



Franchise Ownership:

Perception or Reality?

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INTRODUCTION

This poster project represents a paper that discusses a potential topic area of research in the emerging field of franchising, and looks at some of the processes used in identifying, developing, and evaluating this section of interest and its associated problems. Because it is a relatively new direction for businesses, the paper will investigate some general topics through a literature review. Based on the research data and literature available, potential problem statements will be discussed in some detail supported by sources that relate back to the topic of franchising.

PROBLEM STATEMENT

Despite the many advantages franchise ownership affords someone, there are many processes and strict guidelines that stand in the way of aspiring entrepreneurial leaders, who look to affect change in the small business market. The literature search will explore if franchise ownership provides the individual with latitude and flexibility that is expected from self-employment. From this assessment, it will be determined if the problem is pervasive and deep enough, to warrant further research on this topic.

Ed.D. Program in Executive Leadership

- Saturday, October 29, 2011
- DEXL 703
- Cohort III
- Dr. Jerry Willis
- Dr. Chris Griffin

DESCRIPTION & BACKGROUND

- Risks and Rewards
- Sales Motives vs. Profit Margin Motives
- Franchise Name
- Legal Name
- Unishippers, McDonald's, Dunkin Donuts, H & R Block, Days Inn, Sylvan Learning Centers, & Gold's Gym
- Traditional vs. Business-Systems Franchise
- Franchise and System control - Minimum Performances
- Freedom of the Entrepreneur
- Transactional versus Transformational Leadership
- Corporate Support Network
- Royalty
- Default of the franchise agreement
- Territory exclusivity rights

RESEARCH QUESTIONS

1. Does franchising allow for entrepreneurship?
2. What are the controlling features of the franchisor and franchisee?
3. Who are the leaders and followers in franchises?
4. Do the two parties have different goals?
5. What happens when independence emerges?

RESEARCHERS STUDIED

- Azoulay, P. (2001) Management Science
- Davies, M.L. (2011) Journal of Business Venturing
- Mellewig, T.E. (2011) Journal of Retailing
- Shane, A.S. (1998) Strategic Management Journal

LITERATURE REVIEW

- Measuring sales or profits
- Agency theory
- Degree of control
- Contract issues
- Territory non-exclusivity and exclusivity
- Political Tug-of-war
- Gravitation to independence
- Synergistic balance

METHODOLOGY

My investigation will lead me to a qualitative method of research. I intend to study my own franchise system through a sample of franchise owners to determine if franchise ownership provides the freedom and latitude needed to exercise their entrepreneurial drive, through transformational leadership.

RESEARCH SIGNIFICANCE

- Target Group: Franchisors, Future owners, Business analysts, Investors, Business educators and Entrepreneurs
- Why the study: To provide a deeper understanding of what allows two groups involved in a profit sharing partnership, to operate in a more synergistic manner
- I hope to learn from my own research whether franchise owners believe they own a business or as the agent theory describes, simply work for the franchisor
- Favoritism in Franchise Systems: Does it exist?

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