

## The Retailing Literature as a Basis for Franchising Research: Using Intellectual Structure to Advance Theory<sup>☆</sup>

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### Abstract

This study evaluates the foundational intellectual structure of franchising research over the last four decades. Based on 1718 articles from a sample of 40 journals, we use co-citation analysis, employed in both multidimensional scaling and hierarchical cluster analysis, to evaluate 67,073 citations and determine the theoretical underpinnings of franchising research. As the results indicate, the retailing literature has had an integral influence on studies related to franchising. To advance this research domain, we develop a three-dimensional typology (franchise structure, consumer exchange, and strategic intention) based on established and emergent franchise-related topics. The typology indicates six suggested topics for examination to advance franchising research based on the domain's accomplishments to date.

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### Introduction

For the past forty years, franchising has received considerable attention from researchers in varied fields such as marketing (e.g., Agrawal and Lal 1995), management (e.g., Carney and Gedajlovic 1991), law (e.g., Hadfield 1990), and economics (e.g., Martin 1988). This widespread interest is not surprising given the increased economic importance of franchising. From 2001 to 2009, the number of franchised establishments in the United States (US) grew from 767,483 to 883,292 – a 15 percent increase in 9 years (International Franchise Association 2008, 2009). Further, in 2009, the franchising sector provided over 9.5 million jobs and contributed nearly \$845 billion of economic output to the US economy (International Franchise Association

2009). Thus, the significance of franchising is substantial to both researchers and practitioners alike.

Over the years, many facets of franchising research have been examined. For example, topics studied have included contractual arrangements (Agrawal and Lal 1995; Mitsuhashi, Shane, and Sine 2008), pricing strategies (Desai and Srinivasan 1995, 1996), franchised chain advertising (Desai 1997; Michael 1999), franchise system ownership patterns (Lafontaine and Kaufmann 1994; Windsperger and Dant 2006), territorial encroachment implications (Kalnins 2004b), and franchise system internationalization (Dant, Perrigot, and Cliquet 2008; McIntyre and Huszagh 1995). As a result of such efforts, considerable knowledge has been developed, but there has not been a thorough evaluation of the domain's underlying theoretical tenets to date. Therefore, to facilitate the continued development of franchising research, a rigorous examination of its foundational intellectual structure is required.

Recent studies have suggested that franchising research is based – at least in part – on the retailing literature. The context involving both the retailer and the manufacturer in a dyadic channel relationship resembles many contractual and compensatory issues franchisees and franchisors must resolve in a franchise system (Iyer and Villas-Boas 2003). This distinction demonstrates the importance of both business format franchises and

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product or trade name franchises (Combs, Ketchen, and Hoover 2004). By relating the franchising concept to the distribution of both intellectual property forms, this approach is a clear indication of the interrelated nature of franchising and retailing research. Based on this, it is expected that an intellectual structure evaluation of franchising includes influences from the retailing literature.

Still, even if an assessment of the most influential works in franchising research resembles some facets of the retailing literature, this nonetheless provides a substantive premise to develop future research (Kuhn 1996; Yadav 2010). Based on the bibliometric analysis of co-citation data (e.g., Acedo, Barroso, and Galan 2006; Ramos-Rodríguez and Ruíz-Navarro 2004; Schildt, Zahra, and Sillanpää 2006), this approach enables scholars to perform research on the influential topics in franchising with an increased quantitative sophistication to supplement commonly-based qualitative reviews. Such quantitative examination allows for a better understanding of the theoretical bridges that can be built between intellectual topics. In addition, the identification of missing or understudied theoretical foundations can help advance the franchising research in ways not fully explored to date.

Previous franchising and retailing research has used many techniques to synthesize its empirical and theoretical domains, identify state-of-the-art research, and suggest avenues for future research (e.g., Brown and Dant 2008; Combs, Michael, and Castrogiovanni 2004; Dant 2008; Elango and Fried 1997; Fulop and Forward 1997). Recent studies have expanded the domain of franchising into the entrepreneurship and social venture literatures (Kaufmann and Dant 1999; Tracey and Jarvis 2007). Though this is integral for the widespread examination of franchising, an overriding imperative is to synthesize the fundamental tenets of franchising research and establish a research agenda requiring future investigation.

As a significant step toward this goal, our analysis contributes to the advancement of franchising research by applying bibliometric principles to investigate the interrelationships of its most influential research topics (Dant and Brown 2009; Garfield 1979; McCain 1990; Small 1980). The complexity and rigor of this analysis is considerable given the four decades of longitudinal data used. Specifically, this study provides three essential contributions. First, the intellectual structure of the franchising domain is established. Second, important emergent research trends are discussed to indicate the dynamism of the franchising topic. Third, a typology is advanced which integrates the established and emergent themes in franchising research and provides suggestions for the domain's future development.

Aligning with the focus of this special issue, we view franchising research as examining the different aspects of franchise systems throughout their evolution. Based on this perspective, there are many factors driving a franchise system. Branding (Ailawadi and Harlam 2004; Barthélemy 2008; Stern 1967), distribution (Day and Wensley 1983; Hunt 1972; Srinivasan 2006), and contractual ownership (Caves and Murphy 1976; Windsperger and Dant 2006) are among the leading topics examining this domain. We draw from these distinct perspectives to develop a framework specific to franchising for subsequent stud-

ies. Next, we discuss social network theory as our theoretical basis for the intellectual structure analyses. Then, we introduce multidimensional scaling (MDS) and hierarchical cluster analysis (HCA) as the co-citation methods used. Subsequently, the study's results are presented. Finally, a discussion section with suggested research directions is included.

### Social network theory

According to social network theory, an intellectual structure is a specific type of network in which influential works such as articles and books are tied to one another by the co-citations made in published research (e.g., Kuhn 1996). In this context, network analysis focuses on the patterns of such ties (Tichy, Tushman, and Fombrun 1979) to identify network subgroups, and ultimately, to infer future developments within a network based on recent trends and research traditions (e.g., Borgatti et al. 2009).

The identification of network subgroups can be achieved with relational models delineating relationship intensity among influential works (Burt 1980). This intensity is represented by the number of times a work is cited along with another influential work in the same study. By focusing on the intensity of cohesive citation relationships in a set of articles and books, relational models are valuable for locating specific research themes (e.g., Marsden and Friedkin 1993). Such topics are regions of the network composed of influential works more closely connected to one another than to the rest of the network (Scott 2000; Tichy, Tushman, and Fombrun 1979). Thus, more co-citations between two influential works indicate a more intense relationship. This, in turn, signals a similarity of research relationships. As such, these intellectual topics cover a particular stream of research and are distinct from other content areas in the same overall research network (cf. Pieters et al. 1999).

Since networks are not static but instead are continually in a state of change (Carley 1999), the composition of the research topics is likely to shift over time. Such a dynamic change reflects the need to study the influence of works in franchising research longitudinally to examine their impact on the development of the field. After such analysis, future research directions can be identified based on the theoretical foundations used in previous research and recent trends related to these established research traditions.

### Method

We evaluated 67,073 citations (7688 in 1970s–1980s; 18,492 in 1990s; and 40,893 in 2000s) from 1718 franchising-related articles (337 in 1970s–1980s; 474 in 1990s; and 907 in 2000s) in 40 academic journals identified as relevant to franchising research (see Table 1). The duration of our analysis covers the 1970–2008 timeframe. Similar to other bibliometric analyses, we divided the data into distinct periods (1970s–1980s, 1990s, and 2000s) to provide sufficient depth in each timeframe and maintain the applicability of our longitudinal evaluation.

Based on precedent in other business-related disciplines such as strategy (Ramos-Rodríguez and Ruíz-Navarro 2004), logis-

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