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ENTREPRENEURIAL COGNITION AND FRANCHISEE EXPERTISE (INTERACTIVE PAPER)

Isaac H. Smith  
Brigham Young University

Kristie K. Seawright  
Brigham Young University, kseawright@byu.edu

Ronald K. Mitchell  
Texas Tech University

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Principal Topic

Prior franchise research has examined the success/failure of franchises, franchise performance and strategy, and franchisee/franchisor relationships. Yet, the study of actual franchisee expertise is in its infancy. Fortunately, expertise-based explanations have now shown that—indeed independent of location and culture—entrepreneurs share common experiences, and by extension, similar knowledge structures/expert scripts, and exhibit higher levels of new venture formation expertise than managers. To better understand the role of entrepreneurial expertise in franchising, we examined the entrepreneurial cognitions/expertise of franchisees in the USA, and compared them with two counterpart groups: (1) entrepreneurial experts—those who have started a business, and (2) entrepreneurial novices—individuals who have never started a business.

Method

Data (n=202) were collected via paper and on-line survey instruments from three populations: (1) entrepreneurial experts (n=54), (2) franchisees with limited entrepreneurial experience (n=54), and (3) entrepreneurial novices—managers who have never started a business (n=94). Using an established script-cue recognition approach we evaluated Arrangements, Willingness, and Ability cognitions in these groups using multivariate analysis of variance (MANOVA) on the constructs. A follow-up multiple discriminant analysis, and a series of univariate ANOVA tests were employed to determine the nature of the differences.

Results and Implications

MANOVA revealed significant differences among the three population groups (p<.01). Follow-up tests found no significant differences between entrepreneurial experts and franchisees on the construct of Arrangements; but significant differences were observed between these two groups in Willingness and Ability (p<.01). The comparison between franchisees and non-entrepreneurs uncovered significant differences in the area of Arrangements (p<.01), with no differences found on the constructs of Willingness and Ability.

Expert information processing theory suggests that expert scripts might behave similarly to what might be termed “pre-packaged cognitions” that are established through the use of a franchise model of business startup. These results highlight the probable transfer of entrepreneurial cognitions from franchisor to franchisee—especially in the area of Willingness and Ability. This finding enables theory development through better understanding of franchise-based venture creation, and practical application through enabling stronger franchise models. Also, identification of Arrangements skill sets exhibited by successful franchisees can help franchisors in their selection and training processes.

CONTACT: Kristie K. Seawright; kseawright@byu.edu; (T): 801-422-4563; (F): 801-422-0311; 766 TNRB, Brigham Young University, Provo, UT 84602 U.S.A.