THE FRANCHISE RELATIONSHIP: THE ROLE OF ENTREPRENEURIAL ORIENTATION

Olufunmilola (Lola) Dada, Ph.D.
Lancaster University Management School
LA1 4YX
United Kingdom
P: +44 (0) 1424 510 711
E: l.dada@lancaster.ac.uk

Anna Watson
London College of Fashion
University of the Arts London
20 John Princes St
London
W1G 0BJ
United Kingdom
P: +44 (0) 207 514 7682
a.e.watson@fashion.arts.ac.uk

Presented at the 25th Annual International Society of Franchising Conference
Boston University
Boston, Massachusetts, U.S.A.
June 16-18, 2011
The Franchise Relationship: The Role of Entrepreneurial Orientation

Abstract

The purpose of this paper is to understand how the entrepreneurial strategic orientation (EO) of franchised firms, may impact franchisor-franchisee relationship quality, given the opposing forces for standardisation/uniformity and franchisee desire for autonomy. A cross-sectional research design, involving a mail questionnaire survey, was employed to collect data from a sample of franchisors operating in the UK. The hypotheses specified in the study were tested using regression (including moderated regression) analyses. The results revealed that EO was significantly and positively related to relationship quality (as perceived by the franchisor). In addition, the recruitment of entrepreneurial franchisees was found to have a positive impact on relationship quality. The support structures used by franchisors to control and monitor franchisee entrepreneurial activities were not found to moderate the relationship between EO and relationship quality. The results suggest that systems with EO and entrepreneurial franchisees may enjoy better relations. The results highlight the need for future research to explore further some of the key issues raised.