Entrepreneurial orientation rhetoric in franchise organizations:

The impact of national culture

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This is an earlier version (i.e. pre-refereeing). A later version has been accepted and forthcoming in *Entrepreneurship, Theory and Practice*

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ABSTRACT

This study empirically examines the role of national culture on entrepreneurial orientation (EO). It does so by exploring the level of EO exhibited by 376 franchise organizations in their franchisee recruitment promotional rhetoric in five different country contexts (Australia, France, India, South Africa and the UK), using computer assisted content analysis. The results indicate that franchise systems operating in high uncertainty avoidance, high power tolerance, and feminine cultures are less entrepreneurially oriented, suggesting that it is important to consider EO within its cultural context in order to better understand the role of EO within franchise organizations.

INTRODUCTION

Research suggests that there are cross-cultural variations in entrepreneurial entry rates (Autio, Pathak, and Wennberg, 2013) and it seems that this in part stems from differences in national cultural values. It has been contended that entrepreneurship is a response to certain environmental conditions that can help or hinder entrepreneurial success (Lee and Peterson, 2000). Berger (1991, p. 122) comments that "culture […] serves as the conductor, and the entrepreneur as the catalyst" to entrepreneurship. Mueller and Thomas (2000, p. 58) argue that values and norms are "powerful forces in controlling and directing human behavior", and thus differences in cultural values may mean that the extent to which entrepreneurial behaviors, such as risk taking and independent thinking, are considered desirable will differ between cultures (Hayton, Gerard, and Zahra, 2002). Thus, it is suggested that some cultures will be more closely aligned with an entrepreneurial orientation (EO) than others (Mueller and Thomas, 2000).

Certainly there is evidence to suggest that national cultural dimensions such as collectivism and uncertainty avoidance influence both levels of entrepreneurial entry, and entrepreneurial growth (Autio, Pathak, and Wennberg, 2013). Based on their review of the

national culture and entrepreneurship literature, Hayton, Gerard, and Zahra (2002) suggest that entrepreneurship is facilitated by cultures that are high in individualism, low in uncertainty avoidance and power-distance, and that are more masculine. Studies exploring the impact of culture on entrepreneurship have considered this at a number of levels, from looking at aggregate measures of entrepreneurial activity, such as innovation and rates of new firm formation (e.g., Autio, Pathak, and Wennberg, 2013; Davidsson and Wiklund, 1997; Shane, 1992), individual entrepreneurial personality characteristics (Mueller and Thomas, 2000; Thomas and Mueller, 2000) and motivations (Scheinberg and MacMillan, 1988; Shane, Kolvereid, and Westhead, 1991), and corporate entrepreneurship (Morris, Davis, and Allen, 1994). However, as Hayton, Gerard, and Zahra (2002) highlight, there is a paucity of studies which consider this latter level, corporate entrepreneurship, with Morris, Davis, and Allen (1994) and Kreiser et al. (2010) being notable exceptions. However, whilst Morris, Davis and Allen (1994) explored variations in EO in different cultures, they only considered the influence of the individualism-collectivism cultural dimension, and used the three dimensional measure of EO (i.e. innovativeness, risk taking and proactiveness). Similarly, although Kreiser et al. (2010) explored the influence of a number of different cultural dimensions (uncertainty avoidance, individualism-collectivism, power distance and masculinity) they only considered their impact on two of the EO dimensions, namely risk taking and proactiveness. However, it has been argued that rather than just studying three (or fewer) dimensions of EO as done in many prior studies, it is important to examine all the five dimensions that characterize the EO construct, i.e. innovativeness, risk taking, proactiveness, competitive aggressiveness and autonomy (Hughes and Morgan, 2007; Lumpkin and Dess, 1996). Thus, this is the first study to the authors' knowledge to explore the impact of multiple cultural dimensions on the aggregate EO construct with its five dimensions.

The primary purpose of this study is to empirically assess whether national culture influences EO exhibited by franchise systems. Franchise systems are an interesting context in which to explore EO for a number of reasons. Firstly, franchising a business has been described as a comparatively risk-free route to rapid growth (Tracey and Jarvis, 2007). This is because when firms franchise, franchisees become the engines of expansion for the chain, opening new markets, identifying new sources of demands, and assuming the risk associated with that activity (Kaufmann and Dant, 1999; Martin, 1988). Therefore, it might be expected that franchise systems will exhibit relatively low EO, as confirmed by research evidence from the UK (Dada and Watson, 2013a), although it should be noted that this study explored EO in a single cultural context (the UK). It is therefore unclear if these findings can be generalized across different cultural contexts. Indeed, Dant (2008, p. 92) argues that "…questions constantly arise about the cross-cultural or emic generalizability of our etic-oriented franchising theories". Furthermore, franchising as a standardized organizational form adopted by many large international chains, particularly in the retail and service sectors, may be less subject to cultural influences. Thirdly, there is an apparent contradiction between the autonomy which may be granted to franchisees versus the standardization which franchise systems are often seen to represent (see Dada, Watson, and Kirby, 2012 for a discussion of the issues). As franchising is designed around having uniformed operations, in different geographical environments, the influence of culture on franchise system EO raises more questions. This study contributes to the corporate entrepreneurship, international entrepreneurship and international franchising literature by furthering our understanding of the impact of national cultural values on EO in franchise systems.

In order to empirically explore if national culture influences the level of EO of franchise systems, we utilized data gathered from 376 franchise systems in five different country contexts (Australia, France, India, South Africa and the UK). The five dimensional

construct of EO was measured using a computer aided content analysis of the promotional rhetoric franchisors employ to attract potential franchisees, an approach which is in keeping with Zachary et al. (2011a). The use of a content analysis of organizational narratives by which to assess EO is a method which is increasingly being adopted by EO researchers (see for example, Short et al., 2009; Short et al., 2010; Moss et al., 2011; Zachary et al., 2011a; Engelen, Neumann and Schmidt, 2013) and responds in some way to Miller's (2011) call for methodological innovation in the assessment of EO.

The paper will begin by explaining the EO concept, before developing research hypotheses about the potential role of culture on franchise system EO. The methods are outlined, and the results from the hypotheses testing presented. The paper then provides discussions and conclusion in relation to the implications of the findings, and the potential avenues for future research.

FRAMEWORK AND HYPOTHESES DEVELOPMENT

Conceptual Framework

Entrepreneurial Orientation. Entrepreneurial orientation (EO) is considered to be a key ingredient for firm success (Wang, 2008). It describes how a firm operates (Lumpkin and Dess, 1996), capturing "specific entrepreneurial aspects of decision-making styles, methods, and practices" (Wiklund and Shepherd, 2005, p. 74). Whilst some scholars have considered EO at an individual level, the "scholarly community has largely coalesced around the understanding that EO is a firm-level phenomenon" (Covin and Lumpkin, 2011, p. 857). Thus, EO refers to the processes and practices that are characteristic of entrepreneurial companies (Lumpkin and Dess, 1996). There is some debate as to the dimensions of EO (Hansen et al., 2011), with some scholars considering EO as a unidimensional construct (i.e. aggregate or composite construct) (Covin and Slevin, 1989; Miller, 1983), whilst others

consider it to be multidimensional (Lumpkin and Dess, 1996). Covin and Lumpkin (2011) and Miller (2011) provide useful reviews on these. Under the unidimensional conceptualization of EO, "the latent construct is understood to exist only to the extent that risk taking, innovativeness, and proactiveness are concurrently manifested by the firm" (Covin and Lumpkin 2011, p. 862). On the other hand, in the multidimensional conceptualization of EO, "the latent construct exists as a set of independent dimensions, namely risk taking, innovativeness, proactiveness, competitive aggressiveness, and autonomy" (Covin and Lumpkin, 2011, p. 863). Although the unidimensional and the multidimensional conceptualizations of EO are fundamentally different, neither is inherently superior to the other (Covin and Lumpkin, 2011). There is no compelling need to encourage the adoption of either EO conceptualization at the expense of the other (Covin and Lumpkin, 2011).

By studying both conceptualizations of EO, this paper enables a better understanding of how specific dimensions of national culture influences each of the different components of EO, and the overall EO construct, in franchise systems. Indeed, it has been argued that using both multidimensional and unidimensional conceptualizations may be the most appropriate method, depending on the research context (Miller, 2011). As Miller (2011) explains, a good way of carefully defining a research context is by investigating a particular organization type. This represents the approach taken in the present study by focusing specifically on franchise organizations in order to explore the influence of national culture on EO. Concentrating on particular organizational types enhances application of knowledge, and enables generation of more fine-grained and more empirically valid knowledge (Miller, 2011). As shown in the next section, the theoretical and empirical evidence from which the hypotheses were drawn, suggests that both unidimensional and multidimensional conceptualizations of EO are relevant in the context of franchise organizations.

In relation to the specific EO dimensions, *autonomy* is based on the notion of entrepreneurial independence in developing and bringing into effect an idea (Miller, 2011). *Competitive aggressiveness* reflects "the intensity of a firm's efforts to outperform industry rivals, characterized by a combative posture and a forceful response to competitor's actions" (Lumpkin and Dess, 2001, p. 431). Lumpkin and Dess (2001, p. 431) define *innovativeness* as "a willingness to support creativity and experimentation in introducing new products/services, and novelty, technological leadership and R&D in developing new processes". *Proactiveness* is associated with a forward-looking perspective with aggressive posturing relative to the firm's competitors (Knight, 1997). *Risk taking* involves a firm's propensity to take actions when the outcomes are uncertain (Walter, Auer, and Ritter, 2006) such as moving into unfamiliar new markets (Lumpkin and Dess, 2001). These five attributes form the framework of EO in the context of this research.

Although EO is a concept which has received considerable attention among entrepreneurship researchers, only a few studies have considered EO within franchise systems. Dada and Watson (2013a; 2013b) explored EO within UK franchise systems through a survey of franchisors, drawing on the EO scales developed by Keh, Nguyen, and Ng (2007). This study, however, follows the approach chosen by Zachary et al. (2011a) in their study of US franchise systems, by measuring EO through an examination of how an EO identity is transmitted through promotional messages to franchisees. McKenny, Short and Payne (2012, p. 153) suggest that analysis of organizational narratives (of which promotional messages are an example) may be preferable to surveys when measuring organizational constructs (such as EO), as they provide a "valuable source from which to measure phenomena directly at the organizational level". As Zachary et al. (2011a, p. 630) argue, organizational narratives "provide a tangible announcement of a firm's beliefs and values that reflect its unique identity" and thus in order to attract potential franchisees that "align with

their core values and beliefs" (op. cit., p. 631), franchise systems with an EO will transmit this through their corporate communications. The premise underlying this is that organizations seek to recruit members with congruent identities. Franchisors will promote their organizational values in order to align franchisees' behavior with the franchise brand's (organizational) identity (Nyandzayo, Matanda and Ewing, 2011; Zachary et al., 2011a). Thus, it is argued that the organizational identity (in this case EO) will be transmitted through promotional rhetoric, and that this will be influenced by country culture.

Development of Research Hypotheses

Cultural Influences on Entrepreneurship. There is substantial evidence to suggest that rates of, and attitudes towards, entrepreneurship vary considerably across different national cultures. The Global Entrepreneurship Monitor (GEM) provides strong evidence of varying entrepreneurship rates (www.gemconsortium.org). GEM considers Total Early Stage Entrepreneurship Activity (TEA) rates to be the key measure of entrepreneurial activity. These measure the percentage of individuals aged 18-64 years who are either in the phase in advance of the birth of the firm (nascent entrepreneurs), or the phase spanning 42 months after the birth of the firm (owner-managers of new firms) (Amorós and Bosma, 2014). TEA varies between 3.4% in Italy, to just under 40% in Nigeria. Of the countries studied here (although no data is available for Australia), France has a TEA of 4.6% compared with the UK at 7.1%, India at 9.9% and South Africa at 10.6%. The study also considers attitudes towards entrepreneurship – for example, their measure of "fear of failure" is 41.1% in France, but just 27.3% in South Africa. Of course, there are a number of factors which influence rates of, and attitudes towards, entrepreneurship. The GEM study suggests these can be divided into nine categories, namely financing, governmental policies, governmental programs, education and training, research and development transfer, commercial infrastructure, internal

market openness, physical infrastructure and cultural and social norms. It is this latter dimension which is the focus of interest here.

Culture refers to a "learned, socially transmitted set of behavior standards" (Morris, Davis, and Allen 1994, p. 70). It is the "collective programming of the mind which distinguishes the members of one human group from another" and includes systems and values (Hofstede 1980, p. 25). These cultural values and norms have a strong influence on human behavior (Mueller and Thomas, 2000). It has been argued by a number of scholars that cultural values will influence the extent to which society considers entrepreneurial behaviors as desirable (Hayton, Gerard, and Zahra, 2002). For example, Hayton, Gerard, and Zahra (2002, p. 33) suggest that cultures that value and reward behavior such as risk taking and independent thinking promote "a propensity to develop and introduce radical innovation". Cultures which do not value such behaviors are unlikely to show entrepreneurial behavior. Thus it is argued that some cultures will be more closely aligned with an EO than others (Engelen, 2010; Mueller and Thomas, 2000).

There are a number of different conceptualizations of country culture, but Hofstede's (1980) dimensions are the most widely accepted among entrepreneurship and management scholars (Kreiser et al., 2010). Hofstede's indices were constructed and validated within the context of large formal organizations (Hayton, Gerard, and Zahra, 2002), and therefore are suited to studies of corporate entrepreneurship, such as in the context of franchise systems. Hofstede's cultural dimensions of uncertainty avoidance, individualism-collectivism, power distance and masculinity-femininity are considered to influence entrepreneurship (Hayton, Gerard, and Zahra, 2002; Nguyen et al., 2009). These dimensions and their implications for EO will be considered in turn. The theoretical and empirical foundations upon which this paper is based will not support the prediction of a significant relationship between all of

Hofstede's cultural dimensions and the EO construct with its dimensions. Hence, in developing hypotheses, this paper focused only on instances where there are theoretical and empirical reasons that Hofstede's cultural dimensions will yield significant differences on EO and its dimensions.

Uncertainty Avoidance. Hofstede's (1980) concept of uncertainty avoidance can be defined as "the extent to which people feel threatened by uncertainty and ambiguity and try to avoid these situations" (de Mooij and Hofstede 2010, p. 89). It concerns the way society tolerates ambiguity and uncertainty. Entrepreneurs innovate and need to invest effort and resources before the outcomes are known (Autio, Pathak, and Wennberg, 2013), and therefore entrepreneurial behaviors have been linked to the uncertainty avoidance cultural dimension. In particular, creativity and innovativeness have been linked to a high tolerance for ambiguity (Mueller and Thomas, 2000), along with risk taking (Autio, Pathak, and Wennberg, 2013; Kreiser et al. 2010). Conversely, Hofstede (1980) found that in high uncertainty avoidance societies, there is a greater fear of failure, a lower willingness to take risks and less tolerance for ambiguity. Certainly, there is empirical evidence to suggest a link between uncertainty avoidance and entrepreneurial behaviors. For example, Shane (1993) found that national rates of innovation are lower in high uncertainty avoidance cultures, and Mueller and Thomas (2000) found that the entrepreneurial trait of innovativeness was less prevalent in cultures of high uncertainty avoidance. Autio, Pathak, and Wennberg (2013) found that cultural practices of uncertainty avoidance were negatively associated with entrepreneurial entry, whilst Kreiser et al. (2010) found uncertainty avoidance to be negatively influenced by risk taking levels within SMEs. Although explored at an individual rather than corporate level, Mueller and Thomas (2000) also found a negative correlation between EO and uncertainty avoidance. It could be argued that in the context of franchising, systems which operate in more uncertainty tolerant cultures will be more likely to encourage risk taking and innovative

activity among their franchisees whilst franchise systems operating in cultures which are characterized by high levels of uncertainty avoidance, will adopt more rigid support structures and standardized processes, and not encourage innovation among their franchisees. Furthermore, in cultures exhibiting high uncertainty avoidance, franchisees may be less likely to wish to deviate from proven processes (given the associated risks of so doing), and therefore will value autonomy less than those in uncertainty tolerant cultures. Kreiser et al. (2010) suggest that organizations in uncertainty tolerating cultures are more willing to interact with their environment, and will be more proactive.

Thus, it is hypothesized:

H1: The EO of franchise systems will be higher for systems from low uncertainty avoidance cultures than those of high uncertainty avoidance cultures.

H1a: The EO dimension of *innovativeness* will be higher for franchise systems in cultures of low uncertainty avoidance than those of high uncertainty avoidance cultures.

H1b: The EO dimension of *risk taking* will be higher for franchise systems in cultures of low uncertainty avoidance than those of high uncertainty avoidance cultures.

H1c: The EO dimension of *autonomy* will be higher for franchise systems in cultures of low uncertainty avoidance than those of high uncertainty avoidance cultures.

H1d: The EO dimension of *proactiveness* will be higher for franchise systems in cultures of low uncertainty avoidance than those of high uncertainty avoidance cultures.

Individualism. Hofstede's (1980) individualism dimension explores the degree of interdependence a society maintains among its members. In individualistic societies greater emphasis is placed upon individual accomplishment, whereas in collectivistic cultures greater

emphasis is placed on group accomplishment. It is suggested that because in individualistic cultures social identity is based on individual contribution, social values emphasize personal initiative and achievement (Mueller and Thomas, 2000) and there are strong incentives for entrepreneurial behavior (Morris, Davis, and Allen, 1994) and autonomy is valued (Mueller and Thomas, 2000). Conversely, a strongly collectivist culture may create an anti-entrepreneurial bias, as it promotes the acceptance of group norms and roles, and tends to be resistant to change (Mueller and Thomas, 2000). Further, it is argued that organizations in collectivist cultures are less likely to develop structures that encourage independence and autonomy (Autio, Pathak, and Wennberg, 2013). This greater autonomy may encourage more risk-taking behavior, compared with group decision-making (Kreiser et al., 2010). Thus, franchise systems in collectivist cultures may be more concerned with ensuring standardization than enabling franchisees to have some autonomy within their local markets, and will take fewer risks. In their study of entrepreneurial traits, Mueller and Thomas (2000) found that internal locus of control and innovativeness were more prevalent in cultures high in individualism, and that an individual is more likely to possess an EO if they were from an individualistic society. Shane (1992) found national rates of innovation were positively related to individualism, and Autio, Pathak, and Wennberg (2013) found higher rates of entrepreneurial entry in individualistic cultures. Whilst individualism is expected to have a positive relationship with EO, Kreiser et al. (2010) note that proactive behaviors require firm-wide co-operation, and in highly individualistic societies it may be difficult to obtain this level of co-operation.

Thus:

H2: The EO of franchise systems will be higher for systems from individualistic cultures than those of collectivist cultures.

H2a: The EO dimension of *innovativeness* will be higher for franchise systems from individualistic cultures than those of collectivist cultures.

H2b: The EO dimension of *risk taking* will be higher for franchise systems from individualistic cultures than those from collectivist cultures.

H2c: The EO dimension of *autonomy* will be higher for franchise systems from individualistic cultures than those from collectivist cultures.

H2d: The EO dimension of *proactiveness* will be lower for franchise systems from individualistic cultures than those from collectivist cultures.

Masculinity. The dominant values in a masculine society are achievement and success, whilst in a feminine society the dominant values are caring for others and quality of life (de Mooij and Hofstede, 2010). A high score (masculine) on this dimension indicates that the society will be driven by competition, achievement and success. Kreiser et al. (2010) argue that masculine societies will engage in highly proactive strategies given the emphasis on 'finishing first'. As such, masculinity has been associated with entrepreneurship (Hayton, Gerard, and Zahra, 2002). For example, managers in masculine cultures score highly on McClelland's need for achievement (Hofstede 1980), a personality characteristic associated with entrepreneurs and risk taking behavior (Kreiser et al., 2010). Furthermore, in masculine societies there is a greater willingness to engage in competitive behaviors and a high need for achievement (Kreiser et al., 2010). This stress on competitive behavior is likely to create an environment in which innovation is valued and encouraged. McGrath, MacMillan, and Scheinberg (1992) found that compared with non-entrepreneurs, entrepreneurs scored more highly on masculinity. Thus, given the aggressive drive for success, it may be that franchise systems from more masculine societies will be more innovative, proactive, take more risks,

desire greater autonomy, and have greater competitive aggressiveness than those from feminine ones.

Hence:

H3: The EO of franchise systems will be higher for systems from masculine cultures than those of feminine cultures.

H3a: The EO dimension of *innovativeness* will be higher for franchise systems from masculine cultures than those of feminine cultures.

H3b: The EO dimension of *risk taking* will be higher for franchise systems from masculine cultures than those of feminine cultures.

H3c: The EO dimension of *autonomy* will be higher for franchise systems from masculine cultures than those of feminine cultures.

H3d: The EO dimension of *proactiveness* will be higher for franchise systems from masculine cultures than those of feminine cultures.

H3e: The EO dimension of *competitive aggressiveness* will be higher for franchise systems from masculine cultures than those of feminine cultures.

Power Distance. Power distance (or tolerance) is "the extent to which less powerful members of a society accept and expect that power is distributed unequally" (de Mooij and Hofstede 2010, p. 88). In high power distance cultures, there are likely to be more rigid hierarchical structures, and as such individuals will have less freedom to develop new processes or products (Engelen, 2010) and will be less autonomous, as they will work to more clearly defined roles. Shane (1993) found that national innovation rates are negatively related to

power distance. Within franchise systems, franchisees may be less questioning of franchisor directives, and therefore less likely to engage in local innovation.

Thus:

H4: The EO of franchise systems will be higher for systems from less power tolerant cultures than those of power tolerant cultures.

H4a: The EO dimension of *innovativeness* will be higher for franchise systems from less power tolerant cultures than those of power tolerant cultures.

H4b: The EO dimension of *autonomy* will be higher for franchise systems from less power tolerant cultures than those of power tolerant cultures.

METHODS

Selection of Countries and Associated Cultural Dimensions for the Countries

As mentioned earlier, five culturally contrasting countries were chosen for this study: Australia, France, India, South Africa and the UK. These countries represent four distinct cultural groupings, as defined by GLOBE (namely Anglo, Latin Europe, Sub-Saharan Africa, and Southern Asia) (House et al., 2004), and are culturally contrasting across the Hofstede dimensions. It has been suggested that using countries with similarities across some dimensions whilst being far apart on others (as is the case here) improves reliability of the findings (Soares, Farhangmehr, and Shoham, 2007). Moreover, all these five countries have well developed franchising sectors. Table 1 displays key information about cultural dimensions of these five countries.

<< Insert Table 1 about here>>

Of the countries explored here, from Table 1, it can be seen that France scores highly for uncertainty avoidance, with South Africa and Australia showing mid-levels, and the UK and India low. Thus, it would be expected that franchise systems in France will exhibit the lowest levels of EO, innovation, risk taking, autonomy and proactiveness and systems in the UK, the highest levels. With respect to individualism, India is the least individualistic country, with Australia and the UK the most individualistic. Thus, levels of autonomy, innovation and risk taking are expected to be highest in these countries. The UK, Australia, India and South Africa can be considered masculine countries, whilst France has a more feminine culture. Thus, innovativeness, risk taking, autonomy, proactiveness and competitive aggression are expected to be lower in France. In relation to power tolerance, India and France have the greatest power tolerance, and the UK and Australia the least. Table 2 summarizes the strength of each of the cultural dimensions in the countries examined, along with predictions relating to the EO dimensions associated with these.

<<Insert Table 2 about here>>

Sample of Franchise Systems

In order to assess the EO of franchise systems, the study examined the promotional narratives (in this case, online franchise directories) of franchise systems from Australia, France, India, South Africa and the UK. These promotional messages are an opportunity for franchisors to transmit their organizational identity to potential franchisees, and thus, in keeping with Zachary et al. (2011a), can be used to assess the entrepreneurial identity of the system. In addition, from international advertising literature, it is assumed that organizations will transmit values in their advertising messages which are congruent with the local culture (de Mooij and Hofstede, 2010), and that national culture is an influence on organizational behaviors (Engelen 2010).

In order to avoid translation issues, initially four countries (Australia, India, South Africa and the UK) were selected, as the directories were all published in English, but in order to have a country which contrasted significantly in terms of uncertainty avoidance and masculinity, French franchise systems were included in the final sample. Franchise systems from each of the sampled countries were randomly selected from leading online franchise directories in Australia (www.franchisebusiness.com.au), France (www.franchise-magazine.com), India (www.franchisebusiness.in), South Africa (www.whichfranchise.co.za) and the UK (www.franchisedirect.co.uk). A total of 376 franchise systems were selected across the five countries (91 Australia, 90 France, 58 India, 41 South Africa, 96 the UK). The variations in the final sample size were caused by data on system age and size not always being available, and thus these systems were excluded from the analysis. Furthermore, for both India and South Africa, only a limited number of systems advertised in online directories – thus for these two countries the sample essentially reflects the total population of systems advertising through the selected directories.

The organizations sampled were representative of different industry categories (as classified by the British Franchise Association) including hotels and catering (e.g., restaurants and coffee shops), store retailing (e.g., supermarkets, convenience department stores), personal services (e.g., hair & beauty, fitness and education), property services (e.g., real estate, cleaning, landscaping, and interior decoration), transport and vehicle services (e.g., courier services, car hire, and vehicle repair), and business and communication services (e.g., equipment repair & maintenance, professional & financial services and employment & training services). Table 3 shows the sector distribution of the sampled franchise systems.

<<Insert Table 3 about here>>

Content Analysis

EO was measured through a content analysis of the promotional entries in online franchise directories. As Zachary et al. (2011b) comment, content analysis is a commonly used technique to capture marketing phenomena of interest. It is a qualitative research method that uses a set of procedures to classify or otherwise categorize communications (Weber 1990). It has been previously used in international marketing research (Wheeler, 1988), consumer research (Kassarjian, 1977), and to measure market orientation (Zachary et al., 2011a; 2011b) and EO (Short et al., 2009; Short et al., 2010; Moss et al., 2011; Zachary et al., 2011a; Engelen, Neumann and Schmidt, 2013). Content analysis of narrative texts, such as online communications, rather than interviews is considered a less obtrusive technique for capturing managerial cognitions, and avoids recall bias (Short et al., 2009).

Much of the extant literature on EO has used surveys of executives/senior managers in order to assess organizational EO. However, there are potential limitations of such an approach. As Lyon, Lumpkin and Dess (2000) note, surveys of executives/managers are based on a self-reporting technique, and thus rely on data that is potentially subjective. They may also be subject to functional bias, whereby, for example, a finance officer may perceive risk differently from (say) a marketing director, leading to inconsistencies in such a perceptual measure. Furthermore a firm's EO may be an artifact of the EO of the individual completing the survey. The use of content analysis of organizational narratives enables the construct to be objectively measured directly at the organizational level, and thus the level of the measure matches that of the construct, enhancing construct validity (McKenny, Short, and Payne, 2012).

Text for the analysis was collected from the franchise directory entry for each of the franchise systems, omitting *pro forma* key facts, where they formed part of the directory template – so for example, for the Franchise Business directory of Australia and India, the

"more info" section provided the text, as this represented the franchisors chosen promotional entry. The franchise directory entries were used, rather than accessing the franchisors' web sites directly, as it ensured that all of the text was aimed at prospective franchisees. Varying approaches in terms of style and structure of franchise system web pages means that it is not always easy to distinguish between communications aimed at consumers or potential franchisees. Franchisors may be less concerned with conveying their true organizational identity to consumers, but for potential franchisees, given the importance of attracting franchisees that can identify with the organization, franchisors will seek to convey their organizational identity. As Zachary et al. (2011a, p. 630) highlight, it is important that the identities of franchisees and franchisors align, as franchisees often have latitude in decision-making processes. They suggest that if the decision-making tendencies of the franchisee are not in line with the organizational identity of the franchisor, "this freedom may result in agency costs when the franchisee makes decisions that go against the wishes of the franchisor".

The content analysis was conducted using a computer-assisted content analysis software, DICTION. Short and Palmer (2008) highlight the potential value of using DICTION to analyse language usage in organizations, and significantly it has been employed by a number of previous studies to measure EO (Short et al., 2009; Short et al., 2010; Moss et al., 2011; Zachary et al., 2011a; Engelen, Neumann and Schmidt, 2013). Kabanoff, Waldersee, and Cohen (1995) contend that computer aided content analysis leads to perfect reliability since the coding rules are always applied in the same way, and through the use of standard dictionaries the comparability and validity of the analyses are enhanced.

Measures

Measuring Entrepreneurial Orientation. In order to measure entrepreneurial orientation, the five dimension conceptualization of EO provided the basis of the content analysis. Each of the five component dimensions of EO (autonomy, competitive aggressiveness, innovativeness, proactiveness, and risk taking) were measured using the word list developed and validated[1] by Short et al. (2010). The EO dictionary (word list) developed by Short et al. (2010) provides words for each of the EO dimensions, as well as some supplementary words which are more generic (that is, not aligned to a discrete dimension, but rather the composite construct). The dictionary comprises 244 words, of which 36 pertain to autonomy, 86 to innovativeness, 27 to proactiveness, 58 to competitive aggressiveness, and 37 to risk taking. Examples of the dictionary words, along with instances from the data are shown in Table 4. As highlighted earlier, this validated word list has been used in previous studies of EO (Short et al., 2009; Short et al., 2010; Moss et al., 2011; Zachary et al., 2011a; Engelen, Neumann and Schmidt, 2013). The total EO score represents the number of times the directory entry used a word from any of the EO dimension dictionaries (as well as generic EO terms). Similarly the scores for each of the EO dimensions represent the number of times the directory entry used a word from the relevant dimension's word list. For the French data, the word lists developed by Short et al. (2010) were forward and then back translated to ensure consistency (Degroot, Dannenburg, and Vanhell, 1994). Thus, the French texts were analysed using the translated French EO dictionary (and the texts remained in French). Whilst the calculation of the scores for each of the EO dimensions was automated through DICTION software, an additional check was made by reading through each of the entries to ensure the semantic context was consistent with the relevant EO dictionary words. The descriptive statistics for each of the EO dimensions are shown for each of the countries in Table 5.

<<Insert Tables 4 &5 about here>>

[1] The dictionary was validated using expert validation. We refer the reader to Short et al. (2010) for full details.

Measuring Culture. Measures of culture were drawn from Hofstede data for each country. The Hofstede country scores of the dimensions (uncertainty avoidance, individualism, power tolerance, masculinity) were noted, and from this data, an ordinal scale was developed, where countries were considered to be high, medium or low on each of the dimensions (see Table 2 for the categorizations used). Cross cultural studies have tended to use the country itself as a proxy for culture, rather than direct measures (Engelen, 2010). Given the limited number of countries in this study, using Hofstede's indices themselves was not considered appropriate, but by using these to develop an ordinal scale of culture across the sample countries for the relevant cultural dimensions, it is believed that this overcomes at least some of the limitations associated with country proxies.

ANALYSIS AND RESULTS

General Linear Modelling was employed as the method of analysis, using SPSS software. To control for possible age and size affects, these were included as covariates (with age being measured as the number of years the business had been franchised, and size measured by the number of franchised outlets). Firms of different size and age may exhibit different organizational and environmental characteristics (Wiklund and Shepherd, 2005). Therefore, by controlling for age and size, this enables us to account for the lifecycle of the franchise organizations, which may influence their EO (see Miller and Breton-Miller, 2011). Table 6 displays the results pertaining to uncertainty avoidance. The results for H1 found that EO does vary by uncertainty avoidance, with high uncertainty avoidance cultures having significantly lower EO than those of low or medium levels of avoidance. Significant differences in innovativeness (H1a) were found, such that franchise systems from high uncertainty avoidance cultures had significantly lower scores for innovativeness. Support was also found for H1b and H1c. Interestingly, with respect to H1d, proactiveness was positively

linked with uncertainty avoidance. Proactiveness in part pertains to a forward looking perspective, and thus proactiveness may be a means of seeking to reduce uncertainty.

<<Insert Table 6 about here>>

For the results relating to the hypotheses pertaining to individualism (Table 7), although significant differences in EO were found between franchise systems from highly individualistic cultures compared with medium ones (H2), the results were in the opposite direction to that predicted, with the most individualistic countries exhibiting lower levels of EO. No support was found for H2a, and H2c, with no significant differences found in levels of innovativeness or autonomy. With respect to H2b, only marginally significant differences ($p=0.10$) were found in levels of risk taking, and again, these were in the opposite direction to that hypothesized. As predicted, franchise systems from highly individualistic cultures were less proactive compared with systems from more collectivistic cultures (H2d).

Table 8 shows the results regarding masculinity. H3, H3a, H3b and H3c were supported with franchise systems from more masculine cultures exhibiting higher levels of EO, innovativeness, risk taking and autonomy than those from more feminine cultures. However, in relation to H3d, the results were in the opposite direction to that anticipated – with franchise systems from the least masculine culture exhibiting the highest levels of proactiveness, and no support was found for H3e, with no significant differences in competitive aggressiveness.

<<Insert Table 7, 8 about here>>

Table 9 presents the results regarding power tolerance. In relation to power tolerance, partial support was found for H4, with franchise systems from the most power tolerant cultures exhibiting the lowest levels of EO. However, it should be noted that medium levels

of power tolerance exhibited the highest levels of EO. Similarly for H4a and H4b, whilst power tolerance was found to have a significant relationship with innovativeness and autonomy, the highest levels were displayed by countries of medium power tolerance.

<<Insert Table 9 about here>>

DISCUSSION

The results suggest that culture has an important influence on EO within franchise systems. It would seem that franchise systems operating in high uncertainty avoidance, high power tolerance, and feminine cultures are less entrepreneurially oriented. Thus, they are less likely to desire highly entrepreneurial franchisees, and therefore in their promotional materials the potential for an entrepreneurial role within the system will be downplayed. Within more entrepreneurial cultures, franchisors are more likely to wish to attract entrepreneurial individuals who will thrive in an autonomous environment, and therefore will try to appeal to entrepreneurial individuals, highlighting the opportunities to be independent and be part of an innovative organization.

However, whilst support was broadly found for most of the hypotheses, the results suggest that the relationship with culture and EO is complex. Whilst uncertainty avoidance showed a clear relationship with EO, such that franchise systems from high uncertainty avoidance cultures exhibited lower levels of EO, innovativeness, autonomy and risk taking, for other cultural dimensions the results were less straightforward. With respect to individualism, although as expected, franchise systems from highly individualistic societies were less proactive, no significant differences were found in levels of autonomy or innovativeness, and EO was higher for franchises from countries with medium levels of individualism compared with those from high. The findings may reflect the curvilinear relationship found by Morris, Davis, and Allen's (1994) corporate entrepreneurship study.

They argue that very high levels of individualism may mean that individuals will exploit organizational resources for their own self-interest, rather than that of the corporation, and thus levels of entrepreneurship will suffer. Given the importance of teamwork in the creative process, innovativeness may suffer in highly individualistic societies. Morris, Davis, and Allen (1994, p. 68) suggest that in collectivistic cultures "…greater synergies may occur from the combined efforts of people with diverse skills" and thus teamwork may be more effective. Furthermore Pearce and Ensley (2004) found that having a shared vision appears to play a central role in the innovation process and its effectiveness. It is also important to note, that with respect to individualism, the cultures did not contrast strongly, with no collectivist cultures being present within the sample. It would be interesting in future studies to include a collectivist culture to enable this relationship to be explored more fully.

With respect to power tolerance, the highest levels of EO, innovativeness and autonomy were found for cultures with medium levels of power tolerance. This suggests that the relationship may also be curvilinear. Thus, when cultures are highly power intolerant this may negatively affect entrepreneurship. If individuals within the organization are not respectful of hierarchies it is difficult to create strategic thrust. It may be that moderate levels of respect for hierarchies have a positive impact, but in highly tolerant cultures these hierarchies become too rigid and prevent creativity and innovation. Certainly within a franchise context, whilst franchisors may welcome the creative contribution of franchisees, innovations need to be controlled within the confines of the system, and thus the provision of appropriate structures and processes to facilitate this are important (Dada and Watson, 2013a).

Although the masculinity dimension, as expected, was associated with higher levels of EO, innovativeness, risk taking and autonomy, with respect to proactiveness it was found

that counter to a priori expectations, franchise systems from feminine cultures exhibited greater proactiveness. It is not immediately apparent why this should be the case. However, proactiveness in part pertains to a forward looking perspective, and this may mean that feminine cultures, as more nurturing in nature, are more concerned with the future.

Whilst the paper focuses on theoretically and empirically derived propositions, a post-hoc analysis was conducted across all remaining dimensions. No significant differences were found between competitive aggressiveness and uncertainty avoidance, individualism and power tolerance, nor power tolerance and risk taking. The findings did suggest, however, that cultures with high power tolerance exhibited greater proactivity, perhaps suggesting that the cooperation required for proactive behaviors (Krieser et al., 2010) may be facilitated by more formal hierarchical structures.

The results from this study are in keeping with other studies of national culture and entrepreneurship in finding that culture influences entrepreneurship and more specifically franchising. However, few studies have considered corporate entrepreneurship, and this study, by examining the role of culture on organizational EO in franchise systems, contributes to this literature. Although a few studies have considered EO within franchise systems (Dada and Watson, 2013a, 2013b; Grünhagen et al., 2014; Zachary et al., 2011a), this is the first known research to explore EO within a cross cultural context. The results suggest that national culture is an important influence on EO for franchise systems, suggesting that it is important to consider EO within its cultural context. Studies by Engelen (2010) and Engelen et al. (2014) suggest that the antecedents to EO in terms of organizational culture may differ across different national cultural contexts. Thus, in understanding the role of EO within franchise systems, and its performance implications, it is important to consider the cultural context. Whilst this study has focused on the role of culture on EO, there may be

a number of other country specific factors which may be influential, such as the level of economic development, government policies, legal system and welfare programs, and represent useful avenues for future research. Furthermore, this study has examined the role of EO within the context of franchise systems. Future research could extend this study to consider other organizational settings.

Although this study has focused on EO, it seems unlikely that the influence of national culture on franchise systems is limited to this domain. Thus, there could be implications for other aspects of franchise organizational culture, franchisor-franchisee relationships, franchisee recruitment and organizational structures, to highlight just some potential avenues for future research. Dant (2008) comments that franchise research has focused almost exclusively on the North American context. The findings here suggest that it is important in order to further our understanding of franchising to consider different cultural contexts, to better understand the implications of culture on franchise systems. Thus, in keeping with Dant (2008), we highlight the need for further research of franchise systems beyond the US. Given the increasing internationalization of franchise systems, the need for such research becomes even more urgent.

Whilst the findings here suggest that franchise system EO differs across different cultures, what is not clear is how this impacts system and unit performance. Research by Dada and Watson (2013a) of UK franchise systems suggests that EO has a positive impact on system performance. However, the results here suggest that these findings may need to be considered in context: the UK is characterized by having low uncertainty avoidance, low power tolerance, is individualistic, and masculine, all characteristics of an entrepreneurial culture. It would therefore be interesting to extend their research to contrasting cultures, to

determine if the positive relationship between EO and performance is universal, or one that will be mediated by the national entrepreneurial culture.

This study uses content analysis to measure (franchise system) organizational EO, and whilst this approach has previously been used to assess EO (Short and Palmer, 2008; Short et al., 2009; Zachary et al., 2011a), implicit in our approach is the assumption that franchisors will transmit their EO through their advertising narrative. However, it is possible that promotional messages may seek to manage impressions, and may not reflect the true EO. Whilst it is argued that franchisors would not benefit from such impression management, as this could lead to the recruitment of franchisees whose values are incongruent, future research could compare if the EO transmitted through promotional messages is consistent with that of the system. This could be achieved through the traditional means of assessing EO, such as through survey data of executives or business owners (Dada and Watson, 2013a; Lumpkin and Dess, 2001, Wang, 2008), and comparing this with promotional messages (Dada and Watson, 2013b).

The sample used in this study predominantly comprised local franchise chains, but it did contain a small number (approximately 30) international franchise systems. These were retained within the sample on the basis that for the most commonly used form of international franchising, master franchising, the master franchisee essentially takes the role of the franchisor within the international location, and is subject to less controls and granted greater autonomy than domestic (multiunit) franchisees (Paik and Choi, 2007). Thus, the autonomy and control granted to the master franchisee will mean that the EO of the system within their territory is likely to be influenced by the local culture. However, this would be an interesting area to explore, to determine if, and to what extent, international chains adapt their EO within different cultures. The small number of international chains within the sample did not enable

this analysis to be run, although it should be noted that the analysis was rerun excluding the international chains, and the results did not differ significantly. Future research could explore if the EO of international chains differs across cultures and the factors which might influence such adaptations.

CONCLUSION

This paper contributes to the corporate entrepreneurship literature by being the first study, to the authors' knowledge, to explore the effect of multiple cultural dimensions on the five dimensional and unidimensional EO construct in franchise organizations. By improving our understanding of the impact of national cultural values on EO, this paper provides further contribution to the literature on international entrepreneurship and international franchising. The findings here suggest that the local culture influences franchise system EO, and therefore, particularly for international franchise brands, this may have implications for how they select their international franchisees. Franchisors (with high/low levels of EO) operating in international markets may have to adapt their selection mechanisms to fit different cultures. The findings also have implications for how franchisors manage their international franchisees. Franchisors with high (or low) levels of EO in their domestic operations, may find that for operations based in countries with a less (or more) entrepreneurial culture, franchisees would benefit from greater (or less) support and management control. As a result, franchisors may have to create a variety of support frameworks that can be attuned to different contexts (e.g. support frameworks targeted at individual franchisees and those targeted at country-level cultures). By providing directions for research it is hoped that this paper will act as a catalyst to future studies to further advance our understanding of franchising within different cultural contexts.

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Table 1 Country Uncertainty Avoidance Scores*

	Australia	France	India	South Africa	UK
Uncertainty avoidance	**51** (37)	**86** (10)	**40** (45)	**49** (39)	**35** (47)
Individualism	**90** (2)	**71** (10)	**48** (21)	**65** (16)	**89** (3)
Masculinity	**61** (16)	**43** (35)	**56** (20)	**63** (13)	**66** (9)
Power tolerance	**36** (41)	**68** (15)	**77** (10)	**49** (35)	**35** (42)

Source: Hofstede (2010)
*Rankings shown in brackets (from a sample of 53 countries)

Table 2 Summary of Cultural Features of Australia, France, India, South Africa and the UK*

	Predicted relationship with entrepreneurial orientation dimensions	Australia	France	India	South Africa	UK
Uncertainty avoidance	↓ Innovativeness ↓ Risk taking ↓ Autonomy ↓ Proactiveness	MID	HIGH	LOW	MID	LOW
Individualism	↑ Innovativeness ↑ Risk taking ↑ Autonomy ↓ Proactiveness	HIGH	HIGH	MID	HIGH	HIGH
Masculinity	↑ Innovativeness ↑ Risk taking ↑ Autonomy ↑ Proactiveness ↑ Competitive aggressiveness	HIGH	LOW	HIGH	HIGH	HIGH
Power tolerance	↓ Innovativeness ↓ Autonomy	LOW	HIGH	HIGH	MID	LOW

*Countries were classified as ‘high’ if their score on the Hofstede dimension was >55; ‘mid’, if the score was 45-55; ‘low’ if their score was <45.

Table 3 Sector Distribution of Sample Franchise Systems

Sector	Frequency (N)	Frequency (%)
Hotels and Catering	80	21.3
Store Retailing	64	17.0
Personal Services	80	21.3
Property services	55	14.6
Transport and Vehicle Services	31	8.2
Business and Communication	66	17.6
Total	376	100

Table 4 Examples of EO dictionary words

EO dimension	Example of words	Examples
Autonomy	Autonomous, free, freedom, independence, independent, on-ones-own	"Over 25 years ago [Brand] committed itself to developing manpower for India's slowly awakening IT sector. In doing so, it not only pioneered a brand new industry, the IT training segment, it also fuelled the fire of entrepreneurship in India...here are some of the highlights that have made thousands of entrepreneurs join hands with [Brand]: …The *authority* to provide Official Curriculum Training from leading Technology Providers." "Both hands-on support and *independence*. At [Brand] we are very aware that this is your business. Every franchise starts as a single van unit, but once you have built up the experience needed to develop the business you can choose to expand it in the way that suits you best. You can take on staff, upgrade to a multi-van franchise or even go regional. Or you can stay exactly the way you are."
Innovativeness	Creator, create, innovation, innovative, novel, original, radical	"Entrepreneurship skills, business sense and a c*reative* mind make the perfect combination to successfully run a [Brand] Franchisee." "[Brand] has created a systematic program for franchisees that allows them to become part of a national brand. We strongly believe in *innovation* which is why we invest heavily in technology that will help build our growth strategies and create success for our franchisees."
Proactiveness	Explore, forecast, investigate, anticipate	"Duncan's hard work and *proactive* attitude is paying dividends. His business is growing well and he's enjoying the freedom, variety and huge satisfaction of his new lifestyle as an [Brand] franchise owner."
Competitive aggressiveness	Ambitious, challenge, intense, competitive	"[Brand] estate agents are offering a unique and exciting franchise opportunity for entrepreneurs looking to start their own estate agency business. With *ambitious* plans to capitalise on the changing estate agency business model at a grass roots level, [Brand] are looking to expand its current estate agency network throughout England and Wales via a skilled team of franchised personal local estate agents." "[Brand]'s wide array of services and profit opportunities allows franchisees to position themselves as a resource and partner with the dealer rather than

		most *competitors* who are simply viewed as vendors. [Brand] provides a level of quality, service and selection that cannot be matched by any *competitor* and our proprietary selling system enables franchisees to customize sales presentations and service offerings."
Risk taking	Bold, rash, uncertain, daring, risk	"The world of fitness is our world and is exciting, enthrilling and *adventurous*" "Being responsible for own business operations as a whole including obligations and commitments, *risk* and profits"
Generic EO terms	Enterprise, entrepreneurial,	"Common to most successful and established franchisees are the following traits: Self motivated, competitive, energetic and *entrepreneurial*."

Table 5 Sample Descriptive Statistics: Mean and Standard Deviation (in brackets)

	Australia	France	India	South Africa	UK	All countries
Innovativeness	2.3 (2.03)	2.06 (1.97)	2.80 (2.72)	4.34 (4.22)	2.35 (2.00)	2.54 (2.48)
Autonomy	0.714 (1.00)	0.51 (1.17)	0.49 (0.92)	1.20 (1.51)	1.01 (1.36)	0.82 (1.30)
Risk taking	0.27 (0.63)	0.03 (0.17)	0.37 (0.80)	0.18 (0.59)	0.21 (0.55)	0.20 (0.57)
Proactiveness	0.45 (0.79)	1.21 (0.91)	1.06 (1.65)	0.64 (1.12)	0.53 (0.75)	0.74 (1.03)
Competitive aggressiveness	0.49 (1.01)	0.45 (0.83)	0.65 (0.94)	0.82 (1.02)	0.54 (0.84)	0.55 (0.91)
Entrepreneurial orientation total score	8.90 (5.89)	7.19 (5.03)	11.03 (7.58)	12.56 (8.63)	10.83 (5.15)	9.93 (6.26)

Table 6 Results of ANCOVA tests: Uncertainty Avoidance

Variables	UA low	UA medium	UA high	Mean Square	F
EO total					
Corrected Model				301.65	7.92***
Intercept				10444.58	274.20***
Franchise System Age				142.18	3.73*
Franchise System Size				12.96	0.34
UA	11.32[a]	10.09[a]	6.99[c]	527.96	13.86***
Error				38.09	
Innovativeness					
Corrected Model				13.16	2.22*
Intercept				749.29	126.23***
Franchise System Age				7.12	1.20
Franchise System Size				1.26	0.21
UA	2.61[b]	2.90[b]	1.98[d]	22.44	3.78**
Error				5.94	
Risk taking					
Corrected Model				1.05	2.93**
Intercept				4.76	13.21***
Franchise System Age				.08	.22
Franchise System Size				.07	.02
UA	.29[a]	.26[a]	.04[c]	1.97	5.47***
Error				.36	
Autonomy					
Corrected Model				4.82	3.25**
Intercept				39.22	26.46***
Franchise System Age				6.52	4.40**
Franchise System Size				.67	.45
UA	.79[b]	.91[a]	.46[d]	5.55	3.75**
Error				1.48	
Proactiveness					
Corrected Model				8.34	7.36***
Intercept				71.84	63.38***
Franchise System Age				6.41	5.66**
Franchise System Size				1.45	1.28
UA	.78[e]	.53[f]	1.23[g]	12.85	11.33***
Error				1.13	

[a] Significantly higher than UA high (p=0.01);
[b] Significantly higher than UA high (p=0.05);
[c] Significantly lower than UA low and UA medium (p=0.01);
[d] Significantly lower than UA low and UA medium (p=0.05)
[e] Significantly higher than UA medium (p=0.05) and lower than UA high (p=0.01)
[f] Significantly lower than UA low (p=0.05) and UA high (p=0.01)
[g] Significantly higher than UA low and UA medium (p=0.01)
*** p=0.01, ** p= 0.05, * p=0.10

Table 7 Results of ANCOVA tests: Individualism

Variables	Individualism medium	Individualism high	Mean Square	F
EO total				
Corrected Model			102.67	2.54*
Intercept			10418.00	257.85***
Franchise System Age			132.09	3.27*
Franchise System Size			.02	.00
Individualism	11.37[a]	9.57[b]	157.33	3.89**
Error			40.40	
Innovativeness				
Corrected Model			5.34	.89
Intercept			708.98	117.80***
Franchise System Age			5.97	.99
Franchise System Size			.17	.03
Individualism	2.91	2.50	8.23	1.37
Error			6.02	
Risk taking				
Corrected Model			.56	1.52
Intercept			8.26	22.58***
Franchise System Age			.06	.16
Franchise System Size			.23	.62
Individualism	.36[c]	.19[d]	1.39	3.79*
Error			.37	
Autonomy				
Corrected Model			3.73	2.49*
Intercept			26.88	17.92***
Franchise System Age			5.92	3.94**
Franchise System Size			.11	.07
Individualism	.54	.79	3.01	2.01
Error			1.50	
Proactiveness				
Corrected Model			4.71	3.98***
Intercept			63.14	53.43***
Franchise System Age			7.47	6.32**
Franchise System Size			.24	.20
Individualism	1.11[a]	.75[b]	6.47	5.47**
Error			1.18	

[a] Significantly higher than individualism high (p=0.05),

[b] Significantly lower than individualism medium (p= 0.05)

[c] Significantly higher than individualism high (p=0.10)

[d] Significantly lower than individualism medium (p=0.10)

*** p=0.01, ** p= 0.05, * p=0.10

Table 8 Results of ANCOVA tests: Masculinity

Variables	Masculinity low	Masculinity medium	Masculinity High	Mean Square	F
EO total					
Corrected Model				366.43	9.57***
Intercept				7740.83	202.23***
Franchise System Age				150.74	3.93**
Franchise System Size				13.40	.35
Masculinity	6.98[a]		10.75[b]	948.63	24.78***
Error				38.27	
Innovativeness					
Corrected Model				15.55	2.62*
Intercept				577.24	97.24***
Franchise System Age				6.70	1.13
Franchise System Size				1.23	.21
Masculinity	1.98[e]		2.74[f]	38.87	6.55**
Error				5.94	
Risk taking					
Corrected Model				1.37	3.82***
Intercept				2.50	6.97***
Franchise System Age				.08	.23
Franchise System Size				.07	.19
Masculinity	.04[a]		.28[b]	3.84	10.70***
Error				.36	
Autonomy					
Corrected Model				6.07	4.10***
Intercept				26.01	17.56***
Franchise System Age				6.36	4.30**
Franchise System Size				.66	.44
Masculinity	.46[a]		.85[b]	10.02	6.77***
Error				1.48	
Proactiveness					
Corrected Model				9.63	8.43***
Intercept				79.83	69.88***
Franchise System Age				6.77	5.92***
Franchise System Size				1.41	1.23
Masculinity	1.23[c]		.67[d]	21.22	18.57***
Error				1.14	
Competitive Aggression					
Corrected Model				4.21	5.16***
Intercept				12.86	15.56***
Franchise System Age				11.08	13.60***
Franchise System Size				1.76	2.16
Masculinity	.43		.59	1.70	2.08
Error				.82	

[a] Significantly lower than masculinity high (p=0.01) d Significantly lower than masculinity low (p=0.01).

[b] Significantly higher than masculinity low (p=0.01) [e] Significantly lower than masculinity high (p=0.05)

[c] Significantly higher than masculinity high (p=0.01) f Significantly higher than masculinity low (p-0.01)

Table 9 Results of ANCOVA tests: Power Tolerance

Variables	Power tolerance low	Power tolerance medium	Power tolerance high	Mean Square	F
EO total					
Corrected Model				156.72	3.95***
Intercept				11339.42	285.96***
Franchise System Age				126.14	3.18*
Franchise System Size				2.79	.07
Power tolerance	10.17[a]	12.44[b]	8.73[c]	238.10	6.00***
Error				39.65	
Innovativeness					
Corrected Model				30.16	5.24***
Intercept				949.11	164.96***
Franchise System Age				4.35	.76
Franchise System Size				1.03	.18
Power tolerance	2.39[d]	4.13[e]	2.35[f]	56.43	9.81***
Error				5.75	
Autonomy					
Corrected Model				7.84	5.41***
Intercept				57.94	39.97***
Franchise System Age				5.74	3.96**
Franchise System Size				.74	.51
Power tolerance	.84[g]	1.29[b]	.49[h]	11.60	8.00***
Error				1.45	

[a] Significantly lower than power tolerance medium, significantly higher power tolerance high (p=0.05)

[b] Significantly higher than power tolerance low (p=0.05), and power tolerance high (p=0.01)

[c] Significantly lower than power tolerance low (p=0.05), and power tolerance medium (p=0.01)

[d] Significantly lower than power tolerance medium (p=0.01)

[e] Significantly higher than power tolerance low and power tolerance high (p=0.01)

[f] Significantly lower than power tolerance medium (p=0.01)

[g] Significantly lower than power tolerance medium (p=0.05%), significantly higher than power tolerance high (p=0.01)

[h] Significantly lower than power tolerance medium and power tolerance low (p=0.01)

*** p=0.01, ** p= 0.05, * p=0.10