

The Impact of Control Mechanisms on Franchisee and Employee-Manager Satisfaction:

Does One Type of Control Fit All?

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Abstract

Satisfaction of franchisees and employee-managers largely affects the overall performance of a franchise system. How does the franchisor's choice of control mechanisms affect satisfaction of these types of actors in plural form-franchise systems? We argue that different types of actors in the same franchise arrangement need to be treated in different ways. Franchisees who act as entrepreneurs and hired outlet managers who are salaried employees differ in terms of need for achievement, preference for innovation and learning and propensity to take risks. Therefore, the franchisor's choice of control mechanisms for monitoring those actors' efforts within a single franchise system should result in different satisfaction levels (and therefore differential effects on performance). Drawing on data from the largest German franchise system, we show that the effectiveness of different control mechanisms depends on the type and experience of an actor. Behavior control leads to higher satisfaction among inexperienced employee-managers, while social control enhances the satisfaction of experienced employee-managers. In contrast, our results show that outcome control leads to higher satisfaction of more experienced franchisees. In addition, our results illustrate that we do not know yet how to effectively monitor inexperienced franchisees.

Keywords: franchising, plural form, control mechanisms, satisfaction

JEL: C21, M10, M13, M31

Introduction

Franchising has become one of the most influential forms of retailing during the last decades (Cappelli and Hamori 2008; Dant 2008; Elango and Fried 1997). In a franchise system, an entrepreneur, i.e., the franchisor confers the right to offer goods and services under his brand name to another firm, the franchisee. The latter aims at benefitting from the franchisor's system-specific know-how and provides financial, managerial and informational resources to him (Combs, Michaels and Castrogiovanni 2004; Dant and Kaufmann 2003; Garg, Rasheed and Priem 2005; Hing 1995; Michael and Combs 2008; Rubin 1978; Windsperger 2004). Prior studies show that most franchise systems are characterized by the coexistence of varying fractions of franchised and company-owned units under the same brand name. Customers can hardly distinguish whether they buy their goods in a franchised or in a company-owned outlet (Bürkle and Posselt 2008; Ehrmann and Spranger 2004; Lafontaine and Slade 2001). The literature provides various reasons for the existence of these "plural form"-franchise systems (Bradach 1997; Scott 1995; Shane 1998; Sorenson and Sørensen 2001) for franchisors, such as reaping synergistic effects of dual distribution, finding new ways to reduce costs, enhancing franchisor's credibility with the franchisees, discovering new ideas for business and testing them before release, detecting growth opportunities, and optimizing risk allocation (e.g., Bürkle and Posselt 2008; Dant and Kaufmann 2003; Ehrmann and Spranger 2004; Elango and Fried 1997; Lafontaine and Kaufmann 1994).

Dant (2008) identifies a number of blind spots in the field of franchising and formulates an agenda for future research. He states that there are only few studies from the franchisees' perspective as compared to the amount of research from the franchisors' viewpoint. Moreover, single-country studies primarily originating from the US-American context and frequently drawing on data from the fast-food industry dominate the field. Referring to the plural form, we add to Dant's critique the observation that franchisees' and employee-managers' needs

and positions are seldom juxtaposed.¹ This gap is puzzling with regard to the prevalence and popularity of the plural form in franchising practice (Bradach 1997; Bürkle and Posselt 2008). In this context, studies from the franchisees' perspective focus on franchisee satisfaction (e.g., Gassenheimer, Baucus and Baucus 1996; Gauzente 2003; Hing 1995; Morrison 1996, 1997; Wadsworth, Tuunanen and Haines 2004), since it largely affects overall franchise system performance, the arrangement's future attractiveness and its maintenance in the long run (Dermer 1974; Morrison 1996). As Elango and Fried (1997, 75) put it, "The franchisor is urged to maximize franchisee satisfaction. By satisfying the franchisee, the franchisor provides an incentive for the franchisee to meet the franchisor's goals".

However, franchisees will be only one part of a franchise system, if the latter is characterized as a plural form that simultaneously contains both franchised and company-owned units. In that case, both franchisee and employee-manager satisfaction determine overall system performance and continuity and hence both need to be taken into account. From an agency perspective (e.g., Eisenhardt 1989; Hendry 2002), ownership and goal achievement are split among three types of actors: the franchisor, the franchisees and the company-owned units. "The franchisor-franchisee relationship is a classic case of an agency relationship, as is the relationship between a chain's headquarters manager and a hired outlet supervisor" (Garg, Rasheed and Priem 2005, 188). Therefore, we need to explain both franchisee and employee-manager satisfaction with reference to goal and incentive alignment with franchisors. Due to their different positions within the franchise system, i.e., franchisees are independent entrepreneurs and hired outlet managers are salaried employees (Yin and Zajac 2004), the impact of the determinants of franchisee and employee-manager satisfaction may differ and lead to different satisfaction levels. Factors that promote franchisee

¹ Exceptions are, e.g., the studies by Garg, Rasheed and Priem (2005), Yin and Zajac (2004) and Yoo and Sibley (2002). Like the majority of studies on franchising, they adopt the franchisor's but leave out the franchisees' and/or employee-managers' perspectives.

satisfaction do not necessarily cause satisfaction among employee-managers, since their perceptions and value assessments of the same factors, especially the franchisor's choice of mechanisms for monitoring the franchisees' and the employee-managers' efforts and behaviors may differ. As an executive in Bradach's (1997) seminal study on the plural form points out, "The worst thing you can do is treat a franchisee like an employee" (Bradach 1997, 300). Hence, in this paper we ask: *How does the franchisor's choice of different control mechanisms affect franchisees' and employee-managers' satisfaction levels in a plural form-franchise system?*

Throughout this study, we aim to contribute to the franchising literature in several ways: First, we add to the contemporary state of knowledge about franchising. More specifically, we adopt and juxtapose both the franchisees' and the employee-managers' perspectives in the same plural form-franchise system. In doing so, we take Dant's (2008, 93) claim to deepen our understanding of the franchisee's side into account and additionally consider the employee-managers' viewpoint. Second, we enhance the current knowledge about the plural form, i.e., the simultaneous use of franchised and company-owned outlets in a franchise system, especially about the franchisor's combination of various control mechanisms in that arrangement. More precisely, whereas prior literature mainly concentrates on issues pertaining to governance choice, i.e., the optimal proportion of franchised (vertically separated) and company-owned (vertically integrated) entities in a plural form-franchise system (e.g., Brickley and Dark 1987; Bürkle and Posselt 2008; Lafontaine and Kaufmann 1994; Lafontaine and Slade 2001), the purpose of this study is to explain the choice of control mechanisms for governing existing amounts of franchised and company-owned outlets in a single franchise arrangement in a retail setting. Third, based on agency theory, we identify and explain some factors that influence the franchisees' and the employee-managers' satisfaction levels and test our conceptual framework with a unique dataset from the tourism industry, namely with unit-level data from the largest German franchise system. Put

differently, we examine the satisfaction levels of both franchisees and employee-managers in German travel agencies that all operate under the same brand name. In doing so, we follow Dant's (2008, 91 f.) claims to look beyond the US-American context and the fast-food industry for theory development and data.

The remainder of this article is organized as follows: We begin with a systematization of the satisfaction concept, especially with regard to franchisees and employee-managers. Then, we present our theoretical framework and hypotheses, before we describe our dataset, variables and methods for theory-testing. Finally, we discuss our findings and outline implications and suggestions for further research on plural form-franchise systems.

Conceptual Framework and Hypotheses

Franchisee and Employee-Manager Satisfaction

Satisfaction is a concept that is intensely discussed across disciplines, e.g., in the marketing (e.g., Geyskens, Steenkamp, and Kumar 1999), strategic management (e.g., Zhou, Li, Zhou and Su 2008) or HR management (e.g., Lee, Gerhart, Weller and Trevor 2008) literatures. It relies on individual perceptions of factors that characterize an organization and directly concern its members. Gauzente (2003) provides an overview on franchisee satisfaction in prior studies and shows that it has mainly been examined from three perspectives: First, it is treated as a kind of personal post-purchase assessment, i.e., the franchisee is considered as a buyer of a specific product, namely the right to produce and sell products and services under a particular brand name. Second, it is viewed as an outcome of a distribution network whose success and maintenance depends on the franchisee's willingness to collaborate. Third, it is seen as the result of an individual's satisfaction with his job. Franchisees' and employee-managers' satisfaction levels strongly affect their morale and decision to either participate in collective activities or leave the system (Frazer and Winzar 2005; Morrison 1997; Schul, Little and Pride 1985). In prior studies (e.g., Hing 1995, 1996,

1999; Wadsworth, Tuunanen and Haines 2004) franchisee satisfaction is measured with many different scales (Gauzente 2003). Another approach is chosen by Grünhagen and Dorsch (2003) who do not focus on satisfaction but franchisees' perceptions of the overall value of their franchisor in terms of the benefits that result from the difference between an actor's status as a franchisee and the total cost of obtaining that status.

In awareness of the popularity of the plural form, it is amazing that franchisee satisfaction has not been studied in conjunction with employee-manager satisfaction yet, although both types of actors contribute to the success and maintenance of a plural form-franchise arrangement. From an agency perspective, goal and incentive alignment between the franchisor as the principal and his agents, i.e., the franchisees and the employee-managers, is essential for obtaining optimal performance. Thus, their satisfaction is important for overall system performance (Scott 1995; Shane 1998).² Yet, franchisees and employee-managers are different types of agents, e.g., in terms of risk tolerance, dependence on the franchisor, and the franchisor's opportunities to gain information to verify agent behavior and skills (Eisenhardt 1989). Factors that generally affect satisfaction might create different levels of satisfaction depending on whether an agent is a franchisee or an employee-manager in a franchise system. Therefore, in the following sections, we describe factors that may lead to different satisfaction levels among franchisees and employee-managers.

² The unit of analysis in agency theory research is actually the contract that governs the relationship between a principal and his agents. Hence, most studies drawing on agency theory investigate formal and explicit contracts. It is clear that any mutual agreement between two parties can be viewed as a contract and that outcomes of contractual relationships do not have to be formal (e.g., monetary rewards or sanctions). From that follows that agency theory is also applicable to social assessments of (informal) contracts, such as satisfaction of franchisees or employee-managers. In the franchising context, satisfaction of franchisees and employee-managers is essential for explaining the principal's choice of control mechanisms that govern the franchisor-franchisee and the employer-employee relationships. Analyzing satisfaction is important as it is an indicator of how efficiently control mechanisms for principal-agent relationships in a single plural form-franchise system are implemented and executed. It is an indicator for how efficiently the costs of information and risk-bearing in both types of principal-agent-relationships in that system are organized (Bergen, Dutta and Walker 1992; Eisenhardt 1989; Lafontaine and Slade 2001).

Control Mechanisms in Plural Form-Franchise Systems

Control mechanisms are instruments that are used to monitor the activities and behaviors of the members of an organization (Koza and Dant 2007). The literature on control of relationships in and between organizations generally differentiates between outcome, behavior and social control mechanisms (e.g., Dekker 2004; Eisenhardt 1985; Ouchi 1979). Plural form-franchise systems that are characterized by the parallel existence of company-owned and franchised units require a mixture of these control types (Bradach 1997). A combination of control mechanisms is also typical for the retail setting (Lusch and Jaworski 1991). From an agency perspective, the franchisor's monitoring efforts aim at preventing franchisees and employee-managers from behaving opportunistically. The franchisor seeks to induce them to comply with the clauses and criteria included in their franchise or employment contracts, respectively (Garg, Rasheed and Priem 2005; Pizanti and Lerner 2003; Rubin 1978).

Outcome control mechanisms specify results that are to be achieved by the franchise system and its units. Incentives and rewards depend on task performance and goal achievement (Dekker 2004). Outcome control mechanisms do not specify how a particular task may be fulfilled but what performance objectives need to be realized (Eisenhardt 1985; Koza and Dant 2007; Lusch and Jaworski 1991). Empirical evidence illustrates that employee-managers tend to be more risk-averse individuals than franchisees who act as entrepreneurs (Stewart, Watson, Carland and Carland 1998). Therefore, they may be less willing to accept the exploratory search that is needed to find out how to achieve pre-specified performance outcomes without or with only a few explicit behavioral guidelines. They instead prefer incentives that help them maintain established standards (Sorenson and Sørensen 2001).

H1a: The higher the extent of perceived outcome control, the higher is franchisee satisfaction.

H1b: The higher the extent of perceived outcome control, the lower is employee-manager satisfaction.

Behavior control mechanisms, e.g., standard operating procedures, rules and regulations, stipulate in what particular manner members of the franchise system need to fulfill their tasks. They are used in order to monitor whether actual behaviors correspond to pre-specified behaviors (Dekker 2004). Franchisors tend to use more behavior than outcome control mechanisms to monitor employee-managers' efforts. Thereby, they emphasize the maintenance of established practices and routines. Employee-managers get incentives to comply with the headquarters' pre-specified behaviors. Behavior control mechanisms prevent them from pursuing exploratory learning in terms of challenging existing routines and developing new practices (Sorenson and Sørensen 2001). Thus, more entrepreneurially thinking individuals who prefer acting more autonomously may tend to feel restricted. Franchisees that are running a unit within a franchise arrangement on their own are likely to have a higher propensity to take risks than employee-managers (Stewart, Watson, Carland and Carland 1998). As compared to the more risk-averse employee-managers who do not have to make incisive investment decisions, they like acting autonomously as independent entrepreneurs in their local markets and prefer a control type that does not constrain their behavior. A strong emphasis of behavior control may hence decrease their satisfaction.

H2a: The higher the extent of perceived behavior control, the lower is franchisee satisfaction.

H2b: The higher the extent of perceived behavior control, the higher is employee-manager satisfaction.

Social control mechanisms help establish trust among actors across organizational boundaries, provide opportunities for self-monitoring and enhance the actors' willingness to cooperate and interact (Dekker 2004; Koza and Dant 2007). Although in retail settings outcome control usually takes center stage, social control mechanisms are useful in molding the franchisees' and employee-managers' psychological and behavioral responses (Lusch and Jaworski 1991). They contribute to the formation of norms of reciprocity, legitimate authority as well as common values and beliefs. They create agreement among the members of a

franchise system on what is considered as proper behavior, on what franchisees and employee-managers are expected to do, and on the kind of assistance that they can expect from the franchisor's side (Ouchi 1979). Since franchisees act as independent entrepreneurs, their duties are specified in legal contracts and they are able and willing to monitor themselves. Hence, they do not need any further instruments for participation in their franchisor's decisions. As a consequence, the use of social control will not augment their satisfaction. On the contrary, social control mechanisms bear the potential for employee-managers to enhance their satisfaction, because they are likely to provide them a certain leeway to participate in the headquarters' decision-making processes with reference to operating company-owned outlets. That kind of autonomy may increase their satisfaction.

H3a: The higher the extent of perceived social control, the lower is franchisee satisfaction.

H3b: The higher the extent of perceived social control, the higher is employee-manager satisfaction.

The Interplay between Experience and Control

The relationships between the franchisor and the franchisees and the hired outlet managers develop over time. Under certain circumstances some control mechanisms may be more appreciated than others. In particular, the franchisor's as well as the franchisees' and the employee-managers' experience with a particular franchise system grows over time. Experience in terms of the duration of a franchisor-franchisee or an employer-employee relationship, respectively, can be conceived of as an agency variable, since it affects both franchisees' and employee-managers' behaviors and the franchisor's choice of control mechanisms. In addition, it shapes the franchisees' and the employee-managers' satisfaction levels in different ways. The duration of franchisor-franchisee or employer-employee relationships contributes to the stability of the entire arrangement (Cochet, Dormann and Ehrmann 2008). The formation of routines for intra- and interorganizational coordination may strengthen these relationships, because they facilitate control or even make control

mechanisms obsolete (Hoang and Rothaermel 2005). Similarly to the interaction between partners in strategic alliances, the repeated cooperation in franchise systems between the franchisor and the franchisees as well as the franchisor and the employee-managers can lead to refined interfaces between these actors for communication and decision-making. The introduction of conflict resolution routines and effective channels for knowledge transfer may further contribute to the emergence of stable interaction patterns and the franchisees' and the employee-managers' wisdom on how to effectively manage outlets according to their franchisor's concept and specifications. As a consequence, guidelines, operating procedures and standards may be more likely to be accepted and internalized by both franchisees and employee-managers (Dyer and Singh 1998). Over time and with growing experience, some control mechanisms may lose their importance for franchisees and employee-managers.

Franchisees tend to benefit more intensely of the franchisor's service assistance and knowledge at the beginning of the franchise agreement than later on. The older the franchisor-franchisee relationship and the more experience a franchisee gains in his business, the less he needs the franchisor's support. Over a certain time period, franchisees gain experience in operating specific processes and dealing with their customers' demand efficiently (Peterson and Dant 1990). In other words, "with increasing experience with franchising, franchisees acquire reasonable proficiency and self-confidence in operating those systems" (Dant and Gundlach 1999, 43). Experienced franchisees are likely to know their business, can realistically assess what they need to do to be successful in that business, and whether and to what extent the franchise arrangement that they are contractually linked with can meet their expectations (Jambulingam and Nevin 1999). Consequently, they tend to develop their own attitudes toward and ideas on service quality that may differ from the franchisors' guidelines and specifications. The value of prior outlet-specific investments decreases and the franchisor's expertise may even be questioned (Cochet, Dormann and Ehrmann 2008). In addition, at higher levels of experience, franchisees are likely to assess their franchise

system's performance increasingly negative, though at a decreasing rate (Gassenheimer, Baucus and Baucus 1996) and reveal weaker perceptions of franchisor value than at the beginning of the franchisor-franchisee relationship (Grünhagen and Dorsch 2003). As a result, the franchisor's use of behavior control for monitoring his franchisees' efforts will lead to a lower satisfaction among them. With growing experience with a particular business format, a franchisee may feel unnecessarily constrained in his entrepreneurial autonomy, since he knows how to operate his business and effectively deal with his customers (Cochet, Dormann and Ehrmann 2008).

So, among relatively more experienced franchisees, the franchisor's use of more outcome control mechanisms that are more likely to emphasize a franchisee's entrepreneurial autonomy may be preferred to behavior control mechanisms that tend to guide a franchisee's way to fulfill tasks, or social control mechanisms that help improve franchisor-franchisee cooperation. We hence assume that the franchisees' level of experience in terms of the length of the franchisor-franchisee relationship strengthens the impact of the franchisor's choice of control mechanisms on franchisee satisfaction.

H4a: Experience moderates the relationship between perceived outcome control and franchisee satisfaction. Specifically, the positive relationship between perceived outcome control and satisfaction will be stronger among more experienced than less experienced franchisees.

H4b: Experience moderates the relationship between perceived behavior control and franchisee satisfaction. Specifically, the negative relationship between behavior control and franchisee satisfaction will be stronger among more experienced than less experienced franchisees.

H4c: Experience moderates the relationship between perceived social control and franchisee satisfaction. Specifically, the negative relationship between social control and franchisee satisfaction will be stronger among more experienced than less experienced franchisees.

Only little evidence on employee-managers' satisfaction in franchise systems is available. Jobs in franchise systems are assumed to be predominantly offered to a low-skilled workforce. Although franchise systems are actually characterized by small establishments that primarily

offer services in industries such as hotels and restaurants and lower-quality jobs, recent empirical evidence reveals that, within these industries, franchise systems provide more elaborate management techniques as well as more intense and more costly investments in their workforce than non-franchise employers. Moreover, jobs in franchise systems in the hospitality sector are not worse but in some cases even better than those in non-franchise systems. For instance, franchise systems in that industry offer more training opportunities to their mainly lower-quality workers than other employers do (Cappelli and Hamori 2008).

The duration of an employment relationship suggests that there are no reasons for an employee to leave and strive for other career opportunities. However, similarly to franchisees, employee-managers learn and internalize the skills and practices that are associated with a particular business format over time. At the beginning of their employment contract, they have no or only a small amount of experience with their employer's procedures and routines. Similarly to relatively lowly experienced franchisees in the same franchise system, they need to learn skills and practices that are specific to a particular business. Therefore, especially at the beginning of the employer-employee relationship, employee-managers may appreciate the extensive use of mechanisms for behavior control that help them achieve goals and comply with contractually specified duties. Later on and with growing experience in that company, employee-managers may also tend to strive for more autonomy, since they may have internalized the necessary skills and routines over time. Similarly to the franchisees, they may develop their own beliefs about service quality and products that may even challenge their corporate management's standards and specifications (Cochet, Dormann and Ehrmann 2008). Social control mechanisms that can then help establish a cooperative and trustful employer-employee relationship and give employee-managers leeway to participate in corporate decisions or monitor themselves may more positively contribute to the employee-managers' satisfaction than behavior or outcome control. Hence, we suggest that the employee-managers' level of experience in terms of the length of the employment contract strengthens

the relationship between the franchisor's choice of control mechanisms and employee-manager satisfaction.

H5a: Experience moderates the relationship between perceived outcome control and employee-manager satisfaction. Specifically, the negative relationship between outcome control and employee-manager satisfaction will be stronger among more experienced than less experienced employee-managers.

H5b: Experience moderates the relationship between perceived behavior control and employee-manager satisfaction. Specifically, the positive relationship between perceived behavior control and satisfaction will be stronger among less experienced than more experienced employee-managers.

H5c: Experience moderates the relationship between perceived social control and employee-manager satisfaction. Specifically, the positive relationship between perceived social control and satisfaction will be stronger among more experienced than less experienced employee-managers.

Figure 1 summarizes the conceptual framework that has been outlined above.

Insert Figure 1 about here

Methods

Sample

We invited the franchisees and employee-managers of travel agencies under the brand name of a large tourism company in Germany - the largest German franchise system - to complete our self-administered, web-based questionnaire. Overall, we received 334 usable questionnaires, leading to a response rate of 39.2 percent. A total of 187 questionnaires were completed by employee-managers (out of 349 potential respondents, i.e., a response rate of 53.6 percent among employee-managers) and 147 usable questionnaires were sent back by franchisees (out of 504 potential respondents, i.e., a response rate of 29.2 percent). The high response rates may be attributed to advance notifications and the follow-up procedure of sending reminders and making additional phone calls as well as to the close relationship between the researchers and the corporate managers of that franchise system. Survey

sponsorship, especially official or “respected” sponsorship, is generally expected to enhance response rates (Blumberg, Cooper and Schindler 2008; Dillmann 1978). The questionnaire that the franchisees were asked to complete was announced in advance and strongly promoted by the franchisor. Similarly, the questionnaire that was sent to the employee-managers in the company-owned outlets was accompanied by a benevolent letter from the CEO of that company, explicitly encouraging the managers’ participation in that survey.

Non-response bias was studied by comparing the responses of initial respondents with those that had been received after follow-up procedures. The results did not reveal any significant differences between early and late respondents, indicating the representativeness of the survey data (Armstrong and Overton 1977; Homburg, Hoyer and Fassnacht 2002). Additionally, we compared some characteristics of our respondents with those of non-respondents from the same franchise system. Regarding outlet size and age, we could not find any significant differences between respondents and non-respondents (Homburg, Wieseke and Hoyer 2009). Consequently, non-response bias is not a major issue with our data. To avoid social desirability bias the questionnaire was administered anonymously and all respondents were repeatedly assured that their responses were treated confidentially and used for scientific purposes only (King and Bruner 2000). We verified the information gained from the employee-managers and the franchisees with a survey of their responsible managers in the corporate headquarters. All in all, 258 questionnaires could be matched with information from the franchisor’s perspective. According to the work council’s and the corporate management’s directives and in compliance with German labor legislation, we did not collect personal data on, e.g., the respondents’ age, gender, education or former professional experience.

We conducted a multivariate analysis of variance (MANOVA) in order to verify that the actors’ experience levels and the control mechanisms used in the franchise system differed depending on an actor’s status as a franchisee or an employee-manager. Table 1 shows means and standard deviations for experience and the outcome, behavior and social control variables

in both samples as well as F-values, effect size, non-centrality parameters and observed power from tests of between-subjects effects. Multivariate tests of overall differences among the groups were statistically significant ($F(4, 321) = 59.017$; $p = 0.000$). In addition, the effect size was satisfactory as indicated by partial eta-squared = .424. Thus, we can reject the null hypothesis that different types of actors provide equal results regarding experience and types of control. Univariate between-subject tests showed that the type of actor in a franchise system was significantly related to outcome control ($p = 0.000$; partial eta-squared = 0.319) and social control ($p = 0.000$; partial eta-squared = 0.141), but not to experience ($p = 0.629$; partial eta-squared = 0.001) and behavior control ($p = 0.675$; partial eta-squared = 0.001). We do not check the results of univariate F-tests, because there are only two groups, so that the F would be equivalent to t-squared for a two-sample t-test (Blumberg, Cooper and Schindler 2008).

Insert Table 1 about here

Dependent Variable

The dependent variable in this study is *satisfaction*. Franchisees and employee-managers were asked to indicate their satisfaction on a seven-point Likert scale with five items, namely product and service quality, prices, innovation, the franchisor's marketing efforts and the general cooperative climate (Gassenheimer, Baucus and Baucus 1996; Poppo and Zenger 2002). The results of a factor analysis (Blumberg, Cooper and Schindler 2008) indicate that the five items load on one common factor. The scores of the items are summed and averaged (using equal weights). The Cronbach's alpha for that composite measure is 0.80.

Independent Variables

Control mechanisms. We use a range of items to construct three formative indices (Christophersen and Grape 2007; Diamantopoulos and Winklhofer 2001). The degree of perceived *outcome control* consists of four items addressing standards and guidelines

regarding, e.g., sales and budgets, planned/actual comparisons, regular reports to the headquarters and other financial ratios. Five items concerning rules and standard operating procedures, decision-making and flexibility, mystery shoppers, financial incentives and regional managers' visits in the travel agencies allude to perceptions of *behavior control*. The degree of perceived *social control* is measured with three items pertaining to meetings with managers from the headquarters, participation in developing and setting guidelines, and participation in changing operations in the travel agencies (Yin and Zajac 2004). Responses are recorded on seven-point Likert scales with 1 = "not in use" and 7 = "extensively in use". The scores are used to calculate geometric means for each control type. A geometric mean is appropriate, if the construct is the result of a strategy whose components (i.e., the indicators) all find equal application and do not compensate each other (Albers and Hildebrand 2006). Put differently, the impact that a change in one dimension has on the change of the entire index depends on the level of the other dimensions, because the perception of the franchisor's use of control depends on the extent of all underlying dimensions (Homburg, Hoyer and Fassnacht 2002). The constructs of outcome, behavior and social control represent composites of different indicators that are unique sources of each control type and hence need not correlate significantly. Though each item measures a particular dimension, it contributes to the total value of one of the three control constructs.

Experience. The franchisees' and the employee-managers' *experience* is measured with a single item. Single items are appropriate for measuring basic and unidimensional constructs, i.e., if the object that is being rated and the attribute on which it is being rated, are simple, concrete and easily understandable to the respondents. Under those conditions, single-item measures even lead to equally good predictions than multi-item measures (Bergkvist and Rossiter 2007; Fuchs and Diamantopoulos 2009). Our single item asks for the number of years that the respondents have been working as franchisees or employee-managers, respectively, in an outlet in that franchise system.

Control Variables

To strengthen the empirical tests, we control for additional factors in the regressions. Outlet *size* is measured with the number of employees who were working in a unit within the franchise system at the time of the survey (Hoover, Ketchen and Combs 2003; Zhou, Li, Zhou and Su 2008). Prior studies used *size* as a proxy for resource scarcity (Combs and Ketchen 2003). The amount and quality of available resources in an outlet may be expected to exert a certain influence on franchisee and employee-manager satisfaction.

Tolerance of ambiguity is a trait that differentiates an entrepreneur from a non-entrepreneur. It has been attracting researchers from various disciplines such as management, entrepreneurship or psychology for almost five decades (e.g., Budner 1962; Dimov 2007; Schere 1982; Smith, Matthews and Schenkel 2009). Tolerance of ambiguity is defined as “the ability to deal effectively, i.e., without experiencing psychological discomfort or threat, with situations or information that are vague, incomplete, unstructured, uncertain or unclear” (Schere 1982, 404). The empirical evidence for the assumption that entrepreneurs can better deal with ambiguity than other individuals is inconclusive. In the franchising context and especially in the restaurant sector, high levels of ambiguity tolerance do not necessarily lead to higher levels of franchisee satisfaction. In particular, the franchisees’ ambiguity tolerance seems to be lower in franchise arrangements in which the franchisor’s service assistance and expertise are perceived as insufficient (Hing 1995, 1996). In this study, both franchisees and employee-managers were asked to indicate their perceptions of *ambiguity* on a seven-point Likert scale with four items alluding to the frequency of changes in underlying skills, the frequency of changes in operating procedures and practices, the amount of components that a particular practice includes, and the number and variety of solutions for problems that may result from particular practices (Poppo and Zenger 2002). A factor analysis indicates that the five items load on one common factor. Using equal weights, we sum and average the scores of the items. The Cronbach’s alpha for our composite measure is 0.72.

From a franchisee's perspective, in the presence of *uncertainty*, the franchisor's service assistance and knowledge provide protection and helpful means to achieve the contractually specified objectives regarding the franchised unit. Service assistance, a valuable brand name and standard operating procedures are likely to be more appreciated in the presence than in the absence of uncertainty, because "the more complex and uncertain the environment, the greater the risk attached to an agents' (*sic!*) achievement of specified outcomes" (Hendry 2002, 105). The same may be true for employee-managers, but these actors enjoy some protection from uncertainty through their employment contract and bear a lower entrepreneurial risk than franchisees. Uncertainty is hence not likely to strongly enhance the perceived value of the franchisor's support. Our respondents were asked to assess on a seven-point Likert scale the difficulty in interpreting the impact of external factors on operating procedures, the difficulty in planning sales and the number of customers in a travel agency, the variability of the competitors' products and services, and the stability of the travel market (Artz and Brush 2000; Carson, Madhok and Wu 2006). The Cronbach's alpha for our composite measure is 0.68, which is a still satisfactory value for newly developed scales (Hair, Tatham, Anderson and Black 1998).

Specificity is included as a further control variable in the analyses concerning the franchisees. In contrast to employee-managers, franchisees need to invest in system-specific assets and know-how that bond them to the franchising contract (Bradach 1997; Garg, Rasheed and Priem 2005; Windsperger 2002, 2004). Though all outlets under the same brand name require these mainly standardized assets in order to ensure a high degree of recognition and identification for customers (Bürkle and Posselt 2008), the ownership of these investments differs between travel agencies that are led by employee-managers and those that are managed by franchisees (Bradach 1997). While investments in the former outlet type are made by the owner of the brand name, investments in franchised outlets are paid by the franchisees. The assets that include, e.g., a unique store design, can no longer be exploited by

a franchisee after the franchise agreement has been terminated, as they are specific to a particular outlet concept (Combs and Ketchen 1999; Hoover, Ketchen and Combs 2003; Minkler and Park 1994). A single item asked for the extent of financial investments in furniture and equipment that were custom-tailored to that particular travel agency concept and not redeployable to alternative concepts (Artz and Brush 2000). The franchisees' responses were recorded on a seven-point Likert scale with 1 = "fully disagree" and 7 = "fully agree".

Data Analysis

A correlation analysis among the study variables indicates whether multicollinearity can be considered as a problem (Blumberg, Cooper and Schindler 2008). Table 2a and b present means, standard deviations and correlations for the study variables.

Insert Tables 2a and 2b about here

There are significant correlations among some independent variables. Although Blumberg, Cooper and Schindler (2008) argue that only correlations at a 0.80 or greater level are problematic, further diagnostic measures, namely variance inflation factors (VIF) and tolerance measures are calculated for the variables. Large values of the VIF, i.e., 5.0 or greater, indicate multicollinearity (Hutcheson and Sofroniou 1999). A tolerance measure of 0.20 or less is problematic but still acceptable, whereas a value of 0.10 or even less is a strong indicator of multicollinearity (Menard 2002). In this study, the variance inflation factors and tolerance values do not reveal any problem of multicollinearity. The VIF values do not exceed 5.0 (the highest VIF is 1.670 for *behavior control* in the franchisee sample and 1.381 for the same variable in the employee-manager sample) and the tolerance values are all greater than 0.20 (the lowest value is 0.599 for *behavior control* in the franchisee sample and 0.724 in the employee-manager sample). Therefore, the variables are all included in the statistical analysis.

In order to test our hypotheses we calculate a series of linear regressions for each of our two samples from the same franchise system (Blumberg, Cooper and Schindler 2008; Hair,

Tatham, Anderson and Black 1998). We expect to find differential effects of the pre-specified factors on the franchisees' and the employee-managers' satisfaction levels. Further, we divide these samples into subgroups according to their levels of experience. More precisely, the two samples are split at the median values for franchisee and employee-manager experience, respectively. Regression models are then calculated for each subgroup (Arnold 1982).

Results

Table 3 reports the results of the regression analyses for the effects of experience and control on franchisee and employee-manager satisfaction, respectively.

Insert Table 3 about here

Hypotheses 1, 2 and 3 assume that franchisees and employee-managers perceive the control mechanisms that the franchisor uses to monitor their behaviors in different ways. In fact, there are differences between franchisees and employee-managers regarding their perceptions of outcome, behavior and social control. As the results in Table 3 show, franchisees are likely to be more satisfied when they perceive relatively high behavior control. Against our expectations, franchisee satisfaction is not enhanced in the presence of outcome control, indicating no support for Hypothesis 1a. Opposed to Hypothesis 1b, employee-manager satisfaction is higher, when the franchisor uses more outcome control. We gain support for the Hypotheses 2b and 3b, since the employee-managers' satisfaction increases, when more behavior and social control mechanisms are applied to monitor their efforts. With regard to the franchisees, Hypothesis 2a must be rejected. Against that hypothesis, franchisees are more satisfied, when the franchisor uses more behavior control mechanisms. Social control does not negatively affect franchisee satisfaction, thus rejecting Hypothesis 3a. Referring to the control variables, the results show that uncertainty actually increases the actors' risk (Hendry 2002). In this study, it mainly exerts a negative and significant effect on

the satisfaction levels of both franchisees and employee-managers. However, we have suggested that this effect would be observable in the franchisee sample only, as, in contrast to hired managers, franchisees need to invest specifically and bear a greater risk of unemployment. In addition, our results illustrate that employee-managers are more satisfied, when they have fewer employees and perceive relatively high ambiguity, whereas size and ambiguity do not exert any significant effect on franchisee satisfaction.

Insert Table 4 about here

Table 4 reports the results of the regression analyses for the differentiation between franchisees and employee-managers with either high or low experience in their business. The results reveal that highly experienced franchisees actually appreciate outcome control mechanisms, hence fully supporting Hypothesis 4a. Furthermore, behavior and social control mechanisms do not increase their satisfaction under conditions of neither high nor low experience. These results reject the Hypotheses 4b and 4c. Moreover, only relatively highly experienced franchisees tend to be more satisfied in the presence of decreasing uncertainty. Employee-managers with comparatively high experience tend to be more satisfied, when their efforts are monitored with social control mechanisms, lending support to Hypothesis 5c. The results also reveal that different levels of experience have no impact on the relationship between outcome control and employee-manager satisfaction, but under conditions of relatively lower experience the franchisor’s use of behavior control enhances employee-manager satisfaction. Thus, Hypothesis 5a is rejected, while Hypothesis 5b gains support.

Uncertainty is likely to exert a negative influence on the franchisees’ and employee-managers’ satisfaction levels under conditions of high but not low experience. This finding indicates that, the longer the duration of the franchisor-franchisee or employer-employee relationship, respectively, the more the agents, i.e., the franchisees and the employee-managers, appreciate their principal’s support and efforts. In addition, comparatively lowly

experienced employee-managers are more satisfied when their outlets are smaller. Contrary to the models drawing on the employee-manager sample, the coefficients for size are not significant in the models that pertain to franchisee satisfaction. Finally, ambiguity exerts a positive and significant effect on employee-manager satisfaction in all models in Table 4, indicating that frequent changes in skills and practices, the complexity of a particular practice and a variety of solutions for occurring problems do not induce embarrassment or psychological distress among the employee-managers in that study.

Discussion

The starting point of this study based on primary unit-level data from a German franchise system in the tourism industry was the observation that there is a lack of studies on the plural form that adopt the franchisees' perspective and juxtapose it to that of the employee-managers of company-owned outlets in the same franchise system. Though prior research has collected much knowledge on the franchisor's benefits of using the plural form and governing a franchise system (e.g., Bradach 1997; Cochet, Dormann and Ehrmann 2008; Elango and Fried 1997; Pizanti and Lerner 2003; Sorensen and Sørensen 2001), the implications for franchisee and employee-manager satisfaction have largely been ignored. In other words, there are many studies on the *raison-d'être* of the plural form (e.g., Brickley and Dark 1987; Scott 1995; Shane 1998) and the advantages of the simultaneous use of franchised and company-owned outlets for franchisors (e.g., Bürkle and Posselt 2008; Dant and Kaufmann 2003; Lafontaine and Kaufmann 1994), but studies from the franchisees' perspective are rare (e.g., Peterson and Dant 1990; Grünhagen and Dorsch 2003; Wadsworth, Tuunanen and Haines 2004). Those that additionally take the employee-managers' viewpoint into account are still missing.

This study relies on the assumption that different types of actors in the same franchise arrangement need to be treated in different ways (Bradach 1997). As a matter of fact, franchisees who act as entrepreneurs and hired outlet managers who are salaried employees

differ in terms of need for achievement, preference for innovation and learning and the propensity to take risks (Sorenson and Sørensen 2001; Stewart, Watson, Carland and Carland 1998). Therefore, the franchisor's choice of control mechanisms for monitoring those actors' efforts within a single franchise system may result in different satisfaction levels. In contrast to that expectation, the empirical findings that are illustrated by Figure 2 show that behavior control enhances both franchisees' and employee-managers' satisfaction, but that effect is stronger for employee-managers than franchisees. Outcome control does not increase franchisee satisfaction but adds to employee-manager satisfaction. The latter is additionally enhanced by social control.

Insert Figure 2 about here

Furthermore, there are differences between franchisees and employee-managers, depending on their respective experience levels. The relationship between control and satisfaction is moderated by the franchisees' and the employee-managers' levels of experience. More precisely, when we consider different experience levels, outcome control leads to higher satisfaction among more experienced franchisees and social control enhances the satisfaction of experienced employee-managers. Thus, the franchisor's choice of control mechanisms only contributes to higher satisfaction levels under certain circumstances. In addition, our results illustrate that, actually, we do not know yet how to effectively deal with rather inexperienced franchisees. While behavior control leads to satisfaction among relatively lowly experienced employee-manager, their counterparts among the franchisees in the same system do not show any preference for any type of control.

Contributions

This study on the determinants of franchisee and employee-manager satisfaction in plural form-franchise systems contributes to management research in some ways: First, although it is well understood that most franchise systems use the plural form (Bradach 1997), i.e., we can

observe the co-existence of varying fractions of franchised and company-owned outlets within the same arrangement (e.g., Lafontaine and Kaufmann 1994; Scott 1995; Shane 1998; Yin and Zajac 2004), and that the satisfaction of franchisees and employee-managers affects the attractiveness and maintenance of the whole franchise system, the impact of different types of control for governing the plural form has hardly been investigated by prior research. In that vein, studies emphasizing the franchisor's perspective are dominant in the literature (e.g., Yin and Zajac 2004; Yoo and Sibley 2002). From an agency viewpoint, within those systems ownership and goal achievement are distributed among three types of actors, namely the principal in form of the franchisor and his agents, i.e., the franchisees and the employee-managers. In this study, we extend Dant's (2008, 92) question of whether "the franchisees really see eye-to-eye with the franchisors regarding the benefits of franchising or their definition of franchise failure" to the employee-managers who may also have other perceptions on the usefulness and attractiveness of certain monitoring efforts than the franchisor. Therefore, the franchisor's choice of control mechanisms may largely affect the franchisees' and the employee-managers' behaviors and satisfaction levels and must take these differences into account in order to ensure the continuity of the whole arrangement.

Second, the theoretical framework is tested with a unique dataset from the German tourism industry, namely with primary unit-level data from the largest German franchise system. Most studies use data from the US-American context. The studies by Cochet, Dormann and Ehrmann (2008) on a cross-industry sample of eleven franchise chains in Germany, Barthélemy (2008) on business format franchising in France or Windsperger (2002, 2004) on the Austrian franchise sector are rather rare exceptions. In addition, many prior studies draw on data from the restaurant sector (e.g., Gassenheimer, Baucus and Baucus 1996; Grünhagen and Dorsch 2003; Grünhagen and Mittelstaedt 2005; Hing 1996, 1999; Hoover, Ketchen and Combs 2003; Yin and Zajac 2004). Only few authors report results that rely on data from other industries, such as Knott (2003) who examines routines in US-American

business format franchise systems in the quick printing industry. Although restaurant chains are especially suitable for explaining governance issues in plural form-franchise systems (Grünhagen and Mittelstaedt 2005, 213; Yin and Zajac 2004, 373), the results obtained from studies in that sector cannot easily be generalized to other industries (Dant 2008). For instance, restaurant chains are likely to employ a rather low-educated workforce (Cappelli and Hamori 2008), whereas the franchisees and employee-managers in the travel agencies in our study need an occupation-specific and strongly regulated vocational training in the German tourism industry.³ Therefore, attitudes towards, e.g., goal achievement, control issues or leeway to act may differ between actors from various industrial and institutional settings.

Third, drawing on unit-level data, we show that there are indeed differences between franchisees and employee-managers within the same franchise system. Our findings illustrate that the actors are even heterogeneous within these groups. To our knowledge, this is the first study that examines the franchisor's choice of control mechanisms depending on the franchisees' and the employee-managers' levels of experience with a particular business format. According to our results, one size does not fit all. Thereby, we are aware of the fact that varying fractions of franchised and company-owned units in a single franchise arrangement exert a certain influence on the franchisor's choice of control mechanisms. Given that they change, we assert that the amount of control mechanisms used will have to adapt. Our empirical setting consists of a fairly mature system with relatively equal amounts of franchised and company-owned outlets. We expect that in younger franchise arrangements the franchisor's choice of control mechanisms is affected by the disproportion among both types

³ Germany is a so called initial VET (vocational education and training) system where “most of the vocational skills are acquired before the actual working career of an employee begins. Standardized skills are acquired in vocational schools that focus on theoretical training, and in internships or apprenticeships with firms at which practical training takes place” (Beck, Kabst and Walgenbach 2009, 3). According to the German Vocational Training Act, travel agents need to successfully complete a state-approved apprenticeship in a travel agency or another company in the tourism industry of up to three years, before they may start working as an employee or a franchisee in that sector.

of units, namely a higher fraction of franchised than company-owned outlets that is characteristic for less mature systems. Future studies should take this issue into account.

Fourth, our findings provide managerial implications for the choice of effective monitoring efforts concerning lowly experienced employee-managers as well as franchisees and employee-managers with relatively high experience. However, as our results illustrate, we do not know yet how to effectively deal with inexperienced franchisees. While behavior control is suitable for enhancing relatively lowly experienced employee-managers' satisfaction, neither outcome nor behavior nor social control mechanisms add to rather inexperienced franchisees' satisfaction in the same system. Evidently, the use of traditional outcome, behavior and social control mechanisms does not meet young franchisees' expectations. It might hence be harmful to overall franchise system performance (Elango and Fried 1997; Scott 1995; Shane 1998) and brand value. Therefore, future studies should more closely look at the circumstances under which certain control types that a franchisor chooses are actually effective and whether other instruments are more successful. More knowledge on that issue "would allow the franchisor to prevent a deterioration of the franchisor-franchisee relationship and, ultimately, the premature exit of disillusioned owners" (Grünhagen and Mittelstaedt 2005, 208).

Fifth, this study adds some knowledge to the influence of ambiguity on satisfaction. The findings reveal that ambiguity has no impact on franchisee satisfaction. This result does not fully meet our expectations, since entrepreneurs are assumed to be more likely to tolerate ambiguity than employees (Budner 1996; Schere 1982). However and quite surprisingly, ambiguity is positively associated with employee-manager satisfaction in this study. This finding might be explained by the speculation that ambiguity contributes to the employee-managers' feelings of autonomy and accountability for actions. More entrepreneurially thinking employees might appreciate those situations. Ambiguity may be tolerable in the tourism industry, because the managers of travel agencies enjoy a certain leeway to act

without bearing the entrepreneurial risk that is associated with rapidly changing skills and practices, since they are protected by the corporate headquarters of their company that provides assistance and support to them. Such a protective “corporate umbrella” might create satisfaction among employee-managers even in the presence of ambiguity.

Limitations and Implications for Future Research

This study has some limitations: First, owing to the German labor legislation, we were not allowed to collect personal data on our respondents. As a result, we could not include data on, e.g., age, gender, marital status and educational background in the regression models. We expect that these variables can have a certain impact on differences in satisfaction levels. For example, franchisees and employee-managers with higher education levels (e.g., in terms of a bachelor or a master degree from a university) might be less likely to appreciate behavior control than those who have completed a vocational training in that sector, since better educated persons tend to need less guidelines and standards for fulfilling their tasks. In a similar vein, Jambulingam and Nevin (1999) assume that franchisees having higher levels of education are more satisfied with their business decision than less educated franchisees, since they are more likely to thoroughly compare the benefits and pitfalls associated with franchising. Although the authors do not find empirical support for that hypothesis, overall, their study on franchisors’ criteria for franchisee selection and their expected impact on franchisee outcomes illustrates that demographic characteristics are likely to exert a certain influence on franchisee satisfaction. Therefore, future studies using primary data and getting access to that information should control for demographic characteristics and their differential effects on franchisee and employee-manager satisfaction.

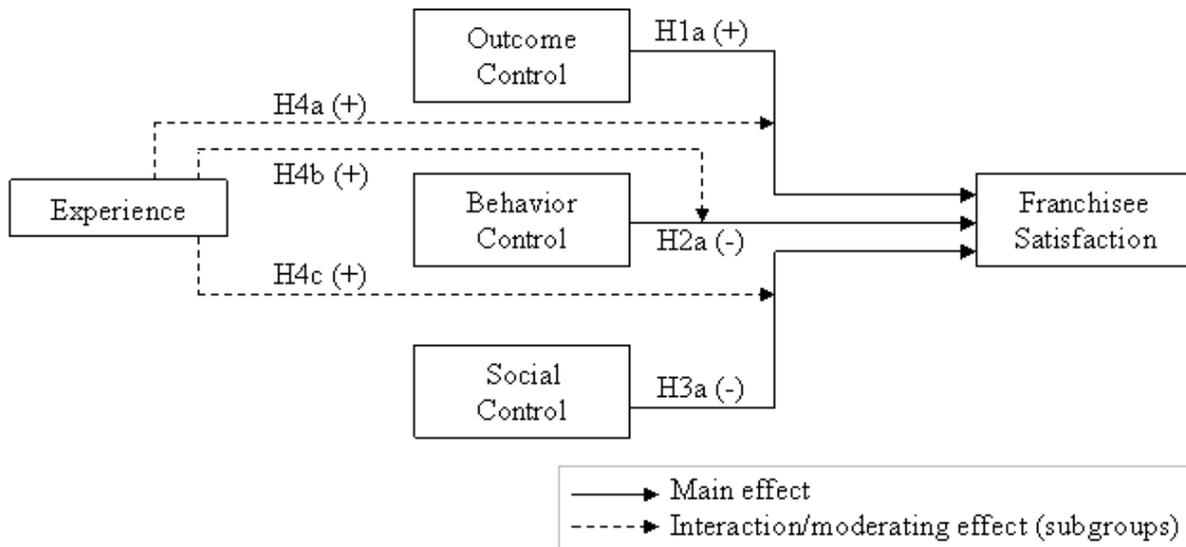
Second, this study relies on cross-sectional data. For that reason, changes in franchisee and employee-manager satisfaction levels over time cannot be observed. Future studies could draw on panel data and investigate whether changes in experience have different impacts on satisfaction levels and whether the franchisor’s choice of control mechanisms to monitor his

employee-managers and franchisees is likely to be adapted to those actors' growing experience over time. An exemplary study using a longitudinal dataset comprising more than 6,000 units in the restaurant industry is provided by Yin and Zajac (2004). Moreover, our study specifies and analyzes subgroups. Thereby, the subgroups for franchisees and employee-managers with either high or low experience are rather small. Future studies should draw on data from more than a single franchise system in the same industry in order to increase subsample size or even draw on data from franchise systems from different industries.

We hope that our study will be seen as an innovation in the franchising literature by theorizing on the determinants of franchisee and employee-manager satisfaction, respectively, and testing our hypotheses with unit-level data on 187 company-owned and 147 franchised travel agencies under the same brand name in Germany. This study suggests further interesting directions for research on franchising, particularly by taking less frequently examined industries and different but interdependent perspectives within a franchise system into account.

Figure 1. Conceptual Framework

(a) Franchisee Satisfaction:



(b) Employee-Manager Satisfaction:

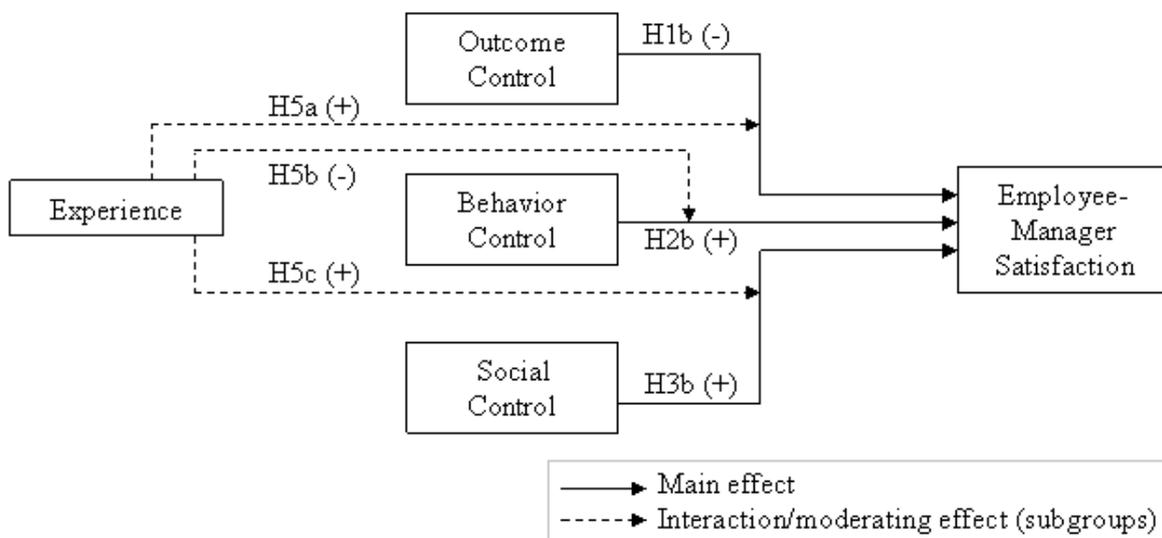


Figure 2. Findings on the Impact of Experience and Control on Satisfaction in Plural Form-Franchise Systems

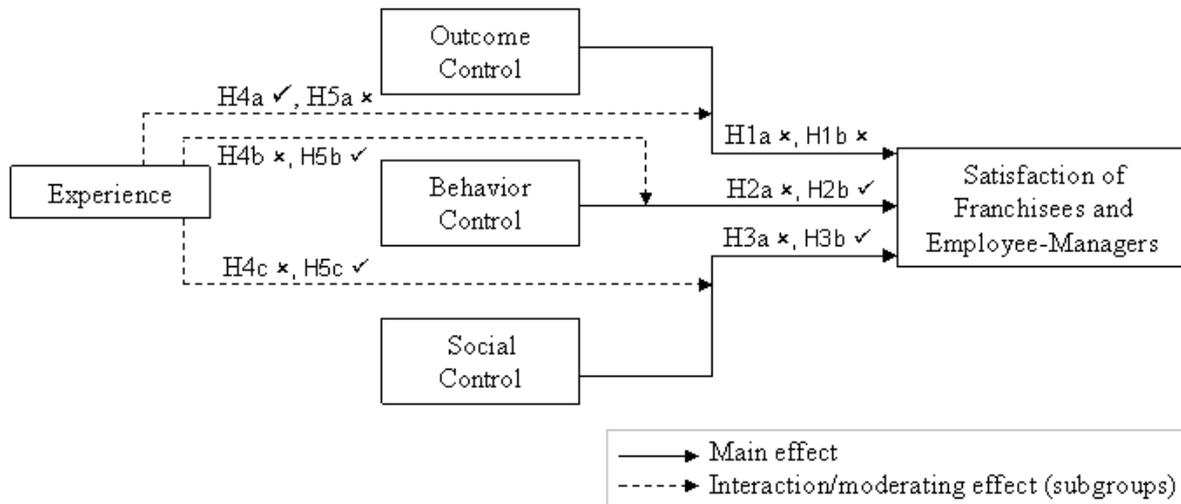


Table 1. Means and Standard Deviations of the Variables as a Function of Actor Type

Variables	Actors		MANOVA F-values			
	Franchisees	Employee- Managers	F(1, 329)	Effect size (η^2)	Non- Centrality Parameter	Observed Power
Experience	8.560 (4.689)	8.670 (6.517)	0.324	0.001	0.234	0.077
Outcome control	4.145 (1.380)	5.773 (1.011)	152.105***	0.319	152.105	1.000
Behavior control	4.756 (0.807)	4.792 (0.687)	0.177	0.001	0.177	0.070
Social control	4.129 (1.417)	3.065 (1.180)	53.387***	0.141	53.387	1.000

Note: F-values after controlling for outlet size, uncertainty, and ambiguity.
† p < .10; *p < .05; **p < .01; ***p < .005.

Table 2. Means, Standard Deviations and Correlations

(a) Franchisees:

Variables	Mean	SD	1	2	3	4	5	6	7	8	9
1 satisfaction	4.902	0.909	1.000								
2 size	5.860	8.414	-0.078	1.000							
3 ambiguity	5.371	0.966	-0.008	-0.145	1.000						
4 uncertainty	4.549	1.104	-0.171*	-0.115	0.395**	1.000					
5 specificity	5.300	1.734	0.073	0.111	0.145	-0.014	1.000				
6 experience	8.560	4.689	-0.057	0.276**	0.043	0.083	0.137	1.000			
7 outcome control	4.170	1.392	0.214**	-0.226**	0.120	-0.026	0.143	0.015	1.000		
8 behavior control	4.769	0.823	0.273**	-0.110	0.225**	-0.033	0.133	-0.008	0.505**	1.000	
9 social control	4.141	1.430	0.085	0.160	0.099	-0.151	0.085	0.022	0.161	0.460**	1.000

N = 147.

Significance levels: ** p < 0.01, * p < 0.05.

(b) Employee-Managers:

Variables	Mean	SD	1	2	3	4	5	6	7	8
1 satisfaction	5.032	0.982	1.000							
2 size	4.780	2.331	-0.146*	1.000						
3 ambiguity	5.342	1.005	0.272**	0.022	1.000					
4 uncertainty	4.572	1.212	-0.093	-0.051	0.220**	1.000				
5 experience	8.640	6.509	0.018	-0.025	0.193**	-0.057	1.000			
6 outcome control	5.779	1.012	0.257**	-0.027	0.199**	0.000	-0.013	1.000		
7 behavior control	4.780	0.682	0.349**	0.007	0.240**	0.020	0.131	0.309**	1.000	
8 social control	3.061	1.180	0.301**	0.106	0.097	-0.196**	0.038	0.137	0.411**	1.000

N = 187.

Significance levels: ** p < 0.01, * p < 0.05.

Table 3. Results of the Regression Analyses for the Impact of Experience and Control on Satisfaction

H	Variables	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
		Franchisees			Employee-Managers		
	Constant	5.279*** (0.494)	4.151*** (0.602)	4.209*** (0.614)	4.359*** (0.434)	2.233*** (0.599)	2.268*** (0.599)
	size	-0.011 (0.009)	-0.007 (0.009)	-0.005 (0.010)	-0.068* (0.029)	-0.074** (0.028)	-0.074** (0.028)
	ambiguity	0.043 (0.086)	-0.018 (0.086)	-0.010 (0.086)	0.305*** (0.069)	0.210** (0.068)	0.222** (0.069)
	uncertainty	-0.165* (0.074)	-0.131† (0.073)	-0.120 (0.074)	-0.138* (0.058)	-0.096† (0.055)	-0.102† (0.056)
	specificity	0.039 (0.044)	0.020 (0.043)	0.025 (0.044)			
H1	outcome control		0.055 (0.062)	0.045 (0.063)		0.128† (0.067)	0.117† (0.067)
H2	behavior control		0.232* (0.116)	0.216† (0.117)		0.263* (0.109)	0.282* (0.109)
H3	social control		0.009 (0.060)	0.006 (0.060)		0.152* (0.061)	0.148* (0.061)
	experience			-0.007 (0.016)			-0.010 (0.010)
	F	1.766	2.520*	1.773†	8.665***	9.851***	8.575***
	N	147	147	147	187	187	187

Standard errors in parentheses. Dependent variable: satisfaction.

† p < 0.100

* p < 0.050

** p < 0.010

*** p < 0.001

Table 4. Results of the Regression Analyses for the Interplay between Experience and Control on Satisfaction

H	Variables	Model 1: Franchisees		Model 2: Franchisees		Model 3: Employee-Managers		Model 4: Employee-Managers	
		High Experience	Low Experience	High Experience	Low Experience	High Experience	Low Experience	High Experience	Low Experience
	constant	5.716*** (0.700)	4.357*** (0.739)	4.379*** (0.847)	4.092*** (0.959)	5.107*** (0.640)	3.772*** (0.618)	3.223*** (0.878)	1.225 (0.887)
	size	-0.011 (0.010)	0.028 (0.047)	-0.006 (0.010)	0.023 (0.051)	-0.056 (0.041)	-0.097* (0.045)	-0.049 (0.039)	-0.115** (0.043)
	ambiguity	0.032 (0.115)	-0.005 (0.136)	-0.023 (0.114)	-0.039 (0.151)	0.204* (0.093)	0.391** (0.109)	0.158† (0.090)	0.258* (0.107)
	uncertainty	-0.193* (0.092)	-0.030 (0.126)	-0.153† (0.091)	-0.028 (0.131)	-0.192** (0.071)	-0.078 (0.096)	-0.134† (0.071)	-0.053 (0.090)
	specificity	-0.012 (0.057)	0.123† (0.070)	-0.035 (0.056)	0.110 (0.075)				
H4a,	outcome control			0.131† (0.078)	-0.029 (0.116)			0.068 (0.084)	0.159 (0.111)
H5a									
H4b,	behavior control			0.166 (0.138)	0.159 (0.255)			0.188 (0.137)	0.411* (0.180)
H5b									
H4c,	social control			0.048 (0.070)	-0.028 (0.128)			0.167* (0.078)	0.121 (0.099)
H5c									
	F	1.403	1.003	2.339*	0.603	4.159**	5.228**	4.513***	5.681***
	N	90	57	90	57	97	90	97	90

Standard errors in parentheses. Dependent variable: satisfaction.

† p < 0.100

* p < 0.050

** p < 0.010

*** p < 0.001

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