Women In Franchising
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Abstract

Although considerable academic attention has been given to identifying the reasons why women enter self-employment, little is known about the motivations for female entrepreneurs to become franchisors. This represents an important gap in the literature. Recent research suggests that women become small business owners to rapidly grow business concepts and create wealth. On this basis, franchising should represent an appealing business expansion strategy as it minimises capital, labour and local market knowledge limitations on firm growth. However, Australian female participation rates in franchising remain low. 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. Case studies with six female franchisors revealed significant differences between the decision criteria used by 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 entrepreneurs, franchisor, entrepreneurship, small business

Introduction

Women owned businesses are becoming increasingly important to national employment and the Australian economy (Walker, 2004). Early research suggests that female entrepreneurs are typically risk averse individuals operating micro businesses within traditional retail and services sectors (Still and Timms, 1999). Social motives are deemed more important than desired financial outcomes (Brush and Hisrich, 1991) and the growth of female-owned enterprises is limited by external constraints such as difficulties in obtaining equity investment, appropriate training and ongoing managerial advice (Still and Guerin, 1991). More recent research suggests that women entrepreneurs are not a homogenous grouping with some entering small business to realise 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-International, 2001). 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; Oxenfeldt and Kelly, 1968-1969), it is curious that greater numbers of women franchisors are not evident within the Australian franchising sector.

However, the participation rates of women in franchising are lower than in independent small business operation (Frazer and Weaven, 2004) and the number of women franchisors in Australia are unknown. Furthermore, the academic literature examining the motivational incentives for women to become franchisors is limited (Dant, Brush, and Iniesta, 1996) and there has been an absence of research within the Australian context. 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).

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 research an exploratory approach was adopted so as to identify the motivational incentives influencing franchising choice and 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 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. Firstly, the entrepreneurship literature was examined in relation to the reasons why individuals start small businesses. Secondly, the small business literature was examined in relation to the motivations for women to create new ventures. Thirdly, economic efficiency rationales for entering franchising from the franchisors perspective are reviewed.

**Motivations for small business ownership.** Most research suggests that individuals are driven by personal and financial goals such as the need for control and achievement, operational independence, the minimisation of work and family conflict and wealth creation (Bird, 1989; Birley and Westhead, 1994; Burns, 1996; Hisrich, 1986; Kuratko, Hornsby, and Naffziger, 1997). Intrinsic rather than financial reasons are more important factors in an individual’s self-employment decision (Gray, 1993; Rosa et al., 1994). In addition, an individual’s perception of his or her current working situation may influence small business adoption. Difficulties 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). Also, unemployment may drive individuals to become self-employed. These ‘reluctant entrepreneurs’ (Stanworth and Stanworth, 1997, p. 58) are generally more 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 women have unique reasons for starting a business (Gatewood, Shaver, and Gartner, 1995).

**Motivations for women to enter small business.** While male business owners tend to be motivated to achieve efficiency, objectivity and transactions, women appear to place value on subjectivity and relationship building (Gilligan, 1982). Generally, women 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 (Buttner 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 (often termed the ‘glass ceiling’ effect) or not having access to appropriate mentors (Carter and Allen, 1997; Korn/Ferry-International, 2001). Apart from negative incentives, women may enter small business in order to gain independence and autonomy (Daily, Certo, and Dalton, 1999), 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, there is some evidence that economic motives such as wealth creation are driving desired social outcomes such as status building and power (Orhan and Scott, 2001). Recent studies suggest that individual
motivations are moderated by age, with younger women entering self employment in a range of industries so as to grow a business opportunity and leverage knowledge gained from previous experiences (Centre-for-Womens-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, Brush, and Iniesta, 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), labour (Norton, 1988) and managerial (Combs and Castrogiovanni, 1994) limitations on future growth, while maximising the joint utility of the principal and agent and ensuring ongoing operational efficiency (Bergen, Dutta, and Walker Jnr, 1992; Shane, 1996). However, research in the United States suggests that women franchisors are under-represented and 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, Brush, and Iniesta, 1996). 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, Brush, and Iniesta, 1996, p. 26). To this end this research will attempt to extend the current organisational choice literature by examining the research question:

What are the factors influencing a female’s decision to become a franchisor within Australia?

Research design

Given the paucity of prior research, an inductive 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). Common themes were identified between cases so as to enhance analytic generalisability (Johnson, 1997; Yin, 2003). A total of six cases were selected for analysis as research suggests that with ‘…fewer than four cases…’ it is difficult to generate theory…’ (Eisenhardt, 1989, p. 545). Sample selection was purposive and theory driven (Miles and Hubermann, 1994) and only Australian franchising systems were analysed 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 themes emerged (Glasser and Strauss, 1967).

Strategies employed to control for researcher bias were reflexivity (Johnson, 1997) and negative scenario sampling (Patton, 2002). The interviewer embarked upon of ‘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). In addition, 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 the participant’s initial motivations to enter self employment and in particular, franchising. Questions were deliberately broad in scope and focused upon fundamental aspects of organisational choice. Usual probing followed each question, particularly to get elaboration of the answer and to ascertain examples of the purported opinions and behaviour.
Findings

A total of six female franchisors were interviewed. The ages of the participants ranged from 37 to 53 years. Four franchisors had initiated the concept, while two respondents had assumed ownership of their systems following separation and divorce from their partners. Two respondents had tertiary qualifications with the remainder having secondary school education. Franchise systems were in operation between 4 and 10 years and had a range of 8 to 30 units in total. Most franchise systems encouraged male franchisee ownership which appears inconsistent with previous research in the small business literature (Still, 2003).

All respondents were ‘pulled’ into self-employment and operated businesses within traditional female image sectors (services and retail), which appears consistent with previous research (Dant, Brush, and Iniesta, 1996). Most respondents suggested that they favoured entering less mature industries so as to minimise potential difficulties arising from a lack of existing business networks and market information. Most identified service provision as a method of building a sustainable competitive advantage in the long term which appears consistent with previous research (for example, Cooper 1981). Alternative concepts within traditionally male dominated industries were discounted due to perceived difficulties in attracting external finance. In particular, more than half of the respondents suggested that financial intermediaries discriminated against women in declining to provide capital and managerial assistance during the start up and initial growth stages of their franchise network, lending some credibility to the liberal feminism hypothesis (Fischer, Reuber, and Dyke, 1993). Overall, franchising was perceived as a method of extending capital and labour constraints on growth, but not as a means of leveraging managerial competencies from franchisees. The above discussion gives rise to the following proposition.

P1a. There is a positive relationship between female participation as franchisors and participation within female image sectors.

P1b. There is a negative relationship between female participation as franchisors and industry maturity.

Generally, most respondents agreed that they entered franchising to satisfy personal needs and realise socially desirable outcomes. More than half of the respondents cited a desire for personal autonomy in the workplace and managing work and family conflict. However, two female franchisors with a history of salaried employment perceived workplace flexibility to be the most important motivation to enter franchising. These respondents emphasised that franchising offered an opportunity to leverage their existing managerial (and in particular administrative) skills in a more productive manner than would have been realisable through company ownership. They believed that greater operational efficiency would equate with the promise of greater personal time (and greater flexibility) which would result in the future minimisation of work and family conflict.

In comparison, previously self-employed females emphasised that franchising was originally perceived as an efficient method of replicating an ethical, reliable and community driven business concept. These respondents believed that building personal networks, providing employment (and promotion) opportunities for staff, and involving and supporting local community initiatives were core reasons for initially entering franchising. Thus, it is proposed that:
P2a. Female franchisors with salaried employment experience are motivated to enter franchising to realise personal social goals of independence and managing work and family conflict.

P2b. Female franchisors with a history of self-employment are motivated to enter franchising to realise social goals centred upon employment provision, ethical business practice and community involvement.

In keeping with these social ideals, a majority of respondents emphasised that they intended to keep their networks small to maintain control and ensure adherence to desired standards of quality and customer service. While franchising is viewed as a method of minimising adverse selection costs and unit level shirking (Shane, 1996), most female franchisor respondents believed that head office control was necessary to avoid the compromise of standards, compliance and operational efficiency. To this end, female franchisors emphasised that they spend more time selecting, recruiting and managing their franchisees (than their male-franchisor competitors), and were likely to use implicit and explicit contractual controls to remove franchisees that did not adhere to their business and community vision. In addition, respondents intended to concentrate upon building unit-level volume and profitability in franchisee units rather than building network size, which appears at odds with existing rationales for franchising choice (Dant, 1995). Therefore, based upon the above discussion it is proposed that:

P3. There is a positive relationship between female franchisors and the desire to maintain hands-on involvement with franchisee operations.

Conclusion

This exploratory research aimed to capture the salient motivations driving female entrepreneurs to become franchisors. Findings suggest that female franchisors appear to have been ‘pulled’ into self-employment, viewing franchising as a method of extending capital and labour resources, but not as a means of procuring managerial expertise. Cultural conditioning (McKay, 2001) barriers seem to exist, however they do not appear to be franchise sector specific as was found in overseas research (Dant, Brush, and Iniesta, 1996). Consistent with previous research the findings tentatively suggest that when assessing the franchising channel, female entrepreneurs apportion value to the future realisation of social rather than extrinsic goals. However, desired social outcomes appear to be moderated by the nature of the individual’s previous work experience. In addition, 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 and in particular service quality. This strategy appears (somewhat paradoxically) to limit unit-level operational flexibility which may be necessary to realise the franchisor’s business and community vision. In effect, female franchisors appear to encourage a relationship of constrained independence (Felstead, 1991) which may have a deleterious impact upon local market innovation and future brand value. Perhaps future public policy initiatives should focus upon informing existing and potential female franchisors of approaches currently used by franchisors to meet the competing demands of systemwide compliance and local market innovation (see Bradach 1995; Kaufmann and Dant 1998). Further research is needed with a larger sample of female franchisors to examine age effects (Still 2003) and clarify and confirm the appropriateness of identified propositions.
References


