



Is Franchising Entrepreneurship? Yes, No, and Maybe So

David J. Ketchen, Jr.
Jeremy C. Short
James G. Combs

We report the results of a survey of key thought leaders within the entrepreneurship field centered on the relationship between franchising and entrepreneurship. Specifically, we asked members of the *Entrepreneurship Theory and Practice* editorial board whether they consider franchisors to be entrepreneurs, whether they consider franchisees to be entrepreneurs, whether they consider research on franchising to be entrepreneurship research, and how they view the quality of franchising research compared with the quality of entrepreneurship research in general. Their collective responses offer important implications for franchising research. One implication is that franchising research needs to become more theoretically robust. A second is that the concepts of opportunity recognition, risk, organizational size, stage of organizational development, and organizational autonomy need to be taken into account when studying franchising.

Editors of special issues are often asked why the topic of their issue warrants the commitment of resources that are needed to highlight a topic area for journal readers. We initiated this special issue in response to a gap between the importance of franchising as a source of entrepreneurship and the fairly small presence of franchising research in leading entrepreneurship journals such as *Entrepreneurship Theory and Practice* (ETP). Franchising accounts for a large portion of economic activity in the United States, and over 10% of all businesses that have employees are franchises (Smith, 2010). In addition, franchising is a popular form of foreign market entry. Despite the prevalence of franchising, rigorous inquiry into franchising relationships and processes has been limited (Combs, Ketchen, Shook, & Short, 2011). Excluding the articles contained in this special issue on “New Directions in Franchising Research,” for example, articles centered on franchising have appeared in ETP just five times since the journal’s creation in the 1970s. Our belief was that an issue devoted to franchising would attract a critical mass of high-quality articles and that, collectively, these papers could advance the state of knowledge about franchising in important ways.

Left unaddressed by the special issue papers is a fundamental question: Is franchising actually a type of entrepreneurship? To those who study franchising, the answer is probably an emphatic “yes.” Other scholars, however, are highly skeptical. Seawright,

Please send correspondence to: David J. Ketchen, Jr., tel.: (334) 844-0454; e-mail: ketchda@auburn.edu, to Jeremy C. Short at jeremy.short@ttu.edu, and to James G. Combs at jcombs@cba.ua.edu.

Smith, Mitchell, and McClendon (2011, p. 2), for example, contend that “franchisees are less like entrepreneurs and more similar to non-entrepreneur managers.” Similarly, opinions vary among practitioners. Consider, for example, these three views on whether franchisees are entrepreneurs that we obtained while assembling a book on franchising, family firms, and small business management (Ketchen, Short, & Combs, 2011):

There is obvious risk and reward for the franchisee, but the risk and reward is shared to some extent with the franchisor. The business model and concept has been developed and is implemented with the assistance and support of the franchisor. To some degree, a franchisee is dependent on the direction and level of success of the franchisor. In my opinion, a franchisee does not meet the definition of a true entrepreneur.—*Keith Schilleci, President of Momma G's, Inc., a company that is building a franchise network around the Momma Goldberg's Deli brand.*

Franchisees may not be “entrepreneurs” in the fullest sense of the word, because by necessity to be a part of a franchise system they must follow the rules and requirements of the franchise system, which limits their decision making autonomy. . . . Franchisees are, however, entrepreneurs in the most important meaning of the word, and that is that franchisees put their own capital and net worth at risk, seeking the best return on their investment.—*Don Larose, Senior Vice President of Franchise Development, Express Oil Change, LLC*

A franchisee is absolutely an entrepreneur. Anyone who is willing to take a risk by putting their own money and, many times, all they own on the line for a business is my definition of an entrepreneur.—*Tom Hunt, Owner and President of PHD Hotels, Inc., a franchisee of Hampton Inns*

Making progress toward answering the question of whether franchising is entrepreneurship—and the closely related questions of whether franchisees and franchisors are entrepreneurs—has important implications. If the answer is *yes*, *franchising is entrepreneurship*, then perhaps more attention to building and testing theory around franchise relationships and processes is needed within leading entrepreneurship journals. If the answer is *no*, *franchising is not entrepreneurship*, then perhaps the entrepreneurship field should downplay or even ignore franchising. A third possibility is *maybe so*—i.e., perhaps franchising fits under the umbrella of entrepreneurship under some conditions and not others. If this is the case, then identifying the contingencies that determine when franchising is and is not entrepreneurship is a critical task.

We looked to a key set of thought leaders within the entrepreneurship field—the *ETP* editorial board—to help us find answers to these questions via a short survey. Respondents were solicited via an e-mail from *ETP*’s executive editor¹ that directed board members to a web-based instrument. We received responses from 40 of 97 board members; a response rate of 41.2%. To provide some context for their collective opinions, we asked the respondents six questions about their accomplishments, interests, and experiences. One or more respondents skipped each question, so the total responses for each question are less than 40.

We first asked about academic rank. Most respondents (24 [61.5%]) are full professors (or equivalent), 12 are associate professors (30.8%), and three are assistant professors (7.7%). To gain a sense regarding to extent to which our respondents were representative of the editorial board as a whole, we attempted to gather data on all board members’ ranks

1. We appreciate Ray Bagby’s help with our survey.

from their employers' websites. We were able to find the ranks of 97 board members. Fifty-seven (61.3%) of the 97 respondents are full professors. This percentage very closely matches the percentage of respondents who are full professors (61.5% vs. 61.3%), thereby enhancing confidence that our respondents were representative of the board as a whole.

Our response rates for the other two ranks, however, varied from these ranks' representation on the editorial board. Data from employer websites indicated that 22 board members (23.6%) are associate professors, and 14 board members (15.1%) are assistant professors. One possibility is that associate professors simply were more likely to respond to our survey than were assistant professors. A second possibility is that some people who are listed as assistant professors on their employers' websites have been formally promoted to associate professor, but their online profiles are not yet updated. Also, because our survey was conducted late in the fall semester of 2010, some assistant professors may have been informally notified of a favorable promotion decision and begun to consider themselves to be associate professors.

The respondents possess a variety of experience levels: 15 (39.5%) earned their doctorate since 2000, 16 (42.1%) earned it in the 1990s, four (10.5%) earned it in the 1980s, and three (7.9%) earned it in the 1970s. Overall, more than 80% of the board members completed their doctorate in the last 20 years, a time period of increased scholarship in the field of entrepreneurship (Busenitz et al., 2003), as well as increased rigor in doctoral training and higher expectations about research quality (Dean, Shook, & Payne, 2007).

The vast majority of respondents consider entrepreneurship (21 [53.8%]) or strategic management (12 [30.8%]) to be their main academic field. Others selected accounting (1), economics (2), organizational behavior (3), or marketing (1). The typical respondent has published his/her work in *ETP* between two and four times and has served on the editorial board between 2 and 5 years. Finally, we asked board members to indicate their main areas of research interest. We relied on a list of 18 topics that *ETP* uses to match reviewers to submissions, and we allowed respondents to select as many of these 18 as they wanted. The most popular topics were opportunity recognition (19 board members), new ventures (18), knowledge/learning (15), human/social capital (14), and cognition (13). Franchising was selected as a main area of interest by just one respondent.

The Relationship Between Franchising and Entrepreneurship

Franchisors and Entrepreneurs

We asked *ETP* editorial board members to respond to four questions regarding the relationship between franchising and entrepreneurship. The first was, "Do you consider franchisors to be entrepreneurs?" Of the 38 respondents who answered this question, a slight majority (20 [52.6%]) said yes, five said *no* (13.2%), and 13 (34.2%) said that *some are and some are not*. In elaborating on their answers, respondents offered a variety of provocative thoughts.² A person who contends that franchisors are not entrepreneurs explained that, "I view them as large companies firmly embedded as part of 'Corporate America.'" A completely opposite reaction was provided by two respondents who

2. Because of space constraints, the quotes from respondents that we provide here and elsewhere are illustrative rather than exhaustive.

asserted, “Obviously. Why not?” and “They do almost all functions as other entrepreneurs.” Thus, opinions vary considerably across board members.

Opportunity recognition was stressed within some open-ended responses. One scholar who believes that franchisors are entrepreneurs encouraged the field to remember that “the franchisor identified the opportunity and found a way to take advantage of it through franchising.” Similarly, others noted that “a franchisor is involved in the exploration of an opportunity, typically has started a firm (engaged in the entrepreneurial process) and is using franchising as a means to expand their business” and that “franchisors come up with new ideas for value creation.” A more contingent approach was adopted by the respondent who asserted that “if the franchisor comes up with an innovative franchise idea, then I consider him/her to be an entrepreneur. If he/she is just copying some other franchise, then I do not consider them to be an entrepreneur.” Finally, one detailed response tied the opportunities pursued by franchisors to corporate entrepreneurship:

The franchisor identified the initial market opportunity, assumed considerable risk, and developed organizational processes and innovations to create value for the customer in a way that generates a profit. They are the creator of the business model and as such, are entrepreneurs. The subsequent act of creating a franchise operation is entrepreneurial as well, as it creates new revenue streams. Perhaps this is more of an issue of corporate entrepreneurship.

Others emphasized that building a franchised system should be viewed as one *entrepreneurial growth strategy* among several that are available to firms, but opinions varied as to whether this implies that franchisors are entrepreneurs. Those who believe that franchisors are entrepreneurs stressed that “a franchisor is in a business of selling businesses and does this with a growth imperative, a key characteristic of an entrepreneur” and that “a franchisor can behave in an entrepreneurial fashion—with an intent to build the franchise and then sell or expand.” A cautionary approach was offered by a respondent who argued that “franchising is one alternative of several possible ways to grow a business. The foundational characteristics of entrepreneurs—opportunity identification, cobbling together resources not owned/controlled, etc.—are not part of this process.” A similar response was that “from the franchisor’s perspective,” franchising is “an opportunity to grow and expand to saturate the market using other people’s resources; thus, a growth strategy. However, if the franchisor is launching a new business with the intention to become a franchisor, then, only then, is the franchisor an entrepreneur.”

Other responses suggested that franchisors are entrepreneurs in part because of the risk involved in trying to build a franchise system. One noted that franchisors “risk capital on what is a new, often groundbreaking, enterprise” while another emphasized that franchisors “innovate brands, commercialize knowledge, and take risk.” Two respondents noted that “franchisors typically are growth-oriented, and they bear the financial risk of the franchise chain” and that “the franchisor bears the risk in the result of failure. This risk is not confined to losing their employment.” Even if franchising is less risky than some other endeavors, another respondent noted the importance of recognizing that “entrepreneurship is a broad field that encompasses both high-risk/high-return projects such as venture-funded ideas and low-risk/lower-return projects such as franchising.”

Many of those who believe that some but not all franchisors are entrepreneurs pointed to franchisors’ *size* and *stage of development* as key contingencies. Invoking the world’s best-known franchisor, one respondent claimed, “McDonald’s is not an entrepreneur, but many franchisors are. If they have a new idea and are moving to gain acceptance of that idea, they are. Otherwise, they are not.” A similar view was offered by a person that asserted franchisors “would be considered [entrepreneurs] while they are working to

make a business franchiseable.” Two respondents differentiated between firm founders and subsequent leaders. One contended that “a founding franchisor is certainly an entrepreneur; the successor is not.” Another argued that “a franchisor who is also a founder is clearly an entrepreneur. A franchisor who is an owner but not a senior manager is primarily an investor (or perhaps part of a family-business system). The franchisor who is a senior manager but not an owner is not an entrepreneur. The gray area is a franchisor who is an owner and a senior manager, but not a founder.” In sum, franchisors are more likely to be viewed as entrepreneurs by *ETP* editorial board members early in their firms’ development.

Franchisees and Entrepreneurs

Our second question was, “Do you consider franchisees to be entrepreneurs?” Of the 38 respondents who answered this question, 12 (31.6%) said yes, six said *no* (15.8%), and 20 (52.6%) said that *some are and some are not*. Two advocates for franchisees, meeting the threshold for being entrepreneurs, simply suggested that “they do almost all functions as other entrepreneurs except that they do not need to come up with the business idea” and that “from the individual franchisee’s perspective, a franchise is a new venture and therefore can be considered an entrepreneur.”

Other advocates stressed that franchisees engage in *risk-taking*, a key element of an entrepreneurial orientation (Lumpkin & Dess, 1996). One respondent, for example, asserted that “franchisees who assume the risks of ownership and engage in innovative behaviors to make their franchise a success would be considered to be entrepreneurs.” Although one respondent cautioned that franchisees “are risking their capital, but they are not innovating the formula or business model,” another advocated for franchisees to be considered entrepreneurs “because they still risk capital on the success or failure of an enterprise for which they are ultimately responsible.” The connection between risk on the one hand and franchisees being considered entrepreneurs on the other was perhaps best summarized by a respondent who noted that “franchisees buy assets (often knowledge assets) that limit their risk—but absolutely do not eliminate it. Franchisees may concentrate their contributions to the implementation aspects more so than ‘traditional’ founders, but they are entrepreneurs nonetheless.”

Other proponents of the view that franchisees are entrepreneurs emphasized *opportunity* or *autonomy* in explaining their views. One noted that “buying a business requires opportunity recognition, risk taking, and self discipline. Based on that, I’d say franchisees are entrepreneurs.” A second stressed that franchisees “exploit an opportunity by organizing resources to offer products/services to the market and take some risk to do so. The risk may be lower than other types of entrepreneurial activities, but [it] still [exists].” In terms of autonomy, one scholar stressed that franchisees “often have substantial latitude to develop the business and might build a business within the business” while another noted that “franchisees sometimes have a high degree of autonomy even if informed by franchisor guidelines.”

Despite the above arguments, the *ETP* editorial board as a whole appears to be more skeptical about whether franchisees are entrepreneurs than they are about whether franchisors are entrepreneurs. Specifically, 20 of 38 respondents agree that all franchisors are entrepreneurs while 12 of 38 respondents agree that all franchisees are entrepreneurs. This skepticism was perhaps best captured in one colorful response, “I suppose I probably should consider them entrepreneurs. I tend to think of franchising as ‘entrepreneurship light’ or ‘entrepreneurship for dummies.’ I know that’s not true, but it’s my gut reaction.”

Those who are convinced that franchisees do not qualify as entrepreneurs offered powerful arguments to support their opinion. One respondent dryly noted that “these individuals typically don’t identify opportunities, other than thinking. ‘Wow, I think a Subway would do really well here.’ Their risk is less significant than franchisors. They provide no innovation.” A second contended, “one of the important components to entrepreneurship is opportunity exploration. In the case of a franchise, the opportunity has already been identified, and the franchisor engages in the exploitation process.” A third simply observed that franchisees “are following a manual. Little or no innovation.” A final respondent suggested that franchisees “use the business ideas of the franchisor and attempt to manage risk through this process. In many ways, their aim is primarily to earn a living unlike economic entrepreneurs whose primary aim is to grow a business, accumulate capital, and make a profitable return on their investment.” In sum, the opposition to viewing any franchisees as entrepreneurs appears to center on the concepts of opportunity, risk, and innovation.

As it was the case regarding franchisors, many respondents viewed *size* as a critical contingency shaping whether franchisees should be considered to be entrepreneurs. Interestingly, however, opinions varied regarding whether smaller or larger franchisee organizations are entrepreneurs. Some respondents suggested that franchisees are entrepreneurs when they are just getting started; for example, “the franchisee is only an entrepreneur with the new franchise. When the franchisee opens outlet number two, three, or more, then, the franchisee is a business owner who is pursuing a growth strategy.” A second respondent asserted that franchisees are entrepreneurs “only while they are setting up a business based on a franchise. Once the business is up and running, it is just a small/medium enterprise.” A third opinion in this vein was that “at the very least initially, they start a business, if the business model is given to them or not, does not matter in the classification. Only later on, a franchisee may cease to be an entrepreneur, there is no growth activity.”

Other respondents suggested that the franchisees who are entrepreneurs are those that develop multiple units. As one put it, “some franchisors just manage their one store without growth ambitions. These are not entrepreneurs. Others use their first franchise as a starting point for expanding their franchise business and to open numerous stores. These are, in my view, very entrepreneurial.” A parallel view was that “a franchisee can behave in an entrepreneurial fashion—open one franchise, then another, then another—must find more capital—must have creative, innovative ideas to exploit the expansion of the franchise.” A third perspective along these lines was that franchisees who own one unit “are simply small business managers with an incentive system. Others develop and manage multiple sites in an entrepreneurial fashion.” A fourth respondent noted that “an individual that owns a single location is a small-business owner. One that has opportunity for growth and takes it is an entrepreneur in my view.” Whether franchisees who develop one unit or those who develop several better resemble entrepreneurs appears to be a fertile area for future research. For example, a comparison of the level of entrepreneurial orientation harbored by single vs. multiunit franchisees could be illuminating. Such work could help move the literature past simplistic generalizations such as “franchisees are less like entrepreneurs and more similar to non-entrepreneur managers” (Seawright et al., 2011, p. 2).

Franchising Research and Entrepreneurship Research

The third question we asked *ETP* board members was, “Do you consider research on franchising to be entrepreneurship research?” Of the 38 respondents who answered this

question, 16 (41.2%) said *yes*. One respondent noted, for example, “as I see franchisors and franchisees as entrepreneurs, the issues they face fit into entrepreneurship research.” Another’s opinion centered on the scope of franchising within our economy: “a significant number of individuals are involved in franchising both as franchisor and franchisee, and a better understanding of this process should help both practitioners and researchers.” Meanwhile, a very small minority said *no*, franchising research is not entrepreneurship research (2 [5.3%]), and 20 (52.6%) said that *some is and some is not*.

The latter group provided insights that should be of great value to franchising researchers who wish to contribute to *ETP*. Several of these respondents stressed that inquiry into the early stages of franchising is within the domain of entrepreneurship. One “consider[s] early firm growth to be a part of entrepreneurship research. Franchising is one way of growing a business” while another simply contended, “the establishing of a franchise, yes; the management of an ongoing franchise, no.” A third suggested that “creating a franchisable operation is entrepreneurship” and another stressed that franchising “often involves the creation of new ventures and wealth creation as well.” This point of view was perhaps best summarized by the respondent who noted that “it depends on whether or not you are looking at large well-established corporations (i.e., McDonald’s), or small or medium growing franchises.”

Other respondents were open-minded that large franchising operations could still be of interest to the entrepreneurship field. This view was perhaps best articulated by this response:

The founding of a franchise company is certainly an entrepreneurial act and the one doing it is an entrepreneur in that sense. But whether this company is still considered to be entrepreneurial depends on whether it behaves entrepreneurial. Here Shane and Venkataraman’s [2000] definition of opportunity detection and exploitation is useful; and so is the literature on entrepreneurial orientation. If the large franchise organization exemplifies this entrepreneurial orientation, it is entrepreneurial. If not, it is not.

Another respondent drew a link between large franchise operations and corporate entrepreneurship. She or he suggested that “if McDonald’s chooses to launch a new franchise operation, say a new coffee shop, that is clearly corporate entrepreneurship. Taking franchises into new markets, or international markets, is also corporate entrepreneurship.” A third respondent took open-mindedness about large operations one step further by contending that they could be more entrepreneurial than small ones, “a franchise arrangement could well be highly entrepreneurial (e.g., McDonald’s), but I suspect many are small scale. We hear about the big names but not so much about small-scale franchise arrangements to be able to fully justify an answer to this question.” One implication of this last comment is that more inquiry into small, growing franchise operations would be valuable.

Finally, some respondents consider the legal issues involved in franchising to be outside the domain of entrepreneurship. One noted, for example, that “most is, but there is purely legal stuff that isn’t” and another suggested that “the legal aspects . . . might not be relevant to the entrepreneurship field.” This view was perhaps best captured by a respondent who argued that franchising research “is entrepreneurial to the extent that it covers new ideas, new products, and new services. Otherwise, it tends more toward dealership research or vertical contractual arrangements.”

Overall, the results related to the question of whether research on franchising is a type of entrepreneurship research has some disconcerting implications for scholars who study franchising. Less than half of our respondents unequivocally endorsed franchising research, and 5% rule out all franchising work. Meanwhile, expertise in franchising

appears to be very limited among board members; only one of our respondents listed franchising as one of his or her main areas of interest. Taken together, these findings suggest that franchising research may face a more daunting path to publication than research on other topics. Authors might hope that their paper is assigned to reviewers such as the one who noted that “as I see the field of entrepreneurship as inclusive . . . I count franchising research [as] entrepreneurship research as I do family firm research.” It is quite likely, however, that an *ETP* submission that focuses on franchising will be reviewed by one or more reviewers who are less receptive to the paper’s topic.

We suggest that franchising researchers can take at least three steps to mitigate this issue. The first is taking extra care within the introduction section to effectively position a franchising paper within the entrepreneurship field. Although the authors of a franchising paper likely believe that franchising is entrepreneurship, they cannot afford to assume that their reviewers will share this belief. Previous studies that link franchisors to common entrepreneurial attributes (e.g., Hoy & Shane, 1998; Kaufmann & Dant, 1998; Norton, 1988) and evidence that franchisor failure rates mirror those of other entrepreneurs (e.g., Lafontaine & Shaw, 1998; Shane, 1996) might help researchers seeking to position papers about franchisors within the domain of entrepreneurship research. Similarly, evidence that first-time franchisees undergo an opportunity recognition process (e.g., Guilloux, Gauzente, Kalika, & Dubost, 2004; Kaufmann, 1999), and suffer failure rates that often exceed those of independent start-ups (Bates, 1995, 1998), might help position future studies of franchisees. It might also be helpful to build upon evidence that franchisees are a central source of innovation, learning, and strategic adaptation within large franchised chains (Bradach, 1997; Kaufmann & Eroglu, 1998; Yin & Zajac, 2004).

Obtaining peer reviews is a second step that should be useful for mitigating reviewers’ concerns about whether franchising is within the domain of entrepreneurship research. Peer reviews are almost always valuable because they offer different perspectives from what authors can provide. Given the skepticism with which many board members view franchising research, we suspect that authors who are preparing a franchising paper for submission would benefit greatly from peer reviews by entrepreneurship scholars who do not pursue franchising as a main area of interest. In particular, peer reviewers could help determine if a franchising paper has been effectively positioned as falling under the umbrella of entrepreneurship.

As a third step, authors should leverage the finding that the majority of respondents believe that some but not all inquiry into franchising is entrepreneurship research. Specifically, the contingencies discussed above can be taken into account when creating a manuscript. Our findings suggest, for example, that studies of small, young franchisors might be better received than studies of large, old franchisors. The respondents were less certain about what kinds of franchisees are entrepreneurs, reflecting the considerable variance among franchisees’ entrepreneurial orientations (Grünhagen & Mittelstaedt, 2005) and autonomy (Dant & Gundlach, 1999). Thus, studies of franchisees should benefit from explicit efforts to tie sample characteristics to specific entrepreneurial attributes.

In contrast, most if not all studies of the legal issues surrounding franchising might be received skeptically. Two other respondents’ thoughts about contingencies might also be useful. Potentially useful rules of thumb were offered by a respondent who contended that inquiry into franchising is entrepreneurship research “if the focus is private business ownership, risk taking, self employment, and/or opportunity recognition. . . . Otherwise, probably not.” Another respondent noted that the answer “depends on [a paper’s] focus. To the extent that franchising is used as a context for testing and expanding theories of

entrepreneurial processes, then yes.” This is a powerful guideline because, as discussed next, many board members appear to believe that the role of theory within franchising research is an important consideration in determining its merit and value.

The Relative Quality of Franchising Research and Entrepreneurship Research

Finally, we asked board members, “In general, how does the quality of franchising research compare to the quality of entrepreneurship research?” Of the 38 that answered this question, half (19) indicated that they do not know (e.g., “I do not know because I don’t read it.” “It’s difficult to generalize about either of them since the fields are broad and diverse.”), none said franchising research tends to be of higher quality, 7 (18.4%) said very similar, and 12 (31.6%) said entrepreneurship research tends to be of higher quality.

The latter group provided important insights for franchising researchers. Some offered general comments, such as, “I have read very little franchising research but that which I have read is of lower quality than the best entrepreneurship research. However, this is not a representative sample” and “my experience suggests that more quality research could be done in the franchising area. It is good, but not at the same level as much of the entrepreneurship research.” Other responses centered on the perception that franchising research lags entrepreneurship inquiry in general with regard to theory development:

I have not seen much theoretically driven research on franchises, a factor which clearly affects my perception of its overall quality.

What is the theory base for franchising?

The franchising research that I have seen tends to be more descriptive and lighter on theory than entrepreneurship research in general.

Not well versed in franchising research, but perceive it as more descriptive in nature (with some notable exceptions, of course).

For franchising researchers, one possible reaction to such comments is discouragement. We suggest that instead these comments highlight an important opportunity. As one respondent noted, “franchising studies span entrepreneurship and transaction cost literature, and relate to brand innovation—it’s an interesting area.” Because of the complex relationships, processes, and incentives involved in franchising, research on franchising has the potential to be a theoretically rich area of inquiry (Combs et al., 2011). Our recommendation is that franchising researchers embrace this challenge and work to develop theorizing that meets and even exceeds the expectations of thought leaders within the entrepreneurship field, such as *ETP* board members.

Conclusion

Beyond the four questions discussed above, our survey also offered *ETP* board members an opportunity to provide general thoughts on franchising research. Two of the reactions we received are quite illustrative when considered in tandem. One respondent contended that franchising “is not a very interesting area on the whole” while another offered a diametrically opposed response: “I’d like to encourage more research on franchising.” These two brief statements provide an effective encapsulation of the results of

our survey—franchising research is well received by many board members, but it is viewed skeptically by many others. Our aspiration as guest editors is that this special issue on “New Directions in Franchising Research” will reinforce the enthusiasm of the former group as well as start to mitigate the concerns of the latter group. Our optimism was shared by a respondent who noted that he or she hopes the “special issue is of excellent quality (I am sure it will be) and that it will thus raise the quality of franchising research.” As researchers interested in franchising devise future papers, they can look to the papers in this special issue for help in formulating research questions and to our survey results for guidance on exactly how to pursue those questions. As a result, franchising researchers may be in a better position than ever before to contribute to the entrepreneurship field.

REFERENCES

- Bates, T. (1995). Analysis of survival rates among franchise and independent small business startups. *Journal of Small Business Management*, 33(2), 26–36.
- Bates, T. (1998). Survival patterns among newcomers to franchising. *Journal of Business Venturing*, 11, 113–130.
- Bradach, J.L. (1997). Using the plural form in the management of restaurant chains. *Administrative Science Quarterly*, 42, 276–303.
- Busenitz, L.W., West, G.P., Sheperd, D., Nelson, T., Chandler, G.N., & Zacharakis, A. (2003). Entrepreneurship research in emergence: Past trends and future directions. *Journal of Management*, 29, 285–308.
- Combs, J.G., Ketchen, D.J., Shook, C., & Short, J.C. (2011). Antecedents and consequences of franchising: Past accomplishments and future challenges. *Journal of Management*, 37, 99–126.
- Dant, R.P. & Gundlach, G.T. (1999). The challenge of autonomy and dependence in franchised channels of distribution. *Journal of Business Venturing*, 14, 35–67.
- Dean, M.A., Shook, C.L., & Payne, G.T. (2007). The past, present, and future of entrepreneurship research: Data analytic trends and training. *Entrepreneurship Theory and Practice*, 31, 601–618.
- Grünhagen, M. & Mittelstaedt, R.A. (2005). Entrepreneurs or investors: Do multi-unit franchisees have different philosophical orientations? *Journal of Small Business Management*, 43(3), 207–225.
- Guilloux, V., Gauzente, C., Kalika, M., & Dubost, N. (2004). How France’s potential franchisees reach their decisions: A comparison with franchisers’ perceptions. *Journal of Small Business Management*, 42(2), 218–224.
- Hoy, F. & Shane, S. (1998). Franchising as an entrepreneurial venture form. *Journal of Business Venturing*, 13, 91–94.
- Kaufmann, P.J. (1999). Franchising and the choice of self-employment. *Journal of Business Venturing*, 14, 345–362.
- Kaufmann, P.J. & Dant, R.P. (1998). Franchising and the domain of entrepreneurship research. *Journal of Business Venturing*, 14, 5–16.
- Kaufmann, P.J. & Erogul, S. (1998). Standardization and adaptation in business format franchising. *Journal of Business Venturing*, 14, 69–85.
- Ketchen, D.J., Short, J.C., & Combs, J.G. (2011). *Tales of Garcón: The franchise players*. Irvington, NY: Flat World Knowledge.

Lafontaine, F. & Shaw, K.L. (1998). Franchising growth and franchisor entry and exit in the U.S. market: Myth and reality. *Journal of Business Venturing*, 13, 95–112.

Lumpkin, G. & Dess, G. (1996). Clarifying the entrepreneurial orientation construct and linking it to performance. *Academy of Management Review*, 21, 135–172.

Norton, S.W. (1988). Franchising, brand name capital, and the entrepreneurial capacity problem. *Strategic Management Journal*, 9, 105–114.

Seawright, K.W., Smith, I.H., Mitchell, R.K., & McClendon, R. (2011). Exploring entrepreneurial cognition in franchisees: A knowledge-structure approach. To appear in *Entrepreneurship Theory and Practice*.

Shane, S.A. (1996). Hybrid organizational arrangements and their implications for firm growth and survival: A study of new franchisors. *Academy of Management Journal*, 39, 216–234.

Shane, S. & Venkataraman, S. (2000). The promise of entrepreneurship as a field of research. *Academy of Management Review*, 25, 217–226.

Smith, N. (2010, September 15). Franchises play vital role in U.S. economy. *Business News Daily*. Available at <http://www.businessnewsdaily.com/franchise-businesses-play-vital-economic-role-0534/>, accessed 4 March 2011.

Yin, X. & Zajac, E.J. (2004). The strategy/governance structure fit relationship: Theory and evidence in franchising arrangements. *Strategic Management Journal*, 25, 365–383.

David J. Ketchen, Jr. serves as Lowder Eminent Scholar and Professor of Management in the College of Business at Auburn University.

Jeremy C. Short is the Rawls Professor of Management in the Rawls College of Business at Texas Tech University.

James G. Combs is the Will and Maggie Brooke Professor of Entrepreneurship at the Culverhouse College of Business Administration at The University of Alabama.

We thank Ray Bagby and Anne Merchant for their help distributing the survey. We also appreciate the research support provided by the Lowder Center for Family Business and Entrepreneurship at Auburn University as well as the valuable assistance of Aaron McKenny and Miles Zachary.