

Grünhagen, Marko and Mittelstaedt, Robert A. (2005)

“Entrepreneurs or Investors: Do Multi-Unit Franchisees Have Different Philosophical Orientations?”

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Abstract

Although multi-unit ownership has become the dominant form of franchising in the U.S., the motivations for either franchisor or franchisee to participate in these agreements continue to be debated. This study looks at the issue from the perspective of the franchisee. It is argued that some multi-unit franchisees, especially those operating as area developers, are likely to enter the field viewing their franchise as an investment while others, especially those operating as sequential multi-unit operators, are likely to view their franchise as an opportunity to fulfill more personal, entrepreneurial ambitions. A study of multi-unit franchisees of both types found that both were equally investment oriented but that the sequential multi-unit operators were more likely to seek fulfillment of entrepreneurial goals. Implications for practitioners and for future research are discussed.