concept of hope has been empirically shown to have discriminant validity (Bryant & Cvengros, 2004; Carifio & Rhodes, 2002; Magaletta & Oliver, 1999; Youssef & Luthans, 2007).

While hope has been studied in relation to athletic success and education, the problem is it has had limited application to business. The objective of our study is to understand what role, if any, hope plays in franchising. Franchising began in the United States in the 1850s and has become a major means to duplicate successful businesses worldwide, particularly in the retail trade.

Understanding how leadership positions in franchised organizations play a role in the success of the business is important to understand, as well as the inter-relationships and perceptions of the franchisees, and franchisors in the business. Specifically, we investigated how hopeful the franchisors and franchisees are about the future and if there are any differences between franchisors and franchisees in their hope levels.

Franchising

Franchising is a major powerhouse in the worldwide economy. Franchising has been expanding internationally in many parts of the globe and this trend is showing no signs of abatement in the next decade. Franchising allows businesses to cover the globe with proven, successful products that are recognized in many places in the world. On average, 14 percent of a country's franchisors establish franchises across country borders (International Franchise Association, 2006b). In 1995, more than 400 U.S. franchise systems operated internationally (International Franchise Association, 2006b). By 2001, approximately 100 additional U.S. franchise systems were set up globally and this growth trend of internationalization of franchise organizations continues (International Franchise Association, 2006b). Welsh (2002) anticipated that the number of franchises headquartered outside the United States would continue to grow exponentially. Emerging markets, accounting for 80% of the world's population, 60% of the world's natural resources and 25% of the world's GDP, present the most dynamic potential for long-term growth for franchising (Alon & Welsh, 2001).

Franchising is defined by the International Franchise Association as, "A continuing relationship in which a franchisor provides a licensed privilege to do business, plus assistance in organizing, training, merchandising and management in return for a consideration from the franchisee"

(www.franchise.org, 2008). Franchising can be divided into two types: Product and Trade

Franchising that focuses on **what is sold** (i.e., Chevrolet, Honda, Texaco) and Business Format

Franchising that focuses on **how the business is run** (i.e., Kentucky Fried Chicken, Midas, H&R Block) (Walker, 1991). While both types of franchising have grown, business format franchising has clearly shown by far the most dramatic growth. Indeed, franchising has been one of the

fastest growing methods of doing business in the U.S. and abroad for the last half century. Franchising in the U.S. alone is so widespread that one out of every 12 retail businesses is a franchised business and more than 8 million people are employed in these franchised businesses (International Franchise Association, 2006a). According to the International Franchising Association, franchising accounts for greater than 40% of all retail sales and totals more than 1.5 trillion dollars in revenue annually around the world (International Franchise Association, 2006a).

Franchising, Entrepreneurship, and Economic Development

Entrepreneurship is integral to economic development and franchising clearly contributes to economic development (Alon & Welsh, 2003; Welsh & Alon, 2001, 2002). Schumpeter (1934) established that new firms are essential to a revitalized economic order. The franchisor, or founder of the unique business format system, fits 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). In recent studies on franchising, Cataluña, Garcia, and de Castro (2007) proposed four new variables based on strategic groups in franchising that can be used as a tool to analyze competitive structure: expensive franchisors, re-converted franchisors, mature franchisors, and rapid growth franchisors. Holmberg and Morgan (2007) analyzed franchise failure data from around the world and made seven major recommendations for developing countries to avoid the same mistakes made in developed economies. Their recommendations

include: shift from an event view to a path-dependent view (analyze what leads to failure instead of looking at it as a single event), deal with problems early in the multi-stage franchisee process, align stakeholder expectations before a contract is signed, make sure there is due diligence between the franchisor and potential franchisee to ensure adequate franchisee selection, anticipate potential shifts in franchisor and franchisee value perceptions of the relationship (increase communication, etc.), utilize effective strategic management of franchisee failure stages, and acknowledge that when franchisee turnover occurs it is a pivotal stage that needs special attention. The aforementioned studies relate to our study in that they both try to classify franchisees and franchisors to better understand their strategic relationships.

Concerning studies done on the role of franchising and economic development, there have been two major literature reviews of franchising research thus far: Elango and Fried (1997), and Young, McIntyre, and Green (2000). Young, McIntyre, and Green (2000) conducted a content analysis of the first thirteen volumes of the International Society of Franchising (ISOF) Proceedings from 1986 to 1999. Twelve major topics of research were identified.

Entrepreneurship and franchising encompassed twelve papers out of 285 papers and ranked eighth in frequency. No papers on leadership *per se* were presented; however, six papers on the psychological constructs of 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. Neither personality, psychological characteristics, nor leadership were mentioned by Elango and Fried (1997).

The managers and franchisees of a business must work together in a system that maximizes the performance of the business. The franchised organization, franchise executives, the franchisee, and the franchisor make for a diverse set of interactions when operating a business. As such, this study will focus on the relationship between the self-assessed *future* hope of franchisees and franchisors, which is missing from the franchise literature and could be vital to the sustainability of a franchise and provide meaningful guidance to formulate human resource policies procedures, and reward systems.

Hope Theory

Hope Theory and its developed constructs is attributed to C.R. Snyder and his colleagues (for a full bibliography, see *Handbook of Hope* (2000) edited by Snyder). Snyder and his colleagues developed three major measurement instruments. These are: The Trait Hope Scale, or The Future Scale, that measures future hope (Snyder, Harris, et al., 1991), The State Hope Scale that measures the level of current hope (Snyder, Sympson, et al., 1996), and The Children's Hope Scale (Snyder, Hoza, et al., 1997). We are measuring future hope in this article through the use of the Trait Hope Scale or The Future Scale (Snyder, Harris, et al., 1991).

Hope in Academics, Athletics, Physical and Mental Health

Hope has been researched since the 1990s in academics, athletics, and physical and mental health areas and has been related to positive performance outcomes (for a complete review of this literature, see Snyder, 2002). In relation to academics, research with grade school, high school and college students, showed that hope correlates with high academic performances (see Snyder,

Cheavens, & Michael, 1999). High-hope teachers were shown to be more encouraging of their students accomplishing classroom goals (Culver, 1992).

In athletics, many studies have been conducted to demonstrate that high-hope athletes are more successful than low-hope athletes, especially during competitions that are very stressful. These studies included samples of Division One track athletes at seven universities (Curry et al., 1997); female track athletes (Curry et al., 1997; and girls in a summer sports camp (Brown, Curry, Hagstrom, & Sandstedt, 1999). Additionally, a college course aimed at teaching the application of hope to various aspects of life to college athletes significantly improved their confidence about their athletic performance (Curry, Maniar, Sondag, & Sandstedt, 1999; Curry & Snyder, 2000).

Higher hope levels made a significant difference in health psychology-promoting and maintaining good health and preventing, detecting, and treating illnesses (Irving, et al., 1998; Matarazzo, 1982; Scioli et al., 1997; Snyder, 1996, 1998; Snyder, Irving, & Anderson, 1991, among others). Many studies have explored the relationship between hope and psychological adjustment and consistent correlations have been found between higher hope and better overall adjustment (Kwon, 2000, 2002, among others). For example, Range and Penton (1994) found that facilitating college students' hopefulness may bolster their survival and coping beliefs and discourage actions or thoughts of suicide. Hope has also been successfully used as a guiding framework in psychotherapy by Frank (1968, 1973, 1975) and Snyder and his colleagues (Snyder, Ilardi, Cheavens, et al., 2000; Snyder, Ilardi, Michael, & Cheavens, 2000; Snyder, Michael, & Cheavens, 1999; Snyder & Taylor, 2000, among others).

Hope in Business and Organizations

While research on hope in business is somewhat limited, there are some studies that have appeared recently. Peterson and Luthans' (2003) exploratory study used "state" hope, or how the respondent is "right now," with managers in a single fast food restaurant chain and the level of performance and the turnover rates of individual restaurants. The results suggest that how hopeful leaders are seems to have a positive impact on desirable workplace outcomes. Franchise units run by leaders with high hope had better profits and higher retention rates of their employees, a huge problem in the industry that runs about 300% turnover per year (for every employee a year, the position turns over three times). Adams, Snyder, Rand, King, Sigmon, and Pulvers (2002) reported the results from a survey that included the Trait Hope Scale, or what has been called the Future Scale (Snyder, Harris, et al., 1991) of 125 U.S. companies that required a CEO, person from middle management and a lower level employee to all respond anonymously to a web-based survey. Characteristics of the top ten hopeful companies were profitability, concrete goals, no dictatorships, innovation, and strong communication. Luthans, Van Wyk, and Walumbwa (2004), who studied the development of hope in South African organizational leaders, suggest that through the development of hope, willpower will be strengthened and alternative pathways will be found that will increase the likelihood of reaching desired organizational goals and will allow these countries to compete in the global economy. They give five guidelines that can be used in South Africa to develop their leaders and organizations. These are: include hope in human resource development interventions, allow leaders to include their own goals and input, expose leaders to discussion and self-reflection, develop hope by coaching and mentoring coping strategies, develop leadership hope by using rehearsals and experiential

exercises. Youssef and Luthans (2006) made similar recommendations for developing hope in Egyptian leaders.

Factory workers' hope, performance and salary in three Chinese factories were examined (Luthans et al., 2005). Results showed a reasonable mean of hope, although the hope score was relatively lower than U.S. samples (see e.g. Peterson & Luthans, 2003; Snyder, 2000). The concept of hope recently was explored in a high-tech manufacturing facility with engineers and technicians from a *Fortune* 100 company with over 150,000 employees and was found to be a better predictor of performance and satisfaction than four other items (Luthans, Avolio, Avey, & Norman, 2007). In a related study, Luthans, Avey, and Patera (2008) found that web-based training program on hope could be developed for individuals.

There has been only one study specifically on entrepreneurs. Jensen and Luthans (2006) administered the PsyCap survey that included the six-item State Hope Scale (current state of Hope) (Snyder et al., 1996) to 76 entrepreneurs who either founded or owned their businesses. Results showed a positive relationship between these entrepreneurs' self-perceptions of authentic leadership and positive psychological capital. In other words, entrepreneurs who reported higher levels of hope, optimism, and resiliency demonstrated a significant positive relationship with their authentic leadership. In a related study, these authors found a positive relationship between entrepreneurs' hope and business ownership satisfaction (Jensen & Luthans, 2002).

Hope in Franchising

In current business literature, the trend has been to start looking at the positive traits that people possess and not as much at the negative traits. Hope is different from optimism because it is

initiated by oneself. People with greater hope tend to be more positive about their success in various areas of their lives. They tend to focus on goal achievement and on various ways to accomplish their goals. This research points to the fact that people with high hope tend to be more positive in their thoughts of success as well as ways to solve problems. Franchisees should have higher hope and be able to solve problems due to their commitment to the business, both financially and personally.

Past research on hope has shown that people with higher hope tend to be more successful in their undertakings (Peterson & Luthans, 2003; Snyder, 2002; Snyder, et. al., 1991). Because of the nature of franchising, it is believed that franchisors will have more hope than franchisees in the same business. An earlier study has confirmed that franchisors had higher State Hope (“how you think about yourself right now”) (Snyder et al., 1996) levels than franchisees (DiPietro, Welsh, Severt, & Raven, 2007). We believe that since franchisors have higher current levels of hope, they will also be more likely to have higher future levels of hope. Additionally, in the literature on franchising, the personality of individuals that choose to go into franchising is more “adventurous, risk taking and aggressive” than those not in a franchisee position. It is predicted that the level hope of a franchisor will be higher than that of a franchisee.

Entrepreneurial leadership. 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 self-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 franchisors.

Organizational commitment. This term has been defined as a strong desire to remain a member of an organization, given an opportunity to change jobs. It has also been used to measure the degree of loyalty people have to an organization (Hunt, Chonko, & Wood, 1985). In a franchising context, organizational commitment has been linked to job satisfaction and turnover and helped predict franchise performance (Morrison, 1997). Based on that study, we thought there could be a link between organizational commitment, future hope, and entrepreneurial leadership factors. In a franchising context, organizational commitment has been linked to job satisfaction and turnover and helped predict franchise performance (Morrison, 1997). In this study, we examine the link between organizational commitment and future hope and entrepreneurial leadership factors.

Based on previous literature, we expect that franchisees will have lower levels of hope than will franchisors. DiPietro, et al. (2007, 2008) found that franchisees had lower levels of Trait (current) Hope than did franchisors and executives. We also expect franchisees to have lower levels of organizational commitment than franchisors because owners and managers should be more committed to their organizations. This has been demonstrated in a study of family businesses (Welsh & Raven, 2005). Finally, we expect that franchisors will have greater levels of entrepreneurial leadership traits than franchisees, as founders and executive are more likely to be

leaders. This notion is supported by DiPietro et al. (2008), which found that franchisors generally had higher levels of entrepreneur leadership. Taken together, previous research and hope theory have led us to develop the following hypotheses.

H1: Franchisees will score lower than franchisors on the following measures:

- a. Future Hope
- b. Organizational Commitment, and
- c. Entrepreneurial Leadership

Our second hypothesis suggests that hope is related to entrepreneur leadership, position, commitment, and interest in the firm. Future hope should relate positively to entrepreneurial leadership traits because we expect that leaders will have more hope in their entrepreneurial endeavors. Corollaries suggest that higher scores of future hope will be found in those with higher positions in a firm because, with higher levels of organizational commitment, longer times in an executive position, and with a controlling interest in the firm, future hope should be higher. These expectations are intuitive, rather than based on theory. However, previous research has also indicated differences in organizational commitment and entrepreneurial leadership between franchisors and franchisees in the same direction as we hypothesize (DiPietro et al., 2007, 2008).

We formally express these hypotheses below.

H2: Higher scores of Future Hope will be related to:

- a. higher scores of Entrepreneurial Leadership Traits by the survey items developed by Falbe, Welsh, and Larwood in 2000 (Welsh et al., 2001)
- b. higher positions in the firm
- c. higher levels of Organizational Commitment
- d. longer Lengths of time in position
- e. controlling interest in the firm

The third hypothesis explores the relationship between having a controlling interest in a firm and position, commitment, and leadership components. We propose this hypothesis to help explain the power relationships we expect. In other words, those with a controlling interest in a firm will probably have a higher position in that firm. Intuitively, we expect that those with a controlling interest in a firm also have a greater commitment to the organization than those with less interest. It also seems logical that people with a controlling interest have higher levels of entrepreneurial leadership, than those who do not control the firm, as they are likely to be the founders of the entrepreneurial venture. These expectations are formally expressed in the third hypothesis.

- H3: The greater the controlling interest in a firm the:
- a. Higher the position in the company
 - b. Higher the levels of Organizational Commitment
 - c. Greater levels of Entrepreneurial Leadership, as items developed by Falbe, Welsh, and Larwood in 2000 (Welsh et al., 2001)

Finally, our fourth hypothesis examines the role of franchise executives in the franchise relationship. Franchise executives should take strong leadership roles in running the franchise. We also expect them to be highly committed to the organization because of their interest in seeing the firm succeed-their careers and their financial success depend on it. Previous studies suggest that founders and the executive teams of entrepreneurial franchises tend to score higher on Entrepreneurial Leadership Traits, have greater commitment to the organization, and may well have a controlling interest in the firm (DiPietro et al., 2007, 2008). Other studies have related organizational commitment to job satisfaction, turnover, and intention to remain in the franchise (Morrison, 1997) and personal initiative (Den Hartog & Belschak, 2007). Franchise executives have founded the franchise, or at least strongly committed to it, so we expect that they

also have entrepreneurial leadership traits, high levels of organizational commitment, and are more likely to have a controlling interest in the firm. The hypotheses are formalized below.

H4: The higher an executive's position in the firm:

- a. The greater the score of Entrepreneurial Leadership Traits
- b. The higher the level of Organizational Commitment
- c. The greater the likelihood of Controlling Interest

Methodology

This study should be considered exploratory, in part, due to the sample size and because the variables have not previously been combined into one study. We think that understanding the relationships will help franchises better understand their relationships. Previous research has not examined leadership, commitment and hope with franchisees and franchisors. However, Jensen and Luthans (2006) examined hope with entrepreneurs and found a positive relationship between entrepreneurs' hope levels and self-perception of authentic leadership. Snyder found in a survey of 148 companies that in the top ten most hopeful companies, using the Future Scale (Snyder et al., 1991), that the CEOs do not run dictatorships and use other more positive leadership styles (Adams et al., 2002). Therefore, we were interested to see if the same precepts applied to franchisors.

Sample

We sent the survey electronically to all 1042 members of the International Franchising Association's executive mailing list in June 2007. The 32 franchisors in the current study represented the actual franchise concept owners and/or developers of the original franchise concept, and headquarter staff. Forty-nine franchisees responded to the survey. Surveys were

answered electronically and we received 81 usable responses, for a response rate of 7.8%. There was no difference between early and later respondents on key demographic variables, such as age and gender, suggesting little response bias. The response rate from the franchise community is typically lower than for other businesses (Young, McIntyre, & Green, 2000). We did not provide pre-notice or follow-up emails to our survey, which may have contributed to the low response rate. Also, since we sent the survey to all members of the Association and it may not have been relevant to some.

Measures

Entrepreneurial leadership. The questions asked in the survey used a 1-8 Likert scale where 1=Strongly Agree and 8=Strongly Disagree. Specific questions ask about how the franchise firm deals with competitors; how the firm deals with marketing, product development and new product introduction; and how aggressive the firm is in exploring opportunities. The measure was used in previous studies (e.g., DiPietro, Severt, Welsh, & Raven, 2007; Welsh et al. 2001).

Future Hope. Several measures of Hope are found in the literature. We used a measure developed by Snyder, Harris, et al., (1991); and further refined and explained by Snyder (2002), which measures Future Hope and is called, "The Future Scale." It consists of twelve items (four agency, four pathways, and four distracting items). Respondents are asked to imagine themselves across time and situations when completing the scale. The instrument demonstrates both internal reliability (alphas ranging from .74-.88 for the overall scale, and alphas of .70-.84 for the agency, and .63-.86 for the pathways subscales separately) as well as temporal reliability (test-retests ranging from .85 for three weeks to .82 for ten weeks). The instrument has two separate yet related agency and pathways factors, originally with *rs* ranging from .38-.69 with a modal *r* of

.50 across many samples. There is an overarching hope factor using confirmatory and traditional procedures (Babyak, Snyder, & Yoshinobu, 1993). The Future Scale (Snyder, Harris, et al., 1991, 1996; Snyder, 2000, 2002), has been found to be reliable and valid and has been used with a variety of respondents from homeless vets to athletes. The construct of hope has been shown to have discriminant validity comparative to similar positive constructs (Bryant & Cvengros, 2004; Carifio & Rhodes, 2002; Magaletta & Oliver, 1999; Youssef & Luthans, 2007).

The Future Scale (Snyder, Harris, et al., 1991; Snyder, 2002) asked respondents for their agreement with questions which include, “I can think of many ways to get out of a jam; I am energetically pursuing my goals; There are lots of ways around any problem; my past experiences have prepared me well for my future; I see myself as being pretty successful; I can think of many ways to reach my current goals; I meet the goals that I set for myself.”

Organizational Commitment. In our study we used two scales to measure commitment, the Affective Commitment Scale (ACS) and the Continuance Commitment Scale (CCS) originally developed by Myer and Allen (1991). The ACS measures attitude (affect) and how strongly emotionally attached a person is to their organization. The CCS measures non-affective levels of commitment to the organization, such as difficulty in leaving the organization because of cost, disruption, few options, etc.

Examples of items measuring ACS include, “I do not feel a strong sense of belonging to my organization (reverse coded); this organization has a great deal of personal meaning for me; I do not feel like “part of the family” at this organization.” Examples of the CCS items include, “I feel I have too few options to consider leaving this organization; it would be very hard to leave

my organization right now, even if I wanted to.” All items were measured by an 8 point scale anchored by Strongly Agree (1) and Strongly Disagree (8). The Organizational Commitment measure has had long and extensive use and has been validated in international studies (e.g., Bhatnagar, 2005; Siu, 2003).

In addition to the above measures, we collected information about the respondents, including their positions in the company; the nature of the products/services sold; whether or not the respondent had controlling interest; and several other relevant demographic questions.

Results

A profile of the respondents is listed in Table 1. Respondents identified themselves as a franchisee or franchisor and by position in a franchise. Seventy-eight % of respondents were male; age was evenly distributed, although more than half were older than 45. Most respondents were educated at the college level or beyond, which is consistent with our focus on executives. Forty-four % had controlling interest in the franchise and the average time in the franchise was just over eight years. Sixty % of respondents reported themselves as franchisees and 40% as franchisors. 43% indicated they had family members in their franchise.

*** Insert Table 1 about here***

The correlation and means of measures are shown in Table 2. Reliability (coefficient alpha) was satisfactory for all measures with more than 2 items. We deemed all measures to have content validity.

***Insert Table 2 about here ***

The Entrepreneur Leadership Scale consists of thirteen separate items, a number of which seemed related. We first assured that the related items were indeed unidimensional through factor analysis. Then, we combined the unidimensional factors into seven separate composite variables. Using principal components factor analysis with Varimax rotation, we found two major factors of these composite variables. This was done to reduce the variables to a more manageable number and increase statistical power. The first factor had three items accounting for almost 48% of the variance – we labeled it Entrepreneur Initiator to reflect an opportunistic perspective. The second factor, labeled Entrepreneur Competitor, accounted for about 16% of the variance. It consists of four items focusing on competition and reacting to competitors. Table 3 indicates the correlation and reliabilities of the composite variables used in the study.

*** Insert Table 3 about here ***

Tests of Hypotheses

In the first hypothesis we expected that franchisees will have lower levels of Future Hope, Organizational Commitment, and Entrepreneurial Leadership than franchisors. The results reported in Table 4 indicate no significant differences for Future Hope, Affective Commitment, and Continuance Commitment. The results for Future Hope and Continuance Commitment were in the hypothesized direction, but Affective Commitment was not. There were significant

differences on both the Entrepreneur Leadership scales – Initiator and Competitor. On both leadership scales, franchisees had higher scores than did franchisors. These results confirm similar results found by DiPietro et al. (2007), where franchisees had higher entrepreneurial levels than franchisors, contrary to expectations. The first hypothesis is not supported.

*** Insert Table 4 about here ***

These results are interesting, as conventional wisdom might suggest that franchisors would have higher entrepreneur leadership scores than those running the franchises. We confirmed that the respondents were actually the franchisee responsible for developing the outlet from the start. Possibly, franchisors get caught up in the business of running and managing businesses and are less able to express their “entrepreneurial side” than franchisees that run the business on a day-to-day basis and are responsible for the creative marketing and management of the business from the ground level.

The second hypothesis expected that Future Hope is related to Entrepreneur Leadership, position in the firm, organizational commitment, the length of time in a position, and whether or not the respondent has a controlling interest in the firm. This hypothesis is partially supported and the tests for the hypothesis are listed in Table 5.

We tested hypothesis 2 by ANOVA and found that there were no differences in Future Hope and position within the firm. The results suggest that Future Hope is positively related to entrepreneurial leadership, organizational commitment, and whether the respondent has a controlling interest in the firm. Our hypothesis is partially supported. These results add to our

knowledge about franchise leaders, suggesting that hope is an integral part of entrepreneurial leadership traits and commitment to an organization.

*** Insert Table 5 about here ***

The third hypothesis tests the relationships between having a controlling interest in a firm and a respondent's position in the firm, commitment to the organization, and entrepreneurial leadership. We tested these relationships by ANOVA. The results are reported in Table 6.

*** Insert Table 6 about here ***

We did find a relationship between controlling interest and position in the company, entrepreneur initiator, and entrepreneur competitor. We did not find a relationship between controlling interest and either affective or continuance scales of organizational commitment.

Our hypothesis is partially supported- having a controlling interest logically leads to a higher position in the franchise. It also seems to relate to entrepreneurial leadership traits. The good news is that executives without a controlling interest in an organization seem to have as much commitment to that organization as do those with a controlling interest.

The fourth hypothesis is related to the third, but examines relationships from the position the executive holds. This hypothesis suggests that the position of a respondent influences scores on leadership scales, commitment, and controlling interest. This hypothesis was tested by ANOVA and the results reported in Table 7. Our hypothesis is largely supported, with only Continuance Commitment not related to position in the firm.

We expected position and controlling interest to be related, as those with controlling interest often have high-level positions. It is probably more interesting to speculate on why a

respondent's position in the firm relates to leadership traits and affective commitment. There may be differences in entrepreneurial leadership traits between executives of franchises and franchisors. Results in Table 4 demonstrate differences between franchisors and franchisees on the two leadership traits tested, so the results in Table 7 tend to confirm those in Table 4. Franchise executives tended to score higher on the Affective Commitment scale than did franchisors. Could it be that responsibility for the daily functions of producing something, as in most franchises, leads to greater affect for the organization?

*** Insert Table 7 about here ***

The hypotheses and results are summarized in Table 8.

*** Insert Table 8 about here ***

Discussion

Summary

There is little difference in the hope level of franchisees and franchisors. Franchisees, though, had higher entrepreneurial leadership scores than franchisors. This is good news for franchising- the franchisees are integral to the overall success of the franchise and affect the long-term sustainability of the franchise organization.

Contributions to Scholarship

This study contributed to the body of knowledge on franchising by providing the first results looking at hope with the franchise community. Hope is one variable that has been identified as important to future success and positive outlook.

Applied Implication

The results of the current study can be used as a basis to determine whether future hope could be used in franchise recruiting to predict success. The results of the current study can be used as a basis for other studies involving franchisees, franchisors, and franchise executives around the world. Franchise associations worldwide could be contacted to have their members participate in the study. Franchises could look at the performance (operationally and financially) of their franchises and compare franchisee-owned units to franchisee-owned units and compare if differences exist in the hope levels of these organizations and performance differentials.

Additionally, the possibility of using hope as one measure to predict franchise success could also be explored. Holmberg and Morgan (2007) listed adequate franchisee selection by the franchisor as one finding to lower franchise failure rates. This would have application in recruiting more positive franchisees with the belief that those with a higher level of hope would be more successful franchisees. Avey, Wernsing, and Luthans (2008) recently found that positive employees assist in positive organizational change; Youssef and Luthans (2007) found that hope, optimism, and resilience had a positive effect on the overall workplace and human performance.

Limitations and Future Research Directions

There are some limitations regarding the current study. The sample was not randomly chosen as some franchise operations do not belong to the International Franchise Association and would have been left out of the sample. There was no sample drawn from the other franchise associations around the globe. Additionally, there was no randomization of the sample.

Future studies should be undertaken to expand the sample size to be more generalizable to the entire franchise industry. Cultural differences as well as country-specific differences could be taken into consideration to determine what effect, if any, there is on franchisors and franchisees. For example, Falbe and Welsh (1998) examined the effects of NAFTA on franchise success in

Canada, Mexico, and the United States and found that country did make a difference. Luthans, Welsh, and Rosenkrantz (1993) observed real managers in Russia and compared them to real managers in the United States, and found little difference in what real managers really do. Welsh and Raven (2004) found differences in SME management in the Middle East attributed largely to differences in culture.

Other variables that have been tested with worldwide samples of entrepreneurs could be included to see if they have an effect on franchise industry, such as cognitive complexity, polychronicity (Carragher, Scott, & Carragher, 2004), entrepreneurial orientation (Carragher, 2005), and locus of control (Kaufmann, Welsh, & Bushmarin, 1995). It would also be interesting to look further at gender issues and hope scores. Further studies need to be done to determine what role, if any, gender and hope plays in the performance of franchise organizations. Another area for future research would be to analyze the hope scale with current franchisees, franchisors and top executives, and then to compare the results with individual entrepreneurs to determine if the franchise system creates a strategic advantage.

Conclusion

It is important to determine the hope level of leadership positions in order to allow human resources and development programs to be designed that will help ensure that the right people are in the right jobs. Applying a web-based training, as identified by Luthans, Avey, and Patera (2007), could be done with franchise organizations world-wide to develop hope and improve performance. This exploratory study provides at least beginning evidence that franchisors had about the same self-perceptions of hope about the future compared to franchisees. This may have

a positive impact on human resource initiatives and strategic direction of franchises by providing beginning evidence that franchisors and franchisees have hope for the future.

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Table 1. Respondents Profile

Parameters	
Total Responses	81
Males	78%
Age:	
Under 35	20%
36-45	22%
46-55	28%
56 and older	30%
Education:	
Some college	14%
Graduated college	52%
Graduate School (MBA, etc.)	34%
Years company in operation (average)	17
Years with franchise (average)	8.1
Years in present position (average)	7.6
Franchisee	60%
Franchisor	40%
Own controlling interest	44%
Family in franchise	43%
Of franchises with family members:	
First generation	76%
Second generation	20%
Third generation	4%

**Table 2. Correlation and Means of Measures
(Reliabilities in bold on the diagonal)
N=81**

	1	2	3	4	5	6	7	8	9	10
1. Entrepreneur Leader	NA									
2. Entrepreneur Innovator	.290*	.714								
3. Leader 3	.208	.547**	NA							
4. Adaptive	.449**	.838**	.525**	NA						
5. Aggressive	.162	.413**	.318**	.420**	NA					
6. New Products	.352**	.482**	.189	.474**	.321**	NA				
7. Leader 6	.119	.457**	.467**	.291**	.547**	.301**	NA			
8. Future Hope	-.084	-.065	.016	-.126	-.004	.063	-.095	.956		
9. Affective Commitment	.024	.070	.220	.087	.234*	.043	.151	.688**	.904	
10. Continuance Commitment	.045	-.218	-.179	-.110	-.169	-.220	-.279*	-.475**	-.489**	.696
No. Items	1	4	1	2	2	2	1	6	8	6
Mean	4.5789	5.1588	5.6533	5.5195	5.3224	4.8667	4.6104	6.4009	5.7599	3.8421
S.D.	2.0282	1.4515	1.6316	1.6129	1.4622	1.9054	1.6396	1.9281	1.9723	1.5748

* P < .05; **P<.01

NA – Not Applicable - reliabilities are not appropriate for 1 or 2 item scales.

Reliabilities for multi-item (3 or more) measures are listed in bold on the diagonal. Reliabilities of 0.7 are generally considered satisfactory for an exploratory study. We list the variables of the Entrepreneur Leaderships scale separately in this table.

Table 3.
Correlations and Reliabilities of Composite Variables

	1	2	3	4	5
1. Entrepreneur Initiator	.701				
2. Entrepreneur Competitor	.525**	.769			
3. Future Hope	-.032	-.064	.956		
4. Affective Commitment	.248*	.074	.688**	.904	
5. Continuance Commitment	-.269*	-.154	-.475**	-.489**	.696
No. Items	3	4	6	8	6
Mean	5.1894	5.0287	6.4009	5.7599	3.8421
S.D.	1.2593	1.3523	1.9281	1.9723	1.5748

* P < .05; **P<.01

Table 4. T-Tests of Franchisee / Franchisor

Measure	Franchisee/or	N	Mean	T	df	P
Future Hope	Franchisee	43	6.3171	-.430	74	.668
	Franchisor	33	6.5101			
Affective Commitment	Franchisee	43	5.8547	.476	74	.636
	Franchisor	33	5.6364			
Continuance Commitment	Franchisee	43	3.6473	-1.235	74	.221
	Franchisor	33	4.0960			
Entrepreneur Initiator	Franchisee	43	5.4690	2.249	75	.027
	Franchisor	33	4.8358			
Entrepreneur Competitor	Franchisee	43	5.2578	1.692	75	.095
	Franchisor	33	4.7390			

**Table 5. ANOVA
Future Hope vs. Other Variables**

	F	P
Entrepreneur Competitor	1.569	.093
Entrepreneur Initiator	1.688	.062
Position	1.346	.187
Affective Commitment	3.760	.000
Continuance Commitment	1.840	.036
Own controlling interest	1.702	.061
Time in position	0.825	.678

**Table 6. ANOVA
Controlling Interest vs. Other Variables**

	F	P
Position in company	7.365	.008
Affective Commitment	.378	.541
Continuance Commitment	1.439	.234
Entrepreneur Initiator	6.558	.013
Entrepreneur Competitor	4.056	.048

Table 7. ANOVA - Effect of Position in Firm on Other Variables

	F	Sig.
Entrepreneur Initiator	2.059	.069
Entrepreneur Competitor	3.232	.007
Affective Commitment	2.093	.065
Continuance Commitment	.973	.450
Own controlling interest	5.184	.000

Table 8. Hypotheses and Summary of Results

Hypothesis Number	Short Description	Supported/Not Supported
H1 a. Future Hope	Franchisees < franchisors	Not supported (Table 4)
H1 b. Organizational Commitment	Franchisees < franchisors	Not supported (Table 4)
H1 c. Entrepreneurial Leadership	Franchisees < franchisors	Not Supported (Table 4)
H2 a. Entrepreneurial Leadership	Future Hope > for higher scores	Supported (Table 5)
H2 b. Position in firm	Future Hope > for higher scores	Not supported (Table 5)
H2 c. Organizational Commitment	Future Hope > for higher scores	Supported (Table 5)
H2 d. Time in Position	Future Hope > for higher scores	Not supported (Table 5)
H2 e. Controlling Interest	Future Hope > for higher scores	Supported (Table 5)
H3 a. Position in company	Controlling Interest > for higher scores	Supported (Table 6)
H3 b. Organizational Commitment	Controlling Interest > for higher scores	Not supported (Table 6)
H3 c. Entrepreneur Leadership	Controlling Interest > for higher scores	Supported (Table 6)
H4 a. Entrepreneur Leadership	Higher position, higher scores	Supported (Table 7)
H4 b. Organizational Commitment	Higher position, higher scores	Partially supported (Table 7)
H4 c. Controlling interest	Higher position, higher scores	Supported (Table 7)