FEMALE FRANCHISORS: HOW DIFFERENT ARE THEY FROM FEMALE INDEPENDENT BUSINESS OWNERS?

Dr. Scott Weaven  
*Griffith University*

Dr. Carmel Herington  
*Griffith University*

EXECUTIVE SUMMARY

In recognition of the growing importance of small business ownership by women to the economic well-being of national economies, considerable academic attention has been given to identifying the reasons why women enter self-employment. However, little is known about the motivations for women to become franchisors. This represents an important gap in the literature. While the absence of research may be due to early beliefs that women are risk averse individuals that tend to limit the growth of their enterprises, more recent studies conclude that women perceive small business ownership as a vehicle for rapid growth and wealth creation. On this basis, franchising should represent an appealing business expansion strategy as it minimizes capital, labor, and managerial limitations on firm growth. However Australian female participation rates in franchising are substantially lower than in small business generally. The purpose of this research is to provide a clearer understanding of the motivational incentives driving the choice of franchising as a business development strategy from the female entrepreneur’s perspective. It was felt important to use a qualitative, case study approach, to get a clearer picture of the main issues and parameters. Twenty-four female franchisors were interviewed to gather data on the salient factors influencing their initial decision to adopt franchising. In addition, 20 female entrepreneurs were interviewed. Significant differences were found between the influence of antecedent factors and motivational incentives of women entering franchising and small business, suggesting that changes in public policy initiatives are required to encourage greater acceptance of women as franchisors, build awareness of franchising as a small business alternative for women, and provide accessible information and training for women on how to become franchisors.

Keywords: Female franchisors, motivational incentives, social capital, human capital, coprenuerial
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Female-owned businesses are becoming increasingly important to employment in many western economies (Moore, 2002; Riebe, 2005; Walker, 2004). Currently, more than 33 percent of small businesses in Australia are owned and operated by women, with the growth in female-owned small businesses currently exceeding the rates of growth in male owned enterprises (Australian Bureau of Statistics, 2002, 2003). Early research examining organizational choice behaviors identifies female entrepreneurs as typically risk averse individuals operating micro businesses predominantly within traditional retail and services sectors (Sheridan and Conway, 2003; Still and Timms, 1999). Generally, social motives are deemed more important than desired financial outcomes, leading some researchers to suggest that female small business owners are ‘satisficers’ who limit growth in their enterprises in an attempt to maintain control over the future (social) direction of their enterprises (Brush and Hisrich, 1991; Still et al., 1990). However, the growth of female-owned enterprises may be limited by external constraints as many women face significant difficulty in obtaining equity investment, appropriate training, and ongoing managerial advice (Boden and Nucci, 2000; Still and Guerin, 1991). Given that franchising offers an efficient method of business expansion through providing expedient access to capital, market knowledge, and managerial talent (Combs and Castrogiovanni, 1994; Kirby and Watson, 1999; Oxenfeldt and Kelly, 1968-1969), it is curious that greater numbers of female franchisors are not evident within the Australian franchising sector.

More recent research suggests that female entrepreneurs are not a homogenous group with some entering small business to realize goals of wealth creation and rapid business growth (Carter and Anderson, 2001; Still and Soutar, 2001). In particular, these entrepreneurs are more likely ‘pulled’ into self employment with the view to grow and replicate their business concepts (Korn/Ferry, 2001). Franchising may appeal to this group as it offers and efficient method of expanding the size and reach of the business with minimum capital outlay so as to accelerate network growth, market penetration, and brand building (Justis and Judd, 2004). However, the participation rates of women in franchising are lower than in independent small business operations (Frazer and Weaven, 2004) and currently, the number of women franchisors in Australia is unknown. Furthermore, the academic literature examining the motivational incentives for females to become franchisors is limited (Dant et al., 1996). In addition, due to the unique characteristics of franchise networks, any discussion that postulates symmetry of motives between individuals entering franchise networks as opposed to other forms of self-employment may be unrealistic and untenable (Kaufmann, 1999).

Although there is a lack of consensus in the literature regarding the location of entrepreneurial activity in franchise networks (Anderson et al., 1992; Bradach and Eccles, 1989; Grunhagen and Mittelstaedt, 2005; Knight, 1984; Rubin, 1978), there is some agreement that franchisors share similarities with independent business owners in terms of their risk postures, achievement motivation, creativity, and entrepreneurial orientation (Kaufmann and Dant, 1998; Morrison, 2000). Therefore, this research focuses upon the reasons influencing individuals (women) to become franchisors. In addition, and consistent with previous gender-based research, this research evaluates differences between female entrepreneurs separately from male entrepreneurs (Mirchandani, 1999; Shelton, 2006). This is because the gender processes, motivators, and factors that influence women’s business model choice are not fully explained by current typologies drawn from male-based research (Morris et al., 2006). In particular, recent research suggests that ‘Gender processes…indicate that women and entrepreneurship should be evaluated separately from their male counterparts’ (McKay, 2001, p. 154). Thus, the current research supplements the small business literature through examining the motivational incentives influencing female entrepreneurs to become franchisors.

Given that little is known about this topic, an exploratory approach was adopted so as to identify the motivational incentives influencing franchising choice and to develop theory. Following a review of the entrepreneurship, business networks, and franchising literatures, the case study research design is discussed. Next, interviews were conducted with a sample of female franchisors and female entrepreneurs operating independent enterprises in Australia and results and general propositions explaining the participation of female entrepreneurs as franchisors.
are presented. Then, the findings are discussed and implications for theory and practice, and opportunities for future research are presented.

BACKGROUND

Three main areas of the literature were reviewed. First, the entrepreneurship literature was examined in relation to the reasons why individuals start small businesses. Second, the small business literature was examined in relation to the motivations for females to create new ventures. Third, economic efficiency rationales for entering franchising from the franchisor’s perspective are reviewed.

Motivations for small business ownership. The examination of the motives for individuals to enter small business ownership is amongst the most extensively researched area in the field of small business management (Walker, 2004). Most research suggests that individuals are driven by personal and financial goals such as the need for control and achievement, operational independence, the minimization of work and family conflict, and wealth creation (Bird, 1989; Birley and Westhead, 1994; Burns, 1996; Hisrich, 1986; Kuratko et al., 1997). Overall, the majority of studies suggest that intrinsic rather than financial reasons tend to be more important drivers of an individual’s self-employment decision (Gray, 1993).

Apart from the impact of personal and financial goals on organizational choice, an individual’s perception of his or her current working situation may influence small business adoption. Difficulties experienced within the organisation such as a perceived lack of opportunity commensurate with effort, low pay conditions, and the need to escape supervision may encourage small business start up (Moore and Buttner, 1997). In addition, unemployment may drive individuals to become self employed (Still and Guerin, 1991), although the relationship between this form of small business entry and business survivability is not entirely clear (Praag, 2003; Vodopivec, 1998; Walker, 2004; Walker and Brown, 2004). These ‘reluctant entrepreneurs’ (Stanworth and Stanworth, 1997, p.58) are generally motivated by financial needs and less likely to grow the size of their businesses. While the above studies provide a solid context for motivational analysis and small business ownership, other research suggests that females have unique reasons for starting businesses (Gatewood et al., 1995).

Motivations for women to enter small business arrangements. While male business owners tend to be motivated to achieve efficiency, objectivity, and transactions, females appear to place value on subjectivity and relationship building (Gilligan, 1982). Previous research suggests that females enter self employment due to ‘push’ and ‘pull’ factors (Alstete, 2003) or some combination thereof (Still, 2003). Issues including redundancy, unemployment, and managing work and family conflict may force female entrepreneurs to enter independent self-employment (Buttnner and Moore 1997; Catley and Hamilton 1998; Fielden et al. 2003). Furthermore, women may be forced to start their own businesses due to the lack of promotional advancement opportunities (often termed the ‘glass ceiling’ effect) or not having access to appropriate mentors (Carter and Cannon, 1988; Korn/Ferry, 2001). These factors are often cited within the dual-career and family business literature as driving the growth of copreneurial ventures (Smith, 2000) in which marital partners own and manage businesses together (Foley and Powell, 1997). Generally, the majority of research suggests that female copreneurial roles are defined along traditional care giving roles at home (Baines and Wheelock, 1998) and secretarial/bookkeeping functions at work (Fitzgerald and Muske, 2002; Marshack, 1994). However, recent research suggests that gender roles within copreneurial relationships are changing with women entering self employment to realize both personal and financial goals (De-Bruin and Lewis, 2004).

Apart from negative incentives, women may enter small business in order to gain independence and autonomy (Daily et al. 1999), and build cooperative business networks (Rosa and Hamilton, 1994) which are often cited as core benefits of franchising (Stanworth and Curran, 1999). Although the need for independence is often quoted as the most important motivator of women starting businesses (Cromie, 1987), there is some evidence that economic motives are important, particularly with reference to wealth creation, status building, and power (Orhan and Scott, 2001). However, most research endorses the view that female entrepreneurs value intrinsic motiva-
tions, and in particular, social contributions such as building favorable client networks and contributing to the local community, (Still and Timms, 2000) over future economic gain (Brush, 1992).

Previous research has attempted to measure the impact of background, education, and experiential correlates upon a female entrepreneur’s work status choice. Early findings suggest that female entrepreneurs are less likely to pursue higher education in traditional male-image sectors such as technology and manufacturing, and are more likely to favor entering traditional ‘female image’ businesses in the retail and services sectors (Hisrich and Brush, 1984; Hoffman and Preble, 1993; Watkins and Watkins, 1986). However, later research suggests that individual motivations may be moderated by age, with younger women entering self employment in a range of traditional and non-traditional industries so as to grow a business opportunity and leverage business knowledge gained from previous experiences (Centre for Women’s Business Research 2001). Given this, franchising may offer an efficient vehicle for small business growth.

Motivations to become franchisors. Business format franchising has been touted as an easier method for women and minorities to enter self employment (Hunt, 1977). However, women do not appear to have fully exploited this growth strategy (Dant et al., 1996). This is curious given the economic advantages associated with this form of distribution. In particular, franchising offers a method of extending capital (Oxenfeldt and Kelly, 1968-1969), labor (Norton, 1988), and managerial (Kaufmann and Dant, 1996) limitations on future venture growth, while maximizing the joint utility of network partners (principal and agents), thus ensuring ongoing operational efficiency (Bergen et al., 1992; Hoy and Shane, 1998; Shane, 1998). However, women franchisors in the mature franchise sectors of the United States and Australia are under-represented and appear to find difficulty in becoming franchisors due to a range of issues such as negative industry perceptions that they are only recent entrants into the franchising arena (Dant et al., 1996; Frazer and Weaven, 2004). Thus, greater attention to the motives, drivers, and constraints influencing female participation as franchisors is needed. In support of this, recent research suggests that ‘On a wider public policy level, the issues of motives need to be addressed’ (Dant et al., 1996, p. 26). To this end this research will attempt to extend the current organizational choice literature by examining the research question:

What are the factors influencing a female’s decision to become a franchisor and are they any different to the decision to become self-employed as an independent owner-operator?

RESEARCH DESIGN

The aim of this research was to examine the ‘motivational incentives’ (Dant 1995, p. 11) for women to become franchisors. Given the paucity of prior research, an exploratory multiple case study approach was adopted to gather in-depth information within a real-life context with the aim of building theory (Birley and Moreland, 1998; Eisenhardt, 1989; Feagin et al., 1991). A realism research design was adopted as gender-based motivational research in franchising is deficient in theory and lacks well-defined and tested constructs and principles (Dant et al., 1996; Parkhe, 1993; Perry, 1998). Realism research approaches facilitate understanding about a subject through the triangulation of multiple perceptions about the form and nature of reality (Perry et al., 1998). Therefore, in order to attain a real, albeit imperfect, picture of the motivations of women to become franchisors, an inductive multiple case study method was adopted to provide the necessary data for triangulation (Stake, 1995; Yin, 2003).

Although case study research is said to suffer from a lack of objectivity and rigour, common themes were identified between cases so as to enhance analytic generalisability (Johnson, 1997; Yin, 2003). Moreover, much prior franchising research uses a positivist approach which may not be appropriate for obtaining the ‘thick description’ (Goulding, 2002. p. 29) necessary for understanding factors influencing a female’s business model choice. This multiple case study approach allowed us to obtain ‘rich,’ ‘deep’ and ‘real’ information (Deshpande, 1983, p. 103) through ‘tracking down patterns [and] consistencies’ (Mintzberg, 1979, p. 584), so as to arrive at credible and confirmable results (Merriam, 1998).

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**Case selection.** The importance of appropriate case selection is acknowledged in the literature (for example, Miles and Hubermann, 1994). A total of 24 female franchisor cases and 20 independent female entrepreneur cases was selected for analysis. Sample selection was purposive and theory driven (Gubrium and Holstein, 2001; Miles and Hubermann, 1994) and only Australian franchising systems were analyzed so as to limit the extraneous variation in collected data (Eisenhardt, 1989). Consistent with expert recommendations, interviews were conducted until the data reached saturation and no new issues and themes emerged (Glaser and Strauss, 1967).

**Bias.** The unstructured format of qualitative research may promote the misinterpretation of information due to the selective observation and data collection (Malhotra et al., 2002). The strategies employed to understand and control for researcher bias were reflexivity (Funder, 2005) and negative scenario sampling (Patton, 2002). In particular, the interviewers embarked upon ‘critical self reflection’ in order to gain clarity of vision (Douglas and Moustakas, 1984) and sought to disconfirm emerging trends so as to promote the overall validity of the field study data (Kvale, 1989; Onwuegbuzie, 2003). While it is unrealistic to suggest that this process resulted in a complete suspension of personal expectations and judgment, it did nevertheless allow the researchers to actively listen to and record what respondents were saying. Throughout this process the interviewers were mindful that the full range of motivations had not been fully explained by extant theories (Dant et al., 1996) and that Australian emphases may contrast markedly with overseas experiences as confirmed in previous research (for example, Weaven and Frazer, 2003).

**Research protocol.** To enhance validity a research protocol was used to ensure broad consistency across cases. Initial questions covered background and demographic facts. The second section of the interview protocol focused on the identifying participant’s initial motivations to enter self employment and in particular, franchising. Franchisor and independent female entrepreneur interviewees were initially asked to focus on the most important motivations and then further probing questions were used to elicit greater meaning and detail. Questions were deliberately broad in scope and focused upon fundamental aspects of organizational choice, such as “What issues were central in your decision to become an entrepreneur/franchisor?”; “Were there any barriers to you owning a business/franchise network?” and “What were your key challenges to becoming a independent small business owner/franchisor?” The usual probing followed each question, particularly to get elaboration of the answer and to ascertain examples of the purported behavior. The sampling frame consisted of current female franchisees and small business owners operating within Australia. Participants were sourced from databases held by the Franchise Council of Australia (FCA) and Business Council of Australia (BCA). Telephone interviews ranged between 1-1.5 hours in duration and were audio-taped with the interviewee’s consent. Some respondents were interviewed more than once to confirm the data provided in their telephone discussions.

**FINDINGS**

The findings are categorized into three subsections (female entrepreneur characteristics, industry characteristics and environmental context), each of which contrasts and compares the motivational incentives of female franchisees and independent female entrepreneurs to enter self-employment.

A total of 24 female franchisors and 20 female entrepreneurs were interviewed. Specific data on each franchisor is provided in Table 1, with female entrepreneur data presented in Table 2. Interviewee names are disguised with a letter from A to X (franchisor respondents) and A to T (independent business owner respondents). The ages of the franchisor participants ranged from 26 to 58 years. Fifteen franchisors had initiated the concept, while nine respondents had assumed ownership of their systems following separation and divorce from their partners. The franchise systems were aged between 1 and 17 years and had a range of 3 to 29 units in total. In comparison, independent female-owned enterprises were aged between 22 and 53 years and ranged in size from 1 to 21 company owned stores. Fifteen of the independent business operator respondents had initiated the concept, four had assumed ownership following their parents’ retirement, and one had taken over the business following the death of her spouse.
Fifteen female franchisors had a history of self-employment experience, while nine respondents had only salaried work experience. In comparison, only five independent business operators had previous experience in self-employment. In addition, nine female franchisors and twelve independent female business owners were in copreneurial relationships in which their spouses took an active role in the day-to-day operation of their businesses.

### TABLE 1
Profile of Female Franchisor Respondents

<table>
<thead>
<tr>
<th>Franchisor</th>
<th>Industry type¹</th>
<th>Year started franchising</th>
<th>Company owned units</th>
<th>Franchised units</th>
<th>Ave unit sales volume ($)</th>
<th>Age</th>
<th>Self/ salaried employment experience</th>
<th>Education</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Retail trade – food</td>
<td>1994</td>
<td>1</td>
<td>8</td>
<td>178 000</td>
<td>49</td>
<td>Self-employment</td>
<td>Secondary (non-completion)</td>
</tr>
<tr>
<td>B</td>
<td>Retail trade - non food</td>
<td>1990</td>
<td>4</td>
<td>12</td>
<td>254 346</td>
<td>47</td>
<td>Self-employment</td>
<td>Tertiary (Bachelors)</td>
</tr>
<tr>
<td>C</td>
<td>Personal and other services</td>
<td>2002</td>
<td>1</td>
<td>4</td>
<td>93 200</td>
<td>42</td>
<td>Salaried</td>
<td>Secondary (non-completion)</td>
</tr>
<tr>
<td>D</td>
<td>Property and business services</td>
<td>2000</td>
<td>0</td>
<td>6</td>
<td>N/A²</td>
<td>39</td>
<td>Self-employment</td>
<td>Secondary</td>
</tr>
<tr>
<td>E</td>
<td>Accommodation, Cafes and restaurants</td>
<td>1990</td>
<td>8</td>
<td>6</td>
<td>327 000</td>
<td>46</td>
<td>Self-employment</td>
<td>Secondary</td>
</tr>
<tr>
<td>F</td>
<td>Personal and other services</td>
<td>1999</td>
<td>0</td>
<td>5</td>
<td>111 000</td>
<td>39</td>
<td>Self-employment</td>
<td>Secondary</td>
</tr>
<tr>
<td>G</td>
<td>Retail trade – food</td>
<td>2001</td>
<td>2</td>
<td>24</td>
<td>275 000</td>
<td>57</td>
<td>Salaried</td>
<td>Secondary (non-completion)</td>
</tr>
<tr>
<td>H</td>
<td>Retail trade – non-food</td>
<td>2003</td>
<td>1</td>
<td>8</td>
<td>292 010</td>
<td>33</td>
<td>Self-employment</td>
<td>Secondary</td>
</tr>
<tr>
<td>I</td>
<td>Retail trade – food</td>
<td>1991</td>
<td>4</td>
<td>18</td>
<td>402 131</td>
<td>58</td>
<td>Self-employment</td>
<td>Secondary</td>
</tr>
<tr>
<td>J</td>
<td>Personal and other services</td>
<td>1996</td>
<td>2</td>
<td>19</td>
<td>87 877</td>
<td>51</td>
<td>Salaried</td>
<td>Tertiary (Masters)</td>
</tr>
<tr>
<td>K</td>
<td>Cultural and recreation services</td>
<td>1994</td>
<td>1</td>
<td>24</td>
<td>N/A</td>
<td>44</td>
<td>Salaried</td>
<td>Secondary (non-completion)</td>
</tr>
<tr>
<td>L</td>
<td>Cultural and recreation services</td>
<td>1999</td>
<td>2</td>
<td>6</td>
<td>140 000</td>
<td>43</td>
<td>Self-employment</td>
<td>Secondary (non-completion)</td>
</tr>
<tr>
<td>M</td>
<td>Health and community services</td>
<td>2004</td>
<td>2</td>
<td>4</td>
<td>532 476</td>
<td>31</td>
<td>Salaried</td>
<td>Secondary</td>
</tr>
<tr>
<td>N</td>
<td>Accommodation, Cafes and restaurants</td>
<td>2000</td>
<td>3</td>
<td>8</td>
<td>500 333</td>
<td>32</td>
<td>Self-employment</td>
<td>Secondary</td>
</tr>
<tr>
<td>O</td>
<td>Personal and other services</td>
<td>2001</td>
<td>2</td>
<td>13</td>
<td>188 018</td>
<td>41</td>
<td>Self-employment</td>
<td>Secondary (non-completion)</td>
</tr>
<tr>
<td>P</td>
<td>Personal and other services</td>
<td>2005</td>
<td>1</td>
<td>2</td>
<td>N/A</td>
<td>29</td>
<td>Salaried</td>
<td>Secondary</td>
</tr>
<tr>
<td>Q</td>
<td>Personal and other services</td>
<td>2000</td>
<td>2</td>
<td>4</td>
<td>196 000</td>
<td>26</td>
<td>Self-employment</td>
<td>Secondary</td>
</tr>
<tr>
<td>R</td>
<td>Retail trade – non food</td>
<td>1997</td>
<td>3</td>
<td>15</td>
<td>512 900</td>
<td>55</td>
<td>Salaried</td>
<td>Tertiary (Bachelors)</td>
</tr>
<tr>
<td>S</td>
<td>Accommodation, Cafes and restaurants</td>
<td>1989</td>
<td>7</td>
<td>22</td>
<td>129 000</td>
<td>43</td>
<td>Salaried</td>
<td>Secondary</td>
</tr>
<tr>
<td>T</td>
<td>Property and business services</td>
<td>2003</td>
<td>1</td>
<td>6</td>
<td>76 090</td>
<td>40</td>
<td>Self-employment</td>
<td>Secondary (non-completion)</td>
</tr>
<tr>
<td>U</td>
<td>Personal and other services</td>
<td>1999</td>
<td>1</td>
<td>10</td>
<td>276 000</td>
<td>51</td>
<td>Self-employment</td>
<td>Tertiary (Bachelors)</td>
</tr>
</tbody>
</table>

² Not all franchisor respondents disclosed average unit sales volume data.

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<table>
<thead>
<tr>
<th>Independent business owner</th>
<th>Industry type 3</th>
<th>Year started business</th>
<th>Company owned units</th>
<th>Average unit sales volume ($)</th>
<th>Age</th>
<th>Self/ salaried employment experience</th>
<th>Education</th>
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</thead>
<tbody>
<tr>
<td>A</td>
<td>Retail trade – food</td>
<td>1999</td>
<td>4</td>
<td>129 010</td>
<td>30</td>
<td>Salaried</td>
<td>Tertiary (Bachelors)</td>
</tr>
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<td>B</td>
<td>Wholesaling</td>
<td>1990</td>
<td>6</td>
<td>337 998</td>
<td>41</td>
<td>Salaried</td>
<td>Tertiary (Bachelors)</td>
</tr>
<tr>
<td>C</td>
<td>Personal and other services</td>
<td>2002</td>
<td>1</td>
<td>N/A 4</td>
<td>27</td>
<td>Salaried</td>
<td>Tertiary (Bachelors)</td>
</tr>
<tr>
<td>D</td>
<td>Transport and storage</td>
<td>2003</td>
<td>5</td>
<td>505 098</td>
<td>39</td>
<td>Salaried</td>
<td>Tertiary (Masters)</td>
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<tr>
<td>E</td>
<td>Construction and trade services</td>
<td>2001</td>
<td>6</td>
<td>168 000</td>
<td>26</td>
<td>Self-employment</td>
<td>Tertiary (Bachelors)</td>
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<tr>
<td>F</td>
<td>Personal and other services</td>
<td>1994</td>
<td>9</td>
<td>299 000</td>
<td>41</td>
<td>Self-employment</td>
<td>Secondary (non-completion)</td>
</tr>
<tr>
<td>G</td>
<td>Retail trade – non-food (including automotive parts)</td>
<td>1998</td>
<td>15</td>
<td>441 683</td>
<td>52</td>
<td>Salaried</td>
<td>Tertiary (Bachelors)</td>
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<td>Cultural and recreation services</td>
<td>2002</td>
<td>3</td>
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<td>Secondary (Bachelors)</td>
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<td>125 000</td>
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<td>Tertiary (Bachelors)</td>
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<tr>
<td>K</td>
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<td>2005</td>
<td>1</td>
<td>N/A</td>
<td>22</td>
<td>Salaried</td>
<td>Secondary</td>
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<td>L</td>
<td>Cultural and recreation services</td>
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<td>2</td>
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<td>Tertiary (Bachelors)</td>
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<td>99 080</td>
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<td>Secondary (Bachelors)</td>
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<td>1996</td>
<td>7</td>
<td>441 122</td>
<td>33</td>
<td>Salaried</td>
<td>Tertiary (Masters)</td>
</tr>
<tr>
<td>O</td>
<td>Transport and storage</td>
<td>2002</td>
<td>3</td>
<td>110 000</td>
<td>30</td>
<td>Salaried</td>
<td>Tertiary (Bachelors)</td>
</tr>
<tr>
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<td>Retail trade – food</td>
<td>2004</td>
<td>3</td>
<td>312 000</td>
<td>27</td>
<td>Salaried</td>
<td>Secondary (Bachelors)</td>
</tr>
<tr>
<td>Q</td>
<td>Manufacturing and printing</td>
<td>1995</td>
<td>21</td>
<td>301 145</td>
<td>31</td>
<td>Self-employment</td>
<td>Tertiary (Bachelors)</td>
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<td>R</td>
<td>Wholesaling</td>
<td>1998</td>
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<td>38</td>
<td>Salaried</td>
<td>Tertiary (Bachelors)</td>
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<td>S</td>
<td>Retail trade – non-food</td>
<td>1999</td>
<td>12</td>
<td>98 995</td>
<td>39</td>
<td>Salaried</td>
<td>Secondary</td>
</tr>
</tbody>
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3 Based on Australian & New Zealand Standard Industry Classification (ANZSIC),

4 Not all female independent business owner respondents disclosed average unit sales volume data.

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Female entrepreneur characteristics.

Findings 1: Differences in role of push and pull motivations and age in the self-employment decision - Previous research in the small business literature suggests that an individual’s self-employment decision is predicated upon ‘pull’ or ‘push’ motivations (Catley and Hamilton, 1998, p.75; Still, 2003). All of the female franchisor respondents were pulled into self employment to satisfy a combination of personal intrinsic needs and to realize socially desirable outcomes, while a majority of female small business owners were pushed into self-employment due to factors such as redundancy, glass ceiling effects, or unemployment. However, the findings suggest that employment history appears to influence the reasons why female entrepreneurs choose to become franchisors. In particular, franchisors with a history of salaried work experience emphasized a desire to replicate a business concept, leverage their existing business skills, and support their professional growth and personal power position within their working lives. For example,

‘I chose to become a franchisor to grow my concept so that I would be a powerful player in food retailing. I remember thinking that my passion and skills would be best used in running an organization with my female values...’ (G)

And,

‘Franchising appealed to me because it’s a business model that allows your business to grow quickly, but success relies on the franchisor’s input. I always liked the idea of being CEO, because I could control operations...I wanted to revitalize the industry and challenge myself at every turn’. (B)

Alternatively, females with previous self-employment experience reported that they originally perceived franchising as the most efficient method of replicating an ethical, reliable, and community-driven business concept. Factors such as building personal networks, providing employment (and promotion) opportunities for staff, and involving and supporting local community initiatives were cited as core reasons for first entering franchising. The following comments are indicative of most responses.

‘I suppose I have different approaches to other small business owners...I chose to use franchising because it allows people to become part of a team with shared values and expectations. I knew that it would be the best vehicle to create an ethical company which means providing opportunities for our franchisees to buy new territories and store managers to eventually buy-in to a franchise...otherwise the franchising relationship would most probably dissolve.’ (H)

Furthermore,

‘Social marketing is one of the new buzzwords in the corporate world...businesses focused on money never survive. What I wanted was to partner local businesses so that they could see our way of doing things. Its all about giving back to the community that made you a success...that way the business would still be operating ten years down the track.’ (Q)

In comparison, all self-employed female entrepreneurs indicated that they were dissatisfied with their previous salaried work experience and viewed small business ownership as a coping strategy. This finding has some support in the small business literature (Catley and Hamilton, 1998; Feldman and Bolino, 2000; Marlow and Carter, 2004). Over half of the interviewees suggested that self-employment offered greater potential for personal advancement than was realizable in salaried employment. For example,

‘I had been a customer service manager in a bank, but I'd reached my limit...I'd been passed over for promotion too many times. It was so frustrating...I wanted to embark on a new career, something that would reward my input and my talent.’ (L)
Although the desire for operational independence and autonomy are often cited within the literature (Borooah et al., 1997; Buttner and Moore, 1997), most ranked these as less important motivations than the realization of extrinsic outcomes. In particular, the majority of respondents were attracted to the promise of greater levels of financial remuneration commensurate with their time and effort contribution in self-employment. For instance,

*I wanted to be my own boss and creatively craft my business, but it was more than that…I wanted to realize my potential and get compensated for it…’ (O)

And,

*Sure, I wanted to have some control over my work, but the bottom line was that I wanted to make money. I was sick of working too hard and not getting true performance appraisals or bonuses…’ (A)

Only four interviewees in this group viewed independent business ownership as a necessary employment alternative following difficulties associated with finding salaried positions in the workforce. As an example, one interviewee commented,

*I couldn’t get a job…I felt isolated and had no confidence…but I needed to supplement my husband’s income…starting a hairdressing service from home seemed the obvious alternative given my training.’ (C)

Thus, it is proposed that:

P1: When evaluating a self-employment opportunity, female entrepreneurs who are motivated to realize intrinsic outcomes are more likely to enter franchising as franchisors.

P2: When evaluating a self-employment opportunity, female entrepreneurs who are motivated to realize extrinsic rewards are more likely to enter independent self-employment.

P3a: When evaluating a franchise opportunity, female franchisors with a history of salaried employment will place relatively more importance upon the satisfaction of personal intrinsic needs than female franchisors with a history of self-employment.

P3b: When evaluating a franchise opportunity, female franchisors with a history of self-employment will place relatively more importance upon the satisfaction of socially desirable outcomes than female franchisors with a history of salaried employment.

Findings 2: Differences in growth expectations and entrepreneurial orientation in the self-employment decision - Generally, entrepreneurs are differentiated from small business owners on the basis of their desire to grow their organizations (Menzies et al., 2004). A desire for high growth is usually associated with an entrepreneurial orientation (Gundry and Welsch, 2001). Much of the previous research in the small business literature suggests that women are not primarily entrepreneurial and tend to limit the size of their business operations so as to maintain control over product and service delivery (Chaganti and Parasuraman, 1996; Cliff, 1998; Rietz and Henrekson, 2000). The findings show that female franchisors were generally less entrepreneurial than female independent business owners. Although a majority of franchisors had been pulled into self-employment by the desire to realize entrepreneurial aspirations (Deakins and Whittam, 2000), they displayed business and personal characteristics that were consistent with a traditional managerial mindset focused toward the development and management of inter-firm relationships (Brush, 1992) rather than focusing upon opportunity recognition, risk taking, and venture growth. In particular, most franchisee respondents were highly motivated to improve their power position in their working lives, but less motivated to achieve business based outcomes (McClelland and Burnham, 1976).
While all franchisor respondents adopted the franchising business model to raise the financial capital necessary to build and sustain a competitive position within the marketplace, most perceived franchising as providing the managerial capital necessary to improve their business confidence and reduce business and personal risk. In particular, most were attracted to building a business network of managers who had extensive local market expertise. This may, in part, explain why most respondents chose traditional industries to minimize risk exposure (Anna et al., 1999). The importance of this network was in providing an opportunity to pool information and find solutions to occurrent problems in uncertain environments. For instance,

‘...it’s less risky because you build a network of owners and managers that will have different approaches to solving problems. It would be different if I just had company owned stores, because store managers don’t have the same reason to put in the level of commitment my franchisees do. My job is to set up a coordinating mechanism so that we can ensure that we are working toward the same things.’ (B)

Furthermore, most respondents suggested that they limited the rate of growth in their enterprises so as to maintain control and ensure adherence to set standards of product quality and customer service. This appears consistent with previous findings suggesting that women tend to employ fewer people than organizations governed by males (for example, Aldrich, 1989; for example, Hisrich and Brush, 1987). Most nominated that between 12 and 21 units was the optimum size for their franchise networks which is lower than the average size of franchise systems in Australia (Frazer and Weaven, 2004). For instance,

‘I never wanted my franchise system to grow that big. I remember thinking that I wanted around 15 stores, so that I could monitor each store’s performance. If you give too much leeway then some franchises will offer more than others which will reduce your standardized products...your brand.’ (R)

In addition, and contrary to the core advantage of franchising which is said to be the continual replication of a proven business concept (Blair and LaFontaine, 2005; Oxenfeldt and Kelly, 1968-1969), a strong majority of female franchisor respondents reported that they initially believed franchising would only be successful through focusing upon building unit level profitability and not growth in the number of franchisee units. Most suggested that this was consistent with their initial motivation to realize social outcomes centered upon employment provision, professional advancement, and ethical business practice. For example,

‘So many owners in the pool industry make the mistake of focusing on building the number of partners rather than looking after the profitability of each territory. I knew right from the outset that I needed to help each licensee build relationships with their local community...like local advertising with local businesses in the area, before I concentrated on advertising for new recruits.’ (H)

Generally, most franchisors suggested that they tended to equate their role with that of a manager rather than an entrepreneur that is driven by growth goals and financial returns. Most female franchisor respondents believed that rapid growth would compromise standards and processes and foster franchisee free-riding behaviors (Shane, 1995). To this end, they emphasized that they intended (from the outset) to spend a great deal of time selecting, recruiting, and training their franchisees and had little hesitation in removing unmotivated or incapable franchisees that did not adhere to their community-driven vision.

‘I didn’t view franchising as a way to make...money. First and foremost it’s about building a group of like-minded people. If you build solid relationships with your franchisees and teach them how to provide standardized products and superior service to their customers, success will follow...’ (F)

And,

‘You have to be tough, if your franchisees don’t get with the program, get rid of them...’ (I)

In comparison, a majority of female small business owners reported their intention to rapidly grow the size of their businesses. Most explicitly classified themselves as entrepreneurial and demonstrated a high need for achievement and a low need for power which is consistent with an entrepreneurial orientation (Winter, 1973).
particular, most respondents were risk takers who placed great emphasis on planning and opportunity recognition. This seems in accord with previous research investigating female entrepreneurial orientation in non-traditional industries (Anna et al., 1999). Although most respondents had been pushed into self-employment, they viewed small business as an opportunity to seek out new product and service additions, collect needed information, modify product and service offerings, and implement novel marketing strategies to ensure a sustainable competitive advantage in the industry. The following comments are indicative of most responses.

‘Some people are happy working for someone else...I have higher expectations on myself... I knew it would be risky, but I wanted to come up with new ideas... new financial planning alternatives that would develop and expand my customer reach...’ (N)

Moreover,

‘Losing my job was a blessing in disguise. Being my own boss allows me to work in something I like doing. It’s less boring than working for a company because you’re always looking to do something new...something better. It’s a highly competitive environment we work in, if you don’t monitor how your competitors are doing things and find out new information, you’ll lose your position in the market.’ (D)

Furthermore, in describing their managerial approach in raising capital and hiring management, together with overseeing the implementation of their system marketing efforts, many interviewees appeared to exhibit competitive aggressiveness behaviors, which is an indication of entrepreneurial orientation (Langan-Fox and Roth, 1995). For example,

‘...What we are having to do is expand into our major competitors’ product categories to retain our current market share, by offering similar lines...at cheaper prices. And in the meantime I’m having to battle with them on discounts and promotions while I also compete with my own stores in Capalaba and Chermside...’ (M)

A strong majority of interviewees indicated that they maintained an active role in training and delegating responsibility to their staff. In particular, most reported that they attempted to harness the motivation of capable managers in the development of innovative marketing initiatives in their regional localities. This appears consistent with previous definitions of entrepreneurial business practice (for example, Timmons et al., 1985). For instance,

‘I rely on training my employees to be proactive managers. I use a number of performance reward systems to ensure that they are committed to innovate so as to maintain our leadership position...’ (S)

And,

‘There’s a lot of room for innovation in manufacturing, but you need to train your staff so as to harness that creativity. I’ve shown my staff how to follow a stage-gate process, so we can benefit from their creative thoughts, but ensuring that we drop ideas that don’t stack-up before we get burnt’ (Q)

Based upon the above discussion, the following propositions are presented.

P4: When evaluating a self-employment opportunity, female entrepreneurs with a low entrepreneurial orientation are more likely to become franchisors than female entrepreneurs with a high entrepreneurial orientation.

P5: When evaluating a self-employment opportunity, female entrepreneurs with a high entrepreneurial orientation are more likely to enter independent small business operations than female entrepreneurs with a low entrepreneurial orientation.
Findings 3: Differences in expectations of managing work and family conflict and self-employment business model choice - In relation to the management of work and family conflict, there were very clear distinctions between female franchisors and female business owners. While research suggests that work flexibility and accommodating family needs are of primary concern to women considering entering self employment (Buttner and Moore, 1997; Cromie, 1987; Martins et al., 2002; Olson and Currie, 1992), most franchisor respondents did not rank balancing work and family demands as an important factor in their decision to become a business founder. Most suggested that they perceived that changes in job security associated with entering self employment would most likely place greater demands upon their time, thus limiting their ability to manage work and family commitments. Most indicated that this was a necessary result of pursuing a new business opportunity. The following statement is indicative of most responses.

‘When I decided to expand my business into a chain of stores, I knew that it would be a taxing time...I never thought it would be easier to manage my roles as parent...and manager of my business. But it was a risk I wanted to take so that I could do something that I felt passionate about.’ (J)

In comparison, a majority of female independent business owners reported that they had entered self employment to better manage their family responsibilities. Although it was not ranked as the most important motivation, most indicated that they were dissatisfied with their corporate work experience as it did not provide the flexibility necessary to accommodate unforeseen changes in family circumstances. For example,

‘...you can’t just tell your boss that you’re going to leave work to pick up the kids from school. Being in private enterprise appealed to me...you can take some time off during the day and make up the hours later...’ (C)

Distinct differences were observed between those female entrepreneurs in copreneurial relationships with their spouses (Smith, 2000) and fully-independent female small business owners. Of the nine female franchisors and twelve small business owners in copreneurial ventures, most reported that the management of family matters were more important considerations in their choice of work status, than those respondents without partners involved in their businesses. These respondents possessed traditional perspectives on gender roles in which women were primarily responsible for family-related matters. For instance,

‘I remember thinking that being an entrepreneur doesn’t mean that you can ignore that you are a wife and mother. I felt that being in small business had its advantages, having the ability to pick my son up from school...was one...’ (E)

Furthermore,

‘Although we are divorced now, I knew that my husband wouldn’t assume the family responsibilities. It was my job, so family balance was important to me before I jumped into owning my own coffee shop.’ (I)

A strong majority of respondents without spouses involved in their franchise or small business operations indicated that they intended to balance family and work commitments through providing financial security for their spouses and children. For example,

‘The best way that I could help my family was through making sure that I provided some financial support and security. If I make enough money I can pay someone to look after the kids...’ (A)

And,

‘Being a franchise owner has given me the financial security I need to provide for my family’ (L)

Thus, based upon the above discussion it is proposed that,
P6: When evaluating a self-employment opportunity, female entrepreneurs with a low desire to manage work and family conflict are more likely to become franchisors than independent business operators.

P7: When evaluating a self-employment opportunity, female entrepreneurs with a high desire to manage work and family conflict are more likely to become independent business operators than franchisors.

P8: When evaluating a self-employment opportunity, female franchisors and independent small business owners in copreneurial relationships are more likely to value balancing work and family commitments in their choice of business model than female and independent business owners without spouses involved in their business operations.

Findings 4: Differences in the role of human capital and self-employment business model choice - Research suggests that human capital elements including an individual’s age, educational background and business experience may impact upon a female’s inclination and ability to create a new business venture (Boden and Nucci, 2000; Gimeno et al., 1997). These elements are discussed below with reference to female entrepreneurs and female independent small business owners.

Education. Previous research posits that educational background influences entrepreneurial ability, entrepreneurial choice, and firm performance (Blanchflower, 2004; Burke et al., 2002; Leazar, 2002; Lee and Matthews, 1999; Robinson and Sexton, 1994). The findings suggest that there were differences in levels of scholastic achievement and attitudes towards education between the franchisor and independent business owner samples, which appears consistent with previous research into gender-based small business choice (Dhaliwal, 2000). In particular, most franchisors had limited educational backgrounds with only five respondents having completed a tertiary degree and seven interviewees having not completed their secondary schooling. Half of the respondents suggested that although they understood the value of education, they had not had the opportunity to pursue further study. The remainder suggested that secondary and tertiary education would not equip them with the relevant skills and knowledge to become successful entrepreneurs. For example, ‘I don’t really see any value in a University education. You learn more from facing challenges when you’re in business.’ And,

‘...you develop your skills through experience. I didn’t know anything about managing employees and the corporate structures you need in place to monitor and reward performance...until I was in business. You can’t learn these things in school.’ (E)

However, half of the respondents suggested that although they had extensive knowledge and skills in areas such as account keeping and financial management, further education would have helped them gain a better understanding of marketing, pricing and product procurement issues. All respondents suggested that they perceived franchising as an efficient method of accessing market and business information through the establishment of an internal network of owner managers. For instance,

‘I’m thinking of going to TAFE to understand electronic account keeping and retail management before I sell anymore territories.’ (K)

And,

‘Having an education is really important...It’s certainly helped my husband and I understand what is required in writing letters and corresponding with suppliers.’ (R)

A majority of independent small business owners possessed degrees in both traditional and non-traditional areas. While this may in part explain differences in industry choice between the female franchisor and independent entrepreneur samples (Still and Soutar, 2001; Walker, 2000), most had qualifications that were not relevant to their current working situation which appears consistent with previous research in the small business literature (Belcourt et al., 1991). Most showed a positive attitude toward education in that it provided generalist instruction...
on the processes needed to procure market intelligence, report to financial institutions, recruit and manage employees, and manage business growth in uncertain competitive environments. For example,

‘I have an degree in human resource management which has come in handy when I want to search out the relevant legislation on selection and recruitment…but I suppose it’s not as relevant to all of my roles and responsibilities as chief executive officer of a construction company…but it has also been helpful because I know where to find the information I need on marketing, promotions and customer relationship management.’ (E)

Furthermore,

‘My university education was in law, which is a long way from fashion design and sales. But it has been to my advantage when dealing with suppliers in Vietnam. Things like dealing with customs, drawing up contracts, and dealing with banks...are all things that I knew about from my studies.’ (G)

Given the above discussion, it is proposed that:

P9: When evaluating a self employment opportunity, female entrepreneurs with limited educational backgrounds are more likely to become franchisors rather than independent business operators.

P10: When evaluating a self employment opportunity, female entrepreneurs with extensive educational backgrounds are more likely to become independent business operators than franchisors.

**Business experience.** Previous research regarding business experience has found that, while it is linked to self-employment creation and success (Bates, 1995; Robinson and Sexton, 1994), women generally have less managerial and work experience than men (for example, Srinivasan et al., 1994). In particular, women may lack the requisite skills, experience, and confidence in business management, finance, sales and marketing and employment relations (Dodd-McCue and Wright, 1996; Taylor, 1980; Walker, 2000) often due to a female’s socialization process (Fischer et al., 1993; Orenstein, 1997) and external barriers and constraints (Still, 2003). The results suggest that an individual’s choice of the franchise business model has greater reliance upon the possession of transferable managerial-level competencies rather than previous industry-level experience. In particular, most female franchisees had limited experience in the industry in which they chose to enter, and limited business experience, but viewed franchising as a business model that would allow them to use and build their existing business skills. For instance,

‘I didn’t know that much about the pet food industry, but I knew I could apply a lot of what I knew from my previous work in book-keeping.’ (I)

And,

‘We’d supplied printing supplies to another printing franchise for many years and we had some idea about what was involved in running a franchise. In hindsight we should have had more experience in child care, but that’s why we chose franchising…it’s a method of compensating for any of our shortcomings.’ (J)

In comparison, most independent self-employed women had extensive prior experience within the industry that they chose to enter. Two-thirds had been employed by organizations within their industry, while the remainder had been employed within businesses that had provided product and service roles to organizations in their industry. For instance,

‘I worked in a firm that provided financial planning services to...(X Company) and I saw that there was an untapped market for vintage auto part supplies with a proper service element. It was an obvious move for me when our company went into liquidation... ’ (G)

And,
'I had worked as a travel consultant before and knew a lot of the shortcomings. I wouldn’t have entered the industry if I didn’t have that sort of hands-on experience’ (S)

Thus, it is proposed that:

P11: When evaluating a self employment opportunity, female entrepreneurs with limited prior experience in the industry they chose to enter are more likely to become franchisors rather than independent business operators.

P12: When evaluating a self employment opportunity, female entrepreneurs with extensive prior experience in the industry that they chose to enter are more likely to become independent business operators than franchisors.

Age. The findings indicated that the age of female participants appeared to mediate the choice of business model. The mean age of franchisors in the sample was 42.42 years and 34.1 years for independent small business owners. This may lend some credibility to previous research suggesting that younger women (under the age of 35 years) appear to be attracted to enter self-employment as small business operators to realize personal goals of professional development, building a growth-oriented business, and creating wealth (Still, 2003; Still and Walker, 2003). Indeed, a recent report by Austrade shows that ‘…there is a strong bias towards 25-34 year olds (women) involved in entrepreneurial activity’(Australian Bureau of Statistics, 2003). Alternatively, older women (over the age of 35 years) attracted to enter self employment may perceive that franchising is an optimum method for realizing social goals relating to professional advancement, business network creation, and community involvement in business operations.

Thus, it is proposed that:

P13: When evaluating a self employment opportunity, female entrepreneurs of older ages (more than 35 years) are more likely to become franchisors than independent business operators.

P14: When evaluating a self employment opportunity, female entrepreneurs of younger age (less than 35 years) are more likely to become independent business operators than franchisors.

Findings 5: Differences in role of social capital and self-employment business model choice- Previous research suggests that social capital in the form of business networks plays an important role in the creation, survival, and success of female-owned firms (Adler and Kwon, 2002; Brush, 1997; Rosa and Hamilton, 1994). Most female franchisors suggested that they were initially attracted to the franchising business model as it presented an opportunity to build a network of business owners that provided local marketing and managerial expertise during the initial stages of the new venture start-up. This appears consistent with previous research suggesting that female entrepreneurs seek mentors to compensate for a lack of business skills and experience (Hisrich, 1989). For example,

‘The main advantage of franchising is store ownership. My franchisees are motivated to work and I recruited people that had experience in managing businesses and are in-tune with the needs of their customers in their territory...people I could call on to get the right information. I had virtually no idea on how to structure our advertising and marketing campaigns before requesting some feedback from my franchisees.’ (H)

Most franchisors acknowledged that they had limited access to mentors within the industries in which they had entered. Only four female franchisors indicated that they had prior experience in the industry, albeit in salaried employment. For example,

‘Knowledge of your competitors is the key to being competitive. What you need is to get marketing intelligence from people who have had some experience...franchising gives you that edge.’ (U)

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Most suggested that they had only had limited contact with other franchisors in national franchising conferences and events. For example, one interviewee commented:

‘The Franchise Council of Australia conference...was a great starting point. I saw other female franchisors that had been...successful. It was a watershed moment because I saw then that it could be done...but only if you could ask the right questions of the right people.’ (X)

Alternatively, most independent business owners reported that they had access to business networks and mentors, particularly self-employed family members with knowledge of small business operations within the industries that they intended to enter. In particular, over half of the respondents in this group suggested that their parents and siblings had experience with organizations within the industries in which they chose to initiate their business concepts. The following comment is indicative of most responses.

‘My dad and my brother were spec builders and...we talked about the need for a professional cabinet-making business. It was all about whether there was an opportunity, and knowing how to set it up. I owe a lot to them.’ (K)

Thus, it is proposed that:

P15: When evaluating a self employment opportunity, female entrepreneurs with limited access to business networks are more likely to become franchisors rather than independent business operators.

P16: When evaluating a self employment opportunity, female entrepreneurs with access to business networks are more likely to become independent business operators rather than franchisors

Industry characteristics

Findings 6: Differences in choice of industry type, maturity and size and self-employment business model choice - All female franchisor respondents operated businesses within traditional female image sectors which appears consistent with previous franchising research (Dant et al., 1996). Most franchisor respondents were attracted to introducing innovative business concepts within high growth retail and services sectors and perceived that an emphasis on service provision would facilitate gaining a sustainable competitive advantage in the long term. Building alternative concepts within traditionally male-dominated industries were discounted due to a lack of existing business networks and market information necessary to be competitive. Again, these respondents nominated that franchising provided an opportunity to acquire managerial talent and local market information. For example,

‘I didn’t consider entering child care because I am a woman...I have a distinct advantage because I understand what it’s like to be working full time and still having to look after your children.. I couldn’t see myself in businesses that are serviced by men, like in manufacturing.’ (J)

And,

‘I chose a dance studio because it’s a high growth area that women have been successful in before and by offering timely service in things like wedding preparations, I could capitalize on a gap in the market. I couldn’t see that I would be on an equal footing with men if I decided to enter other areas like information technology.’ (U)

In contrast, more than half of the independent female business owners operated within non-traditional (male image sectors) areas, including landscaping, automotive, construction, manufacturing, financial services, and transportation. During the course of the interviews, these respondents reported that their decision to enter less-
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traditional industries was due to the increased confidence that they had due to support from their spouses, mentors, and government agencies. For example,

‘It was never going to be easy starting a pool pump manufacturing business. It’s a very competitive industry with a lot of well established players…but I had support from my family. Without that support I wouldn’t have been able to succeed in short haul transport.’ (W)

And,

‘Before I set-up my landscaping business, I approached the Women’s Business Centre Australia. Their business development unit provided a lot of assistance like putting me in touch with business coaches and providing business start-up guides.’ (F)

Previous research suggests that industry age and size are critical variables in the context of franchising (Dant et al., 1996; Peterson and Dant, 1990). In particular, initial industry entrants tend to shape that industry and erect (implicitly or obtusely) barriers for later entrants. In effect, as franchising is a male-dominated domain within mainly mature industries (for example, fast-food retailing) (McCosker, 1994; Peterson and Dant, 1990), it may be reasonable to assume that women may choose to enter less mature industries so as to minimize gender-based barriers to entry. In support of this contention, most franchisor respondents suggested that they chose to enter businesses within new and emerging markets so that they could compete equally with other competitors. In particular, a strong majority of respondents emphasized that they chose to initiate concepts in traditional female-image sectors and new industries as customers, suppliers, and financial institutions would be less likely to perceive them as incapable on account of their relative newness to the industry. For example,

‘I did consider entering machinery hire, but it’s a very competitive business...A lot of your competitors have been there for years and I remember thinking that its really unlikely that you would be taken seriously by customers or banks for that matter.’ (E)

And,

‘As a woman...you have to go into something new, not just a new business, but a growing area like business services or mortgage houses, otherwise you have to stick to women businesses like serviced offices...otherwise who will take you seriously?’ (D)

In contrast, most independent small business owners suggested that they did not consider industry maturity to be a consideration in their new venture evaluation process. For example,

‘When I was thinking of starting an automotive repair workshop, I didn’t think of how long other competitors had been in the same business. I had a better way of doing things...its all about what your competitors are doing now, not how long they’ve been servicing customers.’ (G)

The above discussion gives rise to the following propositions.

P17a. When evaluating a self-employment opportunity, female entrepreneurs with limited access to external support infrastructure, including mentors, established business networks, and market information, are more likely to become franchisors than independent small business operators.

P17b. When evaluating a self-employment opportunity, female entrepreneurs with access to external support infrastructure, including mentors, established business networks, and market information, are more likely to become independent small business operators than franchisors.
P18a. When evaluating a franchise opportunity, female franchisors with limited access to external support infrastructure, including mentors, established business networks, and market information, are more likely to enter traditional (female image) sectors.

P18b. When evaluating a self-employment opportunity, female entrepreneurs with access to external support infrastructure, including mentors, established business networks, and market information, are more likely to enter non-traditional (male image) sectors.

P19. When evaluating a franchise opportunity, female franchisors are more likely to enter smaller and less mature industries.

P20. When evaluating a self-employment opportunity, independent female small business owners are more likely to enter larger and more mature industries.

Environmental context

Findings 7: Differences in the role of financial capital and the self employment decision - Previous research suggests that women are subjected to gender-based discrimination by financial intermediaries (Fielden et al., 2003; Sexton and Bowman-Upton, 1990) and often have lower start-up capital resources than men (Carter and Rosa, 1998). However, in relation to capital accessibility, most female franchisors had been successful in obtaining external finance in the form of equity financing from financial institutions. Most of the franchisor respondents had started a company-owned store prior to franchising their business concept and due to the success of pilot operations, were able to convince venture capitalists and angel investors to invest in their concept. The following comment is indicative of most responses. For instance,

‘Once we had developed the business and we were in the black, I wanted to start franchising right away. I only had to approach a couple of venture capitalists before we got the equity to develop our disclosure documents, franchise agreements, and state advertising campaign. They saw that we had a unique selling proposition, so it didn’t really matter that I was a woman.’ (T)

And,

‘I didn’t have a lot of money to set up the first studio, but I got some angel investors to buy-in...this made it possible to grow and they...took a position on the board which gave me the best insight into how to manage and control that growth’ (U)

In comparison, most independent female entrepreneurs favored using internal sources of debt and equity financing from family members and friends, which appears consistent with previous research suggesting that women do not tend to utilize lines of credit or bank loans (Bennett and Dann, 2000; Carter, 1994; Coleman, 1988) due to difficulties associated with obtaining external sources of (mainly) debt capital. Only two respondents said that they had raised sufficient capital to finance their initial start-up through extending their personal mortgages. For example,

‘Getting investors is so difficult. Even when I tried to get an overdraft, the bank said that they needed more security. I knew that it was because I was a woman. After I divorced my husband, they even asked him to go guarantor. I...went to family and my neighbor to get the money I needed. Now I own 12 stores and now I have a good relationship with the bank.’ (S)

Thus, it is proposed that:

P21. When evaluating a self-employment opportunity, female entrepreneurs with access to start-up capital are more likely to become franchisors than independent business operators.
DISCUSSION

This exploratory research aimed to capture the salient motivations influencing business model choice from the female entrepreneur’s perspective. Case study research was used to compare and contrast the relative importance that female franchisors and independent female small business owners place upon these motivations in their business model evaluation and selection process. The findings extend the current organizational choice literature and are consistent with prior calls to investigate gender-based rationales for small business choice (Dant et al., 1996; Robichaud et al., 2001; Stevenson, 1990).

The findings of this research tentatively suggest that female franchisors appear to have been ‘pulled’ into self-employment. They view franchising as a method of extending capital and labor constraints on venture growth, and as a means of reducing personal risk and improving personal business confidence through the establishment of a network of local area managers. These managers offer industry-specific experience and have access to ongoing market information. Most had self-employment experience, but had limited educational backgrounds or access to business mentors, which may explain industry choice (female-image sectors) and a reliance upon building and utilizing intra-firm social capital. Other considerations in business model choice, such as the balancing of work and family demands, only appear important to female franchisors involved in copreneurial relationships, suggesting that traditional perspectives on gender roles and family responsibilities may exist when spouses or partners are involved in business operations. This appears inconsistent with previous research linking personal and family considerations with an individual’s initial status choice (for example, Dyer, 1994; for example, Martins et al., 2002). However, the finding that independent business owners and franchisees in copreneurial business ownerships were concerned about balancing family and work commitment is in accord with these previous findings.

Overall, there appears to be considerable differences between the entry motivations of franchisees as opposed to independent business owners. In fact, the findings indicated an almost mirrored relationship with independents and franchisees being at alternate ends of a continuum. This is demonstrated in Table 3, which provides a summary of the findings in relation to the factors influencing business model choice, highlighting the differences between franchise owners and independents. As was found from the analysis of the interviews, the first decision to business entry is industry type. Then the motivations for entry through either franchise or independent business are moderated by access to start-up capital.

### TABLE 3

**Female Motivations for Choosing Franchising Over Independent Business Ownership**

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Franchising</th>
<th>Independent small business ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurial Orientation</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Work/family balance</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Education level</td>
<td>Lower</td>
<td>Higher</td>
</tr>
<tr>
<td>Age</td>
<td>&gt;35 years</td>
<td>&lt;35 years</td>
</tr>
<tr>
<td>Prior industry experience</td>
<td>Limited</td>
<td>Extensive</td>
</tr>
<tr>
<td>Prior access to business networks</td>
<td>Limited</td>
<td>Extensive</td>
</tr>
<tr>
<td>External support networks</td>
<td>Limited</td>
<td>Extensive</td>
</tr>
</tbody>
</table>

Consistent with previous gender-based research in the small business literature (for example, Rosa and Hamilton, 1994), the findings tentatively suggest that when assessing the franchising channel, female franchisors apportion...
value to the future realization of social goals rather than extrinsic rewards. However, desired social outcomes appear to be moderated by the nature of the individual’s previous work experience. In addition, and contrary to the core advantage of franchising (replication of a proven business concept), women franchisors tend to limit network growth and maintain strict control over unit-level operations, particularly within the areas of new product development, product extensions, and service quality. Although previous research attests that women manage their businesses differently (for example, Carter et al., 1996; Cliff, 1998) due to socialization influences (Bird and Brush, 2002), the applicability and worth of this strategy within the franchising context appears questionable. In particular, this approach may limit unit-level operational flexibility and innovation, thus hindering the realization of the franchisor’s business and community vision. In effect, female franchisors appear to encourage relationships of ‘controlled self-employment’ (Felstead, 1991, p.39) rather than cultivating intra-firm ‘entrepreneurial partnerships’ (Kaufmann and Dant, 1998, p. 11), which may have a deleterious impact upon local market innovation, competitive responsiveness, and future brand value.

In relation to financial capital, female franchisors appear to place less reliance upon debt and more on equity financing which appears at odds with previous research suggesting that women generally find difficulty in accessing venture capital (Walker and Weigall, 2002). This suggests that the franchising business model may make it easier for female entrepreneurs to enter self-employment. However, there is some indication that female franchisors tend to rely upon personal sources of capital in starting their pilot operations possibly due to gender-based discrimination by financial institutions. In addition, there was some evidence that cultural conditioning (McKay, 2001) barriers exist, although they do not appear to be franchise sector specific as was found in overseas research (Dant et al., 1996). Although age effects were not fully explored in this research, age discrimination may explain the difficulty that independent female entrepreneurs found in raising finance (Barclays Bank 2001; Still 2003). Further research with a larger sample of female franchisors is needed in this area.

Importantly, a majority of female entrepreneurs reported that they chose to enter a specific industry prior to choosing a preferred business model, and that their decision was largely due to personal factors including their level of education, previous business experience, support from friends and family, and the possession of transferable managerial skills. This suggests that there is a possible link between human capital correlates and the sequencing of the self employment decision process (industry type vs. organizational form). However, more research is needed to assess the relationship between antecedent influences and the self-employment sequencing decision (Kolvereid 1996).

**Limitations and recommendations for future research**

Several limitations are inherent within the design of this study. First, only existing female entrepreneurs, rather than nascent entrepreneurs (Reynolds, 2000) were surveyed after they had chosen a preferred business model. Previous research shows that recency effects, inaccuracies or post-hoc rationalizations may impede the validity of research findings (Menzies et al., 2004; Rainbird, 1991). In addition, exchange theory suggests that prior business experience will influence an individual’s conceptualization of the advantages associated with a particular business model (Dant and Monroe, 1987). In particular, those respondents who have realized self-employment outcomes exceeding their original comparison levels are more likely to positively evaluate (and report) the advantages associated with their business model choice which may not accurately reflect their original motivations.

Second, as this study was conducted using a realist paradigm (Perry and Coote, 1994) and qualitative methodology, analytical, and not statistical generalisation may be claimed (Johnson, 1997). Future research should clarify and confirm the appropriateness of the proposed relationships espoused in this research through a large scale survey of female franchisors. The questionnaire should combine items derived from the interviews conducted in this study with previously tested items from earlier research on entrepreneurial motivations and small business start-up (for example, Birley, 1989; Birley and Westhead, 1994; Gatewood et al., 1995; Still and Walker, 2003; Walker and Brown, 2004). Third, this study did not investigate the factors influencing female participation as franchisees. While research suggests that single unit franchisees closely resemble employees rather than entrepreneurs (Bradach and Eccles,
other research suggests that franchisees are a valuable source of local market creativity and innovation within franchise networks, which are best described as ‘entrepreneurial partnerships’ (Kaufmann and Dant, 1998, p. 11). However, this may be a function of subsystem size and entry method (Grunhagen and Mittelstaedt, 2005). Future research should investigate the motivations of female entrepreneurs within the context of different entry methods and organizational structures (for example, Garg et al., 2005).

Conclusion

This research supports the view that female entrepreneurs do not represent a homogenous grouping as attested in previous research (Anna, Chandler, Jensen, and Mero 1999). Future public policy initiatives should recognize differences in individual socialization experiences, perceived competencies, career expectancies, and the perceived need for support between female entrepreneurs considering adopting different business models. In particular, most female franchisors were unaware of sources of government and private sources of assistance, which is in accord with previous findings in the small business literature (for example, Still and Timms 1997). Moreover, many businesses that make up the supporting infrastructure for women wishing to enter self-employment do not appear to be tailoring product and service offerings that support the building of sustainable relationships with female entrepreneurs. These changes are important in ensuring that women who have been deprived of resources (poor education and transferable skills) have access to information and support that aids in choosing a business model that has the best likelihood of long-term survivability and success.

However, one caveat to these recommendations may relate to our understanding of the nature of female entrepreneurship. While it may be appropriate within the franchising context to offer resources and support focusing upon informing existing and potential female franchisors of traditional managerial approaches used by franchisors to rapidly grow their business concepts through accommodating the competing demands of systemwide compliance and local market innovation (for example, Bradach 1995; Kaufmann and Dant 1998), this may be inconsistent with the female franchisor’s desire to create a feminine/personal organisation (Feyerherm and Vick, 2005) That is, female entrepreneurs appear to have a different outlook towards business growth than their male counterparts. Future research on gender-maturity and gender-balance (Bird and Brush (2002) within the franchising context may provide a more encompassing view of the nature of female entrepreneurship and business model choice.

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