

Elvis Has Left the Building; Why Franchisees Leave Their Franchise Systems

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Abstract

This study provides an understanding of antecedents of franchisees' intent to leave their franchise systems. We combine social exchange theory (SET) with an entrepreneurial motivation perspective to develop hypotheses on the impact of different types of franchisee trust, of economic satisfaction and of franchisee entrepreneurial motivations on franchisees' intent to leave their franchise systems. We test our hypotheses with survey data collected at franchisees from a Dutch franchise system. The results point at a franchisee's trust in its franchisor, trust in its peers and economic satisfaction as important antecedents of a franchisee's intent to leave. Additionally, franchisees' intrinsic and extrinsic motivations strengthen the relationship between economic satisfaction and intent to leave.

Key words: entrepreneurial motivation, intent to leave, social exchange theory (SET), satisfaction, trust