

# **Plural form and internationalization of the franchising networks: Is there any significant relationship?**

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## **Abstract**

Two important topics often explored in the franchising literature are network internationalization and plural form. Nevertheless, these two research streams have not converged so far. The purpose of this paper is therefore to explore if there is any significant link between the plural form and the internationalization of the franchising networks. And if the response is positive, “is the influence of the plural form on network internationalization positive or negative?”. The empirical study involving 493 French networks among which 28.2% are international networks highlights the existence of significant differences between international networks and purely domestic networks in terms of plural form. Indeed, the average plural form rate for networks having operations abroad is equal to 34.59% whereas this for domestic networks is equal to 43.28%. Moreover, the results of the logistic regression underline the significant and negative impact of the plural form on internationalization. Some elements of explanations of these surprising findings are presented.

## **Keywords**

Franchising, plural form, internationalization, France.

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## 1 Introduction

Two important topics often explored in the franchising literature are plural form and internationalization. On the one hand, conceptual papers (Bradach and Eccles 1989; Dant *et al.* 1992) and empirical papers (Lafontaine and Kaufmann 1994; Bradach 1997; Lafontaine and Shaw 1999; 2005; Dant and Kaufmann 2003) have contributed to the better understanding of the plural form, i.e. the coexistence of franchised units and company-owned units within a same network, and have often underlined its advantages in terms of costs, growth, quality, risk management (Ehrmann and Spranger 2004), and so on.

On the other hand, according to Elango (2007), the literature about international franchising can be classified into three main streams. The first stream (Welch 1989; Alon and McKee 1999; Hoffman and Preble 2001; Welsh *et al.* 2006) focuses on macro differences across countries to determine countries in which franchising is spreading and gaining acceptance as an organizational form. The second stream of literature (Fladmoe-Lindquist and Jacque 1995; Contractor and Kundu 1998a; 1998b; Burton *et al.* 2000; Erramilli *et al.* 2002) focuses on the choice of entry mode when seeking international markets. The third stream (Walker and Etzel 1973; Hackett 1976; Aydin and Kacker 1990; Huszagh *et al.* 1992; Kedia *et al.* 1994; 1995; Julian and Castrogiovanni 1995; Shane 1996) focuses on factors driving franchisors to international markets as well as factors distinguishing franchisors seeking to operate internationally from those who only focus on the domestic market.

Nevertheless, these two research subfields, i.e. plural form and franchising network internationalization, have not converged so far. The purpose of this paper is therefore to explore if there is any significant link between the plural form and the internationalization of the franchising networks. The literature review and the synergies provided by mixing franchising and company arrangement within a same network contribute to formulate the two following hypotheses: (H1) *There is a significant influence of plural form on network internationalization*, and (H2) *The influence of plural form on network internationalization is positive*.

These two hypotheses are tested using the French franchising industry as the context. France has been selected because of its paramount situation at the European level as far as the number of networks is concerned. In 2006, there were 1,037 networks with a total of 43,680 franchised stores generating about 45 billions euros in the French territory (French Federation of Franchising 2007). The sample includes 493 French networks among which 139 networks (28.2%) are international ones.

As far as the methodology is concerned, descriptive statistics -and specifically t-test and Levene statistics- first highlight the significant differences that exist between purely domestic networks and international ones as far as the plural form is concerned. Other differences are also studied in terms of network age, network size, financial conditions of the franchising contract, etc. Secondly, logistic regression models enable analyzing the influence of plural form on network internationalization.

The findings of the empirical study reveal that international networks significantly have a smaller plural form rate (34.59%) than purely domestic networks (43.28%). In other words, international networks have less company-owned units than purely domestic networks in their domestic market. Moreover, the logistic regression results indicate that there is a significant influence of the plural form rate on network internationalization. But, surprisingly, this influence is negative. Some elements of explanations are then discussed.

The paper is organized as follows. In the second section, the literature on plural form is reviewed. It enables to underline the advantages provided by the coexistence of franchised units and company-owned units within a same network. The research design is presented in the third section. The results of the t-tests, Levene statistics and logistic regression models are respectively displayed and discussed in the fourth and fifth sections.

## 2 Literature Review

As mentioned in the introduction, plural form refers to the simultaneous operations of franchised units and company-owned units within a same network in order to perform similar tasks (Bradach and Eccles 1989). This specific organization of the network has caught the attention of many researchers.

During a long time, several authors (Oxenfeldt and Kelly 1968-69; Caves and Murphy 1976; Norton 1988; Gallini and Lutz 1992; Scott 1995) asserted that plural form was a transitory phenomenon. They predicted that, in a long term perspective, either fully-franchising or fully-company ownership would prevail and dominate. Some researchers (Oxenfeldt and Kelly 1968-69; Caves and Murphy 1976; Norton 1988), using the ownership redirection concept, explained that when the network becomes mature, the franchisor is likely to favor the company ownership. Some others researchers (Gallini and Lutz 1992; Lafontaine 1993) claimed that, at the opposite, the network becomes more and more franchised over time. Nevertheless, in a recent paper, Lafontaine and Shaw (2005) showed that the plural form rate remains almost constant after eight years.

The theories used in the literature about plural form are mainly the signaling theory (Gallini and Lutz 1992), the resource based theory (Dant and Kaufmann 2003), the property rights and transaction cost theories (Windsperger 2004a; 2004b; Windsperger and Dant 2006), or the theory of incentives and the agency theory (Chaudey and Fadario 2004).

One of the most influent papers is perhaps this of Bradach (1997; 1998). This author focused on plural form through an in-depth exploratory study of five US fast food networks. He explained that the plural form within a franchising network is aimed at meeting the following managerial challenges: spatial expansion with the addition of new units, brand protection by maintaining the concept uniformity, local reaction to threats or opportunities, and service and/or product concept evolution with the need to adapt the concept to changes. This researcher described

several processes emerging in a plural form network and helping the franchisor to take on more easily the four challenges. They deal, for instance, with the additive process during the network development: the franchisor shows his/her know-how through the company-owned units, and thus attracts new franchisees, and also a franchisee can create his/her own units. A socialization process exists as well because the franchisor personnel can become a source of new franchisees. Moreover, there is a mutual learning process in a plural form network that facilitates the generation, test, selection and implementation of new ideas.

Following this pioneer research, several researchers have highlighted the advantages of the plural form. Ehrmann and Spranger (2004) classified these research papers according to the different motivations for the franchisor to apply plural form. They deal with cost aspects, growth aspects, quality aspects and risk aspects.

First, cost aspects are considered as a motivation for the franchisor to apply plural form. Using the agency theory, Ehrmann and Spranger (2004) explained that mixing franchised units and company-owned units enables the franchisor to reduce costly behavior uncertainty linked to information asymmetries. Franchisees and managers of company-owned units are characterized by different mentalities and motivations. As Brickley and Dark (1987) asserted, costs of monitoring, free-riding and of inefficient investments are reduced when the franchisor is able to choose the organizational form, either franchising or ownership, and this according to the location specificities. Moreover, plural form presents some advantages as far as information costs are concerned. Indeed, Minkler (1992) explained that franchisees are more motivated to collect, report and use local information than managers of company-owned units. According to this author, plural form enables to optimize the efforts to search and use local knowledge by locating franchised units where gathering the information is necessary, costly and important for the unit success. At the same time, it is important for the franchisor to open some company-owned units near the franchised ones in order to transfer the collected information and to benefit from it.

Second, growth aspects are considered as a motivation for the franchisor to use plural form. Rapid growth is an important factor for the network success. Indeed, franchisors have to build a widely visible and valuable brand name in a relatively short time period by opening as many units as possible in various locations (Ehrmann and Spranger 2004). The network growth is often slowed down because of financial and human capital resource shortages. Choosing the plural form organization contributes to overcome these resource constraints and also to increase strategic flexibility (Cliquet 2000). Indeed, the franchisor can expand rapidly his/her network thanks to the financial (Caves and Murphy 1976; Mathewson and Winter 1985) and managerial (Thompson 1994) contributions of the franchisees. Moreover, the franchisor can open company-owned units at highly exposed locations that could not be chosen by franchisees because of too high investments. Additionally, the franchisor can maintain a strategic flexibility by keeping the operations of some company-owned units that enables him/her to run part of the business by him/herself (Oxenfeldt and Kelly 1968-69; Caves and Murphy 1976; Norton 1988).

Third, quality aspects are considered as a motivation for the franchisor to apply plural form for several reasons. Firstly, plural form enables to overcome unfavorable information asymmetries by signaling internal franchisor information to the franchisee (Gallini and Lutz 1992). Indeed, when using the plural form, there is a showcase effect. It is therefore easier for the franchisor to attract new franchisees when he/she shows personal, financial and professional investment capacity in his/her own network (Cliquet 2000). Then, plural form enables to align and harmonize the interests of the franchisor and the franchisees. According to Lewin-Solomons (1999), the more the franchisor is engaged in company operations, the more he/she aligns interests of the network management with those of the franchisees. Moreover, plural form enables to favor innovation and speed up internal changes (Bradach 1997; 1998; Lewin-Solomons 1999; Cliquet and Nguyen 2004). The coexistence of franchised units and company-owned units within a same network stimulates both exploration and exploitation, and enables to improve the network innovational performance. Franchisees are more oriented towards exploration because of their entrepreneurial skills and their knowledge about the local market while managers of company-owned units mainly focus on the system exploitation. Sorensen and Sørensen (2001) highlighted the existence of an organizational learning process within the plural form network. Finally, plural form enables to create a more competitive inter-network climate with a possible benchmark between the franchised units and the company-owned ones (Bradach 1997). Company-owned units can serve as data source and partner to benchmark the performance of the franchisees. This benchmark process can be considered not only in terms of financial performance but also in terms of unit cleanliness, customer friendliness, employee turnover, etc. Plural form can lead to network excellence thanks to this beneficial inter-network competition.

Fourth, risk aspects are considered as a motivation for the franchisor to choose plural form. Plural form can help the franchisor to exercise a network-wide risk management system. Indeed, according to Martin (1988) and Chaudhuri *et al.* (2001), every location bears specific risks concerning its expected profitability profile, and this according to the location characteristics. As a consequence, plural form enables the franchisor to optimize the notion of risk by operating directly the units for which the level of risk is acceptable, and franchising the other ones that remain interesting in a portfolio and brand image perspective.

This literature review about the plural form highlights the advantages of this organizational form in the franchisor domestic market. Indeed, plural form networks, benefiting from various synergies between franchised units and company-owned units, are stronger than purely/predominantly franchised or company-owned networks. Yet, franchisors that have a strong position in their domestic market have generally more chances to continue their expansion in foreign markets. Furthermore, by having both kinds of units in the domestic market, franchised ones and company-owned ones, franchisors are better prepared to go abroad. Indeed, they have more options in terms of entry modes than the other forms of networks. They are able to enter into a new market either through franchising or through ownership, according to the country, because they already use both in their domestic market. As a consequence, plural form would be likely

to favor the network internationalization. The following hypotheses can be therefore formulated:

*H1: There is a significant influence of plural form on network internationalization.*

*H2: The influence of plural form on network internationalization is positive.*

### **3 Research design**

#### **3.1 Sample**

The empirical study deals with the French franchising industry. France has been selected because of its paramount situation at the European level as far as the number of networks is concerned. In 2006, there were 1,037 networks with a total of 43,680 franchised stores generating about 45 billions euros in the French territory (French Federation of Franchising 2007).

The data source is the franchising directory entitled “*2006 Toute la Franchise, les Textes, les Chiffres, les Réseaux*” edited by the French Federation of Franchising. This directory identifies 563 leading franchising networks with operations in France in 2005. This source has been used, in the past, in several research on franchising (for example: Cliquet and Pénard 2002; Pénard *et al.* 2003; Perrigot 2006; Dant *et al.* forthcoming) and is supposed to be reliable.

Regarding the sample of networks, 64 networks of foreign origin are excluded from the analyses due to a lack of data about their activities in their domestic market. Furthermore, six French networks are not taken into consideration in the analyses because they don not have any units in the French territory. They deal with future franchisors that are listed in the directory in an advertising perspective. The final sample therefore includes 493 networks.

#### **3.2 Methods**

In a first step, descriptive statistics, and specifically t-test and Levene statistics, are used to highlight the significant differences that exist between purely domestic networks and international ones. The focus is mostly made on the plural form rate even if other differences concerning variables such as network age, network size, financial conditions of the franchising contract, etc. are observed as well.

In a second step, logistic regression models are run to analyze the factors for network internationalization. Here as well, the focus is mainly made on the influence of the plural form rate on network internationalization. In brief, the logistic regression estimates the effect of explanatory variables that best predict the value of a dichotomous dependent variable, here the internationalization. The

estimates are interpreted as representing the differential odds of a network with international operations.

### 3.3 Variables

The dependent variable in the logistic regression models is internationalization (INT). INT is a categorical variable coded 1 if the network is international and 0 if the network is purely domestic. In the sample, a total of 139 networks (28.2%) are international networks, the 354 other networks (71.8%) are purely domestic ones.

The plural form rate (PFR) is the independent variable of the logistic regression that enables to test the research hypotheses. The plural form rate corresponds to the percentage of company-owned units within the network. Small values for the variable PFR indicate that the network is mostly franchised whereas high values indicate that it is mostly company-owned. The average plural form rate is equal to 40.83% with a standard deviation of 35.00 in the network sample. Table 1 presents the distribution of the networks according to their plural form rate when coding it as a categorical variable like 0-10%, 10-20%, etc. A bit less than one third of the franchisors have less than ten per cent of company-owned units.

**Table 1.** Distribution of the networks according to their plural form rate

<b>PFR between</b>	<b>Number of networks</b>	<b>Frequency</b>
<b>0 and 10</b>	144	29.2%
<b>10 and 20</b>	49	9.9%
<b>20 and 30</b>	41	8.3%
<b>30 and 40</b>	33	6.7%
<b>40 and 50</b>	46	9.3%
<b>50 and 60</b>	18	3.7%
<b>60 and 70</b>	38	7.7%
<b>70 and 80</b>	32	6.5%
<b>80 and 90</b>	31	6.3%
<b>90 and 100</b>	61	12.4%
<b>Total</b>	493	100%

Based on past research findings, several control variables are incorporated in the model. First, the network age in years (AGE) and the total network size in the domestic market, i.e. in France, (SIZ) are used as control variables in the model. Indeed, larger and older networks are supposed to be more likely to operate in international markets. Several researchers (Walker and Etzel 1973; Hackett 1976; Eroglu 1992; Huszagh *et al.* 1992; Julian and Castrogiovanni 1995; Shane 1996) underlined the positive effect of network size and age on internationalization due

to better skills in site selection, store layout, procurement and operational policies, increasing brand name recognition, and a lower perceived risk.

Secondly, the franchising fee in thousand euros (FEE) and the royalties in percentage of the total sales (ROY) are incorporated in the model as control variables. Recently, Elango (2007) tested the hypotheses of non significant differences between international and purely domestic networks in terms of franchising fee and royalties. Nevertheless, only this concerning the franchising fee was supported by the empirical study. Third, the contract duration in years (DUR) is added as well as a control variable because it refers to a certain stability of the franchisor/franchisee relationship and a certain stability of the network, and also an orientation towards the future. Fourth, industry-sector effects are controlled using categorical variables representing the industry type of the network. Indeed, different industries offer varying potential for international operations (Julian and Castrogiovanni 1995).

Descriptive statistics of the variables described above, along with correlation values, are presented in Table 2. The correlation values of the independent variables indicate that the likelihood of multicollinearity invalidating the research findings is minimal. Table 3 depicts the distribution of the networks according to their industry type.

**Table 2.** Descriptive statistics

	<b>N</b>	<b>Min</b>	<b>Max</b>	<b>Mean</b>	<b>Standard deviation</b>	<b>PFR</b>	<b>AGE</b>	<b>SIZE</b>	<b>FEE</b>	<b>ROY</b>	<b>DUR</b>
<b>PFR</b>	493	0	100	40.83	35.003	1					
<b>AGE</b>	489	0	100	12.75	12.072	- 0.053	1				
<b>SIZE</b>	493	1	3861	80.56	214.004	- 0.023	0.163**	1			
<b>FEE</b>	412	1	120	19.76	13.991	0.074	- 0.075	- 0.058	1		
<b>ROY</b>	303	0	38	4.38	4.250	0.203**	- 0.122*	- 0.022	- 0.011	1	
<b>DUR</b>	465	1	99	5.98	4.734	0.096*	- 0.043	- 0.002	0.095	0.024	1

\*: Significant at the 0.05 level.

\*\*: Significant at the 0.01 level.

**Table 3.** Distribution of the networks according to their industry type

		<b>Number of networks</b>	<b>Frequency</b>
<b>FOO</b>	<b>Food businesses</b>	57	11.6
<b>PER</b>	<b>Person equipment</b>	96	19.5
<b>HOM</b>	<b>Home equipment</b>	36	7.3
<b>OTH</b>	<b>Other retail businesses</b>	61	12.4
<b>H&amp;R</b>	<b>Hotels and restaurants</b>	52	10.5
<b>CAR</b>	<b>Car services</b>	28	5.7
<b>SEP</b>	<b>Services for persons</b>	149	30.2
<b>SEC</b>	<b>Services for companies</b>	8	1.6
<b>HOU</b>	<b>House building</b>	6	1.2
	<b>Total</b>	493	100.0

## 4 Results

### 4.1 Results of the t-tests and the Levene statistics

The results of the t-tests and the Levene statistics are reported in Table 4. International networks and purely domestic ones present significant differences as far as the plural form rate is concerned. More specifically, international networks significantly have a smaller plural form rate (34.59%) than purely domestic networks (43.28%). In other words, international networks have less company-owned units than purely domestic networks in their domestic market.

Other significant differences are found in terms of network age and network size. International networks are older (18.44 years vs. 10.51 years) and larger (156.94 vs. 50.56 units) than purely domestic networks. Nevertheless, there is not any significant difference between international and purely domestic networks as far as franchising fee, royalties and contract duration are concerned.

**Table 4.** Results of the t-test and the Levene statistics

Variables		Purely domestic networks	International networks	F; sig	t; sig	Significance of the difference
		INT = 0	INT = 1			
<b>PFR</b>	Mean	43.275	34.587	6.291; 0.012	2.608; 0.010	YES
	St.dev.	35.776	32.243			
	N	354	139			
<b>AGE</b>	Mean	10.51	18.44	20.273; 0.000	-5.722; 0.000	YES
	St.dev.	9.826	15.067			
	N	351	138			
<b>SIZ</b>	Mean	50.56	156.94	25.331; 0.000	-3.511; 0.001	YES
	St.dev.	112.705	350.147			
	N	354	139			
<b>FEE</b>	Mean	19.88	19.44	0.537 ; 0.464	0.280 ; 0.779	NO
	St.dev.	14.511	12.568			
	N	299	113			
<b>ROY</b>	Mean	4.46	4.16	0.661 ; 0.417	0.527 ; 0.599	NO
	St.dev.	4.360	3.920			
	N	227	76			
<b>DUR</b>	Mean	6.01	5.90	0.125 ; 0.724	0.217 ; 0.828	NO
	St.dev.	5.452	2.004			
	N	333	132			

## 4.2 Results of the logistic regressions

Logistic regression results are shown in Table 5. Model 1 includes only the control variables whereas Model 2 allows testing the hypotheses about the significant and positive influence of plural form on internationalization. The pseudo  $R^2$  of Model 2 whose value is equal to 34.9% is satisfactory. Moreover, 80.6% of the networks are considered well classified with this model. The variable PFR has a significant impact on internationalization at the 0.01 level. H1 then receives statistical support. But this impact is negative. Indeed, the plural form rate is inversely related to the decision to internationalize the network. H2 is therefore contradicted.

As far as the control variables are concerned, the variables AGE and SIZ have a significant and positive impact on internationalization at the 0.01 level. Older and larger networks are more likely to be international than new and small networks. Nevertheless, FEE, ROY and DUR do not have any significant impact on internationalization, such as the industry type.

**Table 5.** Results of the logistic regressions

	<b>Model 1</b>	<b>Model 2</b>
<b>PFR</b>		- 0.014***
<b>AGE</b>	0.064***	0.063***
<b>SIZ</b>	0.008***	0.008***
<b>FEE</b>	0.008	0.013
<b>ROY</b>	- 0.005	0.007
<b>DUR</b>	0.000	0.008
<b>FOO</b>	- 0.751	- 0.585
<b>PER</b>	- 0.370	0.142
<b>HOM</b>	- 1.841	- 1.787
<b>OTH</b>	- 0.614	- 0.520
<b>H&amp;R</b>	- 1.290	- 1.043
<b>CAR</b>	- 0.697	- 0.693
<b>SEP</b>	- 0.790	- 0.714
<b>SEC</b>	- 20.516	- 20.513
<b>HOU</b>		
<b>Constant</b>	- 1.856*	- 1.734
<b>Pseudo R<sup>2</sup></b>	0.324	0.349
<b>Correctly classified</b>	80.6%	80.6%
<b>Chi-Square</b>	67.664***	73.637***
<b>Sample</b>	273	273

\*: Significant at the 0.10 level.

\*\*: Significant at the 0.05 level.

\*\*\*: Significant at the 0.01 level.

## 5 Conclusion

### 5.1 Discussion of the findings

The empirical study involving 493 French networks among which 28.2% are international networks highlights the existence of significant differences between international networks and purely domestic networks in terms of plural form. Indeed, the average plural form rate for networks having operations abroad is equal to 34.59% whereas this for domestic networks is equal to 43.28%. Moreover, the results of the logistic regression underline the significant and negative impact of the plural form on internationalization. *H1 (There is a significant influence of plural form on network internationalization)* is therefore supported whereas *H2 (The influence of plural form on network internationalization is positive)* is contradicted.

These findings can seem surprising because the previous literature on plural form has highlighted the synergies (Bradach 1997; 1998; Ehrmann and Spranger 2004) provided by mixing franchising and company ownership within a same network. One could have thought that these synergies could have lead to greater probabilities to internationalize the network. On the one hand, one could have thought that a strong position in the domestic market, through many company-owned units, would have favored the network internationalization because of knowledge acquisition, etc. On the other hand, one could have thought that plural form would have facilitated the choice of entry modes to enter foreign markets. At the opposite, the empirical study underlines that the more the network has company-owned units, the less it is international. Some elements of explanations can consist in the following ones.

First, if the franchisor is oriented towards company ownership in his/her domestic market, his/her main focus will deal with the network development and control in this domestic market. Indeed, even in the domestic market, company-ownership is more time and effort-consuming than franchising for the franchisor because he/she has to consider the global level of the network -as a franchisor oriented towards franchising would do it-, but additionally to this, he/she has to deal with each unit of the network. As a consequence, the efforts concerning the management and monitoring of the company-owned units within the domestic market can slow down the internationalization process.

Secondly, if the franchisor is oriented towards company ownership in his/her domestic market, the financial and human resources will be mainly allocated to this domestic network. The resources allocated to the opening of new company-owned units, to the wages of the unit managers, etc. can reduce the possibility to invest in terms of money and people for exploring foreign market opportunities and entering into them.

Third, franchising and internationalization are both associated with the notion of risk. On the one hand, signing a franchising contract implies some risks for the franchisor because he/she provides his/her brand name, know-how, etc. to agents that can free-ride (Kidwell *et al.* 2007), for instance not respecting the quality standards and commercial procedures. On the other hand, going abroad implies also some risks for the franchisor. Indeed, he/she can not export the initial concept without any changes. He/she has to adapt it to the local conditions, to the customer attempts, to the legal framework, etc. Franchisors that mainly use company ownership are then less risk-taking oriented than those who prefer franchising. Consequently, they are less likely to internationalize their network.

As a conclusion, it seems that there is a substitution effect. In other words, if the franchisor invests in the network through the ownership of units, he/she will not explore the opportunities offered by foreign markets. This substitution effect deals with financial resources, human resources, and efforts in terms of stimulation, control, etc. Furthermore, the risk-taking orientation can contribute to explain the simultaneous preference for franchising and internationalization.

## 5.2 Managerial implications and research contributions

As far as the managerial implications are concerned, this paper underlines the fact that when the franchisor is focused on company ownership in his/her domestic market, he/she is less likely to internationalize his/her network. Yet, this strong position in the domestic market through the company-owned units that provide information and knowledge about the local environment, that enable to test the innovations and train the new franchisees, etc. could favor the internationalization process. Indeed, the franchisor could use this experience acquired through company ownership to go abroad, either directly for instance asking some managers of company-owned units that already know the network principles to manage units in the new countries, or through franchising using this strong position in the domestic market to attract and recruit new foreign franchisees. This strong position in the domestic market could serve as a signal to build a brand image in foreign markets. A substitution effect has been previously mentioned. Nevertheless, the franchisors would not have to consider company ownership and internationalization as two opposite strategic directions. There is a learning effect: the knowledge directly acquired in the domestic market through the managers of the company-owned units can serve to expand the network abroad.

This paper contributes to enlarge the literature on plural form. Contrary to many papers that have underlined the advantages of the plural form, this paper highlights a kind of limitation of the plural form in the sense that more the network is plural and less it is internationalized. The findings of the present research are consistent with some figures provided by Dant *et al.* (forthcoming) in a recent paper about a cross-cultural comparison of the plural forms in franchise networks. They noticed that the plural form rate of international networks was lower than this of purely domestic networks. More specifically, working on 1,318

networks from the USA, France and Brazil, these authors found that the average plural form rate was equal to 31.24% for the purely domestic networks and to 20.03% for the international networks. The same tendency was also found in these three countries taken separately. More research are needed to explore this surprising relationship.

### **5.3 Research limits and perspectives**

The present research has, of course, some limitations. First, the empirical study is limited to one country: France. Even if franchising is particularly well developed in this European country, it would be relevant to explore the same research question, i.e. exploring the existence of a significant and negative link between the plural form rate and the network internationalization, in another context: probably the United States. These are two big markets as far as franchising is concerned and many US networks are international ones. It would be interesting to see if the impact of plural form on internationalization remains significant and negative in the US context and compare the results from this multi-country analysis. Second, the empirical study relies on cross-sectional data. A longitudinal approach over several years would be relevant in order to consider the process of international franchising even if it is considered that the plural form rate remains mostly constant after eight years (Lafontaine and Shaw 2005). Third, another limit deals with the fact that it has been considered that this is plural form that influences internationalization and not internationalization that influences plural form. Indeed, it is thought that the organizational form of the network in the domestic market is a strategic choice prior to this of internationalization. Future investigations could explore the two directions of the relationship. Fourth, another track for future research deals with the notion of risk. Indeed, it can be considered that franchising and internationalization are risk-taking oriented. It would be relevant to go further in this direction, for instance interviewing franchisors and trying to draw their profile as far as risk-taking orientation, entrepreneurship, etc. are concerned. Then, it would be interesting to look at their profile and their internationalization process in terms of presence in foreign market or not, of country choice (level of risks in terms of economy, politics, etc.), of entry modes, etc.

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