

Franchisee Dynamics;
Can Franchisees be Entrepreneurial?

A Case Study

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Abstract

- Franchisees only bought the right to operate our stores under the trademark. That's it. We own the trademark, and their only responsibility is to us, to follow our system and methods. What we have come to realize is that franchisees aren't entrepreneurs; they might think they are entrepreneurs, but they're not. If they really were entrepreneurs, they'd go out and start their own business, Birkeland (2002).
- The Franchisor and the franchisee mutually need each other to achieve profits, Paik and Choi (2007).
- Franchisors foresee autonomy to occur at some point and they draw on a broad range of mechanisms to manage this expectancy, Dada (2018).

The above quotes demonstrate how franchisor thinking and understanding have evolved since the start of the twenty-first century.

This study explores the concept of Entrepreneurial Franchisees and specifically sets out, by way of a case study to discover if there is scope for a franchisee to be Entrepreneurial within the bounds and constraints of a Franchise Agreement/contract. The three semi-structured interviews conducted resulted in evidence that supports the theory of the existence of franchisee entrepreneurial behaviour. During this research a number of areas of interest were identified, which were outside the scope of this study. In addition, as this case study provides a solid base, further research into the franchisor/ franchisee dynamic, within agency theory can be explored.

Declaration

Submission of Thesis and Dissertation to National College of Ireland.

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Material submitted for award

- i I declare that this work has been composed by myself.

- ii I declare that all verbatim extracts in this work have been distinguished by quotation marks and the sources of information specifically acknowledged.

- iii My thesis will be included in electronic format in the Colleges Institutional Repository.
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I declare that no material contained in this work has been used in any other submission for an academic award.

M. Sc. in Management

A handwritten signature in black ink, appearing to read 'Xavier Timmons', written in a cursive style.

Signed Xavier Timmons

Date August 2019

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Chapter 1 – Introduction

1.1 Background

“Franchising is seldom viewed as a context in which entrepreneurship is possible, beyond the creation of the concept by the franchisor” state Clarkin and Rosa, 2005. Joel Libava, also known in the United States, as “The Franchise King”, a US based franchise business consultant and author opines in his 2011 book “that franchisees are not entrepreneurs, the person who came up with the concept and invented the franchisee system is the entrepreneur”.

This dissertation will look at the concept of entrepreneurial franchisees and explore the concept and scope for such activity within the confines of a franchisee agreement. It will build a case to support the argument that it is possible for franchisees to behave entrepreneurially within the boundaries of a franchise agreement.

This research will focus on a globally known Car-hire brand, who in 2012, decided to franchise their Swiss operation to a third party. The reasons and strategy behind this decision will be explored along with an examination of the Swiss operation since it was franchised. These actions will be framed and compared with academic research and theory to determine if, entrepreneurial behavior can be considered a factor in the growth and development of the Swiss franchisee since 2012.

1.2 History of Franchising

Franchising can be traced back to Roman times according to Webber (2013) in his book An Introduction to Franchising. Figure 1. Shows the timeline of franchising from Roman times to the present day (adapted from Webber, 2013). When the Romans conquered a territory, a Governor was appointed to ‘manage’ the territory. This included the collection of taxes from the new Roman citizens. These taxes were sent to Rome minus the deduction for the Governors administration fees (including the costs of building roads and infrastructure, maintaining a civil service and also the Roman army legions assigned to the territory). Webber compares this

Governorship model to the modern Master Franchise model we can see today in so many global businesses, that have adopted the franchise business model to achieve growth and revenue. Indeed, it is easy to substitute for example, the McDonalds Corporation for the Roman Empire, with the master franchisees as the Governors and the individual franchisees as the citizens / businesses.

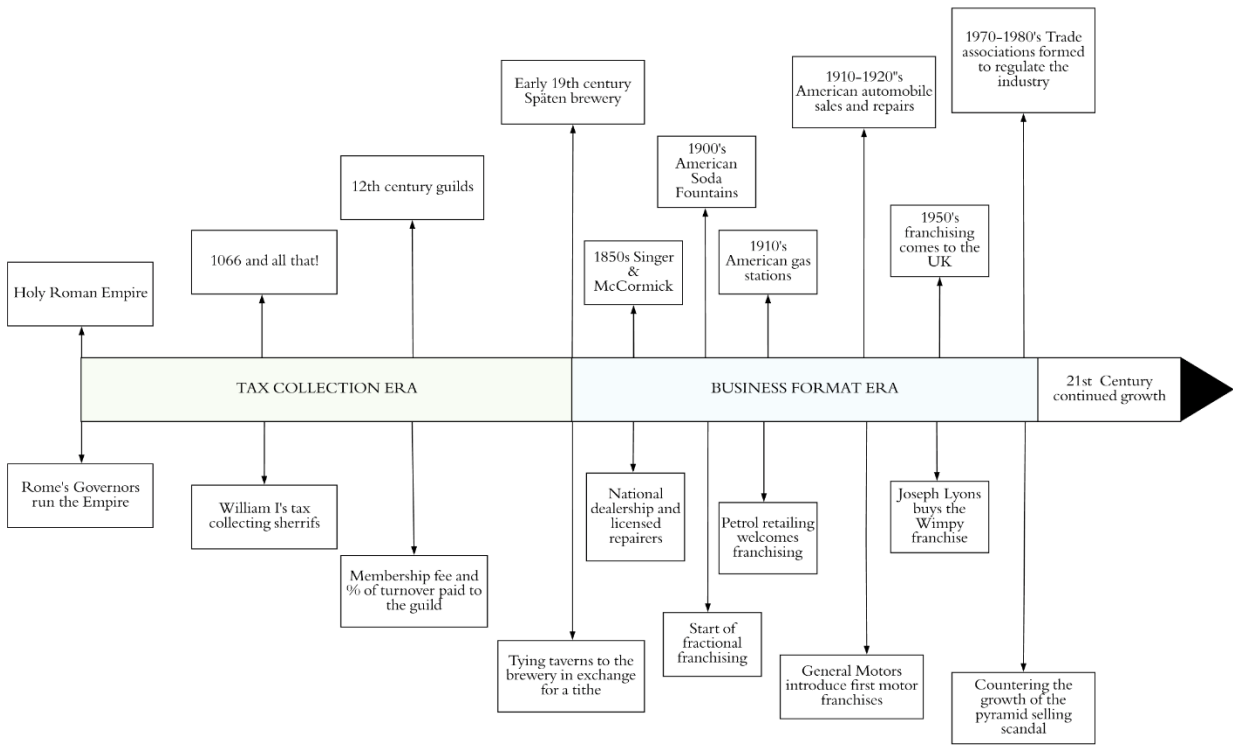


Figure 1. Webbers Franchising Timeline

While Beere (2017) paraphrases Shane’s (2007) definition by stating “Franchising is a form of business arrangement, which originated from Western Europe in the Middle Ages, at a time when feudal lords initiated the practice of selling the rights to collect taxes and operate markets on their behalf. The first examples of franchising are to be found in mid-nineteenth century Germany where brewers set up contracts with tavern owners to sell their beer exclusively in their taverns”. It is the development and growth of Franchising in the last 175 years that has taken this concept and turned many businesses into global names across many different and diverse industries.

From restaurants, hotels and car-hire, to fashion retail and an array of service industries such as opticians and creches.

Whether it was, as Webber states, Isaac Singer (Singer Sewing Machines) or Cyrus Hall McCormick (McCormick Harvesting Machine Company) who were, in the early 1850's, the originators of the business system that grew into business format franchising, is unclear. It is clear however, that "both were instigators of a great tradition that has developed and changed the world of business over the last 175 years" (Webber, 2013).

The growth of the automobile industry in the United States is also considered to have played a crucial role in the development and growth of franchised businesses in the United States. In 1910, General Motors copied the Singer Sewing Machine business model and opened hundreds of car sales and service franchises across the United States. Other car manufacturers followed suit and the rise of automobile ownership among US citizens was growing year on year (see appendix 1). Oil companies, restaurants and hotel operators soon realised the value of having a consistent brand across the country. It was also a great advantage to have one common marketplace, from the Atlantic to the Pacific oceans, as this meant that the climate for business was similar from coast to coast (Dicke, 1992)

1.3 Outline of this Thesis

This thesis will explore the development of franchising as a means of business expansion on a national and international basis. As some of the acts of franchising that will be referred to, took place prior to academic research into the subject. This research will also compare the context of the franchise model to the Internationalisation Process, Agency Theory and the influence of Porter's Five forces, and how the franchising concept supports and compliments academic research.

By way of semi-formal interviews with key personnel in our study 'organisation', the reasons why this company chose to franchise its Swiss operation will be explored. The activities of this newly franchised entity will be examined to determine the differences in, how it now operates as a franchisee and what scope it possesses to identify, pursue and develop entrepreneurial ideas within its marketplace, whilst maintaining awareness of its contractual role.

Chapter 2 – Literature Review

2.1 Literature Review Introduction

The literature review commences with an investigation into what is accepted as definitions of Franchising. With the growth of Franchising over the last 50 years, there has been significant interest both in business and academia in relation to all aspects of franchising (Gruenhagen and Mittelstaedt, 2000, and Dada 2009). The franchising concept is a highly flexible and adaptable one and ideally suited for developing service economies (Connell, 1999). This review will examine the value of franchising in business today, exploring the concepts and theories of franchising and its role in Business Economics; Corporate Strategy; Agency Theory and Globalisation; Organisational Structure, and issues that may arise; Franchising and contracts; Applications and Dynamics of Franchising; and lastly Entrepreneurial Behaviour within the Franchisee's organisation.

2.2 Defining Franchising

Spencer (2013) states that "There is no one settled definition of franchising. Its meaning is interpreted differently depending on discipline, jurisdiction, and the particular application or structure of the franchise arrangement in any given context". Webber (2013) also agrees with this when he states, "The origins of the term can be traced back to Roman times and today a standard definition of franchising is "A franchisor is a person or company that has created a commercial business and who wishes to allow other persons or companies to operate a business under their brand"". There are also legal, marketing, brewing and many other industry-based definitions of the term/concept.

According to Webber (2013), the single most important reason to franchise is for growth potential. Other reasons why a company may franchise as specified by Beere (2017) include: Getting the brand out there. . . it may have a limited life (subject to fashion, trends, first in market place etc); Minimises financial risk for Franchisor; Revenue stream to be used for further expansion and investment in brand by Franchisor; Provides a Return on Investment (including processes and know-how) for Franchisor; Access to culture/local knowledge through franchisee;

or even a strategy to re-energise a division(s) of a well-established company (Chang, 2000). These factors are all relevant to a business that is considering Franchising as a Business Expansion Model, whether it is within their home market or as part of a planned international expansion. In 2003, the European Franchise Federation (EFF), published a technical definition. This definition has been adopted by franchise representative bodies across the European Union and reads as;

“Franchising is a system of marketing goods and /or technology, which is based upon a close and ongoing collaboration between the legally and financially separate and independent undertakings, the Franchisor and its Individual Franchisees, whereby the Franchisor grants its individual franchisees the right, and imposes the obligation, to conduct a business in accordance with the Franchisor’s concept. The right entitles and compels the individual franchisee, in exchange for direct or indirect financial considerations, to use the franchisors trade name, and/or service mark, know-how, business and technical methods, procedural system, and other industrial and/or intellectual property rights, supported by continuing provision of commercial and technical assistance, within the framework and for the term of a written franchise agreement, concluded between the parties for this purpose.”

This definition is certainly more intricate than Webbers, and while quite franchisor-centric it conveys how complex and broad these franchise agreements can be for both parties.

2.3 Types of Franchises

As identified by Gruenhagen and Mittelstaedt (2000), franchising has experienced a phase of renewed expansion and continued growth, spurred to a large extent by the advent of new forms of franchising. Franchising has expanded into new industries such as funeral homes, car servicing and childcare, to name a few.

Over recent years franchises have been broken into two categories,

- The first being Product and Trade Name Franchising (Hackett, 1976; Preble and Hoffmann, 1998). This franchise format is generally associated with fuel retail chains, motor dealerships and distribution focused businesses.

- Secondly, this has been complemented by what is now referred to as Business Format Franchising (Hoffmann and Preble, 1993). This is a franchise agreement where the entire business format is leased out. Restaurant and Retail groups are examples of this. This form of franchising has been in existence since the 1960's in the United States and is the format successfully adopted by the McDonalds Corporation (Caves and Murphy, 1976), to name but one.

2.4 Franchisor and Franchisee Perspectives

From a franchisor perspective franchising has, according to Oxenfeldt and Kelly (1968) been viewed as a cheap source of capital for retail expansion. Rubin (1978), showed this argument to be conceptually flawed, based on cheaper financing alternatives such as stock issuing. Combs and Ketchen (1999), published empirical research that supported the belief among franchisors that franchising was indeed a cheap source of capital also re-enforcing Kaufmann and Dant's (1996) work, stating that franchisors were also reluctant to share strategic control with outsiders.

What then, do franchisees get out of this relationship? According to Gruenhagen and Mittelstaedt (2000), few attempts have been made to shed light on the motivations of prospective franchisee owners to become franchisees. Works by Kaufmann and Dant (1996), Kaufmann and Stanworth (1995), and Stanworth and Kaufmann (1996), support the common notion that franchisees are attracted to this unique form of ownership, because they become part of a larger, established system with a proven track record and trademark, while retaining ownership and some degree of independence and minimising risk.

2.5 The Value of Franchising – Statistics and Economics

The role of franchises from a statistical perspective is difficult to gauge from official statistical sources. Eurostat (which compiles EU wide statistical information from the Statistics Departments of member states), does not differentiate between business formats in terms of ownership structure. This makes it very difficult to filter franchises as a business format out of Eurostat's business statistics. While exploring an alternative way of extracting franchise

information, the area of royalties and royalty payments was explored (as franchisees pay royalties and commissions to franchisors). This also yielded little as Eurostat include royalty payments to artists, authors and performers in this statistical group as well.

The following information relating to franchise activity was obtained and although unsupported provides an insight into the franchising industry:

European Franchise Federation

- The most up to date statistical report on the EFF website dates from 2012 and covered statistical information from 21 national associations affiliated to it.
- Their report comments at length about Eurostat and that its statistical models do not permit specific franchise data extraction. In summation the report states, “correlating the figures between franchise data and Eurostat data is not possible” EFF, 2012 report, p.64)
- Market value across 21 states was not calculated as not all members supplied this information. Estimated 3million people employed across 21 states.

In Figure 2 below (from the mentioned EFF 2012 report) shows the percentage of home-grown franchise systems in 19 of the 21 member states, with the unstated balance in each case equaling foreign based franchise system providers.

FR	IT	NL	DK	ES	TR	DE	SE	UK	FI	
85	85	85	82	81	81	80	80	80	74	
PL	EL	HU	PT	BE	CZ	SI	AT	HR	RS	CH
74	70	70	62	60	55	48	46	30	-	-

Figure 2. Home-grown Franchise Systems
 (www.eff-franchise.com/ sourced 28.06.19)

Irish Franchise Association

- Irish Franchising Association 2018 report;
- Franchising sector worth an estimated €2.5 billion annually. According to the Central Statistics Office the Irish economy was worth €181billion in 2018. (www.cso.ie/indicators)
- The Irish franchise industry supports c.43,000 jobs directly in full time employment.
- The Irish franchise market is broken into franchise systems originating from the following countries
- 33% are UK franchise systems.
- 20% are home-grown franchise systems.
- 47% are made up of franchise systems from the US, Australia, Spain and Far East.

(www.Franchise Direct.ie sourced 28.06.19)

British Franchise Association

- The British Franchising Association in conjunction with NatWest Bank, publish an annual franchise report, the following statistics were taken from the 2018 report.
- Worth £17billion to the UK economy annually
- 710,000 people employed in 935 franchise systems operating c. 49,000 individual units.
- According to the 2018 report, 93% of respondents claimed to be operating profitably despite the economic uncertainty in the UK around Brexit.

(www.thebfa.org sourced 28.06.19)

American Franchise Association

- The American Franchising Association and Price Waterhouse Coopers also publish an annual report, the following statistics were taken from the 2018 report.
- Worth \$674billion to the US economy annually.
- 7.6 million people employed, equating to \$270billion in annual payroll costs.
- 730,000 franchised outlets across the US.
- 8,000,000 Americans employed generating \$1 trillion in sales. Alon, (2004).

(www.franchise.org sourced 28.06.19)

These statistics give a snapshot of the role that franchised businesses play in modern economies today. As previously stated, the Eurostat statistics cannot specifically identify the contribution of franchised businesses to an economy, and therefore, it can be assumed that the Eurostat statistics cannot specifically identify the number of franchises that make up the amount of business that cease trading every year.

According to Block et al, (2017), Schumpeter's 1934 theory of economic development provided, among other things, a new perspective on the role of an enterprise and an entrepreneur in the age of a dynamically expanding world economy. Schumpeter further theorized on the concept of 'creative destruction', identifying entrepreneurs as 'Schumpeterian entrepreneurs', characterised as components of vibrant economies and manifested in, a constant birth and death of firms (Schumpeter, 1942). This process is initiated by entrepreneurs who turn new ideas into marketable products and services. Block et al (2017), also state that, either alone or together with incumbent firms, innovative entrepreneurs achieve innovation outcomes such as inventions, patents, novel products, or new business models. These innovation outcomes can have substantial and various consequences at the individual, firm, industry, region, or even the country level. As noted in the introduction, innovative entrepreneurship can be a source of individual and regional wealth generation as well as societal progress (Schumpeter 1942, Aghion and Howitt 1992). Schumpeter's acknowledgement of entrepreneurship as an economic force is an element that is not found in Keynesian economics. Keynes, in *The General Theory of Employment, Interest and Money* (1936), supported government spending, budgetary deficits, monetary intervention, and counter-cyclical policies. He also encouraged governments to monitor the activities of those who indulged in "free-market decision making". Friedman, in *Capitalism and Freedom* (1962), espouses the need "that government should stay out of matters that do not need and should only involve itself when absolutely necessary for the survival of its people and the country. He recounts how the best of a country's abilities come from its free markets while its failures come from government intervention." Friedman was referred to as "the greatest entrepreneurial economist of the twentieth century", by economist and author Alexander Tabarrok (2002).

Franchising operates at a powerful level within entrepreneurship and contains the ability for franchisees to operate entrepreneurially within the franchise framework. The McDonald's Corporation's greatest success, the Big Mac was adopted and marketed around the US and then globally at the insistence of franchisee, James Delligatti (Irish Times, accessed on the 27th July 2019).

2.6 Internationalisation

Uppsala Model of Internationalisation of the Firm

From its origins with the works of Taylor, Fayol and Weber through to Mintzberg, Porter and Drucker, strategic management theory and practice has become a crucial tool in the mechanics of decision making. This does not mean that strategic management is a new concept, as it is considered that Sun Tzu's "*The Art of War*" (5th century BC) was the first textbook written about strategic management concepts. Adam Smith (1723–1790) put forward his theories on the division of labour, productivity and free markets in "*The Wealth of Nations*" in 1776. In their 1975 case study about how and why companies chose to expand, Johanson and Wiedersheim-Paul developed and published the Uppsala Model of Internationalisation of the Firm. This model identified 4 distinct stages that a company could be considered to have passed through on its way to becoming internationalised.

These consisted of

1. *No regular export activities*
2. *Export via independent representatives*
3. *Sales subsidiary leading to . . .*
4. *Production/manufacturing*

These four stages are referred to as the establishment chain. While the 4 stages primarily refer to manufacturing companies, they can also be applied to service-oriented businesses. Johanson and Weidersheim-Paul's work proves that Strategic Management existed as far back as the 1860's, using Sandvik AB as an example.

In the case study in hand, our company expanded into Canada and Mexico in the late 1930's and into Europe in the early 1950's. As car rental is a service rather than the manufacturing business, it was less capital intensive and risk averse than building a manufacturing facility in another country. Taking this into account our company would be positioned at stage 3 of Johanson and Wiedersheim-Paul's model, who state that ". . . we do not expect the development to always follow the whole chain. First, several markets are not large enough for the resource demanding stages. Secondly, we could expect jumps in the establishment chain from firms with extensive experience from other foreign markets" (Johanson and Wiedersheim-Paul, 1975).

2.7 The Uppsala Model Applied to Franchising

In 2013 Johanson and Vahlne also revisited the 1975 work of Johanson and Weidersheim-Paul, to review the original text and sought to "offer a model on the evolution of the multinational business enterprise". The four points referred to as the "Establishment Chain" above have been refined and can now be encapsulated in this diagram, Fig 3.

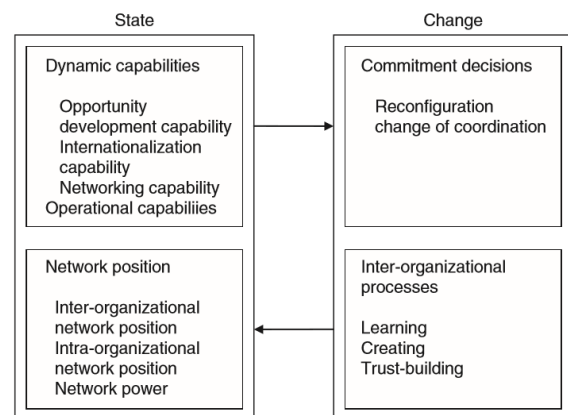


Fig 3. The Uppsala Model of Multinational Business Enterprise evolution.

This model, developed by Johanson and Vahlne in their 2013 work, The Uppsala model on evolution of the multinational business enterprise - from internalisation to coordination of networks strives to take issues such as, relationships both within and outside the enterprise, the impact of technological innovation and, also newer theories such as disruptive technology, into account when forming or updating a strategic plan.

2.8 Psychic Distance Applied to Franchising

Beckermann, W. (1956) highlighted the differences between the "actual distance and the psychic distance" a company might go to expand into new/developing markets. While the actual distance

of some new rental locations was many thousands of miles away, the psychic distance was considered quite short as Canada and Mexico were literally next-door. As a result of WWII, American companies did not expand into Europe until the early 1950's (Webber, 2013). Their experiences in Canada and Mexico presumably prompted greater confidence in tackling new markets, as they had benefitted from the cultural and multi-lingual aspects of doing business in Canada and Mexico, thereby reducing the "psychic" distance while the "actual" distance grew (Beckermann, 1956).

2.9 Porters 5 Forces Applied to Franchising

With expansion plans into Europe, US companies focused in-depth research of the five core European markets (France, Germany, Italy, Spain and UK). This research concept is summed up by Cowan (1993) who states that "at the very top of the decision hierarchy is the entrepreneurial product or service concept – the need the company answers and its role in society – and the business organisation which has been built up to deliver the product or service to the customer". In order to have expanded so successfully the strategies these companies formulated must have been like Porters Five Forces Framework (Porter, 1980). Porter's framework is a tool developed to analyse competition and competitive intensity in an industry. It consists of five points; threat of new entrants, threat of substitutes, bargaining power of customers, bargaining power of suppliers and competitive rivalry to be explored by a company when considering expansion. It is likely that US executives would have answered a long list of questions that would, today fall under these headings; e.g.

Threat of new entrants: Government barriers? Is Capital investment required? Is the market robust enough for a new entrant? Economies of scale, Product differentiation, Brand equity.

Threat of substitutes: Do competitors have /or are capable of technology that could force customers away from us?

Bargaining power of customers: Research would have shown them of the increase in volume of Americans travelling to Europe, the relationship between Americans and cars, brand loyalty/psychic distance playing a part in capturing sales at home before the customer left the

US. This would also lead to development of new local markets. Would a US company suffer because of an Anti-American bias? Perhaps in Germany?

Bargaining power of suppliers: Will US companies be able to source vehicles and insurances in Europe at rates competitive to other car-rental companies? Establishment costs at airport and downtown locations? Staff costs? Vehicle Servicing costs?

Competitive Rivalry: How will existing players in the market react to new entrant? Price war? Copy-cat strategies? Use travel agent to capture bookings in US.

These points re-enforce the argument that strategy has been an integral part of any decision making/targeted acquisition planning process. As the world, and the way we do business has evolved these theories have had to be revisited, reviewed and revised to take account of variations between theory and practice. In 2008 Porter revisited his 1980 “Competitive advantage” to re-evaluate his theories and determine if they had stood the test of time and were still relevant today. Below is a comment by Porter from his 2008 book.

“In some ways, everything has changed. New technologies, new management tools, new growth industries and new government policies have appeared and reappeared . . . this applies to high-tech, low-tech and service industries. The advent of the internet can alter barriers to entry, reshape buyer power or drive new patterns of substitution, for example, yet the underlying forces of industry competition stay the same”.

In his research, “Guidelines for applying Porter’s five forces framework: a set of industry analysis templates,” Dobbs (2014), states that “Porter’s Competitive Strategy shaped the thinking of a generation of academics and managers”. He continues to postulate “that the practical application of Porter’s five forces framework has been more challenging.” Porter (2008) himself admits as much, describing common misapplications of the framework. To quote Dobbs (2014), who paraphrases Porter’s 2008 work, “that the major interest and application of the five forces is the potential to use the five forces framework to understand strategic implications for individual

firms within an industry”. Dobbs also published templates to assist academics, students and managers to apply the five-force analysis to their situations. (Appendix 2.)

2.10 Corporate Entrepreneurship Applied to Franchising

Wolcott and Lippitz (2007) in “The four models of Corporate Entrepreneurship” states that “CEO’s talk about growth; markets demand it.” Through their research, Wolcott and Lippitz have identified four models of Corporate Entrepreneurship along with factors guiding when each model should be applied.

These models as they apply in this case study, are outlined below.

The Opportunist Model – Company has no deliberate approach to corporate entrepreneurship; internal and external networks drive concept selection and resource allocation.

The Enabler Model - Company provides funding and senior executive attention to prospective projects.

The Producer Model - Company establishes and supports a full-service group with a mandate for corporate entrepreneurship.

The Advocate Model - Company strongly evangelises for corporate entrepreneurship, but business units provide the primary funding.

According to Wolcott and Lippitz (2013), these models will “help companies avoid costly trial and error mistakes in selecting and constructing the best program for their objectives”. They define Corporate Entrepreneurship as “the process by which teams within an established company conceive, foster, launch and manage a new business that is distinct from the company but leverages the parent’s assets, market position, capabilities or other resources. . . it engages significant resources of the established company, and internal teams manage projects.”

2.11 Conflict/Complexities Associated with Franchising

It is possible that conflict within the organisation structure, may have been a contributing factor in the decision for the parent company in this case study to franchise, as Rodrigues (1995), identifies conflict as a potential hazard in headquarters / foreign subsidiary control relationships. There is also the possibility that external competition and technology issues may be responsible directly or indirectly, resulting in a franchising decision. Traditionally the role between the company and the subsidiary is governed by/referred to as “Agency Theory”. The company is the Principal and the Subsidiary is the Agent. Normally the Principal instructs the Subsidiary in matters relating to business activity. Agency Theory also includes factors such as risk, one-sided moral hazard and two-sided moral hazard. Sometimes the subsidiary will act independently (perhaps for a cultural reason) and this could lead to conflict.

In research by Schulte-Steinberg and Kunish (2016), it is suggested that it is necessary to “detect a need to better account for the complex nature of headquarters-subsidiary relations in the Multinational company”. Rodrigues (1995), posits that “when a corporation establishes a subsidiary in a foreign country, its’ managers must decide how much control they need to maintain over the subsidiary’s managers.” There are, he states three frameworks on which to build the headquarters-foreign subsidiary control relationship (HSR). “The first framework proposes that national culture influences the HSR, the second framework posits that certain situational factors influence the HSR in all countries and the third framework puts forth that either too much centralisation or too much decentralisation eventually leads to organisational ineffectiveness”.

2.12 Agency Theory and Franchising

In her research on Agency Theory and Franchising, La Fontaine (1992) gathered data from 548 franchisees in the US, which led her to the following conclusions;

1. In term of the theories considered, a model that assumes moral hazard on the part of the franchisor as well as the franchisee is best supported by the data collected.

2. Factors such as risk, moral hazard and franchisors need for capital are better able to explain the extent to which franchisors choose to franchise stores than they do the terms of the franchise contracts.

Finally, she concluded from the data that, observed royalty rates and franchisee fees are not negatively (or positively) related in these data, even when one controls for various other factors. Yet models in which the participation constraint of the franchisee is binding would predict a negative correlation between these two fees. This she postulates, supports the fact that a franchise agreement is essentially a variation of a two-sided hidden-action or moral-hazard explanation of Agency theory. It is not possible to determine which without analysing the contract.

2.13 Entrepreneurial Behaviour in Franchising

The concept that “franchising is seldom viewed as a context in which entrepreneurship is possible, beyond the creation of the concept by the franchisor” (Clarkin and Rosa, 2005) has expanded and now extends in concept to state, “that franchising scholars largely acknowledge that franchisees may behave like entrepreneurs” (Evelien, et al,2014). These authors state that “little is known about whether and why franchisees differ in their entrepreneurial behaviours.”

The traditional concept of a franchise is that an investor buys the franchise from the franchisor and is given access to concept, formula, manuals and the know-how to run a business. The secret for success is in the concept of following the instructions, with little entrepreneurial skill required. In addition to buying the franchise, the franchisee also pays the franchisor an ongoing royalty fee, which is usually a percentage of turn-over or profits. In exchange for this fee the franchisee gets continued business support, access to new products and advertising/marketing support. The franchise contract is not too far removed from the Agency Theory research by Lafontaine (1992).

2.14 The Significance of Franchising

Costello and Costello (2013), state that as the significance of franchise systems increases, researchers are becoming more and more interested in understanding the complex franchisor/franchisee relationships. Understanding these relationships, they say is of crucial importance as they impact of a wide range of important strategic issues. Castrogiovanni and Justis (1998), use Mintzberg’s (1979, 1983, 1989) theoretical perspectives on organisations to identify common configurations in franchise organisations. They concluded that franchised organisations operated in a very similar way to non-franchised organisational structures in terms of the theoretical perspectives previously stated by Mintzberg and others. Below is, according to Webber (2013), a diagram of the typical division of responsibilities between franchisor and franchisee. These divisions demonstrate the significance of identifying the responsibilities incumbent on both parties. These areas would be specifically addressed in the franchise contract documents.

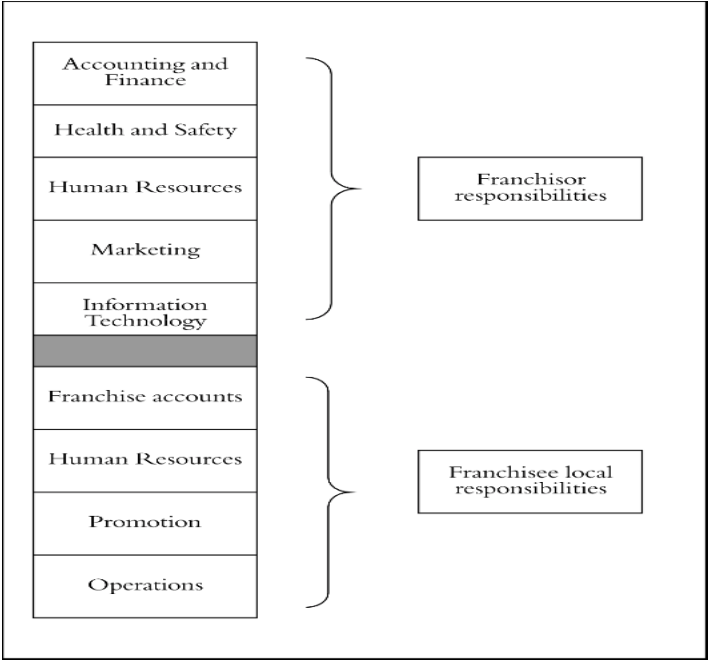


Figure3. Webbers Franchisor/Franchisee Responsibilities

2.15 Franchisor Entrepreneurial Behaviour

Chang (2000), states that Corporate Entrepreneurship should envelop both Intrapreneurship and Exopreneurship. Intrapreneurial activities include internal corporate venturing and, Exopreneurial activities are typified using outside entrepreneurs for new venture creation, such as franchisees, sub-contractors, and strategic alliance partner(s). In the context of Chang (2000) and Aldrich and Auster (1986), it should be considered that perhaps the franchisor is acting strategically, using corporate entrepreneurship to, not only divest itself of a troublesome division, but to do so in a way that ensures a revenue flow and allows it to retain a level of control.

The process of 'reverse-knowledge creation' may be used by the franchisor to capture innovations and ideas from the franchisees in addition to their own initiatives (Rozenn, et al., 2017). "The lack of research on entrepreneurial behaviour within franchise systems is striking . . . adding to the growing theory that entrepreneurial behaviour or intent may be a growing phenomenon that requires further academic research" (Evelien, 2014). "The culmination of franchisees' entrepreneurial behaviours encompassed business growth, system wide adaptability of their entrepreneurial initiatives and solutions to persistent operational problems, and market leadership" (Dada. Et al., 2010).

2.16 Franchisee Entrepreneurial Behaviour

Entrepreneurship literature is recognizing more and more that – although they are subject to the rules and regulations of their franchisor – franchisees can behave entrepreneurially (Ketchen, 2011). Little is known about to what extent and why franchisees differ in their entrepreneurial behaviours (Evelien et al, 2014). Despite the standardization and highly restrictive context often portrayed within the franchising organizational form, it has been reported that restrictive franchise agreements are not always rigorously imposed unless in difficult situations thus, providing opportunities for franchisees to act entrepreneurially (Clarkin and Rosa, 2005). Despite the evidence that franchisees might occupy an entrepreneurial role, we still do not know how they maximize their entrepreneurial behaviors without jeopardizing standardization and

uniformity (Dada et al, 2010). Among franchising scholars, the idea that franchisees can behave entrepreneurially seems to be generally accepted (e.g. Bradach 1998, Dada et al. 2012, Dada and Watson 2013, Gruenhagen et al. 2013, Kaufman and Dant 1998). The previously mentioned scholars promote a double argument promoting entrepreneurial behaviour; firstly, franchisees generally are inclined to engage in entrepreneurial behaviour due to their residual claimant status that motivates them to maximise their own performance (e.g. Castrogiovanni and Kidwell, 2010, Gillis and Castrogiovanni, 2013, Sorenson and Sorenson, 2001). And secondly, franchisees also have room to engage in entrepreneurial behaviour in their units, although the exact room for entrepreneurial behaviour depends on their franchise systems' standardization levels. (Dada and Watson 2013; Kaufman and Eroglu 1998; Pizanti and Lerner 2003).

To the contrary of this entrepreneurial view, are the views that the relationship between franchisor and franchisee, follow the principles of Agency Theory and are governed by these rules. According to Tasoluk et al, (2007), researchers in the fields of economics and business as well as sociologists and organisational behaviour specialists have focused on the flows of resources, information, communications, authority and power between the HQ's and its subsidiaries (Bartlett and Ghoshal, 1989, Williamson, 1975, Perrow, 1986). In Tasoluk's view Agency Theory is the bedrock of studies of the firm and can be traced back to Coase (1937) and the work of Jensen and Meckling (1976) in the area of economics and finance.

2.17 Knowledge Management and Culture

Know-how is a critical element of many franchise definitions (Perrigot et al, 2017). 'Business format franchising' which includes not only the product, service and trademark, but the entire business format itself, i.e. a marketing strategy and plan, operating manuals and standards, quality control and continuing two-way communication (Lafontaine, 1992). In support of this position Windsberger and Gorovia (2011), state that the success of the network depends on the appropriate transfer of know-how from the franchisor to the franchisees. Perrigot et al., (2017) explored the notion of know-how and know-how transfer in franchising contexts.

Franchising creates opportunities for thousands of budding entrepreneurs every year. These franchisees are an important source of innovation and local adaptation for franchisors (Kaufman and Eroghe, 1998). Knowledge in an organisation is a valuable commodity and its nature makes clear definition and practices difficult. Comey (2018), Takeuchi (2007) and Nonaka (1994), differentiate knowledge into explicit knowledge, which is formal, and tacit knowledge, which is not easily visible, and often resides in people's minds. When these understandings are taken into consideration it is easier to see why franchising has become such a popular method of business expansion. The franchisor provides the business concept and the operational know-how, and the franchisee applies that knowledge to the local environment, where they have chosen to locate. This is supported by Combs et al., (2011), when they state that franchisors benefit from the capital and local managerial resources that franchisees provide. The main resource according to Bradach (1997), is that the franchisee is so highly motivated to maximise performance that there is no need for a costly middle management structure to frequently visit, monitor and evaluate local managers.

2.18 Summary of Literature Review

The literature reveals that there are many different definitions and perspectives attached to the franchising industry. These perspectives demonstrate how vibrant and full of potential franchising has become. It also highlights how many areas of research are contained within this sector, and the diversity of the industry has attracted more research in some areas than others. Franchising has become a business model in many industries across the globe. It is now recognized as an economic force and major contributor to many developed and emerging economies. As Lewandowska (2014) states, franchising allows young and educated people with restricted financial capital and business experience to become economically active. A potential franchisee obtains not only a tested business concept, but also the opportunity to avoid mistakes and run a business that is considerably lower risk than an independent start-up.

Franchising is no longer the home of the "wannabe-entrepreneur" as referred to by Gruenhagen and Mittelstadt (2000). They posit that area development franchisees are investors and that

multi-unit operators are entrepreneurs. Gruenhagen and Mittelstadt, also state that Entrepreneurship research has been plagued by definitional quandaries for decades. Whether this is 'new venture creation' (Begley at Boyd, 1978) or 'growth aspirations' (Carland et al, 1984), franchising in all its layers is here to stay.

Chapter 3 – Research Questions

The aim of the research project will be to investigate if Franchisees can behave entrepreneurially in the franchised environment, and if so, are there any specific circumstances available to the franchisee that are unique or exclusive within the context of the franchisor/franchisee relationship? Research would suggest that entrepreneurial behavior can and does exist within the franchisor/franchisee dynamic, but that it is under-utilized and somewhat unclear where it sits within the franchise contract. (e.g. Bradach 1998, Dada et al. 2012, Dada and Watson 2013, Gruenhagen et al. 2013, Kaufman and Dant 1998).

The specific question that this piece of research will investigate is:

Can franchisees be Entrepreneurial?

The research question will be further broken down into more specific questions and examined empirically:

- Identify the main features and characteristics of franchising.
- Identify the primary reasons that companies have for using franchising as a means of expansion.
- Identify the opportunities that franchisees may have to behave entrepreneurially.
- Identify what are the benefits to both the franchisor and the franchisee from such behavior.

It is anticipated that these questions will highlight situations and circumstances where in the appropriate conditions entrepreneurial behavior will benefit both the franchisee and the franchisor. The results of the study will be useful to both franchisors and franchisee alike, by offering insights into sub-strategies developed and implemented by franchisees, that with some minor adjustments could be applied across the whole organisation to the betterment of the organisation and its customer.

Chapter 4 – Research Methodology

4.1 Introduction

This chapter will identify and determine the most appropriate means of addressing the issues to which the research is aimed. A broad review of research philosophy prefaces an exploration of research gathering methods, and data analysis techniques. Following identification of the suitable methodology, their reliability, validity, and limitations are examined in the context of this research.

4.2 Research Philosophy

According to Bryman and Bell, 2015, Quinlan et al, 2015, Sanders et al, 2015, and Comey 2018, it is essential to consider the research methodologies available to the researcher, to determine what research methodology is best suited to the research at hand. They further state that a framework will assist the researcher in keeping the research in focus and prevent scope creep. This will also allow for the development of knowledge and understanding in a bounded way, relative to the research aims.

Dobson (2002), paraphrased by Comey (2018), argues that by understanding the methodological criteria for research enables the researcher to choose their methods and methodology that best suits the researchers needs. Furthermore, they state that this permits a more cohesive approach resulting in a consistent, focused and logical route through the research process. Dobson's position is reflected by Saunders et al (2015), when they suggest that the methodological choices adopted in pursuit of the research, permits the defence of decisions made during the process.

4.3 Research Gathering Methods

When attempting to determine how a research question should be answered, the researcher should commence by determining whether a model of quantitative or qualitative framework be

used, state Pereira, Heath and Tynan (2010). Franchising is a broad topic and the area of Entrepreneurial behaviour is a newly emerging development within this area. Despite the increasing significance of franchising as a medium for entrepreneurial wealth creation (Sorenson and Sorensen, 2001), there has been limited studies on the conduct of entrepreneurship within the context of franchising (Falbe et al., 1998). Yet, the role of entrepreneurial behavior or autonomy in existing organizations continues to attract increasing interest in the academic literature (see for example, Antoncic and Hisrich, 2004; Kuratko et al., 2001; Rauch et al., 2009; Tang et al., 2008; Wiklund and Shepherd, 2005; Zahra, 1991; Dada, et al, 2010). It was observed that one form of research methodology is not specifically preferred over another in the pieces of research.

While determining which approach best suited this research, the following observations regarding quantitative and qualitative research methods were noted. A quantitative approach offers this researcher to define each question as a practical theory and develop a research hypothesis for each theory. This will then facilitate support or disproved by use of statistical methods (Comey, 2018). Wong and Aspinall, (2005), posit that in some cases involving qualitative research the conclusions drawn through questionnaires and surveys suggested that the results had limited value as in many cases the interviewees did not understand the questions. Furthermore, Comey (2018) cautions that in some cases a quantitative approach can be too narrowly focused, resulting in some key information not being gathered.

According to Dada (2010), literature has reiterated the need for more qualitative methods. This is to “capture the complexity and subtlety of actual business practice” as stated by Elango and Fried, (1997).Ghuri and Gronhaug, (2002) also support qualitative research as its advantages in “carrying out intensive case studies of selected examples, incidents or decision making processes is a useful method when the area of the area of the research is relatively less known”. Comey, (2018), posits that “a qualitative approach be adopted as it was felt that this allowed for the collection of rich contextual data that might not have been possible to gather by quantitative

means". Cameron and Price (2009), also state that the "flexibility offered by semi-structured interviews would allow for more complex ideas to be explored during the interview".

Based on these findings and taking other readings into consideration, it was decided that a qualitative approach in conjunction with a phenomenology research design would yield the most beneficial results to this research.

4.4 Phenomenological Approach

Alase (2017), states that the role of phenomenological research is to understand and amplify the "lived experiences" of the study participants and help to ground the phenomena in question. Sanders (1982) opines, that the key components of the research design should consist of establishing the limits of who and what is to be investigated, the collection of data and the analysis of the data. According to Cope (2005), this inquiry involving case studies is a "robust research approach" in order to "generate theory that is both useful and credible" (Dada et al, 2010).

4.5 Sample Details and Selection

A 2008 study by Dant, highlighted key research gaps in franchising studies, indicating that much of what we know about this field is based on studies of the franchisors to the virtual exclusion of research conducted from the franchisee perspective (Dada, 2010). As the subject of this case study was a wholly owned subsidiary which was franchised in 2012, it is intended that valuable insights into corporate strategy, entrepreneurial behaviour and the relationship dynamics between franchisor and franchisee can be documented and learned. This sample will, as stated by Bryman and Bell (2015) "represent elements of the phenomena being explored". Quinlan et al., (2015), advocated that a study should involve individuals who are relevant to the research area. For this research this involved selecting participants who are/have been employed by the company or its franchisees.

4.6 Research Design Overview

Below diagram outlines the general overview of the study research design. This design has been

Figure 2. Home-grown Franchise Systems

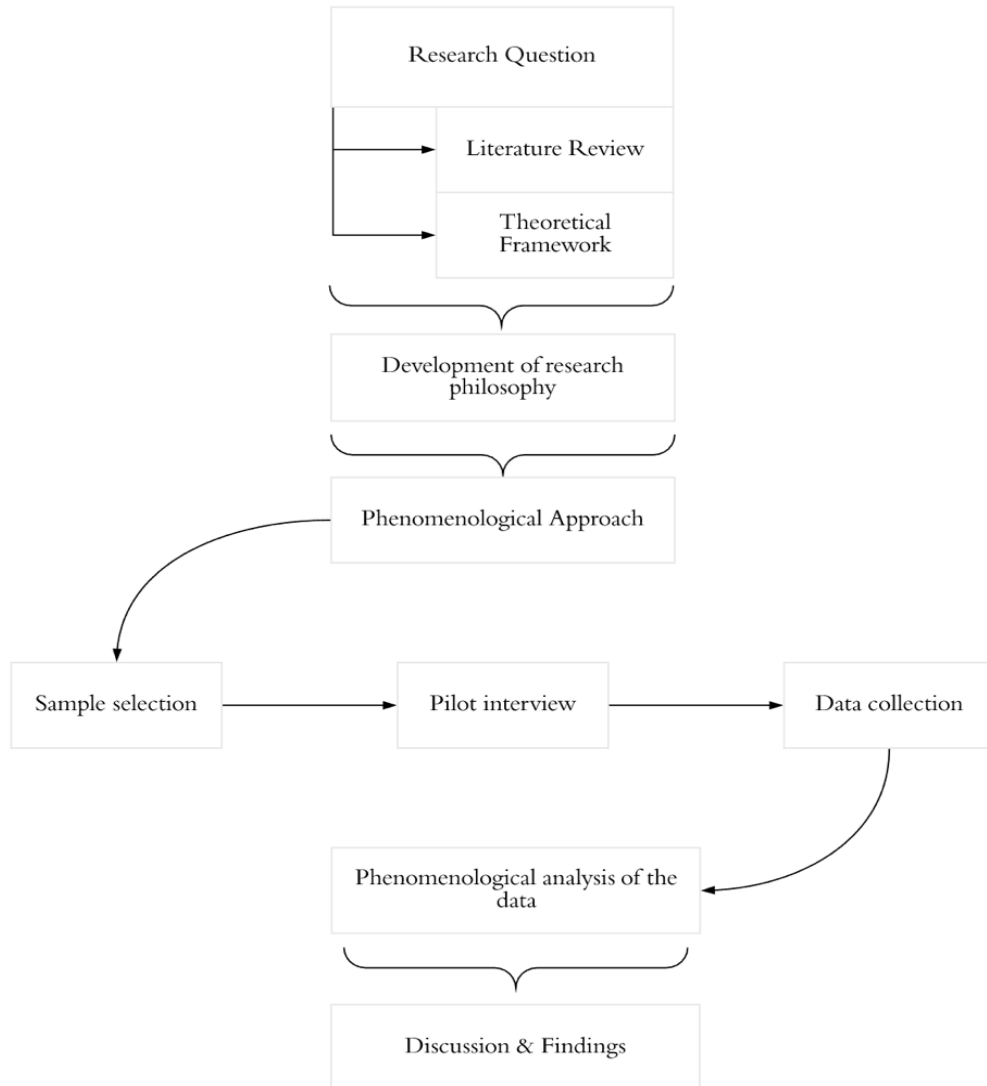


Diagram 1. Research Design Overview

elaborated upon in greater detail throughout this chapter. From the genesis of a research idea, through the establishment of the research methodology and leading to the stages of data collection and analysis and arriving at the findings and discussion of these findings.

The research question is considered in the context of the philosophical options available, which leads to a phenomenological approach being followed. The selection of the sample population has been determined based on their ability to provide knowledge and insight that can be applied to the research questions. To determine the suitability of the sample population and the data collection methods, the benefits of completing a pilot interview have been evaluated. Feedback from this pilot interview will permit alterations to the data collection methods. The primary data is collected by in-depth semi-structured interviews. These interviews will be analysed based on the phenomenological approach determined.

4.7 Data Collection Methods

Bryman and Bell (2015) consider the profound interview to be the most appropriate means of collecting data for the phenomenological approach. To enhance the reliability and the validity of the evidence, Eisenhardt (1989) and Yin (2003) suggest considering some of the following guidelines which are paraphrased by Dada et al., (2010).

- Use multiple sources of evidence to enable triangulation of data and stronger corroboration of interview accounts.
- Where possible, conduct the interviews with the franchisees at the franchisees location to facilitate on-site observation.
- Interviews with key personnel from the franchisor's headquarters, these can be used to corroborate the findings from the franchisee perspective.
- To further validate the analysis, the franchisor and the franchisee completed similar questionnaires, prior to the interviews to confirm the extent to which their systems were entrepreneurial.
- Documentary analysis of relevant franchise brochures and websites was undertaken

In order to capture the responses, a case study database was created. The strands of information were established to ensure that the data collected was treated forensically, thereby reducing the likelihood that the data was not cross contaminated in error. This will ensure and show the links between the questions asked, the data collected, and the conclusions drawn were maintained.

4.8 Interview Schedule

Smith and Osborn (2009) offer some techniques for constructing and conducting a semi-structured interview. They suggest that the researcher builds a rapport with the participant. They also suggest that the order of the questions is as important and is worth tracking the respondent's answers and views as it can often lead to the uncovering of insightful information that was not previously considered.

The interview schedule should take the following into account;

- The broad area of the study.
- The identification of the potential areas for Entrepreneurial behaviour in the franchisee's operations and systems.
- Determining whether these systems are formal or informal and whether the knowledge gained is tacit or is explicit. As an attempt to elicit deeper information from the respondents, further questions based on the subordinate research questions were developed.

In line with Smith and Osborn's (2009) recommendations the flow of the questions was structured with more general questions at the start and then asking more focused questions. This enables the respondent to become relaxed, focused and more responsive to the questions, while allowing the researcher to a general view of the participant's views before commencing a 'deep dive' into the topic.

4.9 Pilot Interview

Saunders, Lewis and Thornhill (2015) and Bryman and Bell (2105) advise that a pilot interview be considered to ensure that the interview questions can be understood clearly and answered by the respondents.

The pilot interview was conducted on the 28th June 2019 at the place of work of the participant and the researcher. The set of questions developed as part of the theoretical framework in chapter two were used to gauge the participants understanding of the franchise approach and execution of the franchise process within the organisation. The order of the questions was not pre-set. Feedback from the pilot interview indicated that while the question order flowed well, there were some questions that would benefit from a less academical tone. Based on this feedback the questions were reviewed and updated and the question flow remained unchanged. The Case Study Database was updated with a copy of the theoretical framework as the researcher felt it would have been convenient to have this to hand during the pilot interview. The researcher feels that the knowledge learned from the pilot interview was of great value and as stated by Bryman and Bell (2015) can lend validity and reliability to the qualitative research process.

4.10 Interview Process

Following the identification of potential interview participants, they were contacted by email and invited to participate. E-mail was considered the optimum communication format as all participants are currently employed in the same organisation, being a mix of corporate and franchisee staff. Following their indication to take part they were contacted by phone and the research project and the interview process were outlined to them. These conversations followed the National College of Ireland (2013) research guidelines. Upon agreeing to participate they were then sent an email that contained the participant information forms and the consent to participate forms. This was sent in advance of the scheduled interview dates to permit the participants to consider and understand their rights in relation to their participation in the study.

The interviews took place on various dates during July 2019. As one participant is based in Switzerland that interview took place by telephone. The balance of the interviews took place in the organisation's offices in Co. Dublin. As recommended by Smith and Osborn (2009), some time was spent prior to the interview to discuss the project and ensure that the participant was happy to proceed as planned in the participant information sheet. As learned from the pilot interview, this then gently flowed into the interview and the interview commenced in a relaxed and informal manner. The participants engaged freely and discussed the topic of Entrepreneurial Franchisees and the franchise dynamic in an open and forthright manner and how it impacted on their roles in the organisation. The theoretical framework was consulted as each interview progressed to ensure that there were commonalities between the interviews and the findings in the literature. This also ensured that the interview stayed within the interview framework. The interviews took between 45-60 minutes, with the telephone interview running to 75 minutes. Extensive notes were taken during the interviews.

4.11 Analysis of the Data

In line with best practice recommended by Warren and Karner (2010), Smith and Osborne (2009), Patton (1990) and Moustakas (1994), the interview notes were read three times and common themes identified for further analysis. As qualitative research is to an extent interpretive in its natural format, Warren and Karner (2010) stress the importance of attempting to categorise the findings. This, they state assists the identification of patterns or themes in the research which will formulate the analysis and conclusions of the research. To follow Warren and Karner (2010) recommendations that the data be categorised, an excel file was created where the questions and the answers of all the participants could be viewed, compared and analysed. There was also space in this file to allow the researcher to add comments that came up during the interviews that were considered useful or insightful.

The image adapted from Creswell's (2013) demonstrates the flow of data during its journey from transcription to arriving at the stage where it's meanings and themes are interpreted, and findings and discussions can be formulated.

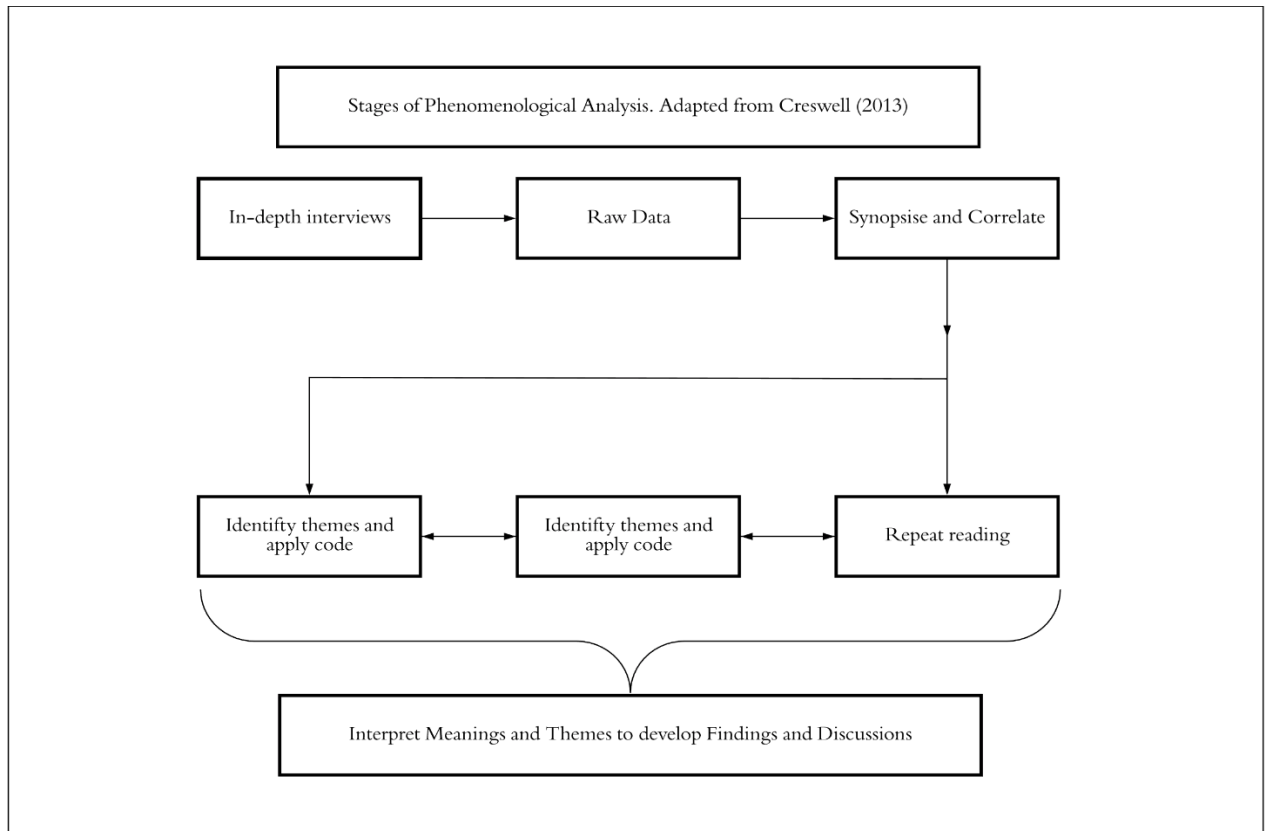


Diagram 2. Creswell's Phenomenon Diagram

4.12 Reliability & Validity of the Data

Creswell (2013) and Comey (2018), both stress the importance of good quality research and believe that this commences with the selection of the most suitable research candidates. The candidates should fit the criteria set out in the sample selection process and any biases or preconceptions noted so they may be filtered out during the data analysis. Yin (2009) also highlights that the researcher's biases be acknowledged at this time, also to be filtered out during the data analysis. Yin (2009) further posits four steps or elements that should be present to ensure the quality of qualitative research;

- Reliability – would a different researcher using the same criteria achieve the same conclusion in a second study?
- Construct Validity – can the operational definition of a variable be seen in the theoretical framework? This when present would equate to a high degree of construct validity.

- The internal validity test- not relevant in this study as Yin posits that it is not a suitable test for exploratory/descriptive research projects.
- The external validity test – concerns external validity and is used to ascertain if the findings of the research may have been over generalised.

This prepared the data for in-depth analysis and interpretation.

4.13 Limitations of Research Methodology

Within the context and boundaries of qualitative research there are several limitations and restrictions of which cognizance must be taken. Comey (2018) highlights that in adopting a phenomenological approach that the researcher is committing to far reaching in-depth interviews that provide large volumes of raw data for analysis. This, he says is not a limitation in general but rather something that the researcher should be aware of and plan for in terms of sample size, as the time allocated for the data analysis could impact negatively on the research. This sentiment is also posited by Elo and Kyngas (2008), who further state that a reduced sample size implies that it can be more difficult to develop conclusions for implementation in a wider population context. A further concern is highlighted by Atieno (2009), with regards to ambiguities regarding the language used in the research. This had to be borne in mind as English is not the first language of some of the respondents and contextual ambiguities were observed and queried.

4.14 Ethical Considerations

Ethical considerations and responsibilities have been adhered to in line with the undertaking research guideline documents provided by the National College of Ireland (2013). These have been divided into two sections;

- Firstly, the privacy and confidentiality of the business organisation are sensitive and privileged and may only be used in contexts where the organisation or its operations will not be identifiable in the research. The employees interviewed for this research, were also advised of the National College of Ireland's (2013) ethical guidelines for this research and did so voluntarily, and on the understanding that

they may withdraw at any time and that their involvement (or not) would not impact on them in any way within their organisation.

- Secondly, the researcher took care to ensure that questions asked were not of a leading nature that might influence the outcome or coax a desired answer, that might influence the research outcome. The reasons for the research were clearly outlined to the participants.

The researcher further undertakes to keep safely and securely all data gathered for the purpose of the research and dispose of said data as soon as is allowable under the National College of Ireland's (2013) research guidelines. Furthermore, the researcher will, upon completion of the research make a copy available to all participants should they wish it, to inspect the results and ascertain if any benefits might be identified for the organisation.

4.15 Researcher's Comment

Gearing (2004) and Alase (2017), recommend the requirement for a researcher to reflect on their own bias in relation to the subject matter so that it can be filtered (bracketed) out of the analysis. The researcher is employed by the European division of an American car hire company. Through his experience in roles in corporate customer care for both corporate and franchised operations across Europe, Middle East and Africa, differences in certain 'modus operandi' were observed between corporate and franchised operations. This research sets out to identify these differences and to explore what lessons can be learned by both parties to deliver a better service to the customer and deliver that service more efficiently and effectively.

Chapter 5 – Research Results

5.1 Background of Participants

Three people were interviewed for this research project. The subjects are employed directly as corporate staff or indirectly as franchisee staff. The pool of participants was restricted to these three individuals as they are best placed to share their thoughts, opinions and experiences on the events surrounding the franchising of the Swiss operation. It was envisaged that participant #3 would offer the greatest insights into past, present and future strategies, opportunities and delivery of the Swiss operation. Participant #2 would provide statistical financial information about the Swiss operation before and after franchising. Participant #1 was asked to provide insight into the reasons leading up to the decision to franchise Switzerland and to furnish information about the company's overall approach to franchising and the execution of its franchising strategies. Aspects of the contractual relationship between the franchisor and the franchisees, will also be explored.

Participants

- Participant #1
Director, Franchise Services EMEA, 12 years with company.
Responsibilities include relationship management between franchisor and franchisees.
- Participant #2
Senior Director, Finance EMEA, Corporate and Franchisee. 20+ years with company.
Responsibilities include business to business accounts. This department was responsible for the invoicing and collecting of c.€1b in 2018, spread across corporate and franchisee operations
- Participant #3
Managing Director, Swiss Franchise, 20+ years with company.

Participant #3 was Country Manager for Switzerland prior to the franchising event and has been country manager since Switzerland was franchised in 2012.

These three individuals will share their experience and insights from the corporate, franchisor and franchisee perspectives. Furthermore, they will demonstrate that, the growth the franchisee has experienced since 2012 can be quantified and examined to determine if any of this growth can be identified as stemming from entrepreneurial behaviour and assigned a value (values may be measured in monetary, customer satisfaction or other measurement scales).

5.2 Sample Saturation

According to Saunders et al. (2018), saturation has attained widespread acceptance as a methodological principle in qualitative research. It is commonly taken to indicate that, on the basis of the data that has been collected or analysed hitherto, further data collection and/or analysis are unnecessary. While a sample of three respondents may be considered small, Crouch and Mc Kenzie (2006). justify the merits of a small sample size on the basis that the researcher is looking for depth in the interview responses. Having created the semi-structured interviews from the knowledge gained while compiling the literature review, and in conjunction with the theoretical framework, it was possible to observe and document the emerging themes and practices relating to entrepreneurial franchisee behaviour and its affects (positive or negative) as the interviews progressed.

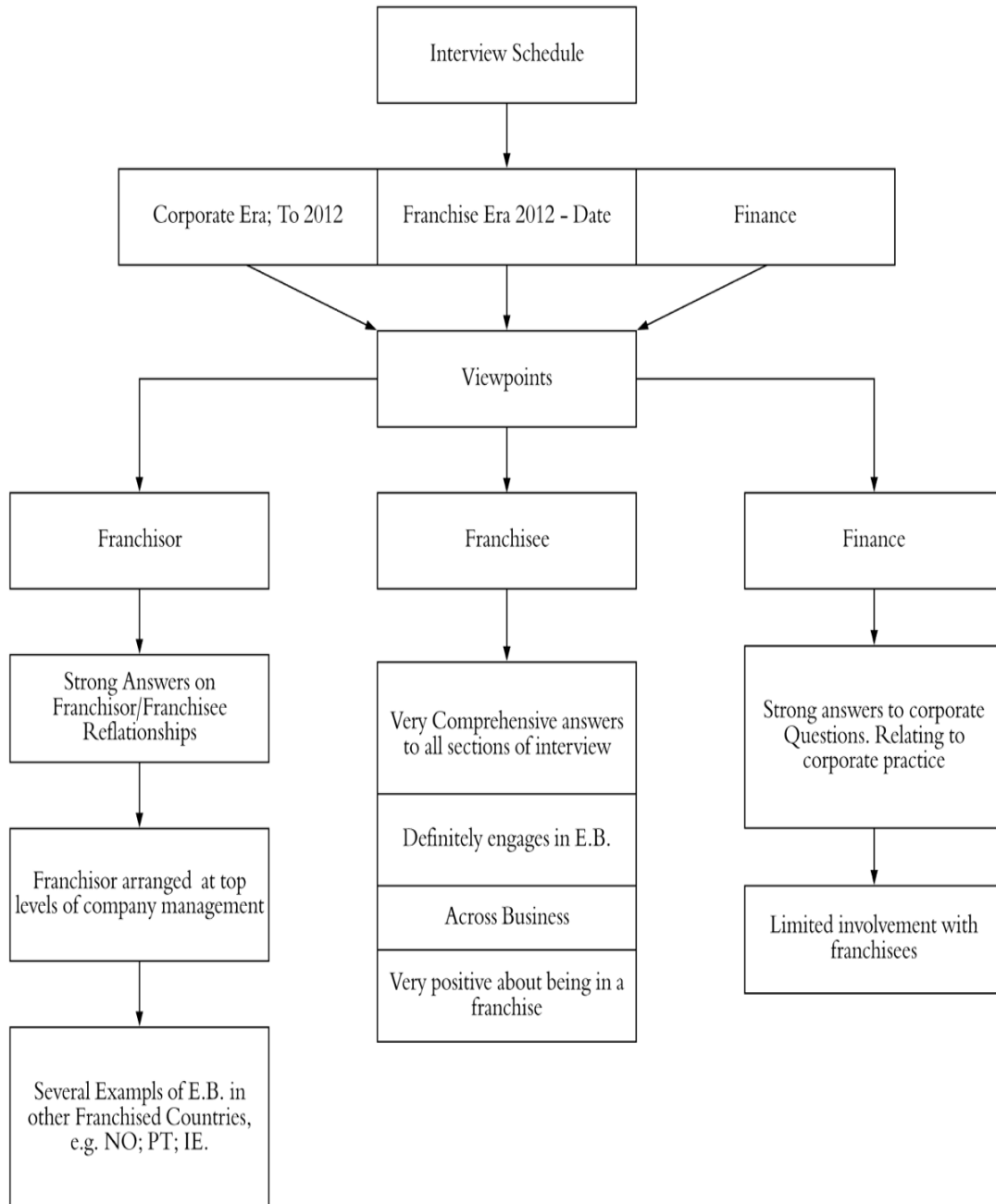
5.3 Entrepreneurial Franchisee Items

Having discussed the concepts of franchising and entrepreneurial behaviour with the respondents during the interview process. The researcher collected items from the participants. These consisted of documents containing information and details relating to the franchisee's performance over recent years and the European car-rental market in general. While the information in the documents is confidential and commercially sensitive, the researcher has been permitted to include and report on themes and trends within these documents in a general manner that relates to a +/-% basis year on year. These documents support the validity of

comments (from a specific point of view; i.e. Franchisor, Financial, Franchisee) made during the interview process and support the theory of the research.

5.2 Themes within the interview process (indications)

Diagram 3: The Interview process flow



The three participants were all asked the same open-ended questions which had been developed from the theoretical framework, derived from the literature review. The early identifiable themes emerging from the discussions held with the three individuals have brought some very interesting details to light.

The country manager for Switzerland gave very informative and detailed answers to the questions asked during the interview. This person was the primary source of information regarding the transformation process from corporate to franchisee and the subsequent performance of the franchisee. The interviews were coded using the theoretical framework and encompassing the franchising categories and concepts mentioned in the literature review. The interview themes and findings will be expanded on in the following sections. Each section will contain visual representations or overview of the emerging themes and will also contain accounts of more detailed responses and a summary of the findings in relation to each of the participants.

5.3 Perceptions from Corporate Era

These demonstrate the early themes visible in the research. The detailed and fuller answers provide a greater insight into the opportunities for entrepreneurial activity and examine the franchisor/franchisee dynamic.

It can be seen from table 1 that the first emerging trend evident is that functions within the company appears to be quite compartmentalised. The answers to the first tranche of questions indicate that the franchise team have minimum contact or involvement with a corporate operation prior to the franchise agreement being signed and sealed. Participant # 2, as a Finance Director shows a depth of knowledge of corporate behavior and an understanding of what the implications and benefits are for both the franchisor and franchisee.

As Participant #3 was the country manager prior to franchising and was retained in this position by the franchisee, he demonstrated the greatest range and depth of knowledge relating to this subject from both a corporate and franchisee perspective. It is important to note at this point that he, as Swiss country manager in 2010, requested the company's senior management team that they consider franchising the Swiss market.

The rationale for this was rooted in the fact that since the financial crisis started in late 2007, the corporate senior management team had adopted a strategy that was revenue focused and based on quarterly performance. This coupled with a centralized administration system ensured that it was very difficult for small corporate countries in the company structure, to be heard at senior management level, and to receive the necessary investment required to develop their markets. According to participant #3, this “chasing strategy” did not facilitate planning for growth. As a result of this, the Swiss operation could not develop identified potential growth segments in its domestic market. This domestic growth option was also highlighted by participant #2 as a potential source of business growth that would be beneficial to a franchisee. The policy of chasing quarterly targets was, according to participant #3, the only management strategy in the company globally during the period 2008 to 2013. Initially, participant #3 states that the European and US senior management teams rejected his request to consider the benefits of franchising the Swiss market. However, following events in other corporate markets this decision was reversed and the process to find a franchisee for the Swiss market commenced in 2011 and the process completed in 2012.

Tables 1-4 show the basic answers of each participant to the questions.

Question	Participant #1	Participant #2	Participant #3
During the Corporate Era was the Swiss operation			
Performing to a Strategic Plan?	N/A	YES	NOT IN PREVIOUS 5 YEARS
Was the plan a 'Generic' Plan – was it copied from another country?	N/A	YES	NO
What involvement did local Management team have in the formulation of the plan?	N/A	INPUT	NONE
Were there sufficient resources and support available from Corporate?	N/A	DON'T KNOW	NO
Was Corporate investment required? And did Corporate invest ?	N/A	YES DON'T KNOW	YES PARTLY

When was franchising first suggested ? Who suggested franchising ?	N/A	DON'T KNOW CORPORATE	2010 SWISS MGMT TEAM
Why was franchising accepted?	N/A	MADE SENSE SMALL COUNTRY	RESPONSE TO ISSUE IN OTHER MARKETS
How did the decision to franchise become a reality?	/A	CORPORATE MANAGEMENT DECISION	PUSHED FROM HQ
What were the opportunities within the plan?			
For the Franchisor ?	INCOME	FRANCHISE INCOME & NO INVESTMENT	PROFIT BOOKABLE IN SALES YEAR
For the franchisee?	GROWTH	FREEDOM OF LOCAL TRADING	SYNERGIES WITH EXISTING PORTFOLIO
What were the challenges within the plan?			
For the Franchisor ?	NONE	SYSTEM CHANGES IN BACK OFFICE	LOSS OF OPPORTUNITIES
For the franchisee?	NEW BUSINESS OPORTUNITIES	SYSTEM CHANGES IN BACK OFFICE	LOSS OF KNOW HOW, EMPLOYEES,REPUTATION

TABLE 1

The Swiss country manager was the person who initiated the franchise option, and upon further questioning he disclosed that in his twenty plus year career with the company he had started working for a company franchisee based in Germany (where there are a mix of corporate and franchisee branches serving the market) and had a successful career with the franchisee before joining the corporate operation and being promoted to the position of Swiss country manager. During the compilation of the literature review, a broad range of articles were read to understand the franchise industry. The concepts of franchising, franchisee entrepreneurial behaviour and the relationship dynamics between the franchisor and franchisee were researched comprehensively in the preparation of the literature review. The phenomenon of a management team requesting to be franchised was not encountered during this research.

The franchising decision presented opportunities for both the franchisor and franchisee. All the participants recognize that there were income benefits to the franchisor. The participants also acknowledge that they can see that there is untapped growth potential within the domestic market. In 2012, the franchisor was able to put the sale of the Swiss operation on its books as a

sale and take the liabilities it had to Switzerland off its books, thereby boosting the 2012 results of the European division of the company. From 2013 onwards, it also had the benefit of the Swiss franchisee fee payments in exchange for Customer Service support and Invoicing support from the company's shared service centre in Dublin. Participant #3 further states that there were several opportunities associated with being a franchised operation. Firstly, there were synergistic opportunities to be developed with the other companies within the franchise owner's business group; he cites the new opportunities to acquire and dispose of vehicles through the franchisor's motor dealerships as an example of one of these synergies. Secondly, being a franchisee gave the management team the resources to focus on the internal Swiss market and to identify segments in which they could now compete; an example of this is the replacement vehicle market for insurance companies. This is a very successful and competitive market segment in the global car hire industry and the Swiss management team could now focus on entering and competing in this segment.

The final question in this section asks about the challenges within the Swiss franchising plan for both parties. Participant #1 saw no negative elements to these challenges for the franchisor as a result of this decision. He saw the challenges of exploiting new growth opportunities for the franchisee management team as an exciting opportunity for growth with benefits for the franchisee and also for the global brand. Participant #2 looked at the challenges as a set of 'back room operations' to be addressed and overcome for both parties. While participant #3 cited the loss of opportunity, that the company lost out by franchising the Swiss market. He was also cognizant of the challenges that face the management team as they reorganized the Swiss operation as it prepared to go in a new direction. The issues identified primarily related to staffing issues with the loss of some personnel and the loss of the know-how they possessed. From a branding and brand awareness perspective he was also conscious that any negativity towards the brand must be kept to a minimum. Any issues with branding could have negative effects with public brand perception as well as implications for the franchisor/franchisee relationship.

5.4 Perceptions from Franchisee Era

As the data from tables 2 and 3 are examined, a clearer picture is emerging of the franchisor/franchisee relationship. This is highlighted by the comments from participant #1 which indicate the roles the franchisor has in ensuring that financial goals are achieved, issues around branding are addressed and resolved and legal issues are also quickly dealt with. Participant # 1 also states that there is more of a controlling role in the management of newer franchisees, whereas some of the company's franchisees have been franchisees for 30 plus years. They are aware of the franchise agreement's terms and conditions, and also are aware of they may/may not implement/achieve within those terms. Participant #2 was aware of some of the background of the franchise planning and demonstrates a knowledge of the aspects that franchising brings to the corporate balance sheet, as well as an understanding of what and how the franchisee can do to improve its business strategies, models and performance.

It is also evident at this stage that participant # 2 now has very little involvement in the affairs of the franchisee operation beyond the invoicing and collection of corporate accounts.

Question	Participant #1	Participant #2	Participant #3
What was your team's involvement in the franchisee selection process	NONE	NONE	NONE
Had the company worked with the franchisee previously	NO	DON'T KNOW	NO
What are the unique attributes of the franchise owner's business?	STRONG IN MOTOR INDUSTRY	CAR DEALERSHIPS	FAMILY OWNED, LONG HISTORY, STRONG WITHIN INDUSTRY & LOCAL
How do these attributes differ from the corporate organisation?	NOT MOTOR DISTRIBUTORS	ENHANCED FLEET AVAILABILITY	LONG TERM APPROACH
Are these attributes and access to them, more beneficial to the car-hire business, that similar services offered by corporate; e.g. Vehicle and Capital acquisitions, expanding branch network?	YES, BRANDING	SOMETIMES	YES
Taking the last year of corporate ownership as a benchmark, can you outline in % terms the increases / decreases in the following			

Turnover % - increase/decrease	UP BASED ON FRANCHISE FEE	N/A	UP
Operations Costs % - increase/decrease	N/A	N/A	UP INLINE WITH TURNOVER AND PLAN
Customer Satisfaction score % - increase/decrease	UP	N/A	UP- HIGHEST IN WORLD 2018
Swiss staff satisfaction score % - increase/decrease	N/A	N/A	UP
Operational investment % - increase/decrease	N/A	N/A	UP – 25 NEW LOCATIONS OVER 6 YEARS
How do these compare to corporate performance averages over same period?	N/A	N/A	N/A

Table 2

Again participant # 3 is a wealth of information. He spoke in great detail about the challenges faced by the Swiss management team as they transitioned from corporate to franchise managers.

- Relationship with the franchisor;
Participant #3 is aware of the standard franchisor/franchisee relationship and acknowledges that because of his career experience and skillset, that he is in a unique position in his relationship with the franchisor.
- The role of the franchise owner;
The management team of the Swiss operation have a unique relationship with the franchise owner. They had no input into the selection of the franchise owner other than making a presentation to each of the prospective buyers regarding the potential of the Swiss car-hire market and the role the brand could play in Switzerland. The successful bidder was chosen from three final bidders by a team of external consultants. The franchise owner is a privately-owned family business that was founded in 1928 and has diversified across many aspects of the motor industry. Its operations range from vehicle import agencies to dealership franchises and now extends to car hire. It plays a major part in the Swiss motor industry and has interests in France, Germany and Italy. Participant # 3 described the corporate structure of the group as informal and every business in the group is primarily autonomous and the management teams set their own goals and

strategies to achieve them. At the early stage of the franchisee journey the parent company loaned the franchisee funds to initiate the business expansion plan. The expansion plan focused on investment in infrastructure (fleet, IT and branch network). This investment loan was repaid on schedule.

- The strategies implemented to grow the Swiss market;
The Swiss management team could now focus (Table3) on developing segments within the domestic market, these segments included; insurance replacements, corporate fleets, breakdown/out of hours replacements, inbound sales. Resources were applied to service these segments and have resulted in successful gains since 2012. In 2018 Swiss revenue was c. 50% higher than revenue in 2012.
- The investment required;
Participant # 3 further indicated that investment was required across the business but focused on three areas in particular;
Fleet; during the period 2008 – 2012 corporate policy from the US was to get a longer life out of the vehicles in the fleet. While this achieved its goals in terms of reduced expenditure, it had negative effects on the brand and impacted on customer loyalty. In 2012 the Swiss franchise commenced a fleet replacement program and now offers one of the newest and widest ranging selection of vehicles of any market franchise or corporate and is the subject of an ongoing renew and replace program.
IT investment; the Swiss franchisee also invested in IT infrastructure. While continuing to maintain links with the Company global reservations and finance systems, Switzerland has (like other franchisees within the company) developed its own systems to manage and allocate reservations, fleet and many other day-to-day operations.
- In conjunction with the fleet expansion program, the branch network has been expanded over the last six years and has opened 21 new locations across Switzerland. This has led to an increase in Swiss market share of 2.5% between 2012 and 2017, giving the franchisee a market share of 24% of the Swiss car and van hire market in 2017.
entrepreneurial behaviour and organisational culture in the Swiss operation.

- the ethos of the Swiss management team is that they are responsible for all aspects of the franchisee's operations. They have, according to participant #3 an entrepreneurial attitude to every decision made. This ranges from seeking operational efficiencies to decisions that will enhance customer experience. The benefits of entrepreneurial activities to the company and customer are, according to participant #1; increased franchise fee payments and a higher customer satisfaction score. He gave examples of entrepreneurial behaviour by other franchisees in Norway, Portugal, and Ireland.

From the Swiss perspective, the franchise fee paid between 2013 and 2017 has been steadily increasing above its' minimum rate during this period as revenue has grown. Participant #3 states that the benefits of entrepreneurial behaviour are evident across all segments of the franchisee's activities. This is evident he says, by identifying new and existing market segments to be developed and executing plans to enter those segments and capturing market share.

As an example of this identification and growth he cites the appointment of an Inbound Sales Director in 2013. This person is responsible for promoting and developing Switzerland as a business and holiday location at travel events and conferences around the world.

Question	Participant #1	Participant #2	Participant #3
Within the franchise contract, is there scope for entrepreneurial behaviour?	YES	YES	YES
How are these opportunities identified and acted on?	N/A	DON'T KNOW	DEVELOPMENT OF SEGMENTS & LOCAL KNOW HOW
When an entrepreneurial opportunity is identified, what is the approval cycle?	BRANDING AND LEGAL APPROVAL	N/A	DEPENDS ON OPPORTUNITY, USUALLY APPROVED INTERNALLY
If external approval required, what is approval cycle?	DEPENDS ON ISSUE, USUALLY LEGAL AND CEO APPROVAL REQUIRED	N/A	CAN TAKE MONTHS e.g. INBOUND SALES DIRECTOR
Describe the benefits of the entrepreneurial activities to the . .			
Company	GROWTH IN FRANCHISE FEE	N/A	GROWTH

Customer	BETTER SERVICE	N/A	BETTER SERVICE
Have any entrepreneurial ideas generated in Switzerland, been applied by corporate	NO	N/A	NOT YET
What is the entrepreneurial culture in the swiss operation?	N/A	N/A	FULLY RESPONSIBLE
How is it developed?	N/A	N/A	CONSTANTLY LOOKING FOR EFFICIENCIES
Is it possible to determine if any growth has come from entrepreneurial behaviour? What metrics are used to calculate this?	POSSIBLE, NO METRICS AVAILABLE	N/A	POSSIBLE, USING SALES INFORMATION AND LOCAL KNOW-HOW
How would you rate the franchisor's control ethic?	PRIMARILY BRANDING CAN BECOME FUZZY	N/A	VERY LIGHT

Table 3

At the same time as promoting the car-hire brand as the best way to travel around Switzerland. Participant # 3 recalls having intense negotiations with the Swiss Tourism Board as their promotional websites and literature only included a competitor (a French company). By stating their credentials as a locally owned company representing a global brand. The Swiss Tourist Board relented and added the franchisee to their promotional websites and literature. This says participant #3 is an example of entrepreneurial behaviour and is measurable by reviewing the increased number of reservations made outside Switzerland for car rentals in Switzerland. As an example of the metrics employed, participant #3 states “these reservations can also be correlated against events in Switzerland, such as the annual Economic Forum held in Davos every January”. This in his opinion is proof that entrepreneurial activities do take place in the day to day and strategic activities of the Swiss franchise set-up.

- Participant #2 had no input into this section of the interview, other than to state that he believed that there is scope for entrepreneurial activity within the terms of the franchise contract.

5.5 Looking to the Future

This final section of the interview questionnaire (Table 4) focuses on the future state of the Swiss market. There are two major technology advances about to make an impact on the swiss market and across all aspects of the motor industry. These are the growing prevalence of the electric vehicle and the future roll-out of the driverless vehicle.

- Electric Vehicles

The rising trend towards electric vehicles is growing all around the world. Most car hire companies now offer customers the choice of hybrid and electric vehicles. This presents challenges for all car hire companies.

Question	Participant #1	Participant #2	Participant #3
What opportunities & challenges exist in the context of the franchisee and new Electric Vehicle technology?	INFRASTRUCTURE FOR ELECTRIC VEHICLES	N/A	ROLLING OUT INFRASTRUCTURE FOR E.V.
What opportunities & challenges exist in the context of the franchisee and new Driverless Car technology?	KEY WILL BE FLEET MANAGEMENT	N/A	HAVE TO WAIT FOR GOVERNMENT. HAVE STRENGTH WITH LOGISTICS
What is position of local government	THIS WILL BE AN ISSUE FOR EACH FRANCHISEE	N/A	NONE AT THIS TIME
Do you envisage that this franchisee may adapt the mentioned technologies ahead of corporate?	CORPORATE APPROVAL MAY BE REQUIRED	N/A	TOO EARLY TO SAY
Do you feel that the experiences of the Swiss market can offer innovative opportunities to corporate?	WITHOUT DOUBT SYSTEM IMPROVEMENTS LEARNING BENEFITS FOR BOTH	N/A	YES

Table 4

The practice of collect it with a full tank and leave it back with a full tank is proving difficult to adapt to recharging batteries. This is leading to increased vehicle downtime while vehicles are recharged and a corresponding decrease in the amount of time that a vehicle is available to generate revenue. Participant #1 is aware of other franchise operations putting the re-charging infrastructure in place across their locations to be ready for the eventual acquisition of a bigger electric vehicle fleet. Participant #3 also confirmed that Switzerland also has the re-charging infrastructure in place and is waiting for the technology to produce vehicles with a greater distance range and shorter re-charge times.

Both participants are also aware that corporate is adopting a similar policy across its locations.

- Driverless Cars

Participants #1 and #3 both see the rollout of driverless cars as at least ten years away in Europe. They envisage that the roll-out could be difficult to implement across all countries as each European country will introduce its own legislation governing the use of driverless cars. The U.S. may adapt this technology sooner as from a legislative perspective laws passed at government level are generally implemented across all states. Both are agreed that the addition of driverless cars to the car-hire fleet will present some issues. They are confident that the knowledge acquired by the company about fleet management and logistics will ensure that they will be well placed to adapt to this new technology.

5.6 Summary of Findings

Following the analysis of the participants' interviews and items, it has been possible to gain insights into the attitudes and mind-set of the participants. The themes of entrepreneurial behavior, and franchisor/franchisee relationships identified early-on in the findings process were amplified when a deeper analysis of the interview data was performed. Within the context of entrepreneurial behaviour and the franchisor/franchisee dynamic all participants acknowledged that entrepreneurial behaviour exists and has an important function in the execution of business plans and strategies. While, in some cases the franchisee may have followed initiatives already tried and tested in other business areas, they still had to adapt and apply these initiatives to the environment and circumstances of their own market. In other circumstances they have had to identify newly emerging market segments and create strategies to exploit those segments. It also emerged during the interviews that this business franchise format presents an unusual characteristic. The franchisee has to focus on its internal operations and also focus on its outward facing functions. This is different to most other franchising operations in the catering or retail industries where the franchisee is usually inward facing towards its market. The next section will further discuss the findings in this research in relation to the existing research as well as what

implications this may have in relation to franchisee entrepreneurial behaviour and the relationship with the franchisor.

Chapter 6 – Discussion

“Entrepreneurial autonomy among franchisees is a persistent management challenge. There is a lack of empirical synthesis of its drivers, its consequences, and how it can be integrated with the standardization requirements in franchise systems” Dada (2018)

This chapter will combine the findings of the research undertaken and the relevant research outlined in the literature review. The objective of this research/case study was to investigate the concept of whether-or-not a franchisee can engage in entrepreneurial behaviour within the franchised environment. As an extension of this, the research also explored the dynamic /relationship between the franchisor and the franchisee. This research is framed within the scope of a case study which investigated a specific set of circumstances. Three people were interviewed for this research. Their views and the actions of the company/franchisee for whom they work aligned with the concepts outlined in the literature review. Through the interviews they provided insights and perspectives relevant to this research. Information considered to be outside the scope of this research and worthy of further research from a franchisor/franchisee relationship perspective was also provided. It is worth noting that all three participants subscribe to the theory that franchisees are capable of entrepreneurial behaviour within the confines of a franchise agreement/contract.

6.1 The Franchise Relationship and Control

“Franchisees only bought the right to operate our stores under the trademark. That’s it. We own the trademark, and their only responsibility is to us, to follow our system and methods. What we have come to realize is that franchisees aren’t entrepreneurs; they might think they are entrepreneurs, but they’re not. If they really were entrepreneurs, they’d go out and start their own business,” Birkeland (2002).

Birkeland’s view published in 2002 is one aspect of franchising that has been quite prevalent through the history of franchising. Clarkin and Rosa (2005) echo this sentiment when they stated that franchising is seldom viewed as a context in which entrepreneurship is possible, beyond the

creation of the concept by a franchisor, the potential for entrepreneurship has often been considered inherently illegitimate, and therefore overlooked within franchise firms. The question of franchisees being regarded as entrepreneurial has also been questioned by Falbe et al (1998) and Lindsey and Mc Stay (2004). Cox and Mason (2007) state that the results of franchisees deviating from the system's standard model in pursuit of their own self-interest will lead to trademark erosion and quality deterioration.

Over recent years this concept has been changing slowly, Dada (2013) states that in the context of franchising, the likely relationship between entrepreneurial orientation and franchise system performance is debatable. To paraphrase Ketchen et al, (2011) a core concept of franchising, is constructed on achieving standardization in differing market environments, this has led to much debate on how entrepreneurial franchisee behaviour can perform within this organisational form. Falbe (1998) also posits that the market environment in which franchisees operate means that some flexibility and opportunity to innovate may be important for them to meet local market needs. Baucus et al (1996) develop this further and state that this can provide a source of competitive advantage. Over recent years researchers have proposed several business models that attempted to move from the traditional Agency Theory model, La Fontaine (1992) towards a model that is contractually aware yet tolerant of entrepreneurial behaviour. Keh et al (2007) proposed entrepreneurial orientation with three core strands of risk-taking, proactiveness and innovativeness. Carney and Gedajlovic (1991) recognized five franchise configurations during a study in Canada, while Castrogiovanni et al (1995) were unable to identify any of these configurations in a larger study in the US. They posit their own three-point framework which takes account of the geographical dispersal of organization units; replication across units and joint ownership. Mintzberg (1979) was an early contributor to the research with his model of a typography of five organization configurations, which consisted of entrepreneurial; machine; professional; adhocracy and diversified organisational forms.

Dada and Watson (2013), quote Dant (2008) calling for researchers to look beyond the North American contexts for data as most franchising research has focused virtually exclusively on the US. This statement is supported by Elango (2019) see Appendix # 3 with his list of most active US franchising authors.

Dada and Watson further posit that as the UK market is less mature than the US, this should provide opportunities to provide new insights into the phenomenon being considered. The franchising world does not revolve around the US, there are many European and Asia-Pacific based academics researching and publishing books and journal articles about the many diverse aspects of franchising. Rozenn et al (2015), France; Goncalves et al (1994), Portugal; Pardo-del-Val, (2014), Spain; Dada, (2010), Dada and Watson, (2012 & 2013), Dada (2018) UK, Evelien et al, (2014) Netherlands; Windsperger et al, (2012) Austria; Wu et al, (2014), Hong Kong; Lewandowska, (2014), Poland and Merilees (2014) Australia have contributed to the debate as far back as 1994. This researcher has noticed that European articles demonstrate a bias or acceptance towards franchisee entrepreneurial behaviour across a range of topics from organisation structure; decision strategy; standardization; creating entrepreneurship and innovation to name but a few. Merilees (2014) posits that new theories of international franchising have evolved and borrowed from developments in capabilities theory, relationships theory, stakeholder theory and governance theory.

Dada (2018) further states that although the entrepreneurial autonomy of the franchisor is undisputed, studies relating to franchisee entrepreneurial autonomy have been split, complicated and continue to be strongly debated (e.g. Barthelemy, 2008; Bradach, 1997; Dada and Watson, 2012, 2013; Darr et al. 1995; Davies et al. 2011; Evanschitzky et al. 2016; Gassenheimer et al. 1996; Kaufmann and Eroglu 1998; Nijmeijer et al. 2014; Sorenson and Sørensen 2001; Watson et al. 2016; Yin and Zajac 2004; Zachary et al. 2011).

According to Julien and Castrogiovanni (1995), franchising operates under the principle of replicating a tried and tested business format in new market areas, by blending the franchisors offering standardization of business functions and economies of scale with the franchisee's local knowledge and entrepreneurial attitude. Evelien et al (2014) state that among franchising scholars, the idea that franchisees can behave entrepreneurially seems to be generally accepted. Evelien, cites Bradach, (1998); Dada et al (2012); Dada and Watson (2103); Gruenhagen et al (2013) and Kaufmann and Dant (1998). In their work, Determinants of the governance structure of the international franchise firm, Jell-Ojobor and Windsperger (2015) highlight the various governance modes available to international franchise firms, which include wholly owned

subsidiaries, joint-venture franchising, area development franchising and master franchising. The operation featured was a wholly owned subsidiary, of which the company was keen to divest itself. They further posit in this article that the higher the amount invested, and the structure of the investment by the company, the higher the amount of control required. Therefore, this researcher concludes that by electing to follow the master franchise format, the company was deliberately adopting a low control position with this franchisee. This decision was aided by the fact that the country manager has many years' service in corporate and franchised market environments. This research highlights the unique position of this person in the franchisor/franchisee dynamic.

6.2 Entrepreneurship

This research has demonstrated that entrepreneurial activity has taken place within the strategic planning, the execution of these plans and the operational aspects of this franchisee. The management team demonstrated an awareness of what the brand achieved in other markets and applied similar practices, applied their local knowledge and implemented new ideas to enable growth into new segments of the Swiss vehicle hire market. Evelien et al, (2014) states that even in highly standardized systems, franchisees still have some room to behave entrepreneurially because contracts can never anticipate all potential contingencies. Entrepreneurial franchisee activity should not take place just because the contract did not envisage particular circumstances. Within the constraints of the contract Franchisees should behave in the same way as any 'normal entrepreneur'. Franchisees form a special type of 'quasi-independent or 'semi-autonomous' entrepreneur, Dada et al. (2012), Davies et al. (2011). Gruenhagen et al. (2013) and Ketchen et al. (2011) develop the concept of franchisee entrepreneurship when they posit that franchisees are legally independent entrepreneurs because they take the risk of investing capital in their units' assets. In attempting to define corporate entrepreneurs and including franchisees in this context, Sharma and Chrisman (1999) argue that entrepreneurial behaviour encompasses all acts of new venture creation and renewal or innovation at established organisations. The inclusion of franchisees in this definition is of significant importance as it refers to venture creation, renewal and innovation as facets of

entrepreneurial activity. Evelien et al. (2014) also posit that effective entrepreneurial franchisee behaviour can be copied throughout the franchise system, thus contributing to the long-term renewal of the business format. Dada (2018) focuses on one gap in understanding, a persistent management challenge in franchising. This is important, she states, as franchisee entrepreneurial autonomy goes against the essence of franchising, which is focused on uniform replication of the franchisor's proven different locations Dada and Watson (2012); Dada et al. (2013). Entrepreneurial behaviour within the franchising context continues to pose more and more questions. Studies by Blut et al. (2011) and Paik and Choi (2007) suggest that the age of the franchisee's firm can influence franchisee entrepreneurial autonomy and furthermore, it was found that the experience of the franchisee positively influences the franchisee's level of autonomy within the franchise system. This reflects this study's findings in relation to the autonomy of the franchisee within the subject of this study.

There appear to be many levels within franchising where in theory the franchisee should be following the terms of the contract. Practice shows that there are many areas within the franchised operation where entrepreneurial behaviour and activity is both beneficial to a particular franchisee and where this activity can benefit the entire franchise operation.

6.3 Standardisation

Pardo-del-Val et al (2014) states, the tension between standardizing while at the same time letting franchisees adapt to their local conditions is recognized in franchising literature. Kaufmann and Eroglu posit that franchising as a business model is supported in standardization and uniformity. Especially, they further state in the areas of purchasing and marketing, thereby reducing the franchisor's costs of controlling its franchisees. Pardo-del-Val further states that by, maintaining this uniformity also ensures that customers get a common image about the franchise brand and network and expect to get the same product or service. The McDonald's Corporation to paraphrase Beere (2016) is the epitome of standardization and growth, mixing corporate and franchised locations while developing a universally recognized brand. Within the realm of standardization, Love (1986) states that McDonald's franchisees are important sources of ideas

for the network to develop new products or procedures that later may be spread all through the chain.

6.4 Growth Potential

In this case study, both parties recognised the growth potential of the Swiss car hire market. This research indicated that the local management team had identified market segments that could be developed for growth. The corporate senior management team was not prepared to make the necessary investment required in developing the identified potential growth segments. While initially not interested in franchising Switzerland, it was the least costly option available to them. The company has a long and successful history in the area of franchising (it franchised its first U.S. territory in 1940 and the franchise is still operated by the same family in 2019). The set-up costs of converting Switzerland to a franchised operation would be low. The Swiss operation was up and running and generating revenue (maybe not profit). This would be attractive to potential purchasers.

6.5 Risk

Franchising is according to, Oxenfeldt and Kelly (1968), considered to be a low-cost method of raising capital. This was disproved by Rubin (1978). It was accepted among potential franchisors as a cheap source of capital as documented by Combs and Ketchen (1999). Webber (2013) states that the reason why franchising offers such a reduced risk factor lies in the piloting and replication of the franchise model. As part of the franchise agreement the franchisor offers the franchise system and technical and business know how. In exchange for these services the franchisee pays an ongoing royalty/management fee states Beere (2017); Caves and Murphy (1976). The key to success for both is compliance to operational standards and corporate rules, Dant and Gundlach (1999). Risk is minimized for both parties through the franchise arrangement, as the franchisor has invested little documenting his business procedures and the franchisee has invested in an already established business model thereby eliminating a portion of the start-up expenses. Norton (1988) states that the risk to the franchisee's investment and the receipt of unit-based profits, owner-managers are better motivated to perform.

6.6 Branding

From this research it is evident that even in a low control franchise environment the franchisor is very conscious of protecting its brand and ensuring that it is not maligned in any way. Merilees (2015) supports this theory when he states, branding is the most critical and most powerful component and engine of all franchise systems. Nyadzayo (2011), suggests that franchisors play an important role in promoting brand citizenship behaviour of franchisees, which in turn enhances brand equity. These points reflect the position of Participant #1 in the context of the franchisor being very brand conscious and ensuring that the brand is not compromised or diluted in any way. Merilees (2015) also states that branding is the missing theory in the diffusion of knowledge from mainstream marketing to international franchising.

6.7 Communications between Franchisor and Franchisee(s)

Following on from branding the research indicated that communication has become an important aspect of the franchisor/franchisee relationship. Participant #1 stated during the interview that as the relationship increases in duration and also in terms of success that the line between can become blurred and that some franchisees see their franchisors as equal partners. This is referred to by Huang and Phau (2009) as 'Best Buddy Franchisees' these are one of four model franchisees that are an asset to the system. On the reverse side of this are the 'Black Sheep Franchisees' who are likely to act opportunistically. Two other franchisee type recognised by Huang and Phau are rough diamonds and whingers. Darr et al. (1995) and Melo (2013) posit that franchisee networks have a positive role to play on franchisee entrepreneurial autonomy. Franchisee forums, national forum and regional meetings are platforms for the dissemination of new ideas and discussion of issues relation to entrepreneurship.

6.8 What are the Implications for Research?

There are several implications for this research. It has identified that a mature company may franchise an operation for reasons other than raising capital. In the case of this research it chose to franchise its Swiss operation because it did not want to commit to investing at that time. Rather than leave the market empty handed, franchising presented the company with an

opportunity to access an ongoing revenue stream, with very low risk attached to them. From a franchising perspective there are as, Ireland and Webb (2007) state that entrepreneurship's eclectic and pervasive benefits are generating questions that are of interest to researchers from a variety of scholarly disciplines. Evelien et al. recommend further research into acquiring data on unit and system performances, this would provide franchisors with more information on how to balance standardisation with the need of franchisees to act entrepreneurially.

6.9 Limitations to the Study?

This case study, while focused on one franchised operation and consisting of three interviews has demonstrated that not only can franchisees behave entrepreneurially, they can also operate and thrive within the contractual environment. The limitations of the study revolve around the areas relating to the following;

- Due to broad and diverse areas of franchising, a framework had to be created and adhered to.
- The size of the sample pool.
- Use of long interviews to identify themes contained within the event accounts of the participants.
- Short timeframe and restricted scope in which to interpret data; this reduced the opportunity to explore and question other areas of franchisee activity.
- Reliance on the participant's recollections of events is a potential area for bias.

There is much research emerging regarding the role of franchisees and how the franchise format has evolved across many areas of franchise research.

Chapter 7

7.1 Conclusions

The focus of this research was to explore and investigate the theory regarding whether or not franchisees can engage in entrepreneurial behaviour within the boundaries imposed by the franchisor's contract. A broad church of literature on this and other aspects of franchisor/franchisee relationships exists and was explored for this case study, (see references list). By means of qualitative research methods and interviews with the participants the collected data was analysed and interpreted. Using a case study format, the research set out to answer "Can franchisees be entrepreneurial?" The conclusions drawn from the events and experiences related by the participants during this research and analysed in conjunction with the research literature examined for this purpose support the premise that franchisees can behave entrepreneurially within the terms of the franchisor's contract.

Literature supports the postulation of the research by concurring with the theory that events in this case study support the fact that entrepreneurial behaviour did take place within the confines of the franchisor's contract.

- Weaven, Frazer and Giddings (2010), indicate that franchisees who sought greater independence and autonomy were more likely to exercise entrepreneurial autonomy in their operations.
- Dada, Watson and Kirby (2010), state that franchisee's entrepreneurial behaviors encompassed business growth, system-wide adaptability of their entrepreneurial initiatives, solutions to persistent operational problems and market leadership.
- Evelien, Croonen, Brand and Huizingh (2014) posit that in situations involving goal setting for franchisees, that intrinsic goals have a significant effect on franchisee entrepreneurial behavior, whereas extrinsic goals do not.

The research also demonstrates that the subject in the case study does not fit into some accepted theories and models of franchisor/franchisee relationship.

- Research based within the concepts of agency theory by Phan, Butler and Lee (1996), found that the franchisor's attempts to influence franchisees by means of strategy advice

will strengthen the relationship between entrepreneur-franchisee strategy and franchisee performance resulting in higher franchisee sales.

- Blut, Backhaus, Heussler and Woisetschlaeger (2011) separated a franchisee's life cycle into four stages; the honeymoon stage; the routine stage; the crossroad stage and the stabilization stage. During this research their findings revealed that franchise autonomy will display a U-shaped curve that is high during stages one and two and low in stages three and four.
- Dant and Gundlach (1999) and Paik and Choi (2007) demonstrated that the higher levels of success of the franchisees business could lead to lower levels of franchisee autonomy.

These are a cross section of the research that exists within the context of entrepreneurial franchisee behavior. The subject of entrepreneurial franchisee behavior in business research is growing and developing in different directions with some pace.

7.2 Recommendations for future research

This research commenced with the understanding that the company chose to use franchising to solve a company problem. During the research it emerged that the management team requested that the company franchise its Swiss operation. The Swiss management team could see the potential of the brand on the Swiss market and were frustrated that this vision was not shared by the company's senior management team. The implication of this was, no forthcoming investment of company money. However, franchising the Swiss operation emerged as an acceptable option for both sides.

Based on the research of the Swiss franchise, there were many areas identified in this research which were relevant , though outside the scope of this research. There are many areas within franchising that could benefit from further research, including;

- Franchisor/franchisee relationship dynamics.
- Evolution of agency theory in the franchise industry context.
- The role and experiences of managers in the corporate and franchised environment.
- Contract boundaries and franchisee control.
- Re-defining the franchisor/franchisee roles.

- Entrepreneurial behaviour; how to nurture it? Is there a role for a franchisee champion within the franchisor's organisation?
- Franchisee orientated/experiential research on any of above topics.

There is also scope for a major piece of research which would focus on Aldrich and Auster's (1986), *Even Dwarfs Stayed Small: Liabilities of age and size and their strategic implications*. In this research Aldrich and Auster posit that in some cases a mature company considers/adopts franchising as a means of reinvigorating/ re-defining a division or portion of its operations.

Should corporate companies explore and consider to possibility of franchising some operations to suitable franchisees, e.g. a company with substantial links into as in this case, the domestic motor industry ? While at the same time ensuring that senior managers are motivated enough to profitably develop these newly franchised markets. Is it possible to identify similar potential opportunities around the globe? Not necessarily in newly emerging markets but in established mature operations that may for any number of reasons have become staid and stale. This researcher believes that the opportunity exists in the context of long-term strategic planning for a global company to build its I.T. infrastructure in such a way that it can divest itself of most operations functions to franchisees and maintain and control the brand through this format. Essentially becoming a much more profitable global I.T. and brand focused organisation. This would be achieved, not as a means of funding expansion but as a means of capitalising revenue from the brand and retaining overall responsibility for the brand image, reservations, customer service and billing.

Most operations functions would be the responsibility of the franchisee and if they struggle to perform, corporate will always be in a financial position to buy back the franchise and look for another franchisee at a point in the future. This could lead the way for the next step in company globalisation. Exist Globally and Act Locally.

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Appendix

1. US Vehicle Ownership Growth statistics 1895 - 1929
2. Dobbs – How to use Porters 5 Forces
3. Interview consent documents
4. Interview consent documents
5. Submission of thesis to the Norma Smurfit Library

Motor Vehicle Registrations, 1895-1929

Years	PASSENGER CARS		MOTOR TRUCKS		TOTAL Motor Vehicles	
	Number	% In-crease	Number	% In-crease	Number	% In-crease
1895.....	4	.....	.....	.....	4	.....
1896.....	16	.....	.....	.....	16	.....
1897.....	90	.....	.....	.....	90	.....
1898.....	800	.....	.....	.....	800	.....
1899.....	3,200	.....	.....	.....	3,200	.....
1900.....	8,000	.....	.....	.....	8,000	.....
1901.....	14,800	85%	.....	.....	14,800	85%
1902.....	23,000	55%	.....	.....	23,000	55%
1903.....	32,920	43%	.....	.....	32,920	43%
1904.....	54,590	66%	.....	.....	55,000	67%
1905.....	77,400	42%	410	.....	78,000	42%
1906.....	105,900	37%	600	46%	107,000	37%
1907.....	140,300	33%	1,100	83%	142,000	33%
1908.....	194,400	38%	1,700	55%	197,500	39%
1909.....	305,950	57%	3,100	82%	312,000	58%
1910.....	458,500	50%	6,050	95%	468,500	50%
1911.....	619,500	35%	10,000	65%	639,500	36%
1912.....	902,600	46%	20,000	100%	944,000	48%
1913.....	1,194,262	32%	41,400	107%	1,258,062	33%
1914.....	1,625,739	36%	63,800	54%	1,711,339	36%
1915.....	2,309,666	42%	85,600	34%	2,445,666	43%
1916.....	3,297,996	43%	136,000	59%	3,512,996	44%
1917.....	4,657,340	42%	215,000	58%	4,983,340	42%
1918.....	5,621,617	21%	326,000	52%	6,146,617	23%
1919.....	6,771,074	21%	525,000	61%	7,565,446	23%
1920.....	8,225,859	22%	794,372	51%	9,231,941	22%
1921.....	9,346,195	14%	1,006,082	27%	10,464,715	13%
1922.....	10,864,128	16%	1,118,520	18%	12,239,853	17%
1923.....	13,479,608	24%	1,375,725	16%	15,092,177	23%
1924.....	15,460,649	15%	1,612,569	17%	17,595,373	17%
1925.....	17,512,638	13%	2,134,724	32%	19,954,347	14%
1926.....	19,237,171	10%	2,441,709	15%	22,001,393	10%
1927.....	20,219,224	5%	2,764,222	13%	23,133,243	5%
1928.....	21,379,125	6%	2,914,019	5%	24,493,124	6%
1929.....	23,121,589	8%	3,113,999	7%	26,501,443	8%

Tax-Exempt Official Cars Not Included in Usual Registrations

Year	U. S. Cars†	State and Local	Total	Year	U. S. Cars†	State and Local	Total
1924...	.....	*44,986	*44,986	1927...	33,179	101,689	134,868
1925...	*17,400	79,529	96,929	1928...	33,179	103,618	136,797
1926...	33,179	102,762	135,941	1929...	33,179	118,828	152,007

*Incomplete. †U. S. Budget Bureau figures.

57% of Cars in Towns Under 10,000 Population

(Estimated 1929 Figures Based on Data from *The Farm Journal* and R. L. Polk & Co.)

Size of Towns	Number of Passenger Cars	Per Cent of Total	Size of Towns	Number of Passenger Cars	Per Cent of Total
Under 1,000 and farms.....	9,724,950	42.06	25,000— 50,000....	1,480,781	6.40
1,000— 2,500....	1,269,375	5.49	50,000—100,000....	1,388,295	6.00
2,500— 5,000....	1,116,772	4.83	100,000—500,000....	2,705,226	11.70
5,000— 10,000....	1,146,840	4.96	500,000 and over....	2,635,861	11.40
10,000— 25,000....	1,653,489	7.16	Total.....	23,121,589	100%

Appendix 2

Dobbs; How to use Porter's 5 Forces

Appendix 1

Threat of Competitive Rivalry*

Low **THREAT LEVELS** **High**

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DFT Few/Leader Existing Competitors Numerous/Balanced

High Industry Growth Slow/Negative

Low Fixed and/or Storage Costs High

High Product Differentiation Low

High Switching Costs Low

Low Strategic Stakes High

Small Increments Capacity Expansion Large Increments

Low Exit Barriers High

THREATS	
1.	
2.	
OPPORTUNITIES	
1.	
2.	

FRQWLQXHG

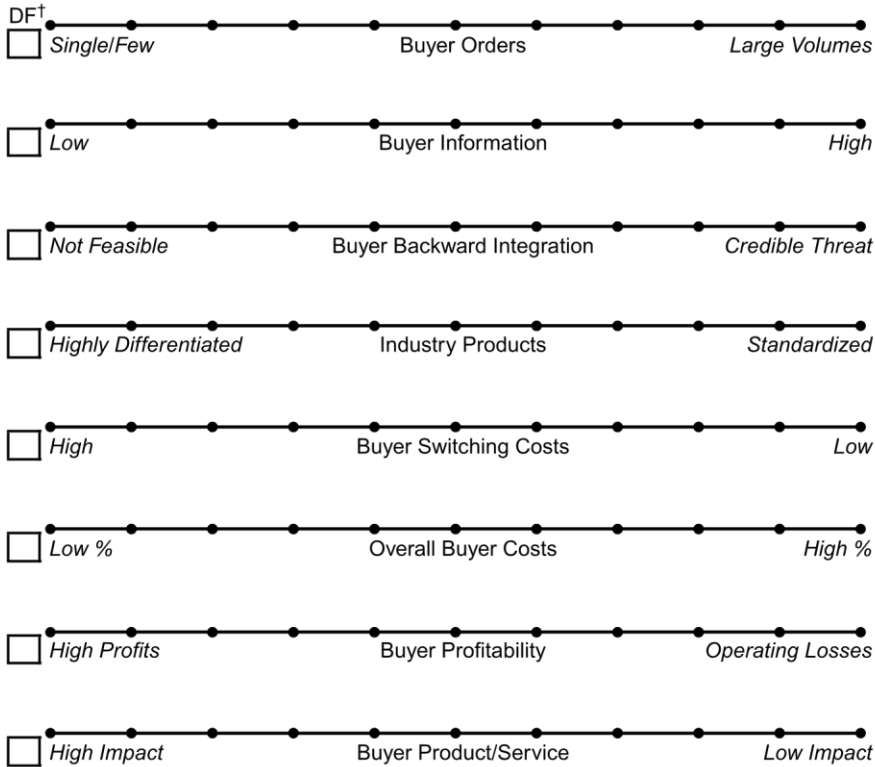
Notes: *Rivalry necessitates price cuts, new product development, advertising campaigns, service improvements depending on the intensity and basis of competition between rival organizations; †DF – driving factors of industry dynamics to be indicated with check marks

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Threat of Buyers/Buying Groups* (_____)

Low THREAT LEVELS High



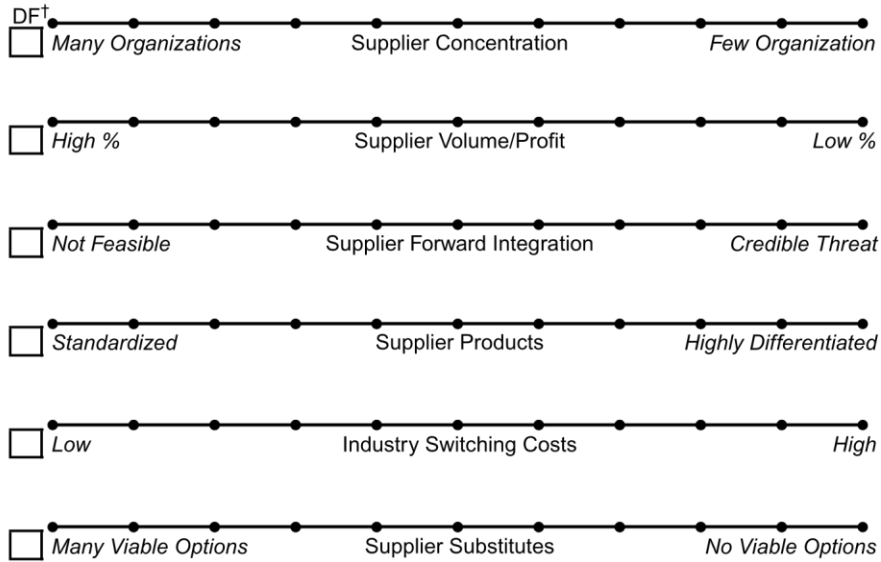
THREATS	
1.	
2.	
OPPORTUNITIES	
1.	
2.	

FRQWLQXHG

Notes: *Powerful buyers (the first five) and/or price sensitive buyers (the last three) force down prices, demand better quality/service, and play competitors off one another; †DF – driving factors of industry dynamics to be indicated with check marks

Threat of Suppliers/Supplier Groups* (_____)

Low THREAT LEVELS High

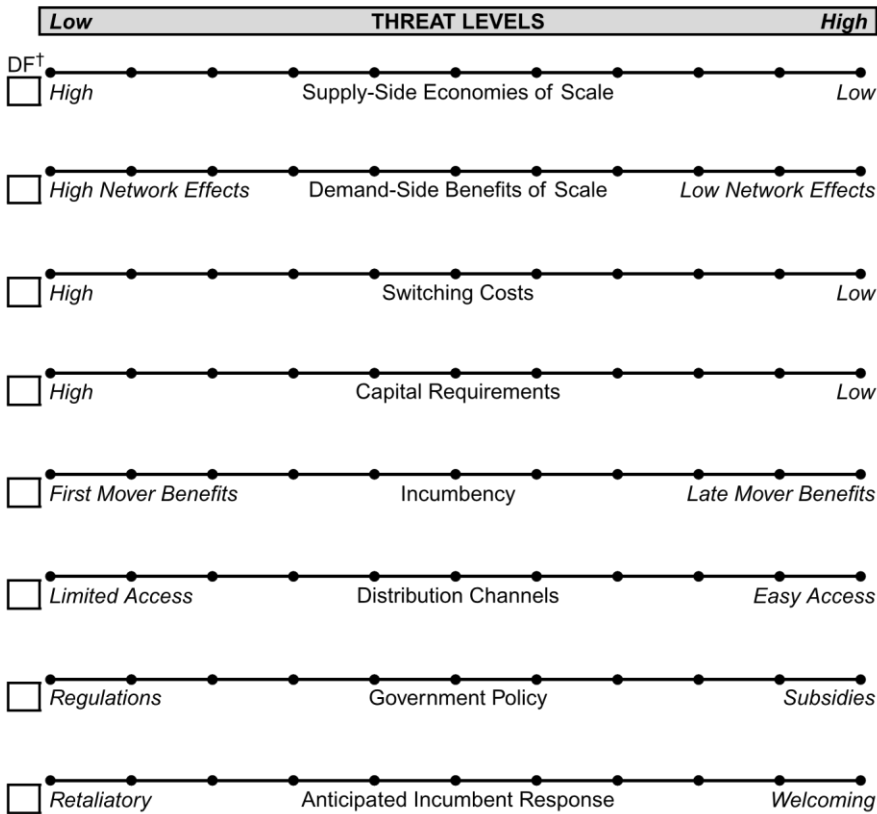


THREATS	
1.	
2.	
OPPORTUNITIES	
1.	
2.	

(continued)

Notes: *Powerful suppliers charge higher prices, limit product/service features/quality, and/or shift costs to other industry players; †DF – driving factors of industry dynamics to be indicated with check marks

Threat of New Entrants*



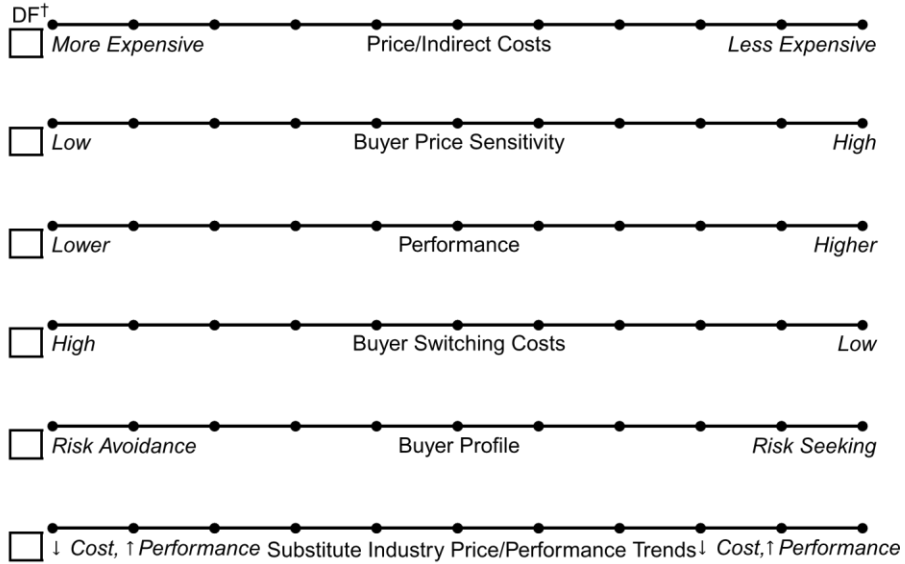
THREATS
1.
2.
OPPORTUNITIES
1.
2.

FRQWLQXHG

Notes: *The threat of new entry puts downward pressure on prices, and upward pressure on costs/rate of investment necessary to keep new entrants out of the industry; †DF – driving factors of industry dynamics to be indicated with check marks

Threat of Substitutes*(_____)

Low THREAT LEVELS High



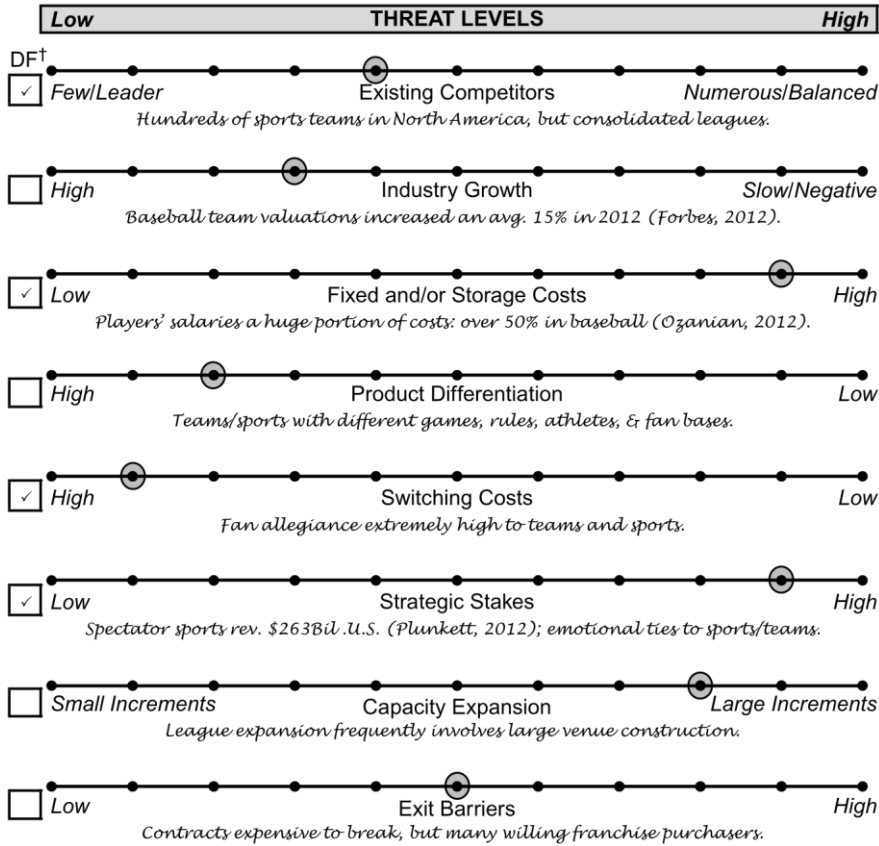
THREATS	
1.	
2.	
OPPORTUNITIES	
1.	
2.	

(continued)

Notes: *Substitutes perform the same/similar function as products of the industry but by different means. Viable substitutes place a ceiling on prices and drive up costs related to product performance, marketing, service, and R&D; †DF – driving factors of industry dynamics to be indicated with check marks

Appendix 2

Threat of Competitive Rivalry*-- Spectator Sports (North America)



THREATS
1. Continued escalation of player salaries driven by high value teams.
2. Emotions driving some team owners rather than sound business practices.
OPPORTUNITIES
1. Large, loyal fan bases can protect teams from competitor actions.
2. League structures protect teams from higher levels of competitive rivalry.

Notes: *Rivalry necessitates price cuts, new product development, advertising campaigns, service improvements depending on the intensity and basis of competition between rival organizations; †DF – driving factors of industry dynamics to be indicated with check marks

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Appendix 3

Elango's List of most active U.S. authors in franchising literature

Elango

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Table 3. Authors Most Active in Franchising Literature

Rank	Author	First Author	Second Author	Third Author	Fourth Author	Fifth Author	Total Count
1	Dant, Rajiv P.	14	6	4			24
2	Kaufmann, Patrick J.	9	5	3			17
3	Combs, James G.	8	6	2			16
4	Altinay, Levent	9	5	1			15
5	Weaven, Scott K.	6	6				12
6	Perrigot, Rozenn	5	5	2			12
7	Grunhagen, Marko	4	3	2	3		12
8	Michael, Steven C.	9	1		1		11
9	Brookes, Maureen	6	5				11
10	Windsperger, Josef	2	4	3	1		10
11	Shane, Scott A.	8					10
12	Castrogiovanni, Gary J.	5	2	3			10
13	Jang, SooCheong		6	2			8
14	Ketchen, David J.		6				8
15	Frazier, Gary L.	2	1	5			8
16	Kalnins, Arturs	7					7
17	Lee, Yong-Ki	7					7
18	Nygaard, Arne		6	1			7
19	Cliquet, Gerard		1	4	1	1	7
20	Grace, Debra A.	2	4	1			7
21	Vazquez, Luis	5		1			6
22	Lucia-Palacios, Laura	3	2				6
23	Madanoglu, Melih	4		2			6
24	Alon, Ilan	3	2		1		6
25	Bordonaba-Juste, Victoria	2	4				6

Source: The author.

Appendix 4

Interview consent documents & Participant Information Sheet

Participant Information Sheet

Title of Research Project:

Franchisee Dynamics; Can franchisees be Entrepreneurial? A case study.

This study is exploring the concept of Entrepreneurial Franchisees and sets out to discover if there is scope for a franchisee to be behave entrepreneurially within the constraints of a Franchise Agreement/Contract.

Invitation to participate

I would like to invite you to take part in a research study. Before you decide you need to understand why the research is being done and what it would involve for you. Please take time to read the following information carefully. Ask questions if anything you read is not clear or if you would like more information. Take time to decide whether or not to take part.

Who I am and what this study is about.

My name is Xavier Timmons and I am currently completing a Master's Degree in Management (M. Sc. Management) at the National College of Ireland. As part of my course I am required to complete a research dissertation. I have chosen to investigate Franchisee Dynamics; Can franchisees be Entrepreneurial?

By way of a case study the aim of the research is to examine the sale of a wholly owned company division to another company by way of a franchise arrangement. The strategy of this transaction and the subsequent performance on the franchisee operation will be examined to determine if the franchisee engaged in any Entrepreneurial activity.

What will taking part involve?

Before we begin the process, I will ask you to sign a “consent to participate” form. I will then ask you a few questions in relation to the Company Swiss operation when it was a Corporate operation. This will then flow into a range of questions about the current operation and its function as a franchisee, and will finish up with some questions about the future on the industry in terms of its in-country operations. I will make an audio recording of the interview and transcribe the detail so that I can use the transcript for data analysis. The interviews will take between 30 and 45 minutes and will be done either by telephone or in person. The results of the data collection will be used to form part of the findings and conclusions of my completed dissertation and anonymised versions of quotes of information might appear in the body of my dissertation.

Why have you been invited to take part?

At the time of selection, you had experience/skill-set that suited the study, namely that you work(ed) for either the Franchisor or the Franchisee.

Do you have to take part?

Participation is totally voluntary and you can refuse to participate, refuse to answer any question and you can withdraw from participation at any time with no consequences.

What are the possible risks and benefits of taking part?

Risks of involvement are minimal, the topics of conversation will all revolve around Corporate Strategy and Franchisee Entrepreneurship. This will take about 30 – 45 minutes of your time to help me with my research and you are free to stop the process at any time.

The benefit in taking part is that the conversation will allow you to reflect on Franchisee Entrepreneurship in your organisation and may offer you some insights as to what is working well and give you an opportunity to improve processes and practices within your operation, having discussed them at length.

My research project is of a relatively small scale and will focus on Franchisee Entrepreneurship. I am happy to share any of the findings or conclusions reached as part of this project and this might be of benefit to your business.

Will taking part be confidential?

All data collected will be anonymised and no personal or identifying information will be retained. The consent form will need to be retained until the exam board have awarded a grade for the project and after this time all information in relation to the interviews will be destroyed.

How will information you provide be recorded, stored and protected?

I will make an audio recording of our conversation for the purpose of accurate understanding, identifying themes and specific examples related to Corporate Strategy and Franchisee Entrepreneurship. This recording and any working papers will be kept securely in my home office. I will be the only person with access to this information. Signed consent forms and original audio recordings will be retained in a file in a secure location at my home office until the exam board confirms the results of their dissertation. A transcript of my interview in which all identifying information has been removed will be retained for two years from the date of the exam board. Under freedom of information legislation you are entitled to access the information you have provided at any time.

What will happen to the results of the study?

This thesis will be submitted to the College's exam board, following its grading, a bound copy will be available in the College Library and an electronic copy will be stored on the National College of Ireland's Institutional Repository.

Who should you contact for further information?

You are free to contact any of the people involved in the research to seek further clarification and information.

Researcher's Details

Xavier Timmons

Email: x17151171@student.ncirl.ie

Phone: 086 825 629

Academic Supervisor:

Stephen Sands

School of Business,

National College of Ireland.

Email: steve.sands@gmail.com

Phone: 087-053 5735

Franchisee Dynamics: Can Franchisees be Entrepreneurial?

Consent to take part in research

I..... voluntarily agree to participate in this research study.

- I understand that even if I agree to participate now, I can withdraw at any time or refuse to answer any question without any consequences of any kind.
- I understand that I can withdraw permission to use data from my interview within two weeks after the interview, in which case the material will be deleted.
- I have had the purpose and nature of the study explained to me in writing and I have had the opportunity to ask questions about the study.
- I understand that participation involves an interview that will follow open ended questions in relation to Corporate strategy and Franchisee Entrepreneurial Behaviour.
- I understand that I will not benefit directly from participating in this research.
- I agree to my interview being audio-recorded.
- I understand that all information I provide for this study will be treated confidentially.
- I understand that in any report on the results of this research my identity will remain anonymous. This will be done by changing my name and disguising any details of my interview which may reveal my identity or the identity of people I speak about.
- I understand that disguised extracts from my interview may be quoted in the researcher's dissertation.
- I understand that signed consent forms and original audio recordings will be retained in a file in a secure location at my home office until the exam board confirms the results of their dissertation.
- I understand that a transcript of my interview in which all identifying information has been removed will be retained for two years from the date of the exam board.

- I understand that under freedom of information legalisation I am entitled to access the information I have provided at any time while it is in storage as specified above.
- I understand that I am free to contact any of the people involved in the research to seek further clarification and information.

Researcher's Details

Xavier Timmons

Email: x17151171@student.ncirl.ie

Phone: 086 825 629

Academic Supervisor:

Stephen Sands

School of Business,

National College of Ireland.

Email: steve.sands@gmail.com

Phone: 087-053 5735

Signature of research participant:

..... Date

Signature of researcher:

I believe the participant is giving informed consent to participate in this study

..... Date

Appendix 5

Submission of Thesis to Norma Smurfit Library

Submission of Thesis to Norma Smurfit Library, National College of Ireland.

Student name: Xavier Timmons

Student number: 17151171

School: School of Business, National College of Ireland

Course: MSc in Management

Degree to be awarded: MSc in Management

Title of Thesis: Franchisee Dynamics; Can franchisees be Entrepreneurial? A case Study.

One hard bound copy of your thesis will be lodged in the Norma Smurfit Library and will be available for consultation. The electronic copy will be accessible in TRAP (<http://trap.ncirl.ie/>), the National College of Ireland's Institutional Repository. In accordance with normal academic library practice all thesis lodged in the National College of Ireland Institutional Repository (TRAP) are made available on open access.

I agree to a hardbound copy of my thesis being available for consultation in the library. I also agree to an electronic copy of my thesis being made publicly available on the National College of Ireland's Institutional Repository TRAP.



_____ Date: 20th August 2019

Signature of Candidate.

For completion by the School:

The aforementioned thesis was received by _____ Date: _____