

DIFFERENTIAL IMPACT OF FRANCHISEE'S ENTREPRENEURIAL ORIENTATION DIMENSIONS ON THEIR PERFORMANCE. EVIDENCE FROM FRANCE

ABSTRACT

Franchisee's performance has been frequently positively related to entrepreneurial orientation (EO), but the EO is a multidimensional concept and the interest of the literature on the dimensionality of entrepreneurial orientation in franchising is relatively recent. Consequently, one crucial issue that has not been addressed in previous research is the identification of the EO dimensions that most contribute to franchisee's performance. The present study attempts to identify which entrepreneurial orientation dimension(s) are most relevant for differentiating franchisees by their relative performance. Our research pursues this objective with a segmentation methodology, and identifying segments of heterogeneous franchisees that differ significantly regarding their performance as well as the dimensions of entrepreneurial orientation. Knowing better their franchisees' EO, franchisors can select, support and train them bearing in mind the superior contribution of some dimensions of entrepreneurial orientation in comparison to others in order to improve franchisee's performance.

Keywords:

Franchisee, Entrepreneurial orientation, performance, segmentation, CHAID.

1. Introduction

Some research on Entrepreneurial Orientation (EO) has linked this construct to the performance of the franchisees and has generally found that there is a positive relation between these two. In most of papers analyzing EO, it has been conceptualized as a multidimensional concept (e.g. Lumpkin and Dess, 1996; Watson et al., 2017), and it seems important to understand what are the dimensions of this construct that most contribute to the performance to franchises, according to the different types of franchises and of franchisors' or franchisees'.

The present study attempts to identify which entrepreneurial orientation dimension(s) are most relevant for differentiating franchisees by their relative performance. In order to achieve this objective, a segmentation methodology based on the CHAID algorithm is performed to identify segments of heterogeneous franchisees that differ significantly regarding their performance as well as the EO dimensions.

Our paper is structured as follows. Next, the literature review examines the main authors that studied the relationship within EO and performance and ends with the formulation of two research questions. Then, the method and the results are presented. Last, conclusions, managerial implications of our results and limitations and further research lines close this paper.

2. Literature review

In the Entrepreneurial Orientation literature, EO "refers to the processes, practices, and decision-making activities that lead to new entry...in a process...aimed at new venture creation" (Lumpkin and Dess, 1996), and has focused on the firm or business unit level. The EO of the organisation is conceived as a composite concept (Covin and Slevin, 1989; Miller 1983, 2011) formed by the three dimensions of risk taking, innovativeness, proactiveness, or as a multidimensional one formed by independent dimensions, with the integration – to the three original dimensions - of competitive aggressiveness, and autonomy (Lumpkin and Dess, 1996; Watson et al., 2017).

According to Watson et al. (2017, p. 4) “within the context of franchising, the dimensions of autonomy in particular, but also competitive aggressiveness, have resonance”. Risk-taking involves a firm’s propensity to support projects in which the expected results are uncertain (Walter et al., 2006). Proactiveness has been linked to efforts associated with being the first mover (Li et al., 2008). Aggressiveness refers to “the intensity of a firm’s efforts to outperform industry rivals, characterized by a combative posture and a forceful response to competitor’s actions” (Lumpkin & Dess, 2001, p. 431). In the EO literature, innovativeness refers to “a willingness to support creativity and experimentation in introducing new products/services, and novelty, technological leadership and R&D in developing new processes” (Lumpkin and Dess, 2001, p. 431).

Autonomy as a general concept “refers to the independent action of an individual or a team in bringing forth an idea or a vision and carrying it through to completion” (Lumpkin and Dess, 1996). According to Miller (2011), autonomy is based on a notion of “entrepreneurial independence in developing and bringing into effect an idea” (Watson et al, 2017, p.4). The concept, so defined, may be applied to different levels - for example, individuals, groups, and “whole organizations” - and it is similar to that used in the franchising literature (Pizanti and Lerner, 2003; Paik and Choi, 2007; Cochet et al., 2008; López-Bayón and López-Fernández, 2016).

The studies that have linked the franchisee’s EO and performance have been mainly based on two theories, i.e. agency theory and resource-based theory (Combs et al., 2004; Dada, 2018). According to the former, franchising is based on a contractual relationship where the franchisor (principal) must delegate authority to the franchisee (agent), therefore creating possibilities for franchisees to act autonomously according to their self-interests (Paik and Choi, 2007). In this sense, studies based on agency theory argue that franchisees continually look for means to improve their businesses (Bradach 1997) and display entrepreneurial behaviour by seeking new opportunities (Dada *et al.* 2012) that ultimately may improve their performance. Nevertheless, it has also been pointed out that autonomy may result in negative opportunistic behaviour by the franchisee (Akremi et al. 2011).

According to the resource-based theory, franchisors use franchising to leverage franchisees’ resources in terms of capital and managerial and local knowledge (Combs *et al.* 2011). These franchisees’ entrepreneurial resources provide value to the system, thus highlighting the positive outcomes of the franchisee’s EO.

As far as the relationships between EO and performance are concerned, in spite of the indication that EO positively influences firm performance, there is little evidence to suggest that such a relationship extends to the franchising context (Dada and Watson, 2013). Some studies – i.e. Gassenheimer et al. (1996), Yin and Zajac (2004), Cox and Mason (2007), Gillis et al. (2011), Dada et al. (2012), Dada and Watson (2013), Gorovaia and Windsperger (2013), López-Bayón and López-Fernández (2016) - link these two concepts, but they are not comparable because they assume different dimensions of EO or performance.

The results of the research conducted by Gassenheimer et al. (1996) show that participative communication relates positively with franchisee satisfaction, therefore suggesting that the former variable improves relations and performance on the franchise system.

Yin and Zajac (2004) compare the autonomy of owned stores to that of franchised stores and find that, even if managerial autonomy is normally greater in franchising than in integrated organisations, it varies among franchise networks (and even among franchisees of the same network).

According to Cox and Mason (2007), franchisees can be useful sources of new ideas and innovations for product/service development but they find that if franchisees enjoy considerable operational autonomy, that it is limited to adapting the format in response to local market conditions.

Gillis et al. (2011) find that multi-outlet franchising is more common among franchisors who demand prior managerial experience or industrial experience from new franchisees and among those who have built knowledge-sharing routines with franchisees. These authors measure performance by a multi-outlet development and find that it is linked to a previous experience of the franchisees.

According to one study of Ireland (2009), cited by Dada et al. (2012), franchisees are generally creating new value through their entrepreneurial behavior. This encompasses business growth, system-wide adaptability of their entrepreneurial initiatives, solutions to persistent operational problems, and market leadership.

Gorovaia and Windsperger (2013) find that the capabilities of franchisees vary positively with network performance. More specifically, Dada and Watson (2013) analyse the link between the “entrepreneurial strategic orientation (EO) (innovative, risk-taking, and proactive actions) and network performance, and find that the existence of EO in the franchise system has a significant effect on performance outcomes. The authors considered only three dimensions but acknowledge that further research could also consider including other dimensions of EO, notably competitive aggressiveness and autonomy, the two dimensions identified by Lumpkin and Dess (1996) and Covin and Lumpkin (2011).

López-Bayón and López-Fernández (2016) find that autonomy reduces early terminations, but these latter are more a proxy of the franchisees’ global satisfaction with the relationships than with their performance. In a most recent article, Watson et al. (2017) adopt the most comprehensive definition of EO of five dimensions.

From the literature review, it can be concluded that some research on EO has linked this construct to the performance of the franchises and generally found that this is a positive relation between the two variables. Notwithstanding, EO is a multidimensional concept and it seems important to understand what are the dimensions of this construct that contribute most to the performance to the franchises, according to the different types of franchises and to the different typologies of franchisors’ and franchisees’.

Last, in an attempt to assist franchisors in the selection of suitable franchisees based on objective criteria, several franchisee characteristics have been analyzed. First, Meek et al. (2014) suggest differences exist between male and female franchisees in relation to entrepreneurial relationship variables with their franchisor, concluding that there are feminine gender roles in the sense that female entrepreneurs are more relationship oriented throughout the entrepreneurial process than males. This is consistent with Watson et al. (2017), who find that franchisee masculinity is positively linked with the EO dimensions of innovativeness, risk taking, autonomy, and competitive aggressiveness.

Moreover, according to an encompassing literature review performed by Nijmeijer et al. (2014), age of franchisee firm has been related to franchisee outcomes (e.g. survival, financial performance, satisfaction and intention to remain in the network, success and competitive advantage). In this sense, years of experience as a franchisee is negatively related to early terminations (Bayón and López-Fernández, 2016; López-Fernández and López-Bayón, 2018). In addition to this, it has been argued that highly educated franchisees may have better performance than less educated franchisees, since the former may have more opportunities to look for other new franchisors (Huan and Phau, 2008).

In contrast, Saraogi (2009) analyses the relation between selection criteria used by the franchisors in the selection of potential franchisees to their behavioural outcomes that the franchisors desire, concluding that there is no clear relation between franchisee age and educational level and its performance. It has been also analysed the impact of type of chain (retailing vs. services) on outcome variables such as early terminations in franchise systems, concluding that there is no significant relation between these variables (López-Fernández and López-Bayón, 2018).

All in all, in view of the scarce and mixed results in research exploring the relation between franchisee characteristics and performance, it may be interesting to analyse the association between such variables.

To the best of our knowledge, no research of this type has been done before and that is why the present study attempts to identify which entrepreneurial orientation dimension(s) are most relevant for differentiating franchisees by their relative performance.

In view of the above presented considerations, we propose the following research questions:

RQ1: Are entrepreneurial orientation dimensions useful to differentiate segments of franchisees regarding their level of performance?

RQ2: If yes, which are the entrepreneurial orientation dimensions most influencing franchisees performance?

3. Method

To respond to the above-mentioned research questions, we conducted a quantitative research using a survey methodology. Like Watson et al. (2017), we developed a survey instrument based on an extensive literature review on entrepreneurial orientation, considering finally the EO dimensions identified by Covin and Lumpkin (2011), i.e. risk taking, innovativeness, proactiveness, competitive aggressiveness and autonomy.

Most of our measures were adapted from previous studies to fit the current context of the research. We refer EO to the franchisees' and we adapted from López-Bayón and López-Fernández (2016, 2018) the items to measure perception of the franchisee's autonomy in commercial policies and in team management, assuming that managerial autonomy is a different construct from commercial (or marketing) autonomy, measured through items referred to the commercial policies of the marketing mix (i.e. product, price, communication and point of sale).

The indicators for measuring franchisees' perception of their performance compared with the other franchisees in the network is adapted from Meiseberg and Perrigot (2015).

We define innovativeness as the ability of being innovative, and implementing innovating practices, mainly using initiatives developed by franchisees. For the other dimensions we refer to the definitions by Watson et al. (2017).

The items for measuring Risk taking (1 item: "I really like high-risk projects, with prospects for high profitability"), Innovativeness (5 items: "As a franchisee, I take initiatives in... product selection, setting prices, local advertising, Internet website, outlet layout"), Proactiveness (1 item: "In the past five years, I have made significant changes to my products and services, on my own initiative") and Competitive aggressiveness (1 item: "In my relations with local competitors, I quite frequently take initiatives") are proposed by the authors. All items were measured using a 5-point Likert scale. Classification variables to describe franchisee and franchise profile were included at the end of the questionnaire. The items adapted from the literature were translated into French and backtranslated into English in order to guarantee the equivalence of the versions in both languages.

A pilot test was first conducted among six franchisees, and the feedback was used to refine the instrument. The final online questionnaire was distributed via the franchisors and with the help of Fédération Française de la Franchise (French Franchise Federation), so that 226 valid questionnaires were finally recorded. The socio-demographic characteristics of the franchisees' sample are shown in Table 1.

TABLE 1

Sample profile

Franchisee's classification variables	N	%	Franchisor's classification variables	N	%
Gender			Type of product		
Male	145	64.2	Tangible product	232	69.5
Female	81	35.8	Service	34	30.5
Age			Time since network creation		
20-30	8	3.5	< 10 years	15	6.6
30-40	44	19.5	> 10 years	211	93.4
40-50	89	39.4			
50-60	79	35.0			
+60	6	2.7			
Educational level*			Total number of outlets		
Basic factual knowledge of a field of work/study	5	2.2	< 10	29	12.8
Primary studies (BEP, CAP, CFPA)	31	13.7	10-50	24	10.6
Secondary studies/vocational training (Bac, BT, BP)	35	15.5	51-100	11	4.9
			101-150	42	18.6
			151-300	25	11.6
			301-500	85	37.6

Post-secondary qualification (Bac+2, BTS/DUT)	85	37.6	> 500 NA	6	2.6
Bachelor/Degree (Bac+3)	24	10.6		4	1.8
Master/Postgraduate (Bac+5)	44	19.5			
Doctorate (Bac+8)	2	0.9			
Time in the network			Diversified network (mix of own stores and franchised stores)		
0-3 years	66	29.2	Yes No	178 48	78.8 21.2
3-5 years	35	15.5			
4-10 years	60	26.5			
10-20 years	44	19.3			
+20 years	21	9.3			

* Educational level according to the European Qualification Framework (Mathou, 2016)

Upon completion of data collection, an Automatic Interaction Detection (AID) analysis was conducted considering franchisee's relative performance as the key variable in the segmentation process. The AID is a statistical analysis technique used to analyze the relation of dependency between a dependent variable and several independent or explanatory variables. It operates sequentially through analysis of variance, dividing the sample into homogenous subgroups to maximize inter-group variance and minimize intra-group variance (Kass, 1980). This process identifies the independent variables that contribute the most to explaining the variability in the dependent variable. In contrast to other segmentation methods such as cluster analysis, the CHAID algorithm has been considered the most appropriate technique for selecting the most meaningful or important segmentation variables, that is, the ones that come first when segmenting large samples (Chung et al., 2004). In the present study, CHAID has been used to characterize franchisee's relative performance based on entrepreneurial orientation dimensions identified by Covin and Lumpkin (2011), i.e. risk taking, innovativeness, proactiveness, competitive aggressiveness and autonomy, including managerial and commercial autonomy. This analysis is expected to provide heterogeneous segments that differ significantly in terms of the dependent and independent variables, as well as other variables.

The segments resulting from the CHAID algorithm are compared through an analysis of variance (ANOVA) regarding other numerical variables and through contingency tables for nominal variables. Thus, it can be determined whether the subjects belonging to each group constitute a segment and whether they behave in a significantly different way in relation to variables that have not been considered for the CHAID. Finally, the distinguishing features of the franchisees segments are identified.

4. Results

A CHAID algorithm was used to franchisees based on their relative performance and several attributes for assessing entrepreneurial orientation (i.e. risk taking, innovativeness, proactiveness, competitive aggressiveness and autonomy). The relative performance compared with the other franchisees in the network is the dependent variable in the CHAID method, while the five attributes for assessing entrepreneurial orientation are introduced in the algorithm as independent variables. All the variables were scored on a scale from 1 to 5. The results are shown graphically in Figure 1 and numerically for each node in Table 2.

FIGURE 1

Classification tree generated by CHAID algorithm

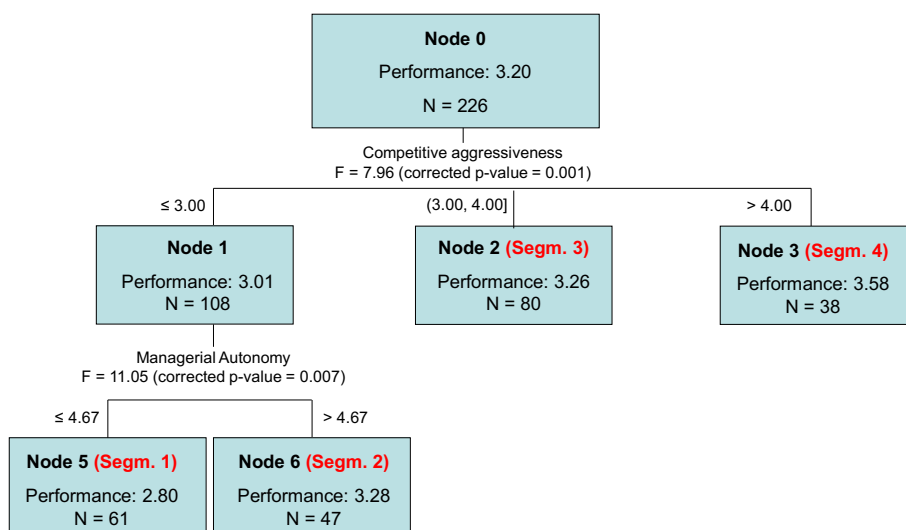


TABLE 2

Descriptive statistics of the nodes obtained with CHAID algorithm

Node	Final segment	Size	Average performance	Stand. Dev.	Characteristics
0	-	226	3.195	0.804	-
1	-	108	3.009	0.767	- Competitive aggressiveness ≤ 3.00
2	3	80	3.262	0.775	- Competitive aggressiveness (3.00, 4.00]
3	4	38	3.579	0.826	- Competitive aggressiveness > 4.00
4	1	61	2.803	0.792	- Competitive aggressiveness ≤ 3.00 - Autonomy ≤ 4.67
5	2	47	3.277	0.649	- Competitive aggressiveness ≤ 3.00 - Autonomy > 4.00

Risk estimate: 0.574. Standard error: 0.057

As can be seen, the CHAID algorithm generates four final segments of franchisees. To further characterize each final segment, we test the significance of the differences between segments regarding the dependent and the independent variables of the CHAID algorithm (i.e. relative performance of the franchisee and dimensions of entrepreneurial orientation). Average values for each segment and the values of the ANOVA test are shown in Table 3.

TABLE 3

CHAID variables: Average values and significant differences across segments

	Seg.1	Seg.2	Seg.3	Seg.4	F	Differences between segments*

Dependent variable: Relative performance	2.80	3.28	3.26	3.58	8.917 ^a	1-2,1-3,1-4
Independent variables						
Risk taking	3.03	3.02	3.10	3.42	1.554	-
Innovativeness	3.03	2.95	3.12	3.43	2.913b	2-4
- assortment	3.10	2.87	2.94	3.39	1.527	-
- price setting	2.77	2.62	3.11	3.29	2.781b	-
- local advertising	3.56	4.06	3.89	4.42	8.050 ^a	1-4,3-4
- website	2.75	2.34	2.65	2.61	1.265	-
- store layout	2.97	2.87	3.00	3.42	1.622	-
Proactiveness	3.00	2.55	3.40	3.53	6.920a	2-4,2-4
Competitive aggressiveness	2.82	2.70	4.00	5.00	525.44a	1-3,1-4,2-3,2-4,3-4
Managerial autonomy:	3.94	4.94	4.41	4.51	27.227a	1-2,1-3,1-4,2-3,2-4
- training staff	3.51	4.62	4.11	4.18	21.284a	1-2,1-3,1-4,2-3,2-4
- hiring staff	4.16	5.00	4.50	4.58	13.113a	1-2,1-3,1-4,2-3,2-4
- career development and management of staff	4.11	5.00	4.36	4.66	15.130a	1-2,1-3,1-4,2-3
- staff pay	3.97	5.00	4.51	4.53	19.541a	1-2,1-3,1-4,2-3,2-4
- awarding bonuses	4.02	5.00	4.53	4.58	16.748a	1-2,1-3,1-4,2-3,2-4
- staff dismissal	3.87	5.00	4.45	4.55	19.349a	1-2,1-3,1-4,2-3,2-4
Commercial autonomy	2.99	3.09	3.15	3.22	1.078	-
- assortment	3.25	3.17	3.03	3.21	0.360	-
- price setting	2.56	2.47	3.09	3.05	3.566b	2-3
- local advertising	3.69	4.51	4.18	4.29	8.052a	1-2-,1-3,1-4
- website	2.93	2.55	2.78	2.71	0.702	-
- store layout	2.51	2.45	2.71	2.84	1.238	-
N	61	47	80	38		
% franchisees	26.99	20.80	35.40	16.81		

^{a, b, c} Statistically significant at 1%, 5% and 10%, respectively.

* In order to test the significance of the differences between the segments of retail customers, the Tukey post-hoc multiple comparison test is used. Only the statistically significant differences between segments at 5% are shown.

Competitive aggressiveness (in a first stage) and Autonomy (in a second stage) emerge as the key segmenting variables of the CHAID algorithm, generating four final segments of franchisees. Regarding the dependent variable for the CHAID algorithm, that is, franchisee's relative performance compared with the other franchisees in the network, it is observed that the first segment shows a significantly lower average value in comparison to the other segments. In general, franchisees in Segment 1 are characterized by low values for all items. More specifically, franchisees in the first segment show the lowest values for Competitive aggressiveness and Managerial Autonomy. Regarding Commercial Autonomy, Segment 1 shows a significantly lower value in the ability to make independent decisions on local advertising in comparison to the rest of segments, therefore allowing to conclude that high autonomy in local advertising actions is related to a superior performance of the franchisee with regards to other members of the network.

In contrast, franchisees in Segment 4 show the highest value for relative performance as well as the highest scores for Risk taking, Proactiveness, Competitive aggressiveness and most of items measuring Innovativeness. Segment 2 outstands in Autonomy, whereas Segment 3 shows intermediate values for all the items.

Since Competitive aggressiveness and Managerial autonomy are identified by the CHAID algorithm as the key segmenting variables, these are the items showing significant differences across segments. Regarding Competitive aggressiveness, Segments 1 and 2 show the lowest values in comparison to Segment 3 and Segment 4, whereas Segment 4 shows a significantly higher score in comparison to the rest of segments. Concerning Managerial Autonomy, Segment 2 shows the highest scores, reaching the maximum value of the scale (i.e. 5) in several items, while Segment 1 shows the lowest scores.

To complete segment characterization, we analyse the segments regarding the main sociodemographic characteristics of the franchisee and the classification variables of the franchisor.

TABLE 4

Segment characterization according to franchisee's and franchisor's classification variables

	Seg.1	Seg.2	Seg.3	Seg.4	Chi2 (p-value)
Gender					13.382 (0.004)
Male	34	23	57	31	
Female	27	24	23	7	
Age					13.052 (0.365)
20-30	3	2	2	1	
30-40	13	10	12	9	
40-50	21	23	33	12	
50-60	24	12	30	13	
+60	0	0	3	3	
Educational level*					13.172 (0.781)
2. Basic factual knowledge of a field of work/study	2	0	1	2	
3. Primary studies (BEP, CAP, CFPA)	9	4	12	6	
4. Secondary studies/vocational training (Bac, BT, BP)	8	8	13	6	
5. Post-secondary qualification (Bac+2, BTS/DUT)	21	20	29	15	
6. Bachelor/Degree (Bac+3)	10	5	8	1	
7. Master/Postgraduate (Bac+5)	11	9	17	7	
8. Doctorate (Bac+8)	0	1	0	1	
Type of product					11.011 (0.012)
Tangible product	46	36	57	18	
Service	15	11	23	20	
Time since network creation					1.745 (0.627)
< 10 years	3	2	6	4	
> 10 years	58	45	74	34	
Diversified network (mix of own stores and franchised stores)					3.988 (0.263)
Yes	44	40	66	28	
No	17	7	14	10	
					F (p-value)
Time in the network (years)	7.10	6.53	6.90	6.92	0.079 (0.971)
Total number of outlets	242.1	286.9	232.6	214.1	1.171 (0.322)
N. Franchisees	61	47	80	38	
% Franchisees	26.99	20.80	35.40	16.81	

a, b, c Statistically significant at 1%, 5% and 10%, respectively.

Strong associations have been found between franchisees segments and two classification variables, i.e. gender and type of product. First, the percentage of women is higher than the one for men in Segment 2, while it shows the lowest value in Segment 4 (only 7 women out of 38 franchisees). Second, a significant association is found between type of product and segment, in the sense that the highest proportion of franchisees delivering services is in Segment 4 (20 specialized in services out of 38 franchisees) whereas the lowest percentage is in Segment 2 (11 out of 47).

In contrast, no significant associations are observed for other classification variables such as franchisee's age and educational level, time in the network, time since network creation, number of outlets in the network, and network diversification.

All in all, four different styles in terms of Entrepreneurial orientation can be identified, strongly associated to performance, franchisee gender and type of product. In this sense, we can define the first segment as a **Low Entrepreneurial orientation-low performance** group of franchisees, that have poor perceptions of their results in comparison to other outlets in the network and show lower values for the Entrepreneurial orientation dimensions.

Segment 2 could be defined as a **Low Aggressiveness, high managerial autonomy segment**. This segment is the one showing the lowest value in Competitive aggressiveness and Proactiveness but also the significantly higher managerial Autonomy value in comparison to the rest of segments. That seems to help franchisees in this segment to achieve a better performance in comparison to Segment 1. Segment 2 is the only segment showing a higher percentage of women and lower percentage of services activities.

In contrast, Segment 4 can be considered a **High Competitive aggressiveness and Proactiveness segment**, since it is the segment showing the highest value in these dimensions. In this segment, services are the majority of businesses.

Lastly, Segment 3 could be considered as a **Hybrid Entrepreneurial orientation** segment, that shows an intermediate position between Segments 2 and 4.

5. Conclusions, managerial implications and limitations

According to our results, among the five dimensions of Entrepreneurial orientation, high levels of Competitive aggressiveness and of Managerial autonomy seems the most effective dimensions for franchisees to obtain a high level of performance. The other three dimensions of EO seem to have a minor role as concerns their relation to performance. Managerial autonomy seems to have a stronger linkage to performance than commercial autonomy (apart for autonomy in local advertising).

High level of autonomy without an analogous high level of competitive aggressiveness is a less performing dimension, but a high level of autonomy seems able to partly compensate for a lower level of competitive aggressiveness and proactiveness.

Two main ways for performance seems to emerge from our research, the most effective one being based on competitive aggressiveness and autonomy, the other one on autonomy only (both managerial and in local advertising). The first concerns mainly services activities, and the second is in majority adopted by women.

Our findings have some key managerial implications, for both franchisors and franchisees. Franchisors should use these results in doing the selection of the potential franchisees, in their control activities and management education programmes.

As the more autonomous franchisees of the segment 2 seem to be lacking competitive aggressiveness, franchisors should concentrate their efforts in this direction. Competitive aggressiveness and proactiveness are attitudinal and behavioural characteristics that franchisor may evaluate in selecting potential franchisees and may try to develop with adequate management information programmes. Their support to franchisees should also include information on competitive environment and individual competitors. As far as autonomy is concerned, high levels of managerial performance allow to obtain a better performance even if competitive aggressiveness is low, as evidenced by franchisees in Segment 2. Franchisors should strongly encourage and support autonomy by franchisees, particularly for initiatives in local advertising and for the franchisees of Segment 1.

Our paper is not free from limitations stemming mainly from the research design and our use of a convenience sample, that might have introduced some biases into the results. Moreover, it would have been beneficial to use actual performance data (e.g. economic and financial ratios) to complement the franchisee-reported measures of perceptions about their performance, but this was not possible in our survey, because disclosure of financial data - linked to other information available in the questionnaires - would allow observers and franchisors to identify the respondent (even though the questionnaires were anonymous) and that was not accepted by franchisees.

Further research should also consider a more encompassing model, exploring other antecedents of the franchisee's performance than entrepreneurial orientation and exploring the antecedents of the latter.

Finally, additional research lines could focus on gender issues. Segment 2 is the only segment showing a higher percentage of women and this fact may reveal the existence of a feminine EO attitude, based on managerial and commercial autonomy, different from a masculine EO attitude, based mainly on competitive aggressiveness, in the line of Hofstede's (2011) masculinity-femininity cultural dimension. Franchisees with higher performance seems to be more frequent in service delivery than in franchises marketing tangible products and further research may address this issue in order to gain insight on this topic.

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