universität wien

MASTERARBEIT

Titel der Masterarbeit

„The influence of cultural and institutional differences on the governance mode choice of international franchising companies”

verfasst von

Magdalena Kohl, BSc

angestrebter akademischer Grad

Master of Science (MSc)

Wien, 2015

Studienkennzahl lt. Studienblatt:	A 066 914
Studienrichtung lt. Studienblatt:	Masterstudium Internationale Betriebswirtschaft
Betreuer / Betreuerin:	Univ.-Prof. Dr. Oliver Fabel, M.A.

1 Statement on Oath

Ich erkläre Eides statt, dass ich die vorliegende Masterarbeit selbständig und ohne fremde Hilfe verfasst, andere als die angegebenen Quellen und Hilfsmittel nicht benutzt bzw. die wörtlich oder sinngemäß entnommenen Stellen als solche kenntlich gemacht habe. Die vorliegende Masterarbeit ist mit dem elektronisch übermittelten Textdokument identisch.

Ich habe mit bemüht, sämtliche Inhaber der Bildrechte ausfindig zu machen und ihre Zustimmung zur Verwendung der Bilder in dieser Arbeit eingeholt. Sollte dennoch eine Urheberrechtsverletzung bekannt werden, ersuche ich um Meldung bei mir.

2 Acknowledgement

First of all, I would like to thank my professors ao. Univ.-Prof. Mag. Dr. Windsperger and Mag. Dr. Jell-Ojober who provided great support through valuable ideas and feedback during the development of my thesis. Especially in the course of the data collection my colleagues and I could rely on the strong assistance from Mag. Dr. Jell-Ojober for which I am very grateful.

Equally important to the academic support, I want to express my gratitude for the emotional support from the side of my parents and my boyfriend Manuel who always believed in me and were there for me when I needed them during times of great stress.

In addition, I want to say thank you to my friends who supported me with words of encouragement during long telephone calls and with an understanding for me being less able to spend time with them.

Finally, my three fellow students Dana, Kathrin and Victoria who accompanied me not only through numerous writing sessions in the libraries but also during the whole Master program have to be mentioned. Their support and friendship enriched my academic journey in many ways.

Thank you!

Table of contents

Table of Figures and Tables

3 Introduction to international franchising and classification of governance modes

3.1 Introduction to the topic and its relevance

Several developments in the world's economy have fostered the choice of franchising as business format for offering products or services in both domestic as well as foreign markets. First of all, in the face of saturated domestic markets, franchisors have a strong incentive to internationalize their operations through the vehicle of international franchising. Along with this comes a more and more integrated global economy that results in a strong growth in the internationalization of services. Further, this development was incentivized by the fact that consumers are aware of products and services offered in other countries through the development of the internet, access to foreign television channels or the ease of travelling to other countries (Burton et al., 2000). When shifting the point of view to the perspective of foreign business operators in initially less developed countries, Konigsberg (2008) finds that their engagement in acquiring master franchises or entering contractual relationships with franchisors from countries with developed franchising systems becomes more frequent too. Apart from that, the choice of franchising as entry mode into a foreign country for companies that do not employ this business model as their domestic operations mode gains popularity as well. Thus, for the purpose of expanding the business beyond the boarder of the domestic market, international franchising is seen as an appropriate entry mode (Konigsberg, 2008). In a nutshell, these developments underline the relevance of investigating international franchising both for the theoretical and the practical arena.

Going one step further, scholars have employed various theoretical frameworks to find explanations for the choice of international franchising or other entry mode vehicles. Among these, the two most commonly used are the Transaction cost theory and the Resource based theory (Brouthers and Hennart, 2007). Parallel to that, researchers from both the organizational and international management field made use of findings derived from a further theoretical approach-institutional theory (Ang et al., 2014). Especially in the last three decades, neoinstitutional theory was able to set milestones in explaining the complex interactions between organizations and their environment (Scott, 2001). This development gave rise to empirical investigations based on the institutional perspective not only in international management and organizational studies but also in the strategy literature. Observing this, Peng et al. (2009) even suggest to include institutional analysis to the most

relevant theoretical constructs that are able to explain strategy issues (Peng et al., 2009). Apart from the rising importance for the body of strategy literature, the appropriateness of institutional theory for explaining the hurdles multinational corporations (=MNCs) face when entering a foreign market is already more recognized. Thus, international management literature already counts a bigger number of contributions built on this theoretical concept in order to explain entry mode decisions (Ang et al., 2014). As for my thesis, both arguments on the one hand the importance of international franchising as entry mode and on the other hand the relevance of institutional theory for different sections in the business field underline the relevance of my investigation.

Still, Shaver (2013) has a point when he critically assesses the need for further entry mode studies in the international business field. In this respect, certain research questions have been extensively reviewed however not without criticism on study design or methodology used in the past (Shaver, 2013). Building on this remark, my thesis aims at adding value to the field by focusing on different international franchising entry mode forms (parallel to Zhu et al., 2011) instead of on the various entry modes - an approach which is less present in the current literature body according to my analysis. Further, due to its richness and complexity, past studies faced challenges in capturing culture through quantitative frameworks which led to limited validity. A prominent example is the ignorance of interaction effects of different cultural dimensions as conceptualized through Hofstede (1980a) (Adkisson, 2014). Parallel to studies that accounted for these interaction effects (e.g.: Ang et al.,2014; Baena, 2013; Barkema and Vermeulen, 1997;Efrat and Shoham, 2013), the goal of my investigation is to implement a broad perspective on the consequences of institutional and cultural differences for international franchising entry mode choices. Concretely, through incorporating variables such as Uncertainty avoidance, measures of regulatory quality, country risk or experience, the effects of institutional and cultural distance on international franchisor's entry modes (=differences[1]) should become clear. My approach unifies different theoretical perspectives on the topic by incorporating cultural frameworks, institutional theories and transaction cost theory. With this concept, my thesis profits from insights that go beyond one particular literature stream. This allows me to account for the unifying proposition that can be derived from all theoretical approaches which states that "institutions matter" (Peng et al., 2009, p.65).

[1] The terms differences and distance when referring to cultural or institutional dissimilarity between countries are used as synonyms in my thesis

In one sentence, my intention is to derive, apply and test implications on how institutional variables influence governance mode choices of international franchising firms.

3.2 Definitions of franchising

The goal of the following part is to give an introduction to vital aspects on franchising as governance mode, an analysis of the various forms of franchising and a distinction between the governance modes according to their degree of control.

According to Burton et al (2000), first and second generation franchising can be discriminated. In first generation franchising the "set of rights and resources" granted to the franchisee is rather small. In the majority of the cases this only includes the production of a specific product or the offering of a service under a trade name. Examples for this form are found in the bottling of soft drinks or forecourt distribution of automobiles. From an international perspective, first generation franchising can be subsumed as a form of the license entry mode (Burton and Cross, 1997). On the other hand, through second generation franchising (=business format franchising)[2], more rights and resources are provided which consist of the core elements of the business format that enable its replication and operation. The nature of the business format as well as contractual obligations could make it necessary to transfer intellectual property such as trademarks or copyright. Apart from that, the franchising contract stipulates rights and obligations of the franchisor to provide business know-how, managerial assistance (e.g.: in the area of finance or site selection), training or the help in other business activities such as advertising or purchasing. For the franchisee the contract sets instructions of operation for using the business format, sometimes a degree of geographical exclusivity and other obligations as well as rights. In exchange for the right of using the business format, the franchisee is subject to an initial up-front fee that can be combined with continuing payment of fees that consist of a percentage of sales or turnover. This being said, second generation franchising implies a much closer franchisor-franchisee relationship than first generation franchising (Burton et al., 2000). My thesis will investigate the influence of institutional and cultural differences on governance mode choices for firms engaging in second generation franchising.

[2] Burton et al (2000) use second generation franchising as synonym for business unit franchising

3.3 Types of franchising

When entering a foreign market, the franchisor is confronted with choosing the appropriate entry mode (=governance mode).[3] According to Konigsberg (2008), this decision should be made on a country-to-country basis. Generally speaking, three forms of entering into a foreign market through franchising can be established. (Konigsberg, 2008)

First, direct franchising "which grants franchises directly to the franchisee" is mentioned (Konigsberg, 2008, p.74). This form allows the establishment of a direct relationship between franchisor and franchisee where the rules and regulations are set in a franchise agreement between the two parties. Direct franchising subsumes direct unit franchising, the establishment of a branch office or a foreign subsidiary and area development agreements. With respect to direct unit franchising, the right to establish a single franchise outlet in the foreign country is granted. Second, through setting up a branch office or a foreign subsidiary the franchisor extends his reach in a way that the installed unit acts according to his will and takes on the role of selecting and entering franchise agreements with the franchisees in the foreign country. Third, development agreements involve a contractual relationship between the franchisor and a developer who is in general a national of the foreign market the franchisor wishes to enter. The agreement stipulates that the developer will own and develop franchise outlets in a bespoken country. For each of these outlets, a unit franchise agreement is set up between the franchisor and the developer (Konigsberg, 2008).

Second, through master franchise agreements which are directly set between the franchisor and a sub-franchisor (usually a national from the foreign country) the sub-franchisor either owns and develops franchise outlets himself or "sub-franchises outlets to sub-franchisees in the foreign country" (Konigsberg, 2008, p.75). Therefore, the sub-franchisor has control over the selection of sub-franchisees and a unit franchise agreement is established between these two parties (Konigsberg, 2008).

The third vehicle available is the joint venture agreement formed between the franchisor and a joint venture partner (usually a national from the foreign country). Through this, a joint venture company that could either take the form of a partnership or trust in the country of

[3] The terms governance mode and entry mode are used as synonyms in my thesis.

expansion is created. In the next step, a development agreement or a master franchise agreement between the franchisor and the joint venture is set up. (Konigsberg, 2008)

The distinction between franchising governance modes according to the degree of control

From an organizational stance, franchising entails an organizational architecture that lies in the middle between vertical integration and completely autonomous operations (Williamson, 1991). When distinguishing market entry modes according to their degree of control, franchising is subsumed as medium control mode (Anderson and Gatignon, 1986). Regarding the concept of control, my thesis builds on property rights theory. According to the latter, a firm's organizational architecture is contingent on the structure of the control rights. These include ownership and decision rights (Hansman, 1996; Baker et al., 2008). With regard to franchising, the governance structure of an international franchising operation is based on the allocation of ownership and decision rights between franchisor and local partner (Konigsberg, 2008). Discriminating between the various forms of international franchising as described above, they too are characterized by different levels of control (Anderson and Gatignon, 1986). Starting with wholly owned subsidiaries or branch offices, this governance form allows the franchisor to fully control the system know how, the use of trademarks, products and services in the host country (Konigsberg, 2008, pp.95) In a joint venture agreement with a foreign partner, the franchisor and the joint venture company engage in a development or master franchise agreement which stipulates the right of the latter to develop the franchise system abroad. This implies that the franchisor can only exercise control over sub-franchisees through their equity share and voting rights in the joint venture company which are shared with the joint venture partner (Konigsberg, 2008, pp. 235). Next, through area development franchising the franchisor grants directly to a developer the right to own and operate franchising outlets in a specific territory. With increasing size of the granted territory the human and financial resource commitment rises. Thus, also control rights have to be transferred to the franchisor (Konigsberg, 2008, pp.127). Finally, another option is granting a third party the right to build up the franchise network in the foreign country, which is carried out through a master franchise agreement. Since the master franchisor has exclusive responsibility for the success of this endeavor he must dispose of considerable residual decision rights (Konigsberg, 2008, pp.235).

To put it in a nutshell, wholly owned subsidiaries or branch offices are characterized by high levels of control for the franchisor, whereas area development agreements and master franchise agreements depict lower levels of control. Joint venture franchising lies in between

these extremes with a medium level of control. This distinction is crucial for my thesis since I will investigate the influence of institutional and cultural factors on the choice of high or low control franchising governance modes.

4 Theories on institutional and cultural effects in international business

A considerable number of theories have been used to explain how entry mode choices are made. According to Brouthers and Hennart (2007), the most commonly applied are transaction cost analysis, the resource-based view, institutional theory and the electic framework (Brouthers and Hennart, 2007). In this section, I will present the theoretical foundations that offer explanations for the effects of cultural and institutional differences on the governance mode choice for international franchising firms. The latter include cultural frameworks, institutional theories and transaction cost theory. One way to group the different theoretical schools that analyze institutional phenomena is sketched out by Williamson (2008). He distinguishes different levels of institutions which are analyzed by distinct theories. To start with, level one- the embeddedness level - is addressed by organizational and social theory which seeks to explain informal institutions (customs, norms traditions or religion). Level two denotes the institutional environment under which formal rules (government form, legal system, property rights and bureaucratic structure) are subsumed. This level is the central matter of investigation of the economics of property rights or positive political theory. Finally, at the third institutional level, governance, governance structures and contract design come into play. Transaction cost theory is committed to put forth the theoretical frameworks of this level (Williamson, 2008).

Parallel to that, my thesis will group the theoretical approaches that are able to explain institutional mechanisms according to Williamson's (2008) levels of social analysis (Williamson, 2008, p. 12). Additionally, North's (1990) and Scott's (1995) classification schemes of institutions serve as reference point for categorizing institutions (Peng, 2009, p.65). All these frameworks are presented in greater detail in the following part. This theoretical analysis starts with the analysis of cultural frameworks which lie their focus on the first institutional level (embeddedness), then continues with a consideration of organizational theories that address the first and the second level (embeddedness and institutional environment). After that, institutional economics will be presented, which primarily addresses level 2 of Williamson's (2008) grid and finally transaction cost theory that mainly discusses level 3 and to some extent level 2 (Williamson, 2008).

Integrative approach for classification of institutions used in my thesis

Author	Willamson (2008)	North (1990)	Scott (1995)	My thesis
Description	Economics of institutions	Classification of institutions	Institutional pillars	
Criteria	Level of social analysis	Degree of formality	/	
Classification	Level 1 = embeddedness	Informal institutions	Cognitive Normative	Cultural frameworks Organizational & Social theory
	Level 2= Institutional environment	Formal institutions	Regulatory	Institutional economics
	Level 3= Governance	/	/	Transaction cost theory

Figure 1 My integrative framework for classifying institutions and explanatory theories

4.1 Cultural frameworks

Cultural frameworks investigate the concept of national culture, which is synonym for normative belief systems that differ from country to country (Kostova, 1999). Thus, translating this to the language of institutional theories, informal (normative and cognitive) dimensions of institutions are addressed. Cultural frameworks point out the constraining nature of culture when it comes to economic activities since the latter constitutes the written and unwritten rules that set the framework for business endeavors (Peng & Heath, 1996). Firms are assumed to "face pressures to adopt designs that are within the subset of socio-politically legitimated designs" (Roberts &Greenwood, 1997, p.361). Culture is interpreted as regulatory force that sets priorities which shape human activities. These priorities can be understood as mean to address basic issues and problems inherent in a society with the goal of regulating human interaction processes. What is more, national-cultural priorities set the standards for social and economic reward contingencies. When conducting business in a foreign country, organizations and managers need to adapt to these reward systems in order to guarantee a smooth functioning (Smith &Schwartz, 1997). More specifically, organizations have to tailor their choices according to the priority framework which encourages and discourages these choices (Hofstede, 2001).

An investigation of this research domain reveals several cultural theories that can be applied to the field of international business (Vinken et al., 2004). The goal of this part is to give an overview of the most prominent ones. As for my thesis, the focus will lie on Hofstede's (1980) framework of cultural dimensions which was further applied and developed by House at al. (2004) in the course of the GLOBE study since they are most appropriate for explaining entry mode choices.

4.1.1 Hofstede's cultural value dimensions

According to Hofstede (1980a) culture denotes the "collective programming of the mind which distinguishes the members of one human group from another" (Hofstede, 1980a, p.25). Hofstede (1980a) assumes that culture shapes the values of its members, which in turn determines their behavior. In other words, cultural values determine cultural practices. He developed a framework of cultural dimensions based on socialization theory and institutional theory (Hofstede, 1980a). The conceptual basis of the dimensions is derived from a factor analysis of work-related values which were investigated through 116,000 morale surveys of over 88,000 IBM employees from initially 72 countries in 20 languages. Two rounds of data gathering were conducted between 1967-1969 and 1971-1973 (Kirkman et al., 2006; Steenkamp and Geyskens, 2012). The data was aggregated on a country level and subsequently, ratings were attributed to the investigated countries representing their scores on the distinct dimensions (Kirkman et al., 2006). The framework includes both unipolar (Power distance, Uncertainty avoidance) and bipolar dimensions (Individualism versus Collectivism, Masculinity versus Femininity; Short term versus Long term orientation, Indulgence versus Restraint) (Steenkamp and Geyskens, 2012). Initially, Hofstede (1980a) defined four dimensions, namely Power Distance, Uncertainty avoidance, Individualism versus Collectivism and Masculinity versus Femininity. Later, Long term versus Short-term orientation and Indulgence versus Restraint were added. (Adkisson, 2014; Hofstede, 2001) When interpreting the cultural dimensions, meaning is created through comparison between different countries. A separate consideration of the dimensions is not sound due to their relative nature (Hofstede, 2001).

Starting with the first dimension, Power Distance (=PD), the author describes it as "the extent to which a society accepts the fact that power in institutions and organizations is distributed unequally." (Hofstede, 1980b, p.45) Countries with a low PD score therefore embrace consultative or democratic power structures and are interested in distributing power equally among its members. Inequalities in power have to be well justified. In an organizational context, flat hierarchies are common and employees have no fear in approaching their superiors. On the other hand, high PD results in unquestioned acceptance of unequal power structure (Hofstede, 1980b). The second dimension, Individualism versus Collectivism (IDV) addresses how strongly individuals feel part of social groups. Countries scoring high on IDV

value more personal achievement and individual rights. Further, members of these cultures are focused on themselves and their immediate families. On the contrary, in collectivist societies people consider themselves as part of a cohesive and bigger group which is usually reflected through strong family networks that go beyond the immediate family. Ingroups and outgroups are distinguished and networks act as protection mechanism which comes at the cost of unquestioned loyalty from the side of the individual. Third, Uncertainty Avoidance (UA) reflects the degree to which uncertainty and ambiguity are accepted by members of a society. In countries scoring high on UA, all kind of measures are taken to reduce uncertainty both in a business as well as in a private context. Therefore, precise rules, regulations, laws or insurance mechanisms aim at reducing uncertainty. In the business world, plans are developed for different contingencies, stable career paths are valued and expertise is utterly important. In contrast to this, low UA cultures embrace change, feel comfortable in ambiguous situations and have less rules, regulations or plans. The next dimension, Masculinity versus Femininity (MAS) describes whether masculine or feminine values dominate a society. Examples for masculine values are competitiveness, assertiveness, materialism or ambition. Feminine values include quality of life, caring for others, modesty or cooperation. Societies value consensus whereas their counterparts, which score high on MAS, strive for competitiveness (Hofstede, 1980b). Coming to the fourth dimension, Long term versus Short term orientation, it evaluates a society's values according to their time references. More precisely, it defines whether a society orients itself towards the future (Long term orientation) or towards past and present (Short term orientation). In the first case, thrift or efforts in modern education are embraced with the aim of preparing for the future. Short term oriented cultures, on the other hand, prioritize preserved traditions and norms which implies that societal change is viewed with skepticism. In the business context, this dimension is also referred to as normative versus pragmatic orientation (Hofstede, 2001). Last but not least, Indulgence versus Restraint (IVR) reflects the societal attitude towards fulfillment of basic human needs. Indulgent societies accept "free gratification of basic natural human desires" inter alia having fun and enjoying life are highly important. Scoring low on IVR implies a tight control of the fulfillment of needs through norms and social etiquette (Adkisson, 2014; Hofstede, 2001).

Hofstede's (1980a) cultural framework enjoys great popularity among international business scholars. Market entry literature is only one among many fields of international business that incorporates Hofstede's (1980a) concept (Kirkman et al., 2006). The section literature review of my thesis will take a closer look on how the concept was operationalized in empirical studies. Despite its popularity, the framework is subject to criticism and leaves room for

improvement (Kirkman et al., 2006). Points that are commonly raised include the following arguments: Using only one multinational corporation as sample limits generalizability; reducing the complexity of culture to six dimensions falls short of its complexity; culture could be heterogeneous within the boundaries of a country; it is a dynamic concept subject to change over time and not stable as assumed by Hofstede; Hofstede's (1980a) study stems from the late sixties- therefore its applicability to modern settings is limited; The assumption that people's cultural values are reflected in their practices does not hold (e.g.: Adkisson, 2014; Sivakumar and Nakata, 2001;Ramsey et al., 2013). While this criticism addresses the conceptualization of culture through the framework, another argument states that the assumption of independence between the dimensions does not hold. In order to avoid the problem of multicollinearity between the dimensions, testing their effect conjointly on an investigated problem should be circumvented (Baena, 2013). My thesis will address some of these points in order to avoid the issues sketched out above. Greater detail on this will be provided in the Methodology part of my thesis. To summarize, despite the reasonable criticism put forth, Hofstede's work doesn't lose its relevance for international business studies and continues to enjoy popularity (Ang et al., 2014).

4.1.2 The Global Leadership and Organizational Behavior Research Program (Project GLOBE)

Researchers that addressed some of the criticized points are House et al. (2004) with their Project GLOBE. Through an investigation of 951 organizations from the financial, food-processing and telecommunications industry, 17,000 managers across 62 different nations were interrogated. Conceptually based on Hofstede's (1980a) work, House et al. (2004) identify nine cultural dimensions measured through two analytical categories-cultural practices and cultural values (Ang et al., 2004; Javidan et el., 2006). Starting with the first dimension, performance orientation, the latter denotes to which degree a culture acknowledges performance improvement, innovation and excellence. This makes it similar to Hofstede's (1980a) Masculinity versus Femininity dimension. Next, Future Orientation measures how much a community invests in activities oriented towards the future, such as planning, delaying gratification or investing in the future. If a comparison with Hofstede (1980a) framework is made, Long term orientation would be the counterpart. Third, Gender egalitarianism, as the name suggests reflects how much gender role differences or discrimination is decreased by a society. Further, assertiveness addresses behavior in social

relationships with the focus on how much confrontation or toughness is or should be present in a relationship. Moreover, institutional collectivism addresses how much societal institutional practices endorse collective resource distribution or collective action. The next dimension, Power distance, which is closely correlated to Hofstede's (1980a) equally named dimension, expresses the attitude towards sharing power among members of a society. Thus, whether or not equal distribution of authority is wished for or actually realized. To continue, Humane orientation portrays people's attitude towards each other. This is achieved by measuring how much a society or organization prizes fair, altruistic, generous or caring behavior. Last but not least, Uncertainty avoidance, defines the attitude towards ambiguity, risk or unpredictability as reflected in social norms and rules (House et al., 2004). This is the most relevant dimension for my thesis, which I will incorporate in the empirical analysis.

What is more, the authors distinguished between cultural practices and values for each dimension. While practices reflect the perspective of the interrogated person on their culture, cultural values show the person's wish on what should be dear to their culture. Taking the differences between men and women as example, the framework allows capturing the status-quo (whether or not men and women are treated equally according to the interrogated person) and the ideal status (men and women should have equal rights), which allows for a clear separation between the two. This characteristic allows for a more realistic reflection of national culture, since the interrogated managers are not drawn to mix values with practices, which might happen when applying Hofstede's (1980a) framework (Ramsey et al., 2013).

As mentioned above, GLOBE is able to overcome some of the shortcomings of Hofstede's (1980a) work. First, a more recent snapshot on culture is taken, since it was conducted in 2004 (Shenkar, 2001). Second, House et al. (2004) broadened the perspective on culture by breaking it down to practices and values. This distinction allows testing the underlying assumption that cultural values are main determinants of cultural practices, as assumed in Hofstede's (1980a) work (Javidan et al., 2006). Third, their research design includes nearly 1000 different organizations which eliminates the drawbacks of using only one company as reference (Ramsey et al., 2013). Despite these advantages, Hofstede disapproves House et al.'s (2004) approach for being U.S. centered, or using too abstract value measures. His critique was again addressed by Javidan et al. (2006) who put forth strong arguments for the soundness of project GLOBE (Javidan et al., 2006).

4.1.3 Trompenaars' and Hampden-Turner's cultural dimensions

Being well acquainted with Hofstede's (1980a) approach of measuring culture, Trompenaars and Hampden-Turner (1998) chose to walk a different path in measuring and comparing national cultures. Even though my thesis will not be based on their work, I will sketch out briefly their main points, since their concept merits mentioning when it comes to quantifying culture in the international business literature (Adkisson, 2014).

According to Trompenaars and Hampden-Turner (1998), culture provides certain solutions (=orientation) to problems- coined "dilemmas" that individuals are confronted with. Differences between cultures arise through variances in these solution sets between nations. Dilemmas can occur in three areas, namely relationship with people, passage of time and interaction with the environment. The authors subsume their identified cultural orientations in these categories. Starting with the first category, relationships with people, five of their seven orientations fall in the latter. The first orientation is called Universalism versus Particularism. While Universalism is based on the assumption that categories of good and evil, right and wrong are univocally applicable without exception, the particularist orientation concentrates on relationships and special circumstances. Put simply, this orientation describes whether rules or relationships are guiding ones behavior. Next, Individualism versus Communitarianism describes if individuals see themselves rather isolated or as parts of bigger groups. Hand in hand with this goes whether contribution to the community or individual interests come first. The third orientation, Neutral versus Emotional addresses whether human interaction should be shaped by objectivism and detachment or emotions. Applied to business relationships, they are either defined to serve the achievement of objectives or to establish personal and emotional relations between the business partners before conducting business. The next orientation, Specific versus Diffuse also addresses the design of relationships. In countries with diffuse orientation, business relationships can only be established on the basis of personal ties and face-to-face contact between the business partners. This implies taking time for getting to know one's counterpart, showing interest in their personal live or sharing personal information with them. A specific orientation, on the contrary, implies no personal relations between business partners. In these countries, business partners are content with professional relationships as outlined in contracts or other binding documents. The last cultural orientation that provides solutions for dilemmas rooted in relationships with people is Achievement versus Ascription and depicts on what criteria judgement of personal achievement and status is based. Achievement cultures, as the name suggests, assess

individuals according to the accomplishments they have on their record. Ascription cultures, on the other hand, judge according to status, kinship, gender, ager or connections. In an example considering university education, an achievement-oriented person might ask "What did you study?" whereas the ascriptive- oriented counterpart asks "Where did you study?" Thus, in the first case having accomplished a degree in a certain subject is valued whereas the second case value is attributed through a renowned university. Coming to cultural attitudes towards time, the authors distinguish cultures that hold past accomplishments in high regard as contrasted with those which focus on plans developed for the future. Another aspect of time orientation is sequence. Here, the distinction is made between cultures that perceive time as sequence of events that are separated, happening each one after another and others that interpret it rather as a circle or spiral, where past present and future are welded together. These discrepancies translate into different attitudes towards planning, strategy and investment decisions. Finally, the authors mention attitude towards the environment as distinguishing factor between cultures. Cultures either consider the environment as major influencer of their lives, nature as powerful force that is feared and followed suit. Others consider the center of influence and virtue residing in the individual. Thus, values and motivations come from within a person whereas in the opposite orientation, the environment and external factors influence them. This orientation translates into different motives for certain behaviors. As example serves wearing a facemask: While in some countries, people use facemasks in case of sickness in order to avoid contamination of fellow citizens, others would wear them to protect themselves against air pollution (Trompenaar and Hampden-Turner, 1998, pp. 9). In a nutshell, Trompenaars and Hampden-Turner's approach (1998) offers sound explanations of how culture affects conducting international business which makes it highly relevant for my topic. Still the academic attention paid to it is rather minor compared to the echo on Hofstede's (1980a) work (Adkisson, 2014).

4.2 Institutional theories

4.2.1 Organizational theory

Organizational and social theory contribute significantly to theoretical analysis of institutions. Referring to Williamson's (2008) institutional levels, organizational and social theory predominantly commits itself to explaining level one and two institutions (Williamson, 2008).

According to Berger and Luckmann (1967) institutional rules "are classifications built into society as reciprocated typifications or interpretations" (Berger and Luckmann, 1967, p.54).This implies that they are taken for granted, supported by public opinion or enforced by law (Starbuck, 1976). In order to acquire the status of an institution, social processes, obligations or actualities are undergoing a process that leads to a "rulelike status in social thought and action." (Meyer and Rowan, 1977, p.341). This is reflected in a way that the bespoken rules oblige individuals to act in a certain way or that they are interpreted as fact. An example could be the profession of doctors, which is subject to highly institutional rules on how to manage illness or behave in social contexts. Alternatively, a road sign can be characterized as institution with a legal obligation encompassed. Applied to organizations, institutional rules operate as "myths which are incorporated by the organization" (Meyer and Rowan, 1977, p.340). To put it in a nutshell, organizations are influenced, shaped and legitimized at all levels through institutions.

Due to this, the organization seeks to gain legitimacy since acquiring resources and enhancing its survival chances on the market is only possible by incorporating and displaying characteristics that are coherent with institutional rules. Thus, by subjecting themselves under institutional rules, organizations gain legitimacy (Meyer and Rowan, 1977). This dependency on the external environment is further fostered by constant interchange between organization and environment. Thus, an organization with structural elements coherent with the environment is in a better position to manage interdependencies (Thompson, 1967). Therefore, the environment exerts isomorphic pressure on organizations (Meyer and Rowan, 1977). According to DiMaggio and Powell (1983) isomorphic processes occur on three distinct levels: coercive, mimetic and normative. Starting with the coercive level, an organization faces formal and informal pressures from other organization and cultural

expectations of the society. They experience this either as “external force, persuasion or invitation to join in collusion” (DiMaggio and Powell, 1983, p.150). Examples can be found in a nonprofit organization that hires accountants in order to meet tax law regulations or the fulfillment of financial reporting standards in order to receive federal funds. Likewise, coercive pressure occurs on more subtle levels. Neighborhood organizations in urban communities for example need to establish authority or hierarchy through a formal representative or director for being eligible to support from donor organizations. Thus, at least pro forma, they adapt similar organizational structure, thus become isomorphic. (Milofsky, 1981). Second, mimetic dynamics foster isomorphism. The tendency to “mimic”, thus adapt, organizational architecture, procedures or technologies stems from environmental uncertainty. Thus, ambiguous circumstances lead to the above-described process coined “modeling” by DiMaggio and Powell (1983). Organizational models might be spread either intentionally or unintentionally. An example for the first case are consulting firms or industry trade organizations that promote certain organizational practices. Unintentional modeling could occur inter alia through employee turnover. Apart from that, a famous application of modeling are innovation processes within a firm, for instance through copying personnel management practices or quality-enhancing procedures observed in comparable organizations which are perceived successful or more legitimate. Whether these adaptations lead to efficiency gains in all cases remains questionable, even though this is the stated reason for incorporating these measures. Finally, normative pressure promotes organizational ubiquity. DiMaggio and Powell (1983) name professionalization as major source for normative forces. Put simply, professionalization addresses the endeavor to develop the requirements and circumstances for a certain job that legitimates authority derived from the work. (DiMaggio and Powell).Further, two distinct forms of it exert isomorphic pressure. These subsume formal education and university specialists on the one hand and professional networks across organizational boarders on the other hand. Through these institutions, normative frameworks that determine organizational and professional behavior are developed. On the personal level, individuals that have gone through university education or that are part of professional networks display similar traits, orientation and disposition in their professional behavior. Since these individuals occupy similar positions across different organizations or industries, again, structural convergence and isomorphism are the result. What is more, human resource management, especially the selection and retention of staff that fulfill certain criteria (i.e.: industry experience, hiring executives only from legal or financial departments) accounts for strong similarities between organizations. Finally, the question whether or not isomorphic

processes lead to the promised efficiency gain, which is the stated reason for the above-mentioned processes, arises. DiMaggio and Powell (1983) reflect this rather critically, putting forth the argument that isomorphism indeed facilitates interaction with other organizations, attraction of high potential employees or reputation. Whether, organizations that fit better in these categories are indeed more efficient than less conformist fellow organizations remains questionable (DiMaggio and Powell, 1983). To summarize, isomorphic pressure on organizations is theorized to lead to the following consequences: First, external legitimacy (not so much efficiency considerations) trigger organizational characteristics and architecture. Second, the value of organizational procedure structures is determined through external assessment criteria. Third, relying on externally fixed institutions fosters survival and success prospects of organizations (Meyer and Rowan, 1977).

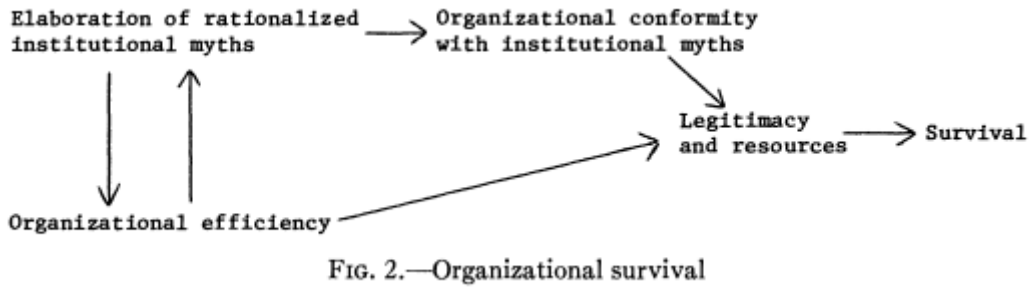


FIG. 2.—Organizational survival

Figure 2 The origins and elaboration of formal organization structures (Meyer and Rowan, 1977,p.346)

A distinction of the institutional environment was established by Scott (1995), who divides the institutional environment into three dimensions-the regulatory, normative and cognitive dimension (Scott, 1995). Starting with the regulatory dimension, it denotes the existing laws and rules that set the framework for behavior (Scott, 1995). When entering a foreign country, the legal environment might be quite different compared to the home country and the organization will experience isomorphic pressure to adapt to these rules (Kostova, 1999). Further, normative systems which subsume values and norms distinguish institutions across countries. Human interactions and social life are subject to a prescriptive, evaluative and obligatory categorization, which is based on these values and norms. Thus, categories such as evil versus good, desirable or undesirable are defined and applied to situations. (Hofstede, 1991; Scott, 1995). Last but not least, institutions have a cognitive dimension. The latter

denotes "the nature of reality and the frames through which meaning is made" (Scott, 1995, p.40). Examples for cognitive elements are shared social knowledge or cognitive categories such as schemata and stereotypes (Estrin et al., 2007). These three dimensions take on distinct forms in different countries. As argued above, institutions have a major influence on organizations and on the way business is conducted. Thus, managerial decision-making is shaped by a country's institutions. Assuming that institutions are akin for a given country, isomorphic pressure leads to similar organizations and rules in this bespoken country since they strive for legitimacy. Due to differences in the institutional environments between countries, entering a foreign country involves adaptation to the foreign institutional setting. If firms defy this endeavor, the consequences of losing legitimacy are in the worst case being driven out of the foreign market. Thus, entry mode selection is strongly shaped by institutions, which is a key assumption of my thesis (Brouthers and Hennart, 2007).

Degree of Formality (North, 1990)	*Examples*	*Supportive Pillars (Scott, 1995)*
Formal institutions	● Laws	● Regulative (coercive)
	● Regulations	
	● Rules	
Informal institutions	● Norms	● Normative
	● Cultures	● Cognitive
	● Ethics	

Figure 3 Dimensions of Institutions (Peng et al., 2009, p. 64)

4.2.2 Institutional economics

The term institutional economics subsumes two schools- first, the older institutionalist school which was considerably built on the ideas of Veblen, Commons and Mitchell and second the new institutional economics (NIE) with prominent scholars being Coarse, North and Williamson (Coase, 1998). My thesis will primarily refer to the new institutional economics which further develops and builds on the ideas sketched out in the older institutionalist school. Put very briefly, what unifies old and new institutional economics is the assertion that institutions "do matter" (Matthews, 1986, p.903).

Coase (1937) set the basis for NIE considerations with the concept of transaction cost, where he establishes prediction criteria for when business activities should be conducted within the firm or outsourced to the market (Coase, 1937). Institutions come into play since transaction costs are influenced through their traits (North, 1990). North (1990) underlines their importance in stating that "institutions are the rules of the game in a society (North, 1990, p.3). Hence, they incentivize human exchange in the political, social and economic arena and at the same time limit human interaction.

A vital distinction is made by contrasting institutions and organizations. Parallel to institutions, organizations too set a frame for human behavior. Organizations emerge as a result of the institutional framework and of previous organizations that evolved as a consequence of institutional constraints (North, 1990, pp.3.) Especially when it comes to organizational structure, the latter emerges in accordance to institutional rules (North, 1990).

Characterizing institutions, North (1990) makes a distinction between formal and informal institutions as well as according to whether they are deliberately created or evolve over time. While formal institutions include rules, such as laws or regulations, informal institutions comprise conventions or code of behavior (North, 1990). Another distinction apt to discriminate different forms of institutions is the above mentioned classification of institutions according to levels of social analysis which describe not only the distinct layers of institutions but also how they interact with each other Williamson (2000; 2008). This being said, NIE assumes that the higher levels set constraints to the level below whereas the lower levels give feedback to the ones above. In an example, level one (social embeddedness) defines a framework for the institutional environment, this being the political or legal system of a country. Apart from the influence of level one on level two, there is room for constructing a certain institutional layout of level 2. Next, the institutional environment (level 2) regulates how institutions of governance are set up. The latter is concerned on how contractual relationships can be managed which is subject to transaction cost theory. NIE has its focus on level two and three, where the opportunities of first and second order economizing present themselves. This refers to establishing a favorable institutional environment or a governance structure which is tuned to the desired transaction; Williamson (2000) coins that "getting the formal rules of the game right and defining the play of the game" (Williamson, 2000, pp.597: Williamson, 2008). Finally, a forth level is mentioned in this analysis which is preliminarily concerned with the allocation and employment of resources. This level is based on optimality

considerations and the firm as production function, the basis of neoclassical economic analysis (Williamson, 2000). It will not be closer investigated in my thesis.

Next to conceptualizing institutions and organizations, NIE builds on certain key ideas. First, characteristics of human actors such as bounded rationality or the ability to foresee scenarios are take into account. Their presence determines how contracts are set up. Therefore they shape the governance level of institutions. Second, organizations, which develop depending on institutional frames and previous organizations, are portrayed as organisms which have little to do with the ideal of an efficient organization in the neoclassical sense. Third, the conception of firms stands in stark contrast to the description through a production function. Instead, the focus lies on different governance modes which imply different internal structures each entailing advantages and drawbacks. Thus, firms are based on different governance mode alternatives in order to reach economic goals (Williamson, 2000).

Finally, in its ability to explain the operating mechanism of institutional environments, NIE can be applied to answer how nations and states develop (Williamson, 2000). North (1990) sees institutions as a key influencer of the performance of economies as well as different evolutionary paths of the latter (North, 1990, p.3). The main driver for taking on different institutional paths is change. Here, North (1990) identifies two forms- incremental and revolutionary change. The first form is characterized through little, deliberate adjustments which set the basis for the different development of nations. Radical change, on the other hand, are caused by revolution and conquest. Thus, different institutional environments contribute to different levels of economic and social development. The underlying rationale shows that in both cases, organizations will operate in the most efficient way within an institutional frame. Taking several examples from Third World nations, North (1990) observes that the local institutions incentivize the creation of monopolies or dampen competitive forces which lessens productivity even more (North, 1990).

To put it in a nutshell, NIE provides an alternative view on major players in the economic arena through its conceptualization of individuals, firms, organizations and institutions. The focuses on the underlying mechanisms that operate on the institutional environment level and the governance level are the core piece of this theory which allows to explain different economic developments across nations and time.

4.3 Transaction cost theory

The term transaction cost was coined by Coase (1937) who therewith set the core stone for transaction cost theory (TCT) which was prominently developed by Williamson (Coase, 1998). As the name already indicates, TCT focuses on the transaction which is the basis for analyzing whether a business activity should be conducted by the firm or outsourced. In other words, the decision on how the boundaries of a firm (thus, its governance structure) are set, is discussed. Principally, the options are whether to integrate a transaction within the firm (vertical integration) or across independent entities, thus through spot market contracting. Both extremes imply certain advantages and disadvantages. Starting with simple market contracting, incentives are strong in this case, however, this comes at the cost of exposing oneself to contractual hazard. Issues that could arise include the threat of "contractual impasses, maladaptations or investment distortion" (Williamson, 2008, p.603). Further, factors such as assets that can't be reemployed or the difficulty of defining common knowledge between the partners account for additional threats when contracting through the market. A remedy to this comprises introducing security mechanisms that reduce the threat of contractual hazard. This leads to a more complex contractual setup (long term contracts) which implies provision and punishment clauses aimed at reducing contractual threats. Of course, this boosts bureaucratic costs and a less effective incentive structure. The last possibility, vertical integration, which unifies ownership under one roof is appropriate for highly complex transactions because it makes hierarchical coordination possible. Through this governance structure, maladaptation problems are circumvented. However, this comes with the drawback of high bureaucratic costs and weak incentives (Williamson, 2000).

The decision which governance structure to choose is made with the underlying goal of minimizing the cost that comes with the transaction and is influenced by three determinants. These are asset specificity, uncertainty (market-specific or behavioral) and frequency (Williamson, 1985; 2008). Starting with asset specificity, the latter arises when a buyer (e.g.: customer or supplier) invests in a product they seek to purchase. These investments involve an incentive for the counterpart to opportunistically alter the price of the product, which is labeled holdup. This situation can be circumvented through contractual specification of the product price for the time frame of the useful life of transaction specific investments. However the contract fails in case of unforeseen uncertainty. In this case, Williamson (1985)

suggests hierarchical coordination through the entry mode vehicles wholly owned subsidiary or joint venture (Williamson, 1985). Apart from vertical investments, entry mode literature uses asset specificity also to derive explanatory value on how horizontal investments trigger transaction cost. Especially, when it comes to knowledge transfer, the technology provider needs to invest into the recipient so they could receive and apply the knowledge (Brouthers and Hennart, 2007). Applied to franchising, asset specificity is inherent in proprietary know-how, communication systems, store layout, marketing or R & D capabilities where the transfer of the latter triggers transaction cost (Kacker, 1988). The second variable that is prone to induce transaction cost is uncertainty, which could take on the form of external (market specific) uncertainty or internal (behavioral) uncertainty. Starting with external uncertainty, its presence inhibits contractual completeness, thus, not all contingencies can be taken into account in a contract. External uncertainty is commonly operationalized through risk. Behavioral uncertainty, on the other hand, poses an obstacle to verifying performance in a contractual relationship. A possible remedy for cheating is integration-for example through a takeover of the partner (Brouthers and Hennart, 2007). In Williamson's (1985) framework, uncertainty is only considered as obstacle for market contracting if high switching cost makes exiting contracts unattractive or if asset specificity is present, which might lead parties to holdup. On the contrary, in a market with many potential buyers and sellers, switching costs are low and uncertainty loses its problematic. Relating this to entry mode decisions, the first case makes vertical integration more viable opposed to the second where uncertainty predisposes parties to incorporate market solutions (Williamson, 1985; Brouthers and Hennart 2007). The last influencer of transaction costs is frequency of transactions. The rationale behind this states that integrating operations into ones business causes fixed costs since firms need to develop enforcement mechanisms. Following this logic, only through a high number or high volume of transactions integration is a viable option. Applied to entry mode decisions, frequency affects the choice between using contracts and opting for equity (Williamson, 1985; Brouthers and Hennart, 2007).

Analyzing entries into a foreign country via TCT reveals that transaction costs play a major role since managers are facing information asymmetry which results in bounded rationality and the potential for opportunistic behavior from the side of the partner, if one is involved. To sum up, entry mode decisions are strongly shaped by the transaction cost rationale which is further underlined by the vast literature body that analyzes this decision through the TCT lens (Brouthers and Hennart, 2007).

5 Related literature on market entry and institutional theories

While the previous part presented the theoretical frameworks that explain the interplay of institutions and entry mode choices conceptually, this section will focus on empirical findings in this respect. Thus, the literature review presents the reader with findings on how the institutional variables I wish to investigate influence entry mode decisions. The goal of this part is to analyze major past findings in order to develop a sound basis for my own hypothesis.

5.1 Contributions based on national character theory and cultural frameworks

Normative institutions which are located at level one of Williamson's (2008) framework subsume shared values and norms of a specific country. Differences between these norms of home and host country constitute a hurdle for MNCs in many ways (Yiu and Makino, 2002). Coming to studies that investigated these differences, cultural distance constitutes a commonly applied measure for normative institutions (Brouthers and Hennart, 2007). This term was coined in Kogut and Singh's (1988) paper that investigated effects of national culture on entry mode choices into the U.S through an index. This cultural distance index is based on an aggregate computed across Hofstede's (1980a) developed cultural dimensions. A number of both past and more recent studies (e.g.: Agarwal, 1994; Hennart and Larimo, 1998; Gollnhofer and Turkina, 2015) retrieved contradictory results by using this approach. This phenomenon was labeled the "cultural distance paradox" by Brouthers and Brouthers (2001) since some studies (e.g.:Erramilli and Rao, 1993; Meyer, 2001)) found support for a positive relationship between the choice of shared entry modes (JVs) and increasing cultural distance (CD) whereas others provided evidence for a positive relationship between high cultural distance and entering via a subsidiary (e.g.:Anand and Delios, 1997; Cho and Padmanahban, 2005). Theoretically, arguments for both views could be put forth. In the first case, JV entry alleviates uncertainty stemming from differences in normative institutions since it allows access to market knowledge and expertise through a foreign partner (Brouthers and Brouthers, 2001; Meyer, 2001). In the second case, the argument, based on transaction cost theory, states that cost can be reduced via subsidiary entry because home country knowledge and routines are easier transferred and the costly process of finding a suitable partner is circumvented (Erramilli et al., 1997: Cho and Padmanahban, 2005). With special regard to studies on governance mode choices of international franchising enterprises, (Alon, 2006) suggests a

high propensity of implementing master international franchising, when cultural distance is high (Alon, 2006). Parallel to that, Zhu et al. (2011) find that high cultural and geographical distance between the franchisor's home market and China makes direct international franchising entry unlikely(Zhu et al., 2011).

Despite its popularity, the cultural distance construct is subject to a number of limitations (Adkisson, 2014). Among these are the assumptions that Hofstede's (1980a) identified cultural dimensions are independent from each other or that moderators (e.g.: risk or decision-specific experience) influence their impact on entry mode choices (Adkisson, 2014; Brouthers and Brouthers, 2001). Due to this falsely assumed independence, a statistical analysis leads to a multicollinearity problem which reduces the soundness of the approach (Baena, 2013). Consequently, the focus on only one dimension with big impact on entry mode choice circumvents this problem. A number of studies follow this path, by incorporating Power distance, Uncertainty avoidance or Masculinity in their analysis as standalone measures (e.g.: Baena, 2013; Barkema and Vermeulen, 1997; Efrat and Shoham, 2013; Hennart and Larimo, 1998). These studies build on the assumption that national culture influences entry mode decisions- building on the theoretical concept of national character theory (Brouthers and Hennart, 2007). Barkema and Vermeulen (1997), for example, could show that differences in uncertainty avoidance made it more likely to set up a WOS instead of a JV in the host country by arguing that costs are lower (Barkema and Vermeulen (1997). In contrast to that, Efrat and Shoham (2013) find that high differences in Uncertainty avoidance between countries trigger low-level commitment entry modes for born-global firms with a strategic prospector orientation (Efrat and Shoham, 2013). Further, taking on the national character view, some authors base their analysis on uncertainty avoidance scores of the home country. For low scores on this dimension, the theory hypothesizes the propensity to enter via shared control modes. Hennart and Larimo (1998) who tested this hypothesis empirically couldn't find support (Hennart and Larimo, 1998). Coming to studies on international franchising, Baena (2013) shifts the perspective to the Uncertainty avoidance scores of the host countries. Doing so, the results indicate that franchise chains opt for direct international franchising if Uncertainty avoidance scores are low. The underlying argument that supports this finding states that the number of local business partners in highly uncertainty avoiding countries willing to be a direct franchisee or master franchisee rises, since this business format allows them to reduce risk (Baena, 2013).

Other scholars chose to use House et al.'s (2004) GLOBE project in order to respond to the criticism of Hofstede's (1980a) cultural distance measure to predict entry mode choices (e.g.: Ramsey et al., 2013; Vouga Chueke and Mendes Borini, 2014). Ramsey et al. (2013), for instance, find that high cultural distance incline Brazilian MNCs to use exporting as entry mode and vice versa make entry through acquisition unlikely. Parallel to that, Vouga Chueke and Mendes Borini (2014) construct a measure for institutional distance that includes measures for formal and informal institutional differences. The latter was based on a GLOBE cultural distance measure. They found that high cultural distance based on the measurement of cultural practices in home and host country led to Greenfield operations (Vouga Chueke and Mendes Borini 2014).

To summarize, scholars that used cultural frameworks for their analysis have used different measures for incorporating normative and cognitive institutions in their analysis of entry mode choices. Regarding the effects on governance mode choice, effects of high or low distance cannot be univocally predicted since they are contingent on control variables or interaction effects.

5.2 Contributions based on institutional theories

5.2.1 Contributions based on the cognitive and normative dimension

Also part of level one (embeddedness) are cognitive institutions. When entering into a foreign market, ownership decisions are shaped by the cognitive maps of organizational decision makers (Scott, 2001). Cognitive maps denote mental categories and schemas that are shaped by the manager's perception and interpretation of their business environment. Over time, these categories and schemas become the lens through which issues are regarded and the set of decision rules the manager applies for solving complex decision problems (Ocasio, 1997). The result of this process implies that solutions are found within the boundaries of cognitive maps which often include options characterized by high legitimacy observed in the manager's business surroundings. In the case of entry mode decisions, other MNCs that entered the same market are often mimicked, setting aside alternative entry mode solutions (DiMaggio and Powell, 1983; Meyer and Rowan, 1977). This is referred to as external mimicry or mimetic entry (Yiu and Makino, 2002). Following the logic of the mimicking process, the reason for this behavior is intuitive: When predicting outcomes and consequences of choosing a

particular entry mode, managers find themselves in a highly uncertain situation. To overcome this, they scrutinize how other, highly legitimate organizations tackled the issue, which allows them to gather more information on how entry mode can be successfully chosen. Then, imitating these "role models", which are regarded as such due to their social support and legitimacy, is considered a viable solution (Henisz and Delios, 2001; Li et al., 2007; Yiu and Makino, 2002). Thus, this information provided by the institutional environment brings clarity to the situation and offers a clear direction for this uncertain process (Levitt and Nass, 1989). Apart from that, influence on entry mode decisions from cognitive categories and schemas also arise through internal mimicry (=historical norm) (Yiu and Makino, 2002). Mimicking internally refers to the phenomenon that firms repeat their past decisions, in this case, entry mode choices. This behavior is triggered by the fact that organizational practices that led to success in the past become institutionalized in a way that the firm incorporates this behavior in their cognitive map. If, for instance, entering a country through a subsidiary led to high legitimacy in the host country, similar entry mode decisions are adopted for comparable future scenarios (Yiu and Makino, 2002). This 'spill-over" effect of organizational practices can occur vertically between a parent and subsidiary or horizontally between different subsidiaries (Kostova and Zaheer, 1999).

From the three institutional pillars, the cognitive dimension has gained the least attention from international management scholars (Ang et al., 2014). A major contribution on the effect of the cognitive institutional pillar on entry mode choices comes from Yiu and Makino (2002). The authors pursued this endeavor by analyzing Japanese overseas subsidiaries and their choice between joint venture and wholly owned subsidiary on the basis of institutional theory. They find that MNEs have the tendency to select the entry mode most frequently selected by competing MNEs in the bespoken country which supports the proposition that external mimicry determines entry mode choices. Parallel to that, Ang et al (2014) found that MNCs from emerging economies in the manufacturing sector copied governance modes of firms in the host country (Ang et al., 2014). With regard to repeating entry mode choices earlier made, the results show that indeed past entry mode choices are repeated. More specifically, the more frequent competitors or the firm itself chose joint venture as entry mode vehicle, the likelihood of choosing this form in the future rises (Yiu and Makino, 2002). In line with Yiu and Makino (2002), Lu (2002) too found support for isomorphism caused by external and internal mimicry. Further, the author found that higher levels of experience in a specific environment decrease the tendency to follow past entry mode patterns (Lu, 2002). Another study that offers a fine-tuned distinction between sources of external mimicry was conducted

by Li et al. (2007). Their results show that the adaption of wholly owned subsidiaries (WOS) in China is contingent on host country public opinion and on the adaption of this governance mode by distinct communities of firms that exert isomorphic pressure (Li et al., 2007). Set aside these univocally approving findings, mixed proof for the influence of cognitive institutional forces on entry mode selection was found by Davis et al., (2000). While identifying the host country institutional environment and the internal institutional environment (parent company) as sources of isomorphic pressure, their degree of influence on entry mode selection depended on the entry mode form. More specifically, strategic business units using WOS were highly subject to internal isomorphism exerted by their parent organizations. Other SBUs using exporting, joint ventures or licensing agreements were more susceptible to the influence of the host country institutional environment and SBUs using mixed entry modes faced very low isomorphic pressures. Explanations for these discrepancies are the different levels of strategic autonomy, amount of sharing equipment, R&D or promotion resources, or dependence on the external market for sourcing skills and resources between the entry modes that caused varying sensitivity to internal and external isomorphic pressure (Davis et al., 2000).

Apart from discrepancies on the cognitive level, differences in the normative dimension impose an obstacle for MNCs in the country too (Yiu and Makino, 2002). This is due to their different normative background, which exposes MNCs more to stereotypes or attacks from local interest groups compared to their local counterparts. Considering firm-internal processes, their complexity and planning intensity rise when going abroad (Ang et al., 2014). This could go so far that differences in normative institutions between countries cause many FDI endeavors to fail (Yiu and Makino, 2002). These issues cause higher risk and uncertainty levels to which the firm is exposed when entering into the normatively distant country. Therefore, alleviation through incorporating solutions that are considered legitimate in the host country is sought. In other words, entry mode choices are made with the goal of reducing uncertainty and risk stemming from the host country's normative orientation (Ang et al., 2014).

5.2.2 Contributions based on the regulatory dimension

Probably the most obvious prerequisite for entering into a foreign country is to fulfill legal requirements in order to obtain the right of doing business in this country. In other words, the first step to reach market legitimacy includes configuring business activities according to the rules and regulations that set the framework for conducting business (Yiu and Makino, 2002). As regulatory environments can take on very distinct forms across countries, understanding and acting according to regulatory requirements becomes arduous with increasing regulatory distance. In concrete terms, external stakeholder interactions are highly complex, and environmental uncertainty is high. (Ang et al., 2014). This uncertainty not only stems from the fact that interpreting laws and regulations requires a profound understanding of them but also from matters closely related to the legal environment of a country such as civil and human rights, freedom of press or political stability (Kaufmann et al., 2005). Therefore, firms facing an uncertain regulatory environment will try to gather more information to reduce ambiguity. This could be achieved by observing how previous market entrants dealt with the situation and by employing the same entry mode. Since the decision makers assume that frequent adoption of a certain governance mode implies fulfillment of the local regulatory requirements this behavior is mimicked (Ang et al., 2014).

Several authors contributed to our understanding on how regulatory distance affects entry mode decisions. According to Peng (2000), bad quality of formal institutions (to which regulatory institutions belong to) makes it an arduous task for Greenfield operations to belong and survive in a foreign country. This is due to the fact that setting up a Greenfield investment cuts out foreign partners and thus a possibility to integrate into local professional networks. However, this is of great importance for succeeding in one's foreign operations especially in the case of a weak regulatory framework (Peng, 2001). Testing this argument, Meyer (2001) finds proof that market entrants are more inclined to enter via Greenfield operations, if the formal institutions are properly established (Meyer, 2001). In a later study, Meyer et al. (2009) add another argument, based on the resource based view, to this consideration. They suggest that weak regulatory institutions pose an obstacle to acquiring resources. Vice versa, stronger institutions discourage joint venture entry- a hypothesis they could proof in their analysis (Meyer et al., 2009). In line with these findings, however argued differently, Yiu and Makino's (2002) results suggest that strong external pressure from regulatory or normative institutions favors JV entry. Thus, when prohibiting regulatory practices hinder operations in the foreign country, having a foreign partner's support not only helps to alleviate the liability

of foreignness issue but also allows for "spill-over effects" of the partner's knowledge, skills and reputation (Yiu and Makino, p.671; Zaheer, 1995). Apart from that, Salomon and Wu (2012) investigate the effects of regulatory distance on entry mode choices for the banking sector. They base their regulatory distance measure on the comparison of banking activity regulations and capital regulations in different countries and find that, inter alia, increased regulatory distance makes it more likely that foreign banks imitate their local counterparts in the U.S. (Salomon and Wu, 2012). Finally, another group of studies worth mentioning investigates regulatory differences on a subnational level. To start, Karhunen et al. (2014) found that high differences in regulatory quality on a regional levels make investors more apt to choose JV for entering Russia (Karhunen et al.,2014). Second, Meyer and Nguyen (2005) found proof that market-supporting regulatory frameworks in a region cause the establishment of more Greenfield operations (Meyer and Nguyen, 2005). Thus, not only on a national but also on a subnational level, entry modes are contingent on regulatory institutions (Karhunen et al., 2014).

To summarize, scholars that used institutional theories for their analysis have highlighted mimicking as survival mechanism when entering foreign countries that differ considerably in their institutional background. The need for foreign partners that are familiar with the institutional setting increase with stronger differences between institutional backgrounds.

5.3 Contributions based on transaction cost theory

5.3.1 Contributions based on the regulatory dimension

Williamson (2008) mainly ascribes TCT with third level institutions, thus, governance structures (Williamson, 2008). In my point of view, explanatory power of TCT does not stop here since it offers valuable insight on how external uncertainty, which is often operationalized as country risk, operates. Put into the classifying framework for institutions, external uncertainty is part of both the institutional environment and regulatory institutions. Therefore, I find that TCT offers valuable explanations on how regulatory institutions influence governance mode choices. For the sake of completeness, this part gives an overview of studies that investigate all three TCT variables with uncertainty being the one central for my analysis.

TCT is the most prominently represented theory in entry mode literature in terms of application frequency. Partly, this renown comes thanks to its ability to offer explanations that stand the empirical test (Zhao et al., 2004). Starting with asset specificity it subsumes different aspects of the franchising business model such as proprietary know-how, store layout marketing and R&D capabilities or monitoring techniques (Kacker, 1988). TCT argues that high asset specificity will more than compensate the bureaucratic cost of integration, thus high control modes are established (Williamson, 1985; Erramilli and Rao, 1993). This notion was supported by a number of studies that found a preference for wholly owned subsidiaries in the presence of high asset specificity (e.g.: Brouthers et al., 2003: Erramilli and Rao, 1993; Gatignon & Anderson, 1988; Hennart and Larimo, 1998). However, studies that proof the opposite effect exist too: Delios and Beamish (1999), for instance, found proof that Japanese firms with more marketing or technology related assets opt for low ownership modes (Delios and Beamish, 1999). According to Brouthers and Hennart (2007), different applications of TCT explain this discrepancy in empirical findings: First, Williamson (1985) originally focused on horizontal investments whereas entry mode literature commonly applies the argument to horizontal investment decisions too. The latter incorporates investments in market knowledge or reputation. Taking knowledge as example, high asset specificity exists if using the latter requires investments from the side of the buyer that are usually made by the knowledge owner. It remains unclear why these investments would be less specific in case of knowledge licensing in comparison to transfer through joint venture or wholly owned subsidiary. Alternatively, the authors suggest that information asymmetries between sellers and buyers concerning the value of the transferred knowledge offer more valuable explanations for entry mode choice in case of horizontal investments (Brouthers and Hennart, 2007).

Coming to uncertainty, which is the central TCT variable for my thesis, it includes on the one hand external uncertainty (stemming from the market) and on the other hand internal uncertainty (triggered by human behavioral contingencies) (Williamson, 1985). Frequently applied proxies for external uncertainty are country risk measures (e.g.: Aliouche and Schlentrich, 2011). Already twenty years ago, Agarwald (1994) proposed that risk had an impact on entry mode choices. However, empirical proof could not be found at this point (Agarwald, 1994). Seven years after Agarwald (1994), Brouthers and Brouthers (2001) conclude that highly risky, culturally distant countries trigger high control modes (Brouthers and Brouthers, 2001). The underlying rationale comes from a transaction cost argument that states that high host country risk poses obstacles for reinforcing cooperative agreements or for

finding appropriate business partners. Therefore, shared control modes are avoided in favor of wholly owned ones (Hennart, 1989: Erramilli and Rao, 1993). Coming to studies on international franchising, the opposing argument is put forth in some cases: High political instability is theorized to incentivize shared control modes, since this allows to minimize the exposure of critical assets to risk (Lu, 2002). As franchising offers the possibility to have a local franchisee on one's side who is highly familiar with the legal and political framework, this governance mode enjoys popularity when entering politically unstable countries (Baena, 2012). This argumentation is not directly based on TCT but rather on the notion that in the presence of high uncertainty the need for flexibility and, thus, market contracting arises (Baena, 2012; Brouthers and Hennart, 2007). Coming from external to internal uncertainty, TCT would suggest integration as a solution if the threat of cheating is big in contractual settings (Williamson, 1985). Empirical evidence for this notion is mixed, which might be due to the fact that both indirect and very diverse measures are taken for portraying internal uncertainty (Brouthers and Hennart, 2007). An example for such a measure is experience which was chosen in many variations such as years of worldwide experience (Contractor and Kundu, 1998) or total number of foreign invesments (Delios and Beamish, 1999). Examples for other measures are the ability to enforce, control or monitor contracts or difficulty of partner selection (e.g.:Brouthers,2002; Brouthers and Brouthers, 2003). Overall, a meta-study from Zhao et al (2004) on transaction cost determents suggests that WOS are the preferred entry mode if the firm is highly experienced (Zhao et al., 2004).

Finally, TCT argues that only large or repeated transactions are able to compensate the cost of integration (Williamson, 1985). Formulated differently, if transactions are occurring on a frequent basis, this would require repeated contract negotiations with partners which incurs cost (Williamson, 1985) Taking Taylor et al.'s (1998) study as example for empirical application, the authors find support that in cases of highly frequent transactions, high control entry modes were preferred (Taylor, 1994).

To summarize, the effect of TCT variables on entry mode choices lead to different results which can be explained by different applications of the theory. With special regard to external uncertainty, the TCT argument underlines the positive relationship between high control entry modes in the presence of high risk.

6 Hypothesis

Based on the theoretical analysis, my thesis builds on the following assumptions:

- Isomorphic pressure leads to similar organizations and rules in a given country. Between different countries more or less contrasting institutional environments prevail. When entering a foreign market, adaption to the local institutional background is a prerequisite for gaining legitimacy and thus reducing uncertainty and preventing being driven out of the market. (e.g.: Brouthers and Hennart, 2007; Meyer,2001;Meyer et al., 2009)
- Influence of culture on entry mode decisions is not limited to its normative dimension which is often operationalized through Kogut and Singh's (1988) cultural distance index (e.g.:Peng, 2003; Vogua Chueke and Mendes Borini, 2014). In order to account for this, also regulatory and cognitive aspects should be taken into account (e,g.:Ang et al., 2014: Salomon and Wu (2012); Yiu and Makino,(2002)).
- The influence of institutional variables on entry mode choices is moderated by a number of factors. Among the most prominent ones are experience and size (e.g.: Alon and McKee, 1999; Brouthers and Hennart, 2007; Baena,2012; Fladmoe-Lindquist, 1996;)

Taking into account the theoretical basis and past empirical findings, the following hypothesis investigate the influence of institutional factors on governance modes for international franchising companies.

6.1 National character theory and cultural frameworks

6.1.1 Uncertainty avoidance

Based on the national culture theory, the franchisor's choice of international governance mode depends, inter alia, on Uncertainty avoidance.

Research question 1a: Does the cultural dimension Uncertainty avoidance, as defined by Hofstede (1980) and further used by House et al. (2004) in the GLOBE study, influence the governance mode of international franchising firms?

H1a: Home countries with high levels of Uncertainty avoidance increase the likelihood of choosing high control governance modes in the host region for international franchising firms.

6.1.2 Cultural differences

Based on the cultural frameworks, the franchisor's choice of international governance mode depends, inter alia, on cultural differences.

Research question 1b: Does cultural differences, as perceived by the franchising managers, influence entry mode decisions?

H1b: Perceived high differences in culture between home country and host region increase the likelihood of choosing low control entry modes for international franchising companies.

6.2 Institutional theories

6.2.1 Institutional differences

Based on organizational theory and institutional economics, the franchisor's choice of international governance mode depends, inter alia, on perceived institutional differences

Research question 2a: Do perceived differences in institutions between home country and host regions influence the governance modes of international franchising firms?

H2a: The higher the perceived institutional differences in the host regions, the likelihood of choosing high control governance modes increases for international franchising companies.

6.2.2 Regulatory environment

Based on organizational theory and institutional economics, the franchisor's choice of international governance mode depends, inter alia, on regulatory environment.

Research question 2b: Do differences in regulatory environments (as operationalized in the World Bank Group's Ease of Doing Business Index) between home country and host country influence the governance modes of international franchising firms?

H2b: Higher scores on regulatory quality (World Bank Group's Ease of Doing Business Index) in the host regions will increase the likelihood of choosing low control governance modes for international franchising firms.

6.3 Transaction cost theory

6.3.1 Risk

Based on TCT, the franchisor's choice of international governance mode depends, inter alia, on country risk.

Research question 3a: How do country risk levels influence governance mode choice for international franchising firms?

H3a: Lower levels on the Euromoney regional risk index (implying high risk) for the host regions will increase the likelihood of choosing a high control mode for international franchising firms.

6.3.2 Moderator analysis

Based on the theoretical analysis above, the following moderating relationship will be proposed:

H3b: The effect of regional risk levels on entry mode choice proposed in H3a will be stronger for international franchising firms that come from a home country that scores high on Uncertainty avoidance.

6.4 Control variables

My literature review revealed that control variables were proofed to have considerable influence on the effect of institutional variables on governance mode choices across very different settings. My thesis will incorporate experience and size as control variables.

6.4.1 Experience

Among the most prominently employed control variables is experience and this section should give an insight on its effects on entry mode decisions by naming studies that incorporated this variable. Entry mode literature heavily refers to the effect of experience on the choice of governance mode by assuming learning effects from past decisions which in turn reduce the cost and risk of choosing higher control entry modes (Brouthers and Hennart, 2007; Sanchez-Peinado et al., 2007). A milestone contribution in this respect comes from Erramilli (1991) who investigates how experience shapes the degree of control of the chosen entry mode. They find a U-shaped relationship between high control modes (subsidiary) and entry mode. Thus, very high and very low levels of experience result in entry via subsidiary and medium experience inclines firms to go for shared ownership (JV). Arguments that support this put forth that low levels of international experience complicate the cooperation with foreign partners and make them more risky - that is why the firm chooses to circumvent that. Highly experienced firms, on the other hand, do not need local support of a partner anymore and moderately experienced firms find themselves in an intermediate state where local expertise is required for expanding in culturally more distant countries (Erramilli, 1991; Erramilli, 1996). With special regard to studies incorporating institutional and cultural variables, several contributions underline Erramilli's (1991) finding. Padmanabhan and Cho (1996), for example, prove that high levels of experience increase the likelihood for Subsidiary entry in countries with high cultural distance. If, on the contrary, home and host country are culturally similar, higher experience has less explanatory power for the choice between joint venture or Subsidiary entry. Quite intuitively, this can be explained by the fact that culturally dissimilar countries entail more uncertainty, which can be better circumvented with full ownership in case the firm has considerable experience in doing so (Padmanabhan and Cho, 1996). The effect of experience on mimetic behavior, however, is not that clear. On the one hand, Salomon and Wu (2012), who proposed that increasing experience in the host country discourages isomorphism for regulatory distant countries, could not find evidence for that (Salomon and Wu, 2012). On the other hand, Lu (2002) finds that increased investment experience does moderate the strength of the isomorphism effect (Lu, 2002). With special regard to studies on international franchising, international experience makes it easier for franchisors to select appropriate franchisees with profound local market know how (Quinn and Doherty, 2000; Elango 2007). Keeping in mind that the above-mentioned arguments

apply for international franchising too, Baena (2013) finds that increased international experience inclines franchisors to use direct franchising as entry mode (Baena, 2013).

To incorporate these findings in my thesis, the following research question is formulated:

How does experience influence the governance mode choice for international franchising firms?

C1: International franchising firms with very high and very low levels of international experience are more likely to incorporate high control modes. International franchising firms with moderate levels of international experience are more likely to incorporate low control modes.

6.4.2 Size

The influence of firm size on market entry choice was repeatedly proofed in a number of pervious entry mode studies. Among these, Erramilli and Rao (1993) argue based on TCT, that size determines how generously resources are employed, to which extent risk can be offset or the bargaining position in negotiations. Big firms have the ability to absorb parts of the risk they are exposed to and to employ more resources (Erramilli and Rao, 1993). Apart from that, high control modes come with the advantage of greater rent for big firms which is another incentive (Taylor, 1994). Consequently, high control modes are becoming the more probable option with increasing firm size (Erramilli and Rao, 1993).

To incorporate these findings in my thesis, the following research question is formulated:

How does size influence the governance mode choice for international franchising firms?

C2: The larger the firm, the more likely high control modes are chosen for expanding in a host region.

7 Empirical analysis

The goal of this chapter is to find out whether or not the hypothesis, as developed through the theoretical foundation provided by institutional theories, cultural frameworks and transaction cost theory, can be proved with the available data. More concretely, I will seek answers to my research questions if and how institutional and cultural factors affect entry mode choice for international franchising companies. Therefore, I will first mention the sources and collection method of the used data, outline the main variables in my analysis, describe the methodology used for analyzing these variables and finally present the yielded results.

7.1 Data sources and collection

The data used for my analysis was gathered through different sources. First, a survey that was designed by Mag. Dr. Jell-Ojober and ao. Univ.-Prof. Mag. Dr. Windsperger serves as basis for my analysis (Hypothesis1b, 2a, 3a and the control variables). This questionnaire aims at finding empirical proof for the postulated hypothesis in their paper on the governance mode choice of international franchising firms (Jell-Ojober and Windsperger, 2013). The target respondents are franchising companies with international operations and their headquarters based in the U.S., U.K., Germany, Austria, France, Netherlands, Italy or Spain. As far as the industry was concerned, the focus was not put on a specific industry. The firms were identified with the help of the international franchising associations that provided a list with all franchising firms in their country. Starting in December 2014, the contact with the firms was initially established through an electronic survey where emails with the link to the questionnaire were sent out. The goal was a 20% response rate among participants. Since this method did not yield the aimed for amount of data, a re-launch of the electronic survey in accordance with telephone calls was started by February 2015. In total, 2713 companies were called by the project teams which formed part of one to five students who were assigned to different countries. I was appointed to the French and U.S. team. In a second step, also a postal survey was conducted in March 2015 with the goal of further boosting the response rate for the European franchising companies. By June 2015, the data collection was closed which resulted in a cleared data set of 168 franchising companies with international operations.

Further, the data on the cultural dimension Uncertainty Avoidance (Hypothesis 1a) was taken from Hofstede's research homepage (http://www.geerthofstede.nl/research--vsm) where he provides access to the most recent scores for the analyzed countries for research purposes free

of charge. What is worth mentioning as a side note, in cases where scores exceeded the 100 point scale, these outliers have been rescaled to fit the 0-100 scale (http://www.geerthofstede.nl/research--vsm). In addition, House et al.'s (2004) scores for cultural practices and values stem from the GLOBE study (House et al., 2004).

For measuring the quality of the regulatory environment (Hypothesis 2b) I based my analysis, parallel to Aliouche and Schlentrich (2011), on the data provided by the World Bank Group's Ease of Doing Business Rank. This rank is comprised of ten categories (starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency) which are evaluated on a scale from 0-100 where 100 represents the "frontier" which stands for the highest performance and 0 for the lowest performance in the bespoken category. The overall Ease of Doing Business Rank is an aggregate across all categories which are assigned equal weight. This index gives an idea on how favorable the regulatory environment of a certain country is when it comes to setting up and operating a local business. The higher the scores, the more favorable is the regulatory environment. The rankings incorporated in my thesis date back to June 2014 which was the most up-to-date scale available (http://www.doingbusiness.org/rankings).

Last but not least, again following Aliouche and Schlentrich's (2011) approach, the data on regional risk levels (Hypothesis 3b) stem from Euromoney, which provide country risk indices scaled 0-100. While 100 corresponds to a country with no risk, 0 means maximum risk. Dependant on a country's rank, it is subsumed in a five-tier system, where tier one includes the safest countries and tier five the riskiest ones. The rank consists of economic factors (e.g.: bank stability or economic GNP outlook), political factors (e.g.: corruption or institutional risk), structural factors (e.g.: Infrastructure or labour market) and other factors (e.g.: access to capital or credit ratings). Economic, structural and political factors account each for 30% of the total score and other factors contribute 10% to the latter. The scores are updated at least once per quarter while some of the subscores (access to capital or debt indicators) are updated every half year or once per year. (http://www.euromoneycountryrisk.com/). A more detailed description on how I incorporated these measures in my variables is found in the section variables.

7.2 Methodology

The first step of my empirical investigation was concerned with constructing and computing the independent, control and dependent variables of my model. This was necessary because, as mentioned above, the data relevant for measuring the variables comes from different sources and had to be brought together or aggregated to a different level for my analysis. More concretely, the survey only provided data on a regional level for the governance mode choice abroad (Item A216-A220), therefore it was necessary to calculate averages of country scores for composing regional scores. This was the case for hypothesis 2b and 3a where the variables regulatory environment and risk are operationalized through the World Bank Group's Ease of Doing Business Index and Euromoney country risk score. In addition, in cases where multiple regions were entered, the averages of the regional scores form the basis of the independent variables Average_risk and Average_quality. Of course this approach implies a quite high aggregation level which dilutes the differences that exist between certain countries in a region. However, in the scope of this analysis, this is the only way to incorporate the above mentioned variables. Apart from that, the control variable system size[4] was computed as sum of company-owned outlets and franchise outlets in both home and host countries. In addition, the start of the firm's internationalization is the basis for computing the firm's experience in foreign markets in years.[5] Coming from independent variables to the dependent variable, namely equity versus non equity modes, this variable is coded as a Dummy variable, where 0 equals non equity and 1 equity modes. While the first comprises all observations where firms entered into the foreign region with a wholly owned subsidiary or a joint venture franchising construct, the latter includes all cases where the choice fell on multi-unit franchising or master franchising. The construction of my dependent variable Eq_non_eq is based on the items A216-A220 in the questionnaire (question: "Please specify in which regions you used a particular market entry mode"). Cases where both forms (entry through equity and non-equity modes) occurred were excluded from the analysis since the goal is to figure out what influencers determine the choice between those two. Finally, for the interaction term UA_Arisk_centered which investigates the effect of high Uncertainty avoidance in the home country of the franchising firm in combination with regional risk

[4] Since system size was originally measured as nominal variable, in some cases the data was not exact, thus answers were not indicating an exact number of outlets but estimates such as "about" or "more than" a certain number of outlets. For the first case, I took the stated number while in cases where "more than" or "less than" was mentioned, I added or subtracted 1 from the stated number.

5 For answering the question on the start of the internationalization, participants had to fill out a blank field in the questionnaire, which sometimes let to typos (e.g.: 20014). In these cases I assumed the obvious correct date. In cases where question marks were added to the year, I took the indicated year. The underlying rationale of this approach is to use as much of the data as possible in order to guarantee a reasonable sampe size.

levels, centered variables were constructed. This was done by subtracting the mean of the average risk indices from the risk indices for every firm in the sample. Parallel to that, centered Uncertainty Avoidance scores were constructed. This method allows reducing multicollinearity between the Uncertainty avoidance, Average regional risk and the interaction term. The correlation tables for both, with and without centered interaction terms, are provided in the Appendix.

For conducting the statistical analysis, SPSS was used. The first step of my analysis is concerned with frequency distributions in order to characterize the firms in the sample. For the investigated nominal (and ordinal) variables (headquarter, industry and entry mode choice), frequency tables provide an overview on their distributions. For the system size, a boxplot diagram is added in the Appendix. Second, I examined the relationships between the variables in my analysis through correlation coefficients. In cases where the relationship between ordinal variables or ordinal and continuous variables was examined Spearman's correlation coefficient was used since it is based on ranked data and therefore used if variables with ordinal measurement level are part of the analysis. Another benefit of using Spearman's correlation is that it relaxes the assumptions of normal distribution, homoscedasticity -id est constant variance of each variable- and linearity. Therefore, even if these prerequisites are not perfectly met, precise correlations can be determined. As far as its interpretation is concerned, Spearman's correlation coefficient is equally interpreted as the Pearson's correlation coefficient: It can take a value between 1 and -1 where values close to the extremes (>0.5 or <-0.5) indicate a strong correlation, values between 0.3 and 0.5 (-0.3 and -0.5) a moderate correlation and values between 0.1 and 0.3 (-0.1 and -0.3) a weak correlation. A coefficient of 0 implies that a change in the rank of variable 1 has no impact on the change of the rank of variable 2. Still, it should not be forgotten that correlation does not indicate a causal relationship between two variables but only a conjoint change. Positive correlation indicates a mutual increase or decrease whereas negative correlation implies that the increase of the rank of variable 1 entails the decrease in the rank of the other (Field, 2013).

Second, I conducted a factor analysis, which was motivated by the fact that correlations exist between the ordinal predictor variables that come from the questionnaire. (Concretely, D111_11-cultural differences, D111_13-business practices, D111_14-language barriers D111_04-legal protection of intellectual property, D111_05-political environment, D111_09-risk of ownership restrictions are addressed). This approach allows circumventing multicollinearity issues in the regression analysis. More specifically, a principal component

analysis (PCA) was carried out. Since I used PCA, the term component and factor are used as synonyms. I chose to include the items cultural differences, business practices and language barriers into a first factor analysis. Legal protection of intellectual property, political environment and risk of ownership restrictions were clustered into the second one. This approach seemed reasonable since the first three items are commonly used proxies in the literature used for cultural differences and the second three for institutional differences (e.g.: Aliouche and Schlentrich (2011); Contractor and Kundu (1998)). The goal of the PCA is to explore the common variance between the above mentioned items that point at common underlying dimensions. Since the proportion of common variance within a variable (communality) is not known it has to be estimated in the first step with squared multiple correlations. Initially, it is assumed that all variance associated with a variable is common. This approach utilizes a multiple regression for each measure where one is the outcome and the others are the predictors for it. With this method, communality for the outcome measure can be estimated from the multiple R^2. From these communality estimates, underlying factors can be extracted which then allow computing the real communalities between the variables and the extracted factor. In order to investigate whether or not factor analysis is adequate for this sample, the Kaiser-Meyer-Olkin measure (KMO) was used. For the first factor analysis (items related to cultural differences), the KMO score of 0.605 is classified mediocre, thus sample adequacy is acceptable for the analysis. In addition, Bartlett's Test of Sphericity was significant with $p < 0.01$ which shows that correlations between the three items are large enough to qualify for PCA. For the second factor analysis (items related to institutional differences), KMO has a score of 0.69 which indicates mediocre sample adequacy. Bartlett's Test of Sphericity was significant too with $p < 0.01$. Thus, correlations between the items qualify as large enough for PCA.[6] For the main analysis, Kaiser's Kriterion was used as decision framework. Concretely, components with eigenvalues greater than one were retained. Based on this approach, the first and the second factor analysis revealed each one component which I labeled cultural differences in the first case and institutional differences in the second case. Since only one factor was revealed per analysis, factor rotation was not necessary (Field, 2013). The outputs that describe Communalities, Total Variance explained as well as the Component Matrix are presented in the section Factor Analysis.

[6] The outputs for KMO and Barlett's test are added to the Appendix.

For the main analysis, a binary logistic regression was conducted which is most suitable when the dependent variable classifies as forced dichotomy with a 0 – 1 coding. In order to analyze model fit, effect size of the model and effect size of the independent variables, the following outputs are presented in the regression analysis:

To start with the analysis of the model, the Omnibus Test of Model Coefficients indicates whether or not my model has improved compared to the previous one, in my case, the intercept-only version of it. The Chi-square statistics are mentioned for the whole model (Model) and for the change in significance compared to the intercept-only model (Block). Significant values for "Block" indicate that adding the predictor(s) to it significantly improves model fit (Field 2013; Garson, 2014).

The model summary indicates the effect size of the whole model by using Nagelkerke's R-square which takes on values between [0;1]. Values close to 0 imply the need for better model specification either through more or different predictors whereas values close to 1 signal acceptable effect size (Field 2013; Garson, 2014).

The classification table is another option for evaluating effect sizes of the model. It indicates how well the logistic regression is able to predict the dependent variable. However, this percentage has to be relativized by comparing it to the percentage of always guessing the most numerous category of the outcome variable (Field 2013; Garson, 2014).

Moreover, the Hosmer and Lemeshow test is another possibility to test goodness of fit of a model. It is considered a more robust indicator if sample sizes are small and continuous covariates are included in the analysis. For these cases the results should be preferred over omnibus tests and classification tables. The test basically assigns a chi-square to observed and expected frequencies which form the basis for a probability value that indicates how well the logistic model fits the data. The null hypothesis assumes that there are no differences between observed and model-predicted values, thus the model's estimates fit the data to an acceptable degree. For the analysis, non-significant values (>0.05) demonstrate that there are no differences between observed and predicted values- an indicator for acceptable fit. This implies that significance values higher than 0.05 speak for well-fitting models. However, a good fit in this context indicates how well the variance is explained however without clearly referring to how much of the variance is explained. In concrete terms, a model that only explains 10% of the variance in the dependent variable could yield a non significant result (i.e. good model fit) if these 10% can be explained adequately. Conversely, a model that explains 80% but does this to a non acceptable extent could yield significant results. I followed the recommendation of Garson (2014) to include this test in my analysis since it is

suited for small samples with continuous covariates, two characteristics that are representative of my sample (Field 2013; Garson, 2014).

The "variables in the equation" table displays the parameter estimates and their significance for the incorporated independent variables as well as their odds ratios with corresponding confidence intervals. Scrutinizing the direction of their effects on entry mode choice, B-values are interpreted as the change in the logit of the outcome variable triggered by changing the predictor variable by one keeping the other variables at constant levels. The Wald statistic indicates whether or not B is significantly different from 0. If this is the case, the Wald statistic displays a significant value which implies that the independent variable substantially contributes to the prediction of the dependent one. More convenient for interpretation of the effect direction are the odds rations (Exp (B)) that measure the effect size of the independent variables incorporated. Values above one reflect positive effects and values below 1 negative ones. Values close to one indicate that effects are non-significant. Finally, the confidence intervals for the odds ratio show in which range it can take on values and represents 95 out of 100 samples. For interpretation, it is crucial to check whether or not the range contains 1. If it does, the direction of the effect becomes unclear, since values above one indicate a positive relationship between predictor and odds and values below 1 indicate a negative relationship. Values close to one indicate that effects are non-significant (Field 2013; Garson, 2014).

My analysis always compared models with control variables incorporated to models without in order to analyze the impact of my variables on entry mode choice. Cases where no significant differences between the versions with and without control variables were observed, the model with control variables is reported by default. The above described outputs are presented for each hypothesis in the section Regression Analysis.

Table 1 Overview of all relevant variables

Variable	Name in SPSS	Items	Type	Hypothesis
Entry mode (Equity versus non equity)	eq_non_eq		ordinal	All (dependent variable)
System size	Systemsize_total	-	Covariate -scale	Control variable
International experience	Int_experience		Covariate -scale	Control variable
Uncertainty Avoidance (Hofstede, 1980)	UA		Covariate -scale	H1a
Uncertainty Avoidance (House et al., 2004)	Practices		Covariate -scale	H1a
Perceived cultural differences	Cultdifferences	D111_11 cultural differences D111_13 business practices D111_14 language barriers	Factor - ordinal	H1b
Perceived institutional differences	Instdifferences	D111_04 legal protection of intellectual property D111_05 political environment D111_09 risk of ownership restrictions	Factor- ordinal	H2a
Average regional regulatory quality	Average_quality		Covariate -scale	H2b
Average regional risk	Average_risk		Covariate -scale	H3a
Interaction term Uncertainty avoidance Average regional risk	UA_Arisk_centered		Covariate -scale	H3b

7.2.1 Descriptive Analysis

This section presents the properties of the data through a frequency analysis. This entails the analysis of the variables central to my hypothesis (headquarter, industry, international experience, system size and governance mode choice.)

First of all, the data set is composed of 168 international franchising companies. A frequency analysis shows that a quarter of the firms (25%) have their headquarters in Germany which is followed by the U.S. (with 15.5%) and Spain (13.7%).

Table 2 Frequency Distribution - Headquarter

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	USA	26	15,5	15,5	15,5
	UK	9	5,4	5,4	20,8
	Germany	42	25,0	25,0	45,8
	Austria	17	10,1	10,1	56,0
	Netherlands	11	6,5	6,5	62,5
	Italy	18	10,7	10,7	73,2
	France	22	13,1	13,1	86,3
	Spain	23	13,7	13,7	100,0
	Total	168	100,0	100,0	

Further, as far as the industry is concerned, the respondents that provided information on this question came predominantly from businesses in the service sector (62.8%).

Table 3 Frequency Distribution - Industry

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Distribution	42	25,0	28,4	28,4
	Service	93	55,4	62,8	91,2
	Production	13	7,7	8,8	100,0
	Total	148	88,1	100,0	
Missing	Not answered	20	11,9		
Total		168	100,0		

International experience, indicated by the year of the internationalization of the franchising system varies between 1 to 50 years with the majority of firms having up to five years of experience.[7]

Table 4 Frequency Distribution - Experience

Eperience in years		Frequency	Valid Percent
Valid	0-5 years	43	31,2%
	6-10 years	28	20,3%
	11-16 years	27	19,6%
	17-21 years	14	10,1%
	22-30 years	18	13,0%
	>30 years	8	5,8%
	Total	138	100,0%
Missing	System	30	
Total		168	

With regard to the system size, which subsumes company-owned and franchising outlets in the home country and host countries 131 answers were given. The sample contains a couple of outliers with the maximum number of system outlets being 11001 followed by 4810 and the minimum being 6 outlets. 50% of the companies that answered the question lie in a range of about 25 to 300. The median system size equals 105 outlets.[8]

[7] The boxplot for experience is found in the Appendix.
[8] The boxplot for system size is provided in the Appendix.

Coming to the frequency analysis for the dominant governance mode choice (regardless the region of expansion), master franchising is the most preferred way to enter foreign countries (33.9%) followed by single unit franchising (31.5%).

Table 5 Frequency Distribution - Dominant mode choice

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Master franchising	57	33,9	33,9	33,9
	Multi-unit franchising	38	22,6	22,6	56,5
	Single-unit franchising	53	31,5	31,5	88,1
	Joint Venture franchising	6	3,6	3,6	91,7
	Wholly-owned subsidary	14	8,3	8,3	100,0
	Total	168	100,0	100,0	

In a next step, the analysis of which governance mode is taken for entering foreign regions, reveal the following results: To start with, Africa and South America are mostly entered via master franchising with the second (equally popular) forms being multi-unit and single-unit agreements. For Asia, Eastern Europe and the Middle East, the number one form is still master franchising, and number two multi-unit franchising. In Oceania and North/Central America, international franchising companies also prefer master franchising agreements, followed by single unit franchising. In the Caribbean, master franchising und multi-unit franchising are nearly equally popular, with only one respondent more for master franchising. For the European Union, master franchising and single unit franchising are equally often chosen as entry modes, followed by wholly owned subsidiaries.

Table 6 Frequency Distribution Entry mode choice per region

Region		Africa	Asia	Oceania	North/Central America	South America	Carribean	Eastern Europe	European Union	Middle East
Entry mode	WOS	2	4	1	10	3	2	4	39	4
	JVF	1	5	1	4	4	1	2	7	1
	SUF	8	10	5	17	8	5	10	52	9
	MUF	8	12	1	11	8	7	18	25	15
	MF	23	27	9	24	19	8	27	52	30
	Total	42	58	17	66	42	23	61	175	59

Region		Africa	Asia	Oceania	North/Central America	South America	Carribean	Eastern Europe	European Union	Middle East
Entry mode	WOS	4,8%	6,9%	5,9%	15,2%	7,1%	8,7%	6,6%	22,3%	6,8%
	JVF	2,4%	8,6%	5,9%	6,1%	9,5%	4,3%	3,3%	4,0%	1,7%
	SUF	19,0%	17,2%	29,4%	25,8%	19,0%	21,7%	16,4%	29,7%	15,3%
	MUF	19,0%	20,7%	5,9%	16,7%	19,0%	30,4%	29,5%	14,3%	25,4%
	MF	54,8%	46,6%	52,9%	36,4%	45,2%	34,8%	44,3%	29,7%	50,8%
	Total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

My dependent variable includes franchise companies that either entered through equity (wholly owned subsidiary or joint venture franchising) or non-equity (multi-unit franchising or master franchising). The frequency distribution reveals that 99 companies from the sample fulfill this condition with 79 cases choosing only non-equity and 20 choosing only equity market entry forms. Cases were firms entered with both, equity and non equity modes (32 cases) or with single unit franchising (37 cases) were excluded from the analysis.

Table 7 Frequency Distribution – Equity and non equity market entry mode excluding cases with both forms selected

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Non equity	79	60,3%	79,8%	79,8%
	Equity	20	15,3%	20,2%	100,0%
	Total	99	75,6%	100,0%	
Missing	Equity& non equity	32	24,4%		
Total		131	100,0%		

7.2.2 Correlation Analysis

This section presents the results of the correlation analysis between the dependent variable governance mode choice (coded 0 =non equity and 1=equity) and all independent variables.

Table 8 Correlations – Dependent and independent variables

			Eq_non :eq	UA	Practices	Average_ quality	Average_ risk
Spearman's rho	Eq_non_ eq	Correlation Coefficient	1,000	-,058	,008	,231*	,265**
		Sig. (2-tailed)		,572	,937	,022	,008
		N	99	97	99	99	99
	UA	Correlation Coefficient	-,058	1,000	-,152	,115	,190
		Sig. (2-tailed)	,572		,050	,260	,063
		N	97	166	166	97	97
	Practices	Correlation Coefficient	,008	-,152	1,000	,320**	,284**
		Sig. (2-tailed)	,937	,050		,001	,004
		N	99	166	168	99	99
	Average _quality	Correlation Coefficient	,231*	,115	,320**	1,000	,893**
		Sig. (2-tailed)	,022	,260	,001		,000
		N	99	97	99	99	99
	Average _ risk	Correlation Coefficient	,265**	,190	,284**	,893**	1,000
		Sig. (2-tailed)	,008	,063	,004	,000	
		N	99	97	99	99	99

Table 9 Correlations – Dependent variable and items

			Eq_non_eq	CUCultdiff	CUBusPractice	CULanguage	IULegProtect	IUPolit	IUFDIRestrict
Spearman's rho	Eq_non_eq	Correlation Coefficient	1,000	-,026	,045	-,006	-,099	-,073	-,102
		Sig. (2-tailed)		,803	,662	,952	,333	,483	,325
		N	99	98	98	96	97	95	96
	CUCultdiff	Correlation Coefficient	-,026	1,000	,745**	,376**	,302**	,536**	,510**
		Sig. (2-tailed)	,803		,000	,000	,000	,000	,000
		N	98	142	141	139	140	137	139
	CUBusPractice	Correlation Coefficient	,045	,745**	1,000	,408**	,331**	,529**	,536**
		Sig. (2-tailed)	,662	,000		,000	,000	,000	,000
		N	98	141	142	140	141	138	140
	CULanguage .	Correlation Coefficient	-,006	,376**	,408**	1,000	,404**	,377**	,396**
		Sig. (2-tailed)	,952	,000	,000		,000	,000	,000
		N	96	139	140	140	140	138	140
	IULegProtect	Correlation Coefficient	-,099	,302**	,331**	,404**	1,000	,571**	,675**
		Sig. (2-tailed)	,333	,000	,000	,000		,000	,000
		N	97	140	141	140	141	138	140
	IUPolit	Correlation Coefficient	-,073	,536**	,529**	,377**	,571**	1,000	,767**
		Sig. (2-tailed)	,483	,000	,000	,000	,000		,000
		N	95	137	138	138	138	138	138

*. Correlation is significant at the 0.05 level (2-tailed)
**. Correlation is significant at the 0.01 level (2-tailed).

Table 10 Correlations – Independent variables and items

			CUCultdiff	CUBusPractice	CULanguage	IULegProtect	IUFoR	IUFDIRestrict	Average regional quality	Average regional risk	Uncertainty Avoidance Hofstede	Uncertainty Avoidance House et al
Spearman's rho	CUCultdiff	Correlation Coefficient	1,000	,745**	,375**	,302**	,535**	,510**	-,294**	-,235*	,052	-,025
		Sig. (2-tailed)		,000	,000	,000	,000	,000	,003	,020	,538	,770
		N	142	141	139	140	137	139	98	98	142	142
	CUBusPractice	Correlation Coefficient	,745**	1,000	,403**	,331**	,529**	,536**	-,171	-,132	,059	-,035
		Sig. (2-tailed)	,000		,000	,000	,000	,000	,091	,195	,482	,670
		N	141	142	140	141	138	140	98	98	142	142
	CULanguage	Correlation Coefficient	,376**	,403**	1,000	,404**	,377**	,395**	,137	,103	,122	,035
		Sig. (2-tailed)	,000	,000		,000	,000	,000	,184	,319	,152	,681
		N	139	140	140	140	138	140	96	96	140	140
	IULegProtect	Correlation Coefficient	,302**	,331**	,404**	1,000	,571**	,675**	-,332**	-,325**	-,201*	-,191*
		Sig. (2-tailed)	,000	,000	,000		,000	,000	,001	,001	,017	,023
		N	140	141	140	141	138	140	97	97	141	141
	IUFoR	Correlation Coefficient	,535**	,529**	,377**	,571**	1,000	,767**	-,515**	-,481**	,025	-,111
		Sig. (2-tailed)	,000	,000	,000	,000		,000	,000	,000	,772	,193
		N	137	138	138	138	138	138	95	95	138	138
	IUFDIRestrict	Correlation Coefficient	,510**	,536**	,395**	,675**	,767**	1,000	-,475**	-,416**	-,081	-,168*
		Sig. (2-tailed)	,000	,000	,000	,000	,000		,000	,000	,713	,047
		N	139	140	140	140	138	140	96	96	140	140
	Average regional quality	Correlation Coefficient	-,294**	-,171	-,137	-,332**	-,515**	-,475**	1,000	,893**	,130	,320**
		Sig. (2-tailed)	,003	,091	,184	,001	,000	,000		,000	,198	,001
		N	98	98	96	97	95	96	99	99	99	99
	Average regional risk	Correlation Coefficient	,235*	,132	,103	,325**	,481**	,416**	,893**	1,000	,217*	,284**
		Sig. (2-tailed)	,020	,195	,319	,001	,000	,000	,000		,031	,004
		N	98	98	96	97	95	96	99	99	99	99
	Uncertainty Avoidance Hofstede	Correlation Coefficient	,052	,059	-,122	-,201*	,025	-,081	,130	,217*	1,000	-,137
		Sig. (2-tailed)	,538	,482	,152	,017	,772	,713	,198	,031		,075
		N	142	142	140	141	138	140	99	99	168	168
	Uncertainty Avoidance	Correlation Coefficient	-,025	-,035	,035	-,191*	-,111	-,168*	,320**	,284**	-,137	1,000

*. Correlation is significant at the 0.05 level (2-tailed)

**. Correlation is significant at the 0.01 level (2-tailed).

This section will focus on detecting significant correlations between the independent and dependent variables..

To start with the dependent variable, entry mode choice depicts significant weak relationships with average regional regulatory quality (at the 0.05 level) and with the average regional risk level (at the 0.01 level). This implies that higher regional quality is associated with equity governance modes which stands in contrast to the postulated relationship in my hypothesis. (H2b: Higher scores on regulatory quality (World Bank Group's Ease of Doing Business Index) in the host region, will increase the likelihood of choosing low control governance modes for international franchising firms.)
Second, higher levels on the regional risk index (which implies less risk) are connected with equity governance modes which is again opposing my hypothesis. (H3b: Lower levels on the Euromoney regional risk index (implying high risk) for the host region will increase the likelihood of choosing a high control mode for international franchising firms.). As for the other variables, (Uncertainty avoidance (H1a), measured with Hofstede's (1980) and House et al.'s (2004) measures the results reveal that highly non-significant and nearly non-existent relationships exist with the dependent variable.

Next, the correlations between entry mode choice and the items D111_11-cultural differences, D111_13-business practices, D111_14-language barriers D111_04-legal protection of intellectual property, D111_05-political environment, D111_09- risk of ownership restrictions are examined. The analysis reveals that none of these items are significantly correlated with entry mode choice. However, the items are correlated with each other at the highly significant level of 0.01. The correlations include a range that starts at a rather weak level (0.302 for cultural distance and environmental distance) and go up to high levels 0.745 (business practices and cultural distance).These correlations make a factor analysis necessary in order to circumvent the problem of multicollinearity in the regression analysis. Next, it has to be checked whether the correlations are in a range where they qualify for factor analysis, thus,]0.3;0.8[. The items fulfill this criteria.

Further, the correlations between all independent variables and the items D111_11-cultural differences, D111_13-business practices, D111_14-language barriers D111_04-legal protection of intellectual property, D111_05-political environment, D111_09- risk of ownership restrictions show correlations too. Especially, Average regional regulatory quality and Average regional risk are highly correlated with each other at the 0.01 level. In addition,

both display weak to moderate correlations with D111_04-legal protection of intellectual property, D111_05-political environment, D111_09- risk of ownership restrictions also at the 0.01 significance level. Finally, average regional risk is weakly correlated with both Uncertainty measures at the 0.05 level for Hofstede's (1980) and at the 0.01 level for House et al.'s (2994) measure.

At this point, it should not be forgotten that correlation coefficients are not a valid basis for inferring causal relationships but rather give a first indication on how variables are related (Field, 2013).

7.2.3 Factor Analysis

In this part, the results of the factor analysis are displayed. The first factor analysis includes the items cultural differences (D111_11), business practices (D111_13) and language barriers (D111_14). The goal was to unearth the underlying factor that could best be described as cultural difference.

Table 11 Communalities - Cultural difference, business practices and language barriers

	Initial	Extraction
CUCultdiff	1,000	,803
CUBusPractice	1,000	,817
CULanguage	1,000	,435

Extraction Method: Principal Component Analysis.

Communality shows the proportion of common variance within a variable. Initially, all the variance within a variable is assumed to be common and can be explained since the number of factors equals the number of variables. Therefore, initial communality scores equal 1. The column Extraction displays how much variance associated with the variables (cultural difference, language barriers and business practices) is common variance after the factor extraction. In other words, the table indicates that 80.03% of the variance inherent in the variable cultural differences can be explained by the retained factor. For business practices, 81.7% of the variance is explained by the factor and for language barriers 43.5% of its

variance. In general, communality values close to one indicate that the extracted factor describes the data well.

Table 12 Total Variance Explained - Cultural difference, business practices and language barriers

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2,054	68,461	68,461	2,054	68,461	68,461
2	,718	23,921	92,382			
3	,229	7,618	100,000			

Extraction Method: Principal Component Analysis.

The output Total Variance Explained indicates the eigenvalues of the three components before and after the extraction. The initial eigenvalues (an indicator for the importance of the components) show to which degree variance is explained by each component before and after extraction. So, component 1 explains about 68% of the variance before extraction, component 2 23% and component 3 approximately 7%. According to Kaiser's criterion, after the extraction only components with eigenvalues greater than one are retained; this holds true for component one. The Extraction Sums of Squared Loadings show again the above mentioned eigenvalues however only for the retained component.

Table 13 Component Matrix[a] - Cultural difference, business practices and language barriers

	Component
	1
Cultural differences	,896
Business practices	,904
Environmental distance	,659

Extraction Method: Principal Component Analysis.

a. 1 component extracted.

The component matrix contains the loadings of my variables cultural differences, business practices and environmental distance on the extracted factor. Since only one component was extracted the solution cannot be rotated.

The second factor analysis includes the items legal protection of intellectual properties (D111_04), political environment (D111_05) and risk of ownership restrictions (D111_09). The goal was to unearth the underlying factor that could best be described as institutional difference.

Table 14 Communalities - Legal protection of intellectual properties, political environment and risk of ownership restrictions

	Initial	Extraction
IULegProtect	1,000	,696
IUPolit	1,000	,774
IUFDIRestrict	1,000	,849

Extraction Method: Principal Component Analysis.

Communality shows the proportion of common variance within a variable. At the beginning of the analysis, all the variance within a variable is assumed to be shared and therefore explainable since the number of factors equals the number of variables. Therefore, initial communality scores equal 1. The column Extraction demonstrates how much variance associated with the variables (legal protection of intellectual properties, political environment and risk of ownership restrictions) is common variance after the factor extraction. In other words, the table indicates that 69.6% of the variance rooted in legal protection of intellectual properties can be explained by the retained factor. For political environment, 77.4% of the variance is explained by the factor and for risk of ownership restrictions 84.9% of its variance. In general, communality values close to one indicate that the extracted factor describes the data well.

Table 15 Total variance explained - Legal protection of intellectual properties, political environment and risk of ownership restrictions

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2,319	77,284	77,284	2,319	77,284	77,284
2	,454	15,139	92,424			
3	,227	7,576	100,000			

Extraction Method: Principal Component Analysis.

The output Total Variance Explained indicates the eigenvalues of the three components before and after the extraction. The initial eigenvalues (an indicator for the importance of the components) show to what degree variance is explained by each component before and after extraction. So, component 1 explains about 77% of the variance before extraction, component 2 around 15% and component 3 approximately 7%. According to Kaiser's criterion, after extraction only components with eigenvalues greater than one are retained; this holds true for component one. The Extraction Sums of Squared Loadings show again the above mentioned eigenvalues however only for the retained component.

Table 16 - Component Matrix[a] Legal protection of intellectual properties, political environment and risk of ownership restrictions

	Component
	1
IULegProtect	,834
IUPolit	,880
IUFDIRestrict	,921

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

The component matrix contains the loadings of my variables legal protection of intellectual, properties, political environment and risk of ownership restrictions on the extracted factor. Since only one component was extracted the solution cannot be rotated.

7.2.4 Regression Analysis

In this section, the results of the binary logistic regression for each hypothesis are presented. To evaluate the tested hypothesis, the following output is provided: First, several tests for evaluating goodness of fit of the model and to assess its effect size are presented (Omnibus test, Model summary, Classification table and Hosmer and Lemeshow Test) Second, the "variables in the equation table" is presented in order to state parameter estimates with their significance level and odds ratios with their corresponding confidence intervals.

National character theory and cultural frameworks – Uncertainty Avoidance

H1a: Home countries with high levels of Uncertainty avoidance increase the likelihood of choosing high control governance modes in the host region for international franchising firms.

To test the effect of Uncertainty avoidance on governance mode choice, I first incorporated Hofstede's (1980) measure for the dimension, and in a second step, House et al.'s (2004) measure of cultural practices for it. Unfortunately, both options failed to prove the hypothesis.

Table 17 Omnibus Tests of Model Coefficients - H1a

		Chi-square	df	Sig.
Step 1	Step	3,148	3	,369
	Block	3,148	3	,369
	Model	3,148	3	,369

To start with the analysis of hypothesis 1a, the Omnibus Test of Model Coefficients indicates whether or not my model has improved compared to the intercept-only version. In this case, the Chi-square statistics of the overall model is insignificant. The value for Block indicates the change in significance compared to the intercept-only model which is highly non-significant expressing that adding Uncertainty avoidance has literally no effect on fit.

Table 18 Model Summary- H1a

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	89,151[a]	,035	,054

a. Estimation terminated at iteration number 5 because parameter estimates changed by less than ,001.

The model summary indicates the effect size of the whole model which is very weak with a Nagelkerke's R-square of 0.054 which is at the bottom end of its scale [0;1]. This implies the need for better model specification either through more or different predictors.

Table 19 Classification Table - H1a

Observed			Predicted		
			eq_non_eq		Percentage Correct
			non equity	equity	
Step 1	eq_non_eq	non equity	70	0	100,0
		equity	19	0	0,0
	Overall Percentage				78,7

a. The cut value is ,500

According to the results displayed in the Classification table, which indicate the predictive quality of my model, 78.7% of the cases are assigned correctly to their group (i.e. equity or non-equity entry mode) with the model. However, comparing it to the percentage of always guessing the correct group which equals 78.651% which is rounded up to 78.7% literally no improvement is achieved.

Table 20 Hosmer and Lemeshow Test - H1a

Step	Chi-square	df	Sig.
1	9,521	8	,300

Table 21 - Contingency Table for Homer and Lemeshow Test - H1a

		eq_non_eq		eq_non_eq		
		Observed	Expected	Observed	Expected	Total
Step 1	1	7	8,284	2	,716	9
	2	7	7,755	2	1,245	9
	3	8	7,494	1	1,506	9
	4	9	7,268	0	1,732	9
	5	7	7,080	2	1,920	9
	6	9	6,914	0	2,086	9
	7	7	6,731	2	2,269	9
	8	6	6,509	3	2,491	9
	9	5	6,384	4	2,616	9
	10	5	5,580	3	2,420	8

The Hosmer and Lemeshow test displays a non-significant result for the Chi-square statistic which speaks for a well fitting model in the context of the test. Concretely, this indicates that entry mode choice in the sample does not differ significantly from model-based predictions.

Table 22 Variables in the Equation - H1a

								95% C.I.for EXP(B)	
		B	S.E.	Wald	df	Sig.	Exp(B)	Lower	Upper
Step 1[a]	UA	-,008	,018	,188	1	,665	,992	,959	1,027
	Systemsize_total	-,001	,001	,746	1	,388	,999	,998	1,001
	Int_experience	-,033	,028	1,401	1	,237	,968	,917	1,022
	Constant	-,287	1,241	,053	1	,817	,751		

a. Variable(s) entered on step 1: UA, Systemsize_total, Int_experience.

Coming from measures of model quality to the effect sizes of the variables Uncertainty avoidance and the control variables system size and international experience, none of the coefficients has a significant Wald statistic. Thus, they are not significantly different from 0 according to the Wald statistic which indicates that the variables add no value to the prediction of equity or non-equity mode choice.
Next, the odds ratios (Exp (B)) measure the effect size of Uncertainty avoidance, system size

and international experience on entry mode choice. All three display values close to one which indicate that effects are non-significant. In this case, an increase or decrease of any of the three variables does not trigger an increase or decrease of the odds of choosing equity market entry mode. Finally, the confidence intervals for the odds ratios all include 1 which impedes a conclusion on effect direction. Thus, predictions on the odds of equity market entry mode are inadmissible. Based on this analysis, I will reject my hypothesis.

Regression on the second measure for Uncertainty avoidance, House et al.'s (2004) measure of cultural practices (project GLOBE) also yielded results that gave me no choice but to reject the hypothesis:

Table 23 Omnibus Tests of Model Coefficients - H1a (House et al., 2004)

		Chi-square	df	Sig.
Step 1	Step	2,972	3	,396
	Block	2,972	3	,396
	Model	2,972	3	,396

First, the Omnibus Test of Model Coefficients demonstrates if my model has improved compared to the intercept-only version. In this case, the Chi-square statistics of the overall model ("Model") is insignificant. The value for "Block" shows that the change in significance compared to the intercept-only model is highly non-significant. This indicates that adding Uncertainty avoidance based on the project GLOBE has literally no effect on model fit.

Table 24 Table 18 Model Summary- H1a (House et al., 2004)

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	89,328[a]	,033	,051

a. Estimation terminated at iteration number 6 because parameter estimates changed by less than ,001.

The model summary illustrates the effect size of the whole model which is very weak with a Nagelkerke's R-square of 0.051 which is close to 0. To conclude, this implies the need for a more specified model by different predictors.

Table 25 Classification Table - H1a (House et al., 2004)

Observed			Predicted		
			eq_non_eq		Percentage Correct
			non equity	equity	
Step 1	eq_non_eq	non equity	70	0	100,0
		equity	19	0	0,0
	Overall Percentage				78,7

a. The cut value is ,500

The results of the Classification table show the model's predictive quality. 78.7% of the cases are assigned correctly to their group (i.e. equity or non-equity entry mode) if we incorporate Uncertainty avoidance and the control variables system size and international experience. However, comparing this percentage to the percentage of always guessing the correct group (exact value: 78.651%) literally no improvement is achieved.

Table 26 Hosmer and Lemeshow Test -H1a (House et al., 2004)

Step	Chi-square	df	Sig.
1	9,521	8	,300

Table 27 Contingency Table for Hosmer and Lemeshow Test - H1a (House et al., 2004)

		eq_non_eq = non equity		eq_non_eq = equity		Total
		Observed	Expected	Observed	Expected	
Step 1	1	7	8,284	2	,716	9
	2	7	7,755	2	1,245	9
	3	8	7,494	1	1,506	9
	4	9	7,268	0	1,732	9
	5	7	7,080	2	1,920	9
	6	9	6,914	0	2,086	9
	7	7	6,731	2	2,269	9
	8	6	6,509	3	2,491	9
	9	5	6,384	4	2,616	9
	10	5	5,580	3	2,420	8

Parallel to the results based on Hofstede's (1980) measure of Uncertainty Avoidance, the Hosmer and Lemeshow test is non-significant for the Chi-square statistic which speaks for a well fitting model in the context of the test. Concretely, this indicates that that observed cases

in the sample where equity or non-equity modes were chosen do not differ significantly from model-based predictions on entry mode choice.

Table 28 Variables in the Equation -H1a (House et al., 2004)

		B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I. for EXP(B)	
								Lower	Upper
Step 1[a]	UA_Practices	-,009	,085	,010	1	,919	,991	,840	1,170
	Systemsize_total	-,001	,001	,755	1	,385	,999	,998	1,001
	Int_experience	-,031	,027	1,281	1	,258	,970	,919	1,023
	Constant	-,765	,514	2,215	1	,137	,465		

a. Variable(s) entered on step 1: Practices, Systemsize_total, Int_experience.

The Variables in the Equation table shows the effect sizes of the coefficients of Uncertainty avoidance and the control variables system size and international experience. The Wald statistic is non-significant for all parameter estimates of the independent variables. Thus, all coefficients are not significantly different from 0 and add no value to the prediction of the outcome variable. Coming to the odds ratios (Exp (B)) that measure the effect size of Uncertainty avoidance, system size and international experience, all three have values close to one which indicates that effects are non-significant. Finally, the confidence intervals for the odds ratios all include 1 which impedes a conclusion on effect direction. Thus, predictions on the odds of equity market entry are not possible. Based on these results, I reject my hypothesis.

National character theory and cultural frameworks Cultural distance

H1b: Perceived high differences in culture between home country and host region increase the likelihood of choosing low control entry modes for international franchising companies.

The analysis of hypothesis 1b reveals only little, non-significant differences between the model with and without control variables. Thus, the results including the control variables are presented below. Additional output (Case processing summary, Dependent Variable encoding) is added in the Appendix.

Table 29 Omnibus Tests of Model Coefficients - H1b

		Chi-square	df	Sig.
Step 1	Step	2,321	3	,508
	Block	2,321	3	,508
	Model	2,321	3	,508

To check whether or not my model improved to its intercept-only version, the Omnibus Test of Model Coefficients presents the Chi-square statistic. In this case, the Chi-square statistics of the overall model has a non- significant value. "Block" indicates that adding perceived cultural differences and the control variables to the mode does not improve model fit compared to the intercept-only model.

Table 30 Model Summary - H1b

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	86,386[a]	,026	,041

a. Estimation terminated at iteration number 5 because parameter estimates changed by less than ,001.

The effect size of the whole model is quite weak with a Nagelkerke's R-square of 0.041. Therefore, the quest for a more specified model with different predictors arises.

Table 31 Classification Table – H1b

Observed			Predicted		
			equity versus non equity entry modes excluding cases where both are selected		Percentage Correct
			non equity	equity	
Step 1	equity versus non equity entry modes excluding cases where both are selected	non equity	69	0	100,0
		equity	18	0	,0
	Overall Percentage				79,3

a. The cut value is ,500

The Classification table shows the predictive quality of my model. 79.3% of the cases are assigned correctly to their group (i.e. equity or non-equity entry mode) with my model. Comparing this to the percentage of always guessing the correct group which equals 79.3% literally no improvement is achieved.

Table 32 Hosmer and Lemeshow Test - H1b

Step	Chi-square	df	Sig.
1	6,687	8	,571

Table 33 Contingency Table for Hosmer and Lemeshow Test – H1b

		equity versus non equity entry modes excluding cases where both are selected = non equity		equity versus non equity entry modes excluding cases where both are selected = equity		
		Observed	Expected	Observed	Expected	Total
Step 1	1	7	8,180	2	,820	9
	2	8	7,683	1	1,317	9
	3	7	7,453	2	1,547	9
	4	8	7,313	1	1,687	9
	5	9	7,208	0	1,792	9
	6	8	7,059	1	1,941	9
	7	7	6,826	2	2,174	9
	8	6	6,668	3	2,332	9
	9	6	6,475	3	2,525	9
	10	3	4,136	3	1,864	6

The Hosmer and Lemeshow test displays a non-significant result for the Chi-square statistic which speaks for a well fitting model in the context of the test. Concretely, this shows that that observed equity mode choice in the sample does not differ significantly from model-based predictions on that choice.

Table 34 Variables in the Equation - H1b

		B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I. for EXP(B)	
								Lower	Upper
Step 1[a]	Cultdifferences	,114	,261	,192	1	,661	1,121	,673	1,869
	Systemsize_total	,000	,001	,409	1	,523	1,000	,999	1,001
	Int_experience	-,030	,028	1,133	1	,287	,971	,919	1,025
	Constant	-,888	,415	4,573	1	,032	,412		

a. Variable(s) entered on step 1: Cultdifferences, Systemsize_total, Int_experience.

The table above presents the effect sizes of the parameter estimates for the factor cultural differences on entry mode choice. Unfortunately, the Wald statistic is non-significant for the factor as well as for the control variables. This implies that cultural differences between home and host region do not improve prediction of equity or non-equity mode choice. Next, the odds ratio (Exp (B)) is greater than one. This would imply that the higher the perceived cultural differences between home and host region, the more likely equity market entry modes are chosen. However, this interpretation is not valid since confidence intervals for the odds ratios cross 1which impedes conclusion on effect direction. Based on this analysis, I will reject my hypothesis.

Institutional theories- institutional differences

H2a: The higher the perceived institutional differences in the host regions, the likelihood of choosing high control governance modes increases for international franchising companies.

The analysis of hypothesis 2a reveals only little, non-significant differences between the model with and without control variables. Thus, the results including the control variables are presented below. Additional output (Case processing summary, Dependent Variable encoding) is added in the Appendix.

Table 35 Omnibus Tests of Model Coefficients - H2a

		Chi-square	df	Sig.
Step 1	Step	2,267	3	,519
	Block	2,267	3	,519
	Model	2,267	3	,519

The Omnibus Test of Model Coefficients presents the Chi-square statistic in order to evaluate mode improvement compared to the intercept-only model. In this case, the Chi-square statistics of the overall model has a non- significant value. In addition, the value for "Block" suggests that adding institutional differences and the control variables to the model does not improve model fit compared to the intercept-only model.

Table 36 Model Summary – H2a

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	85,975[a]	,026	,041

a. Estimation terminated at iteration number 5 because parameter estimates changed by less than ,001.

The effect size of the whole model is quite weak with a Nagelkerke's R-square of 0.041. Therefore, the quest for a more specified model with different predictors arises.

Table 37 Classification Table – H2a

Observed			Predicted		
			equity versus non equity entry modes excluding cases where both are selected		Percentage Correct
			non equity	equity	
Step 1	equity versus non equity entry modes excluding cases where both are selected	non equity	68	0	100,0
		equity	18	0	,0
	Overall Percentage				79,1

a. The cut value is ,500

The Classification table indicates prediction of entry mode choice based on my model. 79.1% of the cases are assigned correctly to their group (i.e. equity or non-equity entry mode) with this model. Comparing this to the percentage of always guessing the correct group which equals 79.07% very little improvement is achieved.

Table 38 Hosmer and Lemeshow Test – H2a

Step	Chi-square	df	Sig.
1	9,561	8	,297

Table 39 Contingency Table for Hosmer and Lemeshow Test – H2a

		equity versus non equity entry modes excluding cases where both are selected = non equity		equity versus non equity entry modes excluding cases where both are selected = equity		
		Observed	Expected	Observed	Expected	Total
Step 1	1	9	8,188	0	,812	9
	2	7	7,681	2	1,319	9
	3	8	7,451	1	1,549	9
	4	6	7,255	3	1,745	9
	5	8	7,055	1	1,945	9
	6	5	6,968	4	2,032	9
	7	6	6,812	3	2,188	9
	8	9	6,697	0	2,303	9
	9	7	6,444	2	2,556	9
	10	3	3,452	2	1,548	5

The Hosmer and Lemeshow test displays a non-significant result for the Chi-square statistic which speaks for a well fitting model in the context of the test. Concretely, this shows that that observed equity mode choice in the sample does not differ significantly from model-based predictions for that choice.

Table 40 Variables in the Equation – H2a

		B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I. for EXP(B)	
								Lower	Upper
Step 1[a]	Instdifferences	-,152	,305	,249	1	,618	,859	,472	1,561
	Systemsize_total	,000	,001	,332	1	,564	1,000	,999	1,001
	Int_experience	-,023	,029	,606	1	,436	,978	,923	1,035
	Constant	-,994	,451	4,867	1	,027	,370		

a. Variable(s) entered on step 1: Instdifferences, Systemsize_total, Int_experience.

The table above presents the effect sizes of the parameter estimates for institutional differences on entry mode choice. The results indicate a non-significant Wald statistic for all levels of the factor and for the control variables. This implies that the factor institutional differences does not improve prediction of equity or non-equity mode choice. Further, the odds ratio (Exp (B)) displays a value smaller than one. In a significant scenario, this would imply that an increase in institutional differences (as perceived by the participant) makes choosing equity modes less likely. However, this interpretation is not valid since confidence intervals for the odds ratios cross 1 which impedes conclusions on effect direction. Based on this analysis, I will reject my hypothesis.

Institutional theories- regulatory environment

H2b: Higher scores on regulatory quality (World Bank Group's Ease of Doing Business Index) in the host regions will increase the likelihood of choosing low control governance modes for international franchising firms.

Table 41 Omnibus Tests of Model Coefficients - H2b

		Chi-square	df	Sig.
Step 1	Step	6,895	1	,009
	Block	6,895	1	,009
	Model	6,895	1	,009

Commencing the analysis of hypothesis 2b, the analysis was first conducted with the control variables international experience and system size. However, stronger significance could be achieved in the Omnibus test as well as parameter effect sizes without incorporating the latter. Omnibus Test of Model Coefficients reveals whether or not my model has improved compared to the intercept-only version. In this case, the Chi-square statistics of the overall model is strongly significant at the 0.01 level. The value for "Block" indicates that adding average regional quality significantly improves model fit compared to the intercept-only model.

Table 42 Model Summary - H2b

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	92,737[a]	,067	,106

a. Estimation terminated at iteration number 5 because parameter estimates changed by less than ,001.

The effect size of the whole model is quite weak with a Nagelkerke's R-square of 0.106 which is closer to 0 than to 1. Therefore, the quest for a more specified model by different predictors arises.

Table 43 Classification Table - H2b

Observed			Predicted		
			eq_non_eq		Percentage Correct
			non equity	equity	
Step 1	eq_non_eq	non equity	79	0	100,0
		equity	20	0	,0
	Overall Percentage				79,8

a. The cut value is ,500

The Classification table for hypothesis 2b shows the predictive quality of my model. 79.8% of the cases are predicted correctly to their group (i.e. equity or non-equity entry mode). However, comparing it to the percentage of always guessing the correct group which equals 79.8% literally no improvement is achieved.

Table 44 Hosmer and Lemeshow Test - H2b

Step	Chi-square	df	Sig.
1	10,729	6	,097

Table 45 Contingency Table for Hosmer and Lemeshow Test - H2b

		eq_non_eq = non equity		eq_non_eq = equity		
		Observed	Expected	Observed	Expected	Total
Step 1	1	7	9,241	3	,759	10
	2	11	9,929	0	1,071	11
	3	10	9,847	1	1,153	11
	4	10	8,789	0	1,211	10
	5	8	8,396	2	1,604	10
	6	9	7,960	1	2,040	10
	7	2	2,296	1	,704	3
	8	22	22,542	12	11,458	34

The Hosmer and Lemeshow test displays a non-significant result for the Chi-square statistic which speaks for a well fitting model in this context. Concretely, this indicates that that observed equity mode choice in the sample does not differ significantly from model-based predictions on that choice.

Table 46 Variables in the Equation- H2b

		B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I.for EXP(B)	
								Lower	Upper
Step 1[a]	Average_quality	,137	,055	6,175	1	,013	1,147	1,029	1,278
	Constant	-10,755	3,838	7,851	1	,005	,000		

a. Variable(s) entered on step 1: Average_quality.

Effect size of average regional quality on entry mode choice is displayed above. The parameter estimator for average regional quality has a significant Wald statistic at the 0.05 level. Thus, parameter estimates are significantly different from 0 which indicates that the variables add value to the prediction of equity or non-equity mode choice. Next, the odds ratio (Exp (B)) measures the effect size of average regional quality and has a value greater than one. In this case, an increase of average regional quality triggers an increase of the odds of choosing equity market entry mode. Finally, the confidence intervals for the odds ratios are above 1which allows a conclusion on effect direction. Concretely, these results would suggest that an increase in regional quality would increase the likelihood of choosing high control modes which opposes my postulated hypothesis.

Transaction cost theory – Risk

H3a: Lower levels on the Euromoney regional risk index (implying high risk) for the host regions will increase the likelihood of choosing a high control mode for international franchising firms.

Table 47 Omnibus Tests of Model Coefficients - H3a

		Chi-square	df	Sig.
Step 1	Step	8,531	1	,003
	Block	8,531	1	,003
	Model	8,531	1	,003

Testing hypothesis 3b also reveals that the model without control variables international experience and system size yields more significant results for the Omnibus test of Model

Coefficients, the Hosmer and Lemeshow test, the Classification table as well as the effect sizes of the parameter estimates. The Omnibus Test of Model Coefficients shows that my model is better compared to the intercept-only version. In this case, the Chi-square statistics of the overall model is strongly significant at the 0.01 level. The value for "Block" underlines that adding average regional risk significantly boosts model fit compared to the intercept-only version.

Table 48 Model Summary - H3a

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	91,100[a]	,083	,130

a. Estimation terminated at iteration number 5 because parameter estimates changed by less than ,001.

The effect size of the whole model is quite weak with a Nagelkerke's R-square of 0.130 which is closer to 0 than to 1. Thus, stronger effect size might be achieved with a more specified model with different or more predictors.

Table 49 Classification Table - H3a

Observed			Predicted		
			eq_non_eq		Percentage Correct
			non equity	equity	
Step 1	eq_non_eq	non equity	79	0	100,0
		equity	20	0	,0
	Overall Percentage				79,8

a. The cut value is ,500

According to the Classification table, my model correctly classifies 79.8% of the cases to their group (i.e. equity or non-equity entry mode). Comparing it to the percentage of always guessing the correct group which equals 79.8% literally no improvement is achieved.

Table 50 Hosmer and Lemeshow Test - H3a

Step	Chi-square	df	Sig.
1	6,811	6	,339

Table 51 Contingency Table for Hosmer and Lemeshow Test - H3a

		eq_non_eq = non equity		eq_non_eq = equity		
		Observed	Expected	Observed	Expected	Total
Step 1	1	10	9,360	0	,640	10
	2	8	8,211	1	,789	9
	3	7	8,985	3	1,015	10
	4	10	8,799	0	1,201	10
	5	8	7,794	1	1,206	9
	6	9	8,541	1	1,459	10
	7	5	5,453	2	1,547	7
	8	22	21,858	12	12,142	34

The Hosmer and Lemeshow test displays a non-significant result for the Chi-square statistic which speaks for a well fitting model in the context of the test. Concretely, this indicates that that observed equity mode choice in the sample does not differ significantly from model-based predictions on that choice.

Table 52 Variables in the Equation - H3a

								95% C.I.for EXP(B)	
		B	S.E.	Wald	df	Sig.	Exp(B)	Lower	Upper
Step 1[a]	Average_risk	,075	,027	7,586	1	,006	1,078	1,022	1,137
	Constant	-5,526	1,589	12,088	1	,001	,004		

a. Variable(s) entered on step 1: Average_risk.

The effect size of the predictor variable average regional risk on entry mode choice is presented. According to the Wald statistic, the parameter estimator for average risk is strongly significant at the 0.01 level. This implies that the latter is significantly different from 0 and increases predictive quality of equity or non equity mode choice when added to the model. Next, the odds ratio (Exp (B)) has a value greater than one. In this case, an increase of the average regional risk index (thus a less risky environment) prompts an increase of the odds of equity market entry mode. Finally, the confidence intervals for the odds ratios are above 1which makes the evaluation of effect direction possible. Concretely, these results would suggest that an increase in the regional risk index would increase the likelihood of choosing high control modes which is the opposite of the postulated effect.

Moderator analysis- Interaction of Uncertainty avoidance and regional risk

H3b: The effect of regional risk levels on entry mode choice proposed in H3b will be stronger for international franchising firms that come from a home country that scores high on Uncertainty avoidance.

Testing the interaction effect in hypothesis 3c the results speak for the model without control variables international experience and system size because more significant results for the Omnibus test of Model Coefficients, the Hosmer and Lemeshow test, the Classification table as well as the effect sizes of the parameter estimates could be achieved.

Table 53 Omnibus Tests of Model Coefficients - H3b

		Chi-square	df	Sig.
Step 1	Step	11,480	3	,009
	Block	11,480	3	,009
	Model	11,480	3	,009

As stated in the Omnibus Test of Model Coefficients my model significantly improves its intercept-only version. In this case, the Chi-square statistics of the overall model is strongly significant at the 0.01 level. The value for "Block" underlines that adding uncertainty avoidance, average regional risk and their corresponding interaction effect significantly boosts model fit compared to the intercept-only version.

Table 54 Model Summary - H3b

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	88,151[a]	,109	,173

a. Estimation terminated at iteration number 6 because parameter estimates changed by less than ,001.

The Model Summary with a Nagelkerke's R-square of 0.173 reports a quite weak effect size which is closer to 0 than to 1. Thus, stronger effect size might be achieved with a more specified model with different or more predictors.

Table 55 Classification Table - H3b

Observed			Predicted		
			eq_non_eq		Percentage Correct
			non equity	equity	
Step 1	eq_non_eq	non equity	79	0	100,0
		equity	20	0	,0
	Overall Percentage				79,8

a. The cut value is ,500

According to the Classification table, my model correctly classifies 79.8% of the cases to their group (i.e. equity or non-equity entry mode). Comparing it to the percentage of always guessing the correct group which equals 79.8%, literally no improvement is achieved.

Table 56 Hosmer and Lemeshow Test - H3b

Step	Chi-square	df	Sig.
1	9,971	8	,267

Table 57 Contingency Table for Hosmer and Lemeshow Test - H3b

		eq_non_eq = non equity		eq_non_eq = equity		
		Observed	Expected	Observed	Expected	Total
Step 1	1	10	9,757	0	,243	10
	2	10	9,513	0	,487	10
	3	9	9,077	1	,923	10
	4	9	8,725	1	1,275	10
	5	6	9,314	5	1,686	11
	6	9	8,146	1	1,854	10
	7	5	4,910	2	2,090	7
	8	12	10,164	4	5,836	16
	9	6	6,299	4	3,701	10
	10	3	3,096	2	1,904	5

The Hosmer and Lemeshow test is non-significant for the Chi-square statistic which speaks for a well fitting model in the context of the test. Concretely, this indicates that that observed

cases in the sample where equity or non equity modes were chosen do not differ significantly from model-based predictions on entry mode choice.

Table 58 Variables in the Equation - H3b

		B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I. for EXP(B)	
								Lower	Upper
Step 1[a]	UA	-,028	,021	1,727	1	,189	,973	,933	1,014
	Average_risk	,100	,035	8,241	1	,004	1,105	1,032	1,183
	UA_Arisk_centered	,002	,002	1,198	1	,274	1,002	,998	1,007
	Constant	-5,243	1,789	8,592	1	,003	,005		

a. Variable(s) entered on step 1: UA, Average_risk, UA_Arisk_centered.

The results for the effect sizes of average regional risk and Uncertainty avoidance (Hofstede, 1980) on entry mode choice repeat earlier findings. Thus, according to the Wald statistic, the parameter estimator for average risk is strongly significant at the 0.01 level whereas the parameter estimator for Uncertainty avoidance is non-significant. Coming to the interaction term of Uncertainty avoidance and risk, its effect is not significant according to the Wald statistic. This implies that only average regional risk is significantly different from 0 and increases predictive quality of equity or non-equity mode choice when added to the model. Next, the odds ratio (Exp (B)) of Uncertainty avoidance is smaller than one which infers a negative effect on the odds of equity market entry mode. However, since the confidence interval crosses the threshold of 1, interpretation of effect direction is not possible. For average regional risk, the odds ratio is greater than one. Parallel to hypothesis 3b, this implies that an increase of the average regional risk index (thus a less risky environment) prompts an increase of the odds of equity market entry mode. Also in this case, the confidence interval for the odds ratios is above 1 allowing interpretation of effect direction. Finally, the most interesting part of this analysis concerns the interaction effect: The odds ratio has a value greater than one. Unfortunately, the confidence interval crosses 1, which impedes the interpretation of the effect of the interaction term on the odds of equity market entry mode choice. Based on this analysis, I reject my hypothesis.

Multiple regression including all predictor variables and control variables

Finally, a multiple regression analysis was conducted in order to indicate whether or not my model is able to predict entry mode choice. In order to avoid multicollinearity issues I chose only one measure for Uncertainty Avoidance- Hofstede's (1980) measure. Apart from that, the control variables experience and size are included.

Table 59 Omnibus Tests of Model Coefficients - Multiple Regression

		Chi-square	df	Sig.
Step 1	Step	17,060	8	,029
	Block	17,060	8	,029
	Model	17,060	8	,029

The Omnibus Test of Model Coefficients shows that my model is better compared to the intercept-only version. In this case, the Chi-square statistics of the overall model is significant at the 0.05 level. The value for "Block" underlines that adding the predictor variables significantly boosts model fit compared to the intercept-only version.

Table 60 Model Summary - Multiple Regression

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	71,182[a]	,180	,280

a. Estimation terminated at iteration number 6 because parameter estimates changed by less than ,001.

The effect size of the whole model is quite weak with a Nagelkerke's R-square of 0.280 which is closer to 0 than to 1. This implies that for a stronger effect size, a more specified model with different or more predictors is necessary.

Table 61 Classification Table - Multiple Regression

Observed			Predicted		
			equity versus non equity entry modes excluding cases where both are selected		Percentage Correct
			non equity	equity	
Step 1	equity versus non equity entry modes excluding cases where both are selected	non equity	64	4	94,1
		equity	16	2	11,1
	Overall Percentage				76,7
a. The cut value is ,500					

According to the Classification table, my model would correctly classify 76.7% of the cases to their group (i.e. equity or non-equity entry mode). Compared to the percentage of always guessing the correct group (79.07%) predictor accuracy decreases when using my model.

Table 62 Hosmer and Lemeshow Test - Multiple Regression

Step	Chi-square	df	Sig.
1	10,518	8	,231

Table 63 Contingency Table for Hosmer and Lemeshow Test - Multiple Regression

		equity versus non equity entry modes excluding cases where both are selected = non equity		equity versus non equity entry modes excluding cases where both are selected = equity		
		Observed	Expected	Observed	Expected	Total
Step 1	1	9	8,909	0	,091	9
	2	9	8,753	0	,247	9
	3	8	8,560	1	,440	9
	4	9	8,223	0	,777	9
	5	8	7,621	1	1,379	9
	6	5	6,920	4	2,080	9
	7	8	6,370	1	2,630	9
	8	5	5,623	4	3,377	9
	9	3	4,905	6	4,095	9
	10	4	2,116	1	2,884	5

The Hosmer and Lemeshow test displays a non-significant result for the Chi-square statistic which speaks for a well fitting model in the context of the test. Concretely, this indicates that that observed equity mode choice in the sample does not differ significantly from model-based predictions on that choice.

Table 64 Variables in the Equation - Multiple Regression

		B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I.for EXP(B)	
								Lower	Upper
Step 1[a]	UA	-,021	,026	,652	1	,420	,980	,932	1,030
	Cultdifferences	,683	,462	2,189	1	,139	1,981	,801	4,899
	Instdifferences	-,563	,553	1,033	1	,309	,570	,193	1,686
	Average_quality	-,285	,239	1,415	1	,234	,752	,471	1,202
	Average_risk	,242	,127	3,609	1	,057	1,273	,992	1,634
	UA_Arisk_centered	,006	,003	4,567	1	,033	1,006	1,001	1,012
	Int_experience	-,016	,029	,328	1	,567	,984	,930	1,041
	Systemsize_total	,000	,000	,418	1	,518	1,000	,999	1,000
	Constant	5,907	10,228	,334	1	,564	367,633		

a. Variable(s) entered on step 1: UA, Cultdifferences, Instdifferences, Average_quality, Average_risk, UA_Arisk_centered, Int_experience, Systemsize_total.

This table presents the effect sizes of the predictor variables Uncertainty Avoidance, Cultural differences, Institutional differences, Average regulatory quality, Average regional risk, the interaction term Uncertainty avoidance-Average regional risk and the control variables International experience and System size on entry mode choice. According to the Wald statistic, only the parameter for the interaction term Uncertainty avoidance-Average regional risk is significant at the 0.05 level. Still, Average regional risk is quite close to significance with 0.057.

This implies that the parameter for my interaction term is significantly different from 0 and increases predictive quality for entry mode choice when added to the model. Next, the odds ratios (Exp (B)) are worth a closer look. The interaction term displays a positive odds ratio. Thus, an increase in the product of Uncertainty avoidance in the home country and the Average regional risk index levels in the host regions prompts an increase of the odds of choosing equity modes. Finally, the confidence intervals for the odds ratios are above 1 which makes the evaluation of effect direction possible. Concretely, these results would suggest that an increase in Uncertainty avoidance scores in the home country combined with an increase in average regional risk indices (indicating low risk environments) in the host regions would make choosing high control modes more likely. This is the opposite of the postulated effect in my hypothesis. For all other variables, the effect directions of the odds rations (Exp (B)) can't be interpreted since the confidence intervals cross the threshold of 1.

8 Results and Discussion

In a nutshell, the following results can be derived from the empirical part. To start with my hypothesis on cultural frameworks, namely hypothesis H1a and H1b, both are rejected.

Hypothesis H1a was concerned with testing the influence of Uncertainty avoidance scores in the home country on market entry mode choice of the franchisor. Based on my literature review that revealed that apart from Hofstede's (1980), other scholars, such as House et al. (2004) measure culture, I incorporated both, House et al.'s (2004) and Hofstede's (1980) measure of Uncertainty Avoidance in my analysis. This approach was motivated by the idea of incorporating a broad perspective on culture. More specifically, both, more current and less current measures of Uncertainty Avoidance, a dimension that was found relevant for entry mode decisions (e.g.: Baena, 2013; Barkema and Vermeulen, 1997; Efrat and Shoham, 2013; Hennart and Larimo, 1998) are incorporated. However, my results show that either of these measures influence entry mode choice. Parallel to that, hypothesis H1b did not stand the empirical test either. Thus, the effect of cultural differences, as perceived by the franchisors could not explain the choice between equity or non-equity entry modes. In this respect, my results repeat the findings of Erramilli (1996) or Gatignon and Anderson (1988) who ascertained that cultural distance had no influence on entry mode choice (Erramilli, 1996; Gatignon and Anderson, 1988): Thus, the influence of cultural distance as first level institution could not be proved in my thesis.

Coming to the hypothesis H2a and H2b which were developed on the basis of institutional theories, mixed results were achieved. First, hypothesis H2a, which investigated perceived institutional differences as reflected in legal protection of intellectual properties, the uncertainty of the political environment and the risk of ownership restriction, was rejected. Thus the perception of level two institutions of franchising managers did not influence their entry mode choice. In contrast to that, regional regulatory quality (measured through the World Bank Group's Ease of Doing Business Index) seems to have significant influence on this decision. My findings suggest that an increase in regional quality would increase the likelihood of choosing high control modes which opposes the postulated relationship in hypothesis H2b. A possible explanation for this effect could be found in mimicking. Maybe the franchisors experienced frequent adoption of high control (equity) market entry modes by their competitors in the host regions. Thus, the decision maker assumes that adopting this governance mode allows them to fulfill institutional requirements in the host country (Ang et al., 2014). However, this argument can't be tested with the data at hand but still could be an interesting point for future research. Apart from that, it should not be forgotten that my incorporated scores on regional quality are based on averages. Thus, in cases where franchising companies were present in multiple host regions an average score of the regional regulatory quality for all regions where the franchising company was present was

incorporated. Despite this high level of aggregation, significant results could be achieved. Therefore, in contrast to the results of hypothesis H2a, hypothesis H2b underlines the importance of level two institutions for governance mode choice.

Further, hypothesis H3a considered the effect of regional risk levels on entry mode choice. Conceptually based on TCT, it postulated that lower scores on the Euromoney regional risk index (implying high risk) for the host regions will increase the likelihood of choosing a high control mode. However, my results show that an increase in the regional risk index (implying less risk) would increase the likelihood of choosing high control modes which is the opposite of the postulated effect. Recalling studies on international franchising, findings suggest that high political instability incentivizes shared control modes, since this allows minimizing the exposure of critical assets to risk (Lu, 2002). The underlying rationale is that local franchisees are more familiar with the legal and political framework and are therefore better able to cope with the implied requirements. When scrutinizing the different franchising governance modes, the low-control (non-equity) governance modes are definitely the ones that limit the exposure to risk since more decision rights and control lie in the hand of the franchisees (Konigsberg, 2008). Thus, it might be argued that high risk environments would require market contracting and stronger reliance on local franchisees which makes low control modes (non-equity) modes more likely (Baena, 2012; Brouthers and Hennart, 2007). On the other hand, less risky host regions reduce this dependence on local partners which makes the realization of high control market entry modes easier. Even though this argument does not proof TCT, it seems to be reflected in my findings. Thus, hypothesis H3a proofs the relevance of risk as institutional variable for entry mode choices.

Coming to my moderator analysis, hypothesis H3b assumes that the effect of regional risk levels on entry mode choice will be stronger for international franchising firms that come from a home country that scores high on Uncertainty avoidance. My analysis shows ambiguous results for this hypothesis. When tested separately, no significant influence on entry mode choice was found. Still, in the context of the multiple regression, where all variables and factors were included, it was found significant. Concretely, an increase in Uncertainty avoidance scores in the home country combined with an increase in average regional risk indices (indicating low risk environments) in the host regions would make choosing high control modes more likely. Put into simple words, franchisors from countries with high Uncertainty avoidance scores who expand to low risk host regions prefer high control entry modes. This is the opposite of the postulated relationship in my hypothesis and

opposes the TCT rationale. Even though the relevance of this finding remains questionable incorporating the interaction term follow Ang et al.'s (2014) quest to draw the attention to interaction effects of institutional variables (Ang et al., 2014). To put it in a nutshell, future research has to be conducted in order to determine effects of institutional and cultural variables on international franchising companies.

This argument is also the idea behind incorporating a multiple regression that includes all variables and factors. When adding all predictors to the regression, the model fits the data better compared to a model with only a constant. However, effect sizes of the single predictor variables are not significant (except for the interaction term). To conclude, these results underline the complex relationship between institutional variables and entry mode choice which is also reflected in other empirical findings of the academic literature up to this point.

9 Conclusion

The main aim of my master thesis was to investigate the effects of institutional and cultural variables on entry mode choice of international franchising firms. Especially, differences between institutions and cultures that exist between the home country of the franchisor and the host regions were the focal point of my analysis. First, a theoretical perspective was taken which included different theories that examine the topic. By incorporating cultural frameworks, institutional theories and transaction cost theory my thesis profits from insights that go beyond one particular literature stream. Based on this broad conceptual basis, I developed an integrative framework that classifies different levels of institutions and the respective theories that analyze them.

Second, I tested the effects of institutional and cultural variables on entry mode choice. Different statistical tools that are able to describe relationships between variables were employed. Concretely, correlation coefficients and in a next step binary logistic regression allowed me to test the postulated effects of my predictor variables Uncertainty Avoidance, cultural differences, institutional differences, average regulatory quality, average regional risk, the interaction term Uncertainty avoidance-average regional risk and the control variables international experience and system size on entry mode choice. None of my hypothesis could be proved, however significant effects of regional regulatory quality (H2b) and regional risk levels (H3a) on entry mode choice were found. Concretely, higher regional

quality in the host region increases the likelihood of choosing high control modes. In addition, lower risk in the host region leads to a higher likelihood for high control modes.

Even though none of my hypothesis could be proved by the data, my master thesis shows that Peng et al.'s (2009) proposition that "institutions matter" (Peng et al., 2009, p.65) holds true. The challenge in this respect is to investigate how this influence works. As suggested by meta-analysis, future research should cope with this question by focusing on interaction effects between institutional environments and transaction cost dimensions or by determining whether the perception or the actual cultural and institutional distance matter (Kirkman et al., 2006; Tihanyi et al., 2005). In a nutshell, it is clear that institutional influence on entry mode choice exists. In my point of view, in order to determine the characteristics of this relationship, future research has to account for its complexity by incorporating methods that unifies different theoretical perspectives and even research fields.

10 References

Adkisson, R. V. (2014). Quantifying culture: problems and promises. Journal of Economic Issues, 48(1), 89-108.

Agarwald, S. (1994), "Socio-cultural distance and the choice of joint ventures: a contingency perspective ", Journal of International Marketing, Vol. 2 No. 2, pp. 63-80.

Anand, J., & Delios, A. (1997). Location specificity and the transferability of downstream assets to foreign subsidiaries. Journal of International Business Studies, 579-603.

Anderson, E.,Gatignon, H. (1986). Modes of foreign entry: A transaction cost analysis and propositions. Journal of international business studies, 1-26.

Aliouche, E. H.,Schlentrich, U. A. (2011). Towards a strategic model of global franchise expansion. Journal of Retailing, 87(3), 345-365.

Alon, I. (2006). Market conditions favoring master international franchising. Multinational Business Review, 14(2), 67-82.

Alon, I., & McKee, D. (1999). Towards a macro environmental model of international franchising. Multinational Business Review, 7(1), 76-82.

Ang, S. H., Benischke, M. H., & Doh, J. P. (2014). The interactions of institutions on foreign market entry mode. *Strategic Management Journal*.

Baena, V. (2012). Market conditions driving international franchising. in emerging markets. International Journal of Emerging Markets, 7(1), 49-71

Baena, V. (2013). Insights on international franchising: Entry mode decision. Latin American Business Review, 14(1), 1.

Baena, V. (2015). European franchise expansion into latin america. Management Research Review, 38(2), 149.

Baker, G., Gibbons, R., Murphy, K.J., 2008. Strategic alliances: bridges between 'islands of conscious power'. J. Jpn. Int. Econ. 22 (2), 146–163.

Barkema, H. G., & Vermeulen, F. (1997). What differences in the cultural backgrounds of partners are detrimental for international Joint ventures? Journal of international business studies, 845-864.

Berger, P. L., and Luckmann T. (1967). The Social Construction of Reality. New York: Doubleday.

Brouthers, K. D. (2002). Institutional, cultural and transaction cost influences on entry mode choice and performance. *Journal of international business studies*, *33*(2), 203-221.

Brouthers, K. D., & Brouthers, L. E. (2001). Explaining the national cultural distance paradox. Journal of International Business Studies, 32(1), 177-189

Brouthers, K. D., & Brouthers, L. E. 2003. Why service and manufacturing entry mode choices differ: The influence of transaction cost factors, risk and trust. Journal of Management Studies, 40(5): 1179-1204.

Brouthers, K. D., Brouthers, L. E., & Werner, S. 2003. Transaction cost-enhanced entry mode choices and firm performance. Strategic Management Journal, 24: 1239-1248.

Brouthers, K. D., & Hennart, J. F. (2007). Boundaries of the firm: Insights from international entry mode research. Journal of Management, 33(3), 395-425.

Burton, F. N./Cross, A.R., International Franchising: Market versus Hierarchy, Chapter 7 in Chrysochoidis, G./Millar, C./Glegg, L.J. (eds), Internationalisation Strategies, Basingstoke: Macmillan 1997.

Burton, F., Cross, Adam R. and Rhodes, M., (2000), "Foreign Market Servicing Strategies of UK Franchisors: An Empirical Enquiry from a Transactions Cost Perspective", Management International Review, Vol. 40, No. 4, pp. 373-400

Cho, K. R., & Padmanabhan, P. (2005). Revisiting the role of cultural distance in MNC's foreign ownership mode choice: the moderating effect of experience attributes. International Business Review, 14(3), 307-324.

Coase, R. H. (1937). The nature of the firm. *economica*, *4*(16), 386-405.

Coase, R. (1998). The new institutional economics. American Economic Review, 72-74.

Contractor, F. J., & Kundu, S. K. 1998. Modal choice in a world of alliances: Analyzing organizational forms in the international hotel sector. Journal of International Business Studies, 29: 325-358.

Davis, P. S., Desai, A. B., & Francis, J. D. (2000). Mode of international entry: An isomorphism perspective. Journal of International Business Studies, 239-258.

Delios, A., & Beamish, P. W. 1999. Ownership strategy of Japanese firms: Transactional, institutional, and experience influences. Strategic Management Journal, 20: 915-933.

DiMaggio, P. J., & Powell, W. W. (1983). The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. American Sociological Review, 48(2), 147-160.

http://www.doingbusiness.org/rankings last accessed on October 18th, 2015

Efrat, K., & Shoham, A. (2013). The interaction between environment and strategic orientation in born globals' choice of entry mode. International Marketing Review, 30(6), 536-558

Elango, B. (2007). Are franchisors with international operations different from those who are domestic market oriented? Journal of Small Business Management, 45(2), 179–193.

Erramilli, M. K. (1991). The experience factor in foreign market entry behavior of service firms. Journal of international business studies, 479-501.

Erramilli, M. K. (1996). Nationality and subsidiary ownership patterns in multinational corporations. Journal of International Business Studies, 225-248.

Erramilli, M. K., Agarwal, S., & Kim, S. S. (1997). Are firm-specific advantages location-specific too? Journal of International Business Studies, 735-757.

Erramilli, M. K., Rao, C. P. (1993). Service firms' international entry-mode choice: a modified transaction-cost analysis approach. The Journal of Marketing, 19-38.

Estrin, S., Ionascu, D., & Meyer, K. E. (2007). Formal and informal institutional distance, and international entry strategies. Rochester: Social Science Research Network

http://www.euromoneycountryrisk.com/

Field, A. (2013). Discovering statistics using IBM SPSS statistics. Sage.

Fladmoe-Lindquist, K. (1996), "International franchising: capabilities and development", Journal of Business Venturing, Vol. 11, pp. 419-38.

Garson, G. D. (2014). Logistic Regression: Binomial and Multinomial. Asheboro, NC: Statistical Associates Publishers.

Gatignon, H., & Anderson, E. (1988). The multinational corporation's degree of control over foreign subsidiaries: An empirical test of a transaction cost explanation. *Journal of Law, Economics, & Organization*, 305-336.

Gaur, A. S., Delios, A., & Singh, K. (2007). Institutional environments, staffing strategies, and subsidiary performance. Journal of Management, 33(4), 611-636.

Guler, I. I., & Guillén, M. F. 2010. Institutions and the internationalization of US venture capital firms. Journal of International Business Studies, 41(2): 185–205.

Ghemawat, P. 2001. Distance still matters. Harvard Business Review, 79(8): 137–149.

Hansman, H., 1996. The Ownership of Enterprise. The Belknap Press, Cambridge, MA.

Hennart, J. F. (1989). Can the" new forms of investment" substitute for the" old forms?" a transaction costs perspective. Journal of International Business Studies, 211-234.

Hennart, J. F., & Larimo, J. (1998). The impact of culture on the strategy of multinational enterprises: does national origin affect ownership decisions?. Journal of International Business Studies, 515-538.

Henisz WJ, Delios A. 2001. Uncertainty, imitation, and plant location: Japanese multinational corporations, 1990–1996. Administrative Science Quarterly 46(3):443–475.

Hofstede, G. (1980a) Culture's consequences: international differences in work related values, Sage: Beverly Hills, CA.

Hofstede, G. (1980b) 'Motivation, Leadership, and Organization: do American theories apply abroad?' Organizational Dynamics 9(1): 42–63.

Hofstede, G. 1991. Cultures and organizations. New York: McGraw-Hill.

Hofstede, G. (2001). Culture ' s consequences: comparing values, behaviors, institutions, and organizations across nations. Thousand Oaks: Sage Publications.

http://www.geerthofstede.nl/research--vsm last accessed on October 18th, 2015

House, R. J., Hanges, P. J., Javidan, M., Dorfman, P. W., & Gupta, V. (Eds.). (2004). Culture, leadership, and organizations: The GLOBE study of 62 societies. Sage publications.

Javidan, M., House, R. J., Dorfman, P. W., Hanges, P. J., & Sully, d. L. (2006). Conceptualizing and measuring cultures and their consequences: A comparative review of GLOBE's and hofstede's approaches. Journal of International Business Studies, 37(6), 897-914

Kacker, M., 1988. International flow of retailing knowhow — bridging the technology gap in distribution. J. Retail. 64 (1), 41–67.

Kaufmann D, Kraay A, Mastruzzi M. 2005. Governance Matters IV: Governance Indicators for 1996–2004.World Bank: Washington, DC.

Karhunen, P., Kosonen, R., & Ledyaeva, S. (2014). Institutional distance and international ownership strategies in russia. Baltic Journal of Management, 9(3), 254.

Kirkman, B. L., Lowe, K. B., & Gibson, C. B. (2006). A quarter century of culture's consequences: A review of empirical research incorporating Hofstede's cultural values framework. Journal of International Business Studies, 37(3), 285-320.

Kogut, B., & Singh, H. (1988). The effect of national culture on the choice of entry mode. Journal of international business studies, 411-432.

Konigsberg, A.S., 2008. International Franchising, Third edition. Juris Publishing, Inc., New York, USA.

Kostova T, Zaheer S. 1999. Organizational legitimacy under conditions of complexity: the case of the multi-national enterprise. Academy of Management Review 24(1): 64–81.

Li, J., Yang, J. Y., & Yue, D. R. (2007). Identity, community, and audience: How wholly owned foreign subsidiaries gain legitimacy in china. Academy of Management Journal, 50(1), 175-190.

Lu, J. W. (2002). Intra-and inter-organizational imitative behavior: Institutional influences on Japanese firms' entry mode choice. Journal of international business studies, 33(1), 19-37.

Lubatkin, M., Calori, R., Very, P., & Veiga, J. J. 1998. Managing mergers across borders: A two-nation exploration of a nationally bound administrative heritage. Organization Science, 9(6): 670–684.

Matthews, R. C. 0. 1986. "The Economics of Institutions and the Sources Of Economic Growth," Econ. J. 96:4, pp. 903-18.

Meyer, J. W., & Rowan, B. (1977). Institutionalized organizations: Formal structure as myth and ceremony. American journal of sociology, 340-363.

Meyer, K. E. (2001). Institutions, transaction costs, and entry mode choice in Eastern Europe. Journal of international business studies, 357-367.

Meyer, K. E., Estrin, S., Bhaumik, S., & Peng, M. W. (2009). Institutions, resources, and entry strategies in emerging economies. Strategic management journal, 30(1), 61-80.

Meyer, K. E., & Nguyen, H. V. (2005). Foreign Investment Strategies and Sub-national Institutions in Emerging Markets: Evidence from Vietnam*. Journal of management studies, 42(1), 63-93.

Milofsky, C. (1988). Structure and process in community self-help organizations. Community organizations: Studies in resource mobilization and exchange, 183-216.

North, D. C. (1990). Institutions, institutional change and economic performance. Cambridge university press.

Ocasio W. 1997. Towards an attention-based view of the firm.Strategic Management Journal 18(S1): 187–206.

Padmanabhan, P., & Cho, K. R. (1996). Ownership strategy for a foreign affiliate: An empirical investigation of Japanese firms. MIR: Management International Review, 45-65.

Peng, M. W. 2000. Business strategies in transition economies. Thousand Oaks, CA: Sage.

Peng, M. W., & Heath, P. S. (1996). The growth of the firm in planned economies in transition: Institutions, organizations, and strategic choice. *Academy of management review*, *21*(2), 492-528.

Peng MW, Sun SL, Pinkham B, Chen H. 2009. The institution-based view as a third leg for a strategy tripod. Academy of Management Perspectives 23(3): 63–81.

Quinn, B., & Doherty, A. M. (2000). Power and control in international retail franchising. Evidence from theory and practice. International Marketing Review, 17, 354–371.

Ramsey, J. R., Barakat, L. L., & Monteiro, P. R. R. (2013). Cultural distance and future entry mode choice of brazilian MNEs. Latin American Business Review, 14(1), 55.

Roberts, P. W., & Greenwood, R. (1997). Integrating transaction cost and institutional theories: Toward a constrained-efficiency framework for understanding organizational design adoption. *Academy of Management Review*, *22*(2), 346-373.

Rubin, H. (1978), "The theory of the firm and the structure of the franchise contract", Journal of
Law & Economics, Vol. 21, pp. 223-33.

Salomon, R., & Wu, Z. (2012). Institutional distance and local isomorphism strategy. Journal of International Business Studies, 43(4), 343-367.

Sanchez-Peinado, E., Pla-Barber, J. and Hebert, L. (2007). 'Strategic variables that influence entry mode choice in service firms'. Journal of International Marketing, 15, 67–91.

Shaver, J. M. (2013). Do we really need more entry mode studies&quest. Journal of International Business Studies, 44(1), 23-27.

Shenkar, O. (2001). Cultural distance revisited: Towards a more rigorous conceptualization and measurement of cultural differences. Journal of international business studies, 519-535.

Scott, W. R. 1995. Institutions and Organizations. Sage Publications Inc.:Thousand Oaks, CA

Scott, W.R. 2001. Institutions and Organizations. Sage Publications Inc.: Thousand Oaks, CA

Smith, P. B., & Schwartz, S. H. (1997). Values. In J. W. Berry, M. H.Segall, & C. Kagitcibasi (Eds.), Handbook of cross-cultural psychology, volume 3: social behavior and applications (2nd ed.,pp. 77 –118). Boston: Allyn and Bacon.

Sivakumar, K., & Nakata, C. (2001). The stampede toward Hofstede's framework: Avoiding the sample design pit in cross-cultural research. Journal of international business studies, 555-574.

Starbuck, W. H. (1976). "Organizations and their Environments." Pp. 1069-1123 in Handbook of Industrial and Organizational Psychology, edited by Marvin D. Dunnette. New York: Rand McNally.

Steenkamp, J. B. E., & Geyskens, I. (2012). Transaction cost economics and the roles of national culture: a test of hypotheses based on Inglehart and Hofstede. Journal of the Academy of Marketing Science, 40(2), 252-270.

Tihanyi, L., Griffith, D., & Russell, C. J. 2005. The effect of cultural distance on entry mode choice, international diversification and MNE performance: A meta-analysis. Journal of International Business Studies, 36(3): 270-283.

Thompson, J. D. 1967. Organizations in Action. New York: McGraw-Hill.

Trompenaars, F., & Hampden-Turner, C. (1998). Riding the waves of culture New York: McGraw-Hill.

Vinken, H., Soeters, J., & Ester, P. (2004). Comparing cultures: Dimensions of culture in a comparative perspective. Boston: Brill.

Vouga Chueke, G., & Mendes Borini, F. (2014). Institutional distance and entry mode choice by brazilian firms. Management Research, 12(2), 152.

Williamson, O. E. 1985. The economic institutions of capitalism. New York: Basic Books.

Williamson, O. E. (1991). Comparative economic organization: The analysis of discrete structural alternatives. Administrative science quarterly, 269-296.

Williamson, O. E. (2008). Outsourcing: Transaction cost economics and supply chain management*. *Journal of supply chain management*, *44*(2), 5-16.

Yiu, D., & Makino, S. (2002). The choice between Joint venture and wholly owned subsidiary: An institutional perspective. Organization Science, 13(6), 667-683.

Zaheer, S. (1995). Overcoming the liability of foreignness. Academy of Management journal, 38(2), 341-363.

Zhao, H., Luo, Y., & Suh, T. 2004. Transaction cost determinants and ownership-based entry mode choice: A meta-analytical review. Journal of International Business Studies, 35(6): 524-544.

11 Appendix

11.1 Abstract English

The influence of institutional and cultural differences on entry mode decisions of multinational corporations is undeniable. This is reflected in numerous studies that build on different theoretical frameworks, all following the quest of explaining the complex mechanisms of institutional impact on entry mode decisions.

My thesis seeks to find answers on how different dimensions of institutional factors influence entry mode decisions of international franchising companies. In doing so, a broad theoretical perspective unifies cultural frameworks, institutional theories and transaction cost theory. In concrete terms, the influence of the variables Uncertainty avoidance, cultural differences, institutional differences, regulatory quality or regional risk on the decision between high control (=equity) and low control (non-equity) franchising governance modes is tested. In order to test the postulated effects, a binary logistic regression is conducted. The results indicate significant effects of regional regulatory quality and regional risk levels on entry mode choice that goes in the opposite of the postulated direction in the hypothesis. All other variables had no significant effect on entry mode decisions of the international franchising companies.

This thesis shows that institutional and cultural dimensions do matter for entry mode choice and underlines that future research has to look more closely on how institutional factors and their interaction among each other influence this decision.

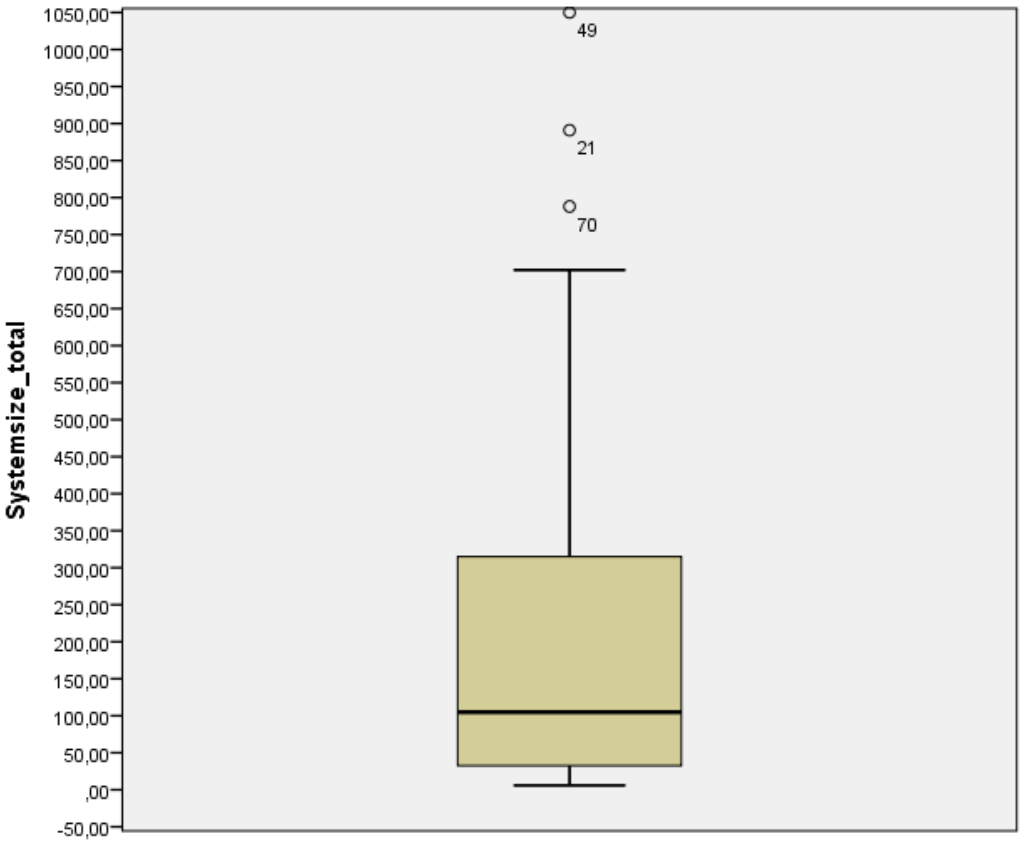
11.2 Abstract German

Die Bedeutung von institutionellen und kulturellen Faktoren auf Markeintrittsentscheidungen multinationaler Konzerne ist unumstritten. Diese Wichtigkeit spiegelt sich in den zahlreichen Studien wider, die verschiedene theoretische Ansätze vereinen, um die komplexen Mechanismen institutionellen Einflusses auf Markteintrittsentscheidungen zu beleuchten und zu erklären.

Meine Masterarbeit setzt sich zum Ziel, Antworten darauf zu finden, wie verschiedene institutionelle Dimensionen die Markteintrittsform von internationalen Franchising Firmen beeinflussen. In dieser Absicht werden die theoretischen Ansätze der Kulturwissenschaften, der Institutionellen Theorien und der Transaktionskostentheorie vereint. Konkret wird die Einflussnahme der Variablen „Uncertainty avoidance“, kulturelle Unterschiede, institutionelle Unterschiede, regionale regulative Qualität oder regionale Risikolevels auf die Wahl zwischen Markeintrittsformen, mit hoher Kontrolle (daher hoher Eigenkapitalanteil) und mit niedriger Kontrolle (daher niedriger Eigenkapitalanteil) verglichen. Um die aufgestellten Hypothesen zu testen, wird eine binäre logistische Regression durchgeführt. Die Ergebnisse zeigen signifikante Werte für die Variablen regionale regulative Qualität und regionale Risikolevels. Alle anderen Variablen üben keinen signifikanten Einfluss auf die Markteintrittsform internationaler Franchising Firmen aus.

Meine Masterarbeit zeigt, dass institutionelle und kulturelle Dimensionen die Wahl der Markteintrittsform signifikant beeinflussen und unterstreicht die Bedeutung dieser Fragestellung für die zukünftige Forschung.

11.3 Ad Descriptive Analysis of control variables system size



11.4 Ad Correlation Analysis of Hypothesis 3c: Interaction effect of Uncertainty avoidance and Average regional risk before and after centralizing the interaction term

Correlations

		average regional risk	Uncertainty Avoidance Hofstede	Averagerisk_ UA
average regional risk	Pearson Correlation	1	,246*	,756**
	Sig. (2-tailed)		,014	,000
	N	99	99	99
Uncertainty Avoidance Hofstede	Pearson Correlation	,246*	1	,811**
	Sig. (2-tailed)	,014		,000
	N	99	168	99
Averagerisk_UA	Pearson Correlation	,756**	,811**	1
	Sig. (2-tailed)	,000	,000	
	N	99	99	99

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

Correlations

		average regional risk	Uncertainty Avoidance Hofstede	Averagerisk_UA	UA_centered	Averagerisk_centered	UA_Arisk_centered
average regional risk	Pearson Correlation	1	,246*	,756**	,246*	1,000**	-,133
	Sig. (2-tailed)		,014	,000	,014	,000	,189
	N	99	99	99	99	99	99
Uncertainty Avoidance Hofstede	Pearson Correlation	,246*	1	,811**	1,000**	,246*	-,403**
	Sig. (2-tailed)	,014		,000	,000	,014	,000
	N	99	168	99	168	99	99
Averagerisk_UA	Pearson Correlation	,756**	,811**	1	,811**	,756**	-,246*
	Sig. (2-tailed)	,000	,000		,000	,000	,014
	N	99	99	99	99	99	99
UA_centered	Pearson Correlation	,246*	1,000**	,811**	1	,246*	-,403**
	Sig. (2-tailed)	,014	,000	,000		,014	,000
	N	99	168	99	168	99	99
Averagerisk_centered	Pearson Correlation	1,000**	,246*	,756**	,246*	1	-,133
	Sig. (2-tailed)	,000	,014	,000	,014		,189
	N	99	99	99	99	99	99
UA_Arisk_centered	Pearson Correlation	-,133	-,403**	-,246*	-,403**	-,133	1
	Sig. (2-tailed)	,189	,000	,014	,000	,189	
	N	99	99	99	99	99	99

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

11.5 Ad Factor Analysis 1 – cultural differences

(items cultural difference D111_11, business practices D111_13 and language differences D111_14)

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,605
Bartlett's Test of Sphericity	Approx. Chi-Square	148,168
	df	3
	Sig.	,000

11.6 Ad Factor Analysis 2: institutional differences

Legal protection of intellectual properties (D111_04), political environment (D111_05) risk of ownership restrictions (D111_09)

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,690
Bartlett's Test of Sphericity	Approx. Chi-Square	193,269
	df	3
	Sig.	,000

11.7 Ad Regression Analysis of Hypothesis1b: National character theory and cultural frameworks – Cultural differences

Case Processing Summary

Unweighted Cases[a]		N	Percent
Selected Cases	Included in Analysis	87	51,8
	Missing Cases	81	48,2
	Total	168	100,0
Unselected Cases		0	,0
Total		168	100,0

a. If weight is in effect, see classification table for the total number of cases.

11.8 Ad Regression Analysis of Hypothesis 2a: Institutional theories – Institutional differences

Case Processing Summary

Unweighted Cases[a]		N	Percent
Selected Cases	Included in Analysis	86	51,2
	Missing Cases	82	48,8
	Total	168	100,0
Unselected Cases		0	,0
Total		168	100,0

a. If weight is in effect, see classification table for the total number of cases.

11.9 List of abbreviations

Abbreviation	**Meaning**
MNCs	Multinational corporations
PD	Power Distance
IDV	Individualism versus Collectivism
UA	Uncertainty Avoidance
MAS	Masculinity versus Femininity
IVR	Indulgence versus Restraint
NIE	New institutional economics
TCT	Transaction cost theory
JV	Joint venture (franchising)
WOS	Wholly owned subsidiary
SUF	Single unit franchising
MUF	Mulit unit franchising
MF	Master franchising
CD	Cultural distance
SBUs	Single business units
R&D	Research and Development
FDI	Foreign direct investment
PCA	Principal component analysis
KMO	Kasier-Meyer-Olkin measure in PCA

11.10 Questionnaire

universität wien

Vienna, 16th March 2015

Faculty of Business, Economics and Statistics
Department of Management
Oskar-Morgenstern-Platz 1, 1090 Vienna, Austria

Prof. Josef Windsperger, josef.windsperger@univie.ac.at

Dr. Maria Jell-Ojobor, maria.jell-ojobor@univie.ac.at

Scientific Study on International Franchising

Dear Franchisor,

The Department of Management at the University of Vienna is conducting a research project on INTERNATIONAL FRANCHISING. The goal of our study is to investigate the **CHOICE OF ORGANIZATIONAL MODE** of international franchise companies.

International franchise systems utilize different modes of expansion into foreign markets, such as a WHOLLY-OWNED SUBSIDIARY, SINGLE-UNIT FRANCHISING, MULTI-UNIT FRANCHISING, MASTER FRANCHISING and JOINT VENTURE FRANCHISING.
Our findings will provide new insights on the factors that determine the internationalization strategies of franchise systems headquartered in the USA, UK, SPAIN, ITALY, FRANCE, NETHERLANDS, GERMANY, and AUSTRIA.

The successful implementation of the survey requires continued close cooperation between the corporate industry and science. Achieving the proposed objective of the survey can only be successful if a large number of franchisors fills the questionnaire from which the outcomes and relevant information gathered would become useful to both the corporate community and researchers in the academia.

Our target is to have all questions answered. Kindly find the best possible answer from the set of options available therein.

For any problems in completing the questionnaire, please contact us personally at your disposal through the following contact details:
Josef Windsperger - josef.windsperger@univie.ac.at, Tel: 00431427738180,
Maria Jell-Ojobor - maria.jell-ojobor@univie.ac.at, Tel: 00431427738158.

You find the questionnaire also at the following link:
http://im.univie.ac.at/windsperger/news/?no_cache=1.
You may also fill the questionnaire online following this link:
www.soscisurvey.de/InternationalFranchising/?l=dut

We apologize for receiving this questionnaire should you have already participated in the survey.

We will gladly share the outcome of this study with you in a scientific **Report on International Franchising**. *The information will be used exclusively for research purposes, and the contact details are treated strictly confidential and will not be disclosed to third parties.*

We thank you for your cooperation.

Sincerely yours,

universität wien

In which country is your franchise system head-quartered?

USA ○ UK ○ Germany ○ Austria ○ France ○ Netherlands ○ Italy ○ Spain ○

Which industry does your business belong to?

○ Distribution ○ Service ○ Production

Which type of business do you offer?

e.g. Advertising & promotion, business services, automotive, food & restaurants, etc.

Type of business	

Please answer the following questions about your franchise system.

YEAR when your franchise system was founded	
Number of company-owned outlets in the HOME COUNTRY	
Number of franchise outlets in the HOME COUNTRY	
Number of franchisees in the HOME COUNTRY	

Do you have international franchise operations?

○ yes ○ no → **If NO**, please continue with the LAST PART of the questionnaire on **page 8**.

↓ **If YES**, please continue with the questionnaire.

Please answer the following questions about your franchise system.

YEAR when internationalization started	
Number of company-owned outlets ABROAD	
Number of franchise outlets ABROAD	

universität wien

Which market entry modes did you use when you entered the foreign countries?

Please choose one or more of the following franchising options:

- [ ] We used a WHOLLY-OWNED SUBSIDIARY in the foreign country.
- [ ] We used JOINT VENTURE FRANCHISING in the foreign country.
- [ ] We used SINGLE-UNIT FRANCHISING directly from our home country (...to develop the local franchise network with individual foreign partners = one franchisee with one outlet).
- [ ] We used MULTI-UNIT FRANCHISING directly from our home country (...to develop the local franchise network with foreign partners who own more than one outlet = one franchisee with more outlets).
- [ ] We used MASTER FRANCHISING in the foreign country (= Sub-Franchising).

Please specify the number of countries where you use a particular market entry mode.

Number of countries where you use ...

... a WHOLLY-OWNED SUBSIDIARY	
... JOINT VENTURE FRANCHISING	
... SINGLE-UNIT FRANCHISING	
... MULTI-UNIT FRANCHISING	
... MASTER FRANCHISING	

Please specify in which regions you used a particular market entry mode.

Please choose one or more regions.

	Wholly-owned subsidary	Joint venture franchising	Single-unit franchising	Multi-unit franchising	Master franchising
Africa	☐	☐	☐	☐	☐
Asia	☐	☐	☐	☐	☐
Oceania	☐	☐	☐	☐	☐
North / Central America	☐	☐	☐	☐	☐
South America	☐	☐	☐	☐	☐
The Carribean	☐	☐	☐	☐	☐
Eastern Europe	☐	☐	☐	☐	☐
European Union	☐	☐	☐	☐	☐
Middle East	☐	☐	☐	☐	☐

universität wien

Key question of the survey:

Please choose your DOMINANT (i.e. most used) FRANCHISE MODE to enter foreign countries.

- ○ Wholly-owned subsidary
- ○ Single-unit franchising
- ○ Master franchising
- ○ Joint Venture franchising
- ○ Multi-unit franchising

Please answer the following questions for the foreign markets where you use the DOMINANT MODE.

Please assess the following environmental conditions faced in the foreign countries (where you use your DOMINANT MODE).

	strongly disagree 1	2	3	4	5	6	strongly agree 7
Cultural differences between our home and the foreign countries are high such as norms, values and habits.	○	○	○	○	○	○	○
The business practices in our home and the foreign countries are quite different.	○	○	○	○	○	○	○
The language barriers between our home and the foreign countries are high.	○	○	○	○	○	○	○
The legal protection of intellectual properties such as patents and trademarks is weak in the foreign countries.	○	○	○	○	○	○	○
The political environment is quite uncertain in the foreign countries.	○	○	○	○	○	○	○
The risk of ownership restrictions is high in foreign countries.	○	○	○	○	○	○	○
The quality of local infrastructure, such as phones, roads and IT, is under-developed in foreign countries.	○	○	○	○	○	○	○
Customer demand is strongly changing in foreign countries.	○	○	○	○	○	○	○
Sales forecasts are not easily predictable in foreign countries.	○	○	○	○	○	○	○
Market shares are pretty unstable in foreign countries.	○	○	○	○	○	○	○
The number of existing and potential competitors is high in foreign countries.	○	○	○	○	○	○	○

universität wien

Please answer the following questions for the foreign markets where you use the DOMINANT MODE.

Please evaluate the monitoring in the foreign countries (where you use your DOMINANT MODE).

It is difficult to ...	strongly disagree 1 2 3 4 5 6 7 strongly agree
... evaluate the qualification of foreign partners.	
... monitor the franchise product/service quality in foreign countries.	
... monitor the misuse of proprietary knowledge by foreign partners.	
... assess the performance of foreign partners.	

Please evaluate the control in the foreign countries (where you use your DOMINANT MODE).

	strongly disagree 1 2 3 4 5 6 7 strongly agree
We closely monitor the extent to which the foreign partners follow established procedures.	
We regularly monitor the quality control maintained by our foreign partners.	
We frequently monitor the marketing activities performed by our foreign partners.	
We have developed specific procedures for our foreign partners to follow.	
The extent of territorial coverage that our foreign partners needs to attain for our products and services is clearly specified in the contract.	
The franchise contract specifies sales targets for our foreign partners.	
The terms of our agreement require our foreign partners to attain a certain market share for our products and services.	
Our future relationship with our foreign partners is contingent on how they achieve the specified goals.	

Please answer the following questions for the foreign markets where you use the DOMINANT MODE.

Please comment on the adaptation of your franchise business format in foreign countries (where you use your DOMINANT MODE).

Local adaptation of ...	not at all 1	2	3	4	5	6	to a very large extent 7
... franchise products / services (such as product mix and service offerings)							
... brand identity							
... operational strategies (such as training of employees and service quality control)							
... managerial strategies (such as operation manuals, pricing and marketing)							

Please evaluate the headquarters' resource commitments in the foreign countries (where you use your DOMINANT MODE).

Our Headquarters has ...	strongly disagree 1	2	3	4	5	6	strongly agree 7
... invested heavily in personnel dedicated to our foreign partners.							
... made significant investments in displays etc. dedicated to our franchise relationships.							
... developed very specialized procedures and systems for our foreign partners to follow.							
... involved considerable commitment of time and money in training and qualifying our foreign partners.							

Please evaluate the resource commitments of your foreign partners (of your DOMINANT MODE).

Our foreign partners ...	strongly disagree 1	2	3	4	5	6	strongly agree 7
... have made significant investments in tools, equipment and procedures dedicated to the franchise relationship.							
... have committed substantial time and money in employees' (or sub-franchisees') training of the franchise-specific techniques.							
... would lose a lot of their investment made to develop the local franchise network, if they decided to stop working with us.							

universität wien

Please answer the following questions for the foreign markets where you use the DOMINANT MODE.

Please comment on the decision rights of your foreign partners (of your DOMINANT MODE).

Our foreign partners decide over ...	not at all 1	2	3	4	5	6	to a very large extent 7
... the development of new products and processes.							
... accounting and control systems.							
... HR practices (e.g. recruitment and training).							
... marketing and promotion strategies.							
... procurement strategies.							
... pricing at the local market.							
... financial investment strategies at the local market.							

How important are the following factors for the competitive advantage of the franchise network?

The Headquarters' ...	unimportant 1	2	3	4	5	6	very important 7
... management competence (like operating policies and procedures and HR management)							
... organizational capabilities (like cultural management and information management)							
... customer competence (like marketing / advertising / promotion, pricing)							
... foreign market competence (like setting up foreign operations, knowledge of foreign markets)							
... innovation capabilities (like product and organizational innovations)							
... product and service competence (like product/service quality and design)							

universität wien

Please answer the following questions for the foreign markets where you use the DOMINANT MODE.

Please assess the know-how transfer between headquarters and the foreign partners (of your DOMINANT MODE).

It is difficult...	strongly disagree 1	2	3	4	5	6	strongly agree 7
... to write a manual describing our service delivery processes.	○	○	○	○	○	○	○
... to document critical parts of our franchise business format.	○	○	○	○	○	○	○
... to understand how to deliver our franchise products/services by studying blueprints.	○	○	○	○	○	○	○
... to educate and train new personnel or partners.	○	○	○	○	○	○	○
... for our competitors to assess the success factors/competitive advantage of our franchise business.	○	○	○	○	○	○	○
... for our headquarters to acquire the local market knowledge needed to operate the franchise network in the foreign countries.	○	○	○	○	○	○	○
... to transfer the foreign partners' market know-how to our headquarters.	○	○	○	○	○	○	○

How important are the foreign partner's know-how and resources for operating the franchise network at the local markets (where you use your DOMINANT MODE)?

The foreign partners'...	unimportant 1	2	3	4	5	6	very important 7
... local market knowledge	○	○	○	○	○	○	○
... organizational know-how	○	○	○	○	○	○	○
... administrative know-how	○	○	○	○	○	○	○
... human capital resources and management know-how (recruitment)	○	○	○	○	○	○	○
... quality control know-how	○	○	○	○	○	○	○
... innovation know-how	○	○	○	○	○	○	○
... marketing know-how	○	○	○	○	○	○	○
... financial capital	○	○	○	○	○	○	○

universität wien

Please answer the following questions for the foreign markets where you use the DOMINANT MODE.

Please evaluate the accomplishment of performance goals of your franchise company for the LAST THREE YEARS.

	strongly disagree 1	2	3	4	5	6	strongly agree 7
The relationship with our foreign partners is based on mutual trust.							
Generally, a foreign partner with whom I have a longer relationship is likely to help me when I need it.							
As a franchisor I feel more secure when I work with a foreign partner I know well than with someone I don't know.							
The foreign partners I trust are those with whom I have long-lasting relationships.							
Most people will respond in kind when they are trusted by others.							
Most people are trustworthy.							
Most people are trustful of others.							
Most people are basically dishonest.							
Most people are basically good and kind.							
I trust a person I don't know more than one I know well.							
I am trustful.							

LAST PART OF THE QUESTIONNAIRE!

Please evaluate the accomplishment of performance goals of your franchise company over the LAST THREE YEARS.

	not at all 1	2	3	4	5	6	7	8	9	to a very large extent 10
Sales volume										
Sales growth										
Profitability										
Return on investment										

universität wien

Market share	○	○	○	○	○	○	○	○	○	○
Marketing and distribution strategy	○	○	○	○	○	○	○	○	○	○
Reputation	○	○	○	○	○	○	○	○	○	○
Market access	○	○	○	○	○	○	○	○	○	○
Customer satisfaction	○	○	○	○	○	○	○	○	○	○

Please answer the last questions on your franchise agreement terms.

Initial fee for a single franchise unit in $	
On-going royalty rate (% of turnover)	
On-going advertising rate (% of turnover)	
Total investment required for opening a franchise outlet in $	
Term of the franchise agreement in years	
Number of initial training days for a franchisee	
Number of continuous training days per year for a franchisee	
Number of formal visits per year of a franchise unit	
Number of employees at headquarters	
Development fee for a master franchise licence in $	

Please provide contact details of your franchise company to receive the report of our study (optional).

The information will be used exclusively for research purposes, and the contact details are treated strictly confidential and will not be disclosed to third parties.

Name of Company	
E-mail address	

Thank you for completing this questionnaire!

For inquiries, kindly contact us at:

internationalfranchising@univie.ac.at, University of Vienna – 2014

11.11 Items

Variablen-Übersicht

Fragebogen-Interne Daten

Im Datensatz finden Sie neben Ihren Fragen folgende zusätzliche Variablen, sofern Sie die entsprechende Option beim Herunterladen des Datensatzes nicht deaktivieren.

CASE Fortlaufende Nummer der Versuchsperson
REF Referenz, falls solch eine im Link zum Fragebogen übergeben wurde
LASTPAGE Nummer der Seite im Fragebogens, die zuletzt bearbeitet und abgeschickt wurde
QUESTNNR Kennung des Fragebogens, der bearbeitet wurde
MODE Information, ob der Fragebogen im Pretest oder durch einen Projektmitarbeiter gestartet wurde
STARTED Zeitpunkt, zu dem der Teilnehmer den Fragebogen aufgerufen hat
FINISHED Information, ob der Fragebogen bis zur letzten Seite ausgefüllt wurde
TIME_001... Zeit, die ein Teilnehmer auf einer Fragebogen-Seite verbracht hat

Bitte beachten Sie, dass Sie die Fragebogen-internen Variablen nicht mit der Funktion value() auslesen können. Für Interview-Nummer und Referenz stehen aber die PHP-Funktionen PHP-Funktion caseNumber() und PHP-Funktion reference() zur Verfügung.

Details über die zusätzlichen Variablen stehen in der Anleitung: Zusätzliche Variablen in der Datenausgabe

Section A1: Franchise System Characteristics

[A115] Text Input
Contact details
"Please provide contact details of your franchise company to receive the report of our study (optional)."

A115_01 Name of Company
A115_02 E-mail address
Free text

[A104] Selection
Industry
"Which industry does your business belong to?"

A104 Industry
1 = Distribution
2 = Service
3 = Production
-9 = Not answered

[A116] Horizontal Selection
Headquarter
"In which country is your franchise system head-quartered?"

A116 Headquarter
2 = USA
3 = UK
4 = Germany
5 = Austria
8 = France
6 = Netherlands
7 = Italy
9 = Spain
-9 = Not answered

[A114] Text Input
National Time line & System size
"Please answer the following questions about your franchise system."

A114_05 YEAR when your franchise system was founded
A114_01 Number of company-owned outlets in the HOME COUNTRY
A114_02 Number of franchise outlets in the HOME COUNTRY
A114_06 Number of franchisees in the HOME COUNTRY
Free text

[A111] Text Input
Type of business
"Which type of business do you offer?"

A111_01 Type of business
Free text

[A113] Horizontal Selection
International
"Do you have international franchise operations?"

A113 International
1 = yes
2 = no
-9 = Not answered

Section A2: Franchise System Structure

[A209] Multiple Choice
Franchise mode strategy
"Which market entry modes did you use when you entered the foreign countries?"

A209_01 We used a WHOLLY-OWNED SUBSIDIARY in the foreign country.
A209_02 We used JOINT VENTURE FRANCHISING in the foreign country.
A209_03 We used SINGLE-UNIT FRANCHISING directly from our home country (...to develop the local franchise network with individual foreign partners = one franchisee with one outlet).
A209_04 We used MULTI-UNIT FRANCHISING directly from our home country (...to develop the local franchise network with foreign partners who own more than one outlet = one franchisee with more outlets).
A209_05 We used MASTER FRANCHISING in the foreign country (= Sub-Franchising).
1 = Not checked
2 = Checked

[A211] Text Input
Number Franchise modes
"Please specify the number of countries where you use a particular market entry mode."

A211_01 ... a WHOLLY-OWNED SUBSIDIARY
A211_04 ... JOINT VENTURE FRANCHISING
A211_05 ... SINGLE-UNIT FRANCHISING
A211_02 ... MULTI-UNIT FRANCHISING
A211_03 ... MASTER FRANCHISING
Free text

[A216] Multiple Choice
WOS franchise regions
"Please specify in which regions you used a particular market entry mode."

A216_06 Africa
A216_07 Asia
A216_08 Oceania
A216_09 North / Central America
A216_10 South America
A216_11 The Carribean
A216_12 Eastern Europe
A216_13 European Union
A216_14 Middle East
1 = Not checked
2 = Checked

[A217] Multiple Choice
JVF franchise regions
"Please specify in which regions you used a particular market entry mode."

A217_06 Africa
A217_07 Asia

A217_08 Oceania
A217_09 North / Central America
A217_10 South America
A217_11 The Carribean
A217_12 Eastern Europe
A217_13 European Union
A217_14 Middle East
1 = Not checked
2 = Checked

[A218] Multiple Choice
SUF franchise regions
"Please specify in which regions you used a particular market entry mode."

A218_06 Africa
A218_07 Asia
A218_08 Oceania
A218_09 North / Central America
A218_10 South America
A218_11 The Carribean
A218_12 Eastern Europe
A218_13 European Union
A218_14 Middle East
1 = Not checked
2 = Checked

[A219] Multiple Choice
MUF franchise regions
"Please specify in which regions you used a particular market entry mode."

A219_06 Africa
A219_07 Asia
A219_08 Oceania
A219_09 North / Central America
A219_10 South America
A219_11 The Carribean
A219_12 Eastern Europe
A219_13 European Union
A219_14 Middle East
1 = Not checked
2 = Checked

[A220] Multiple Choice
MF franchise regions
"Please specify in which regions you used a particular market entry mode."

A220_06 Africa
A220_07 Asia
A220_08 Oceania
A220_09 North / Central America
A220_10 South America
A220_11 The Carribean
A220_12 Eastern Europe
A220_13 European Union
A220_14 Middle East
1 = Not checked
2 = Checked

[A208] Selection
Dominant mode choice
"Please choose your DOMINANT (i.e. most used) FRANCHISE MODE to enter foreign countries."

A208 Dominant mode choice

1 = Wholly-owned subsidary
4 = Joint Venture franchising
2 = Single-unit franchising
3 = Multi-unit franchising
5 = Master franchising
-9 = Not answered

[A210] Text Input
International Time line & System size
Please answer the following questions about your franchise system.

A210_05 YEAR when internationalization started
A210_01 Number of company-owned outlets ABROAD
A210_02 Number of franchise outlets ABROAD
Free text

Section A3: Contract Terms

[A305] Text Input
Agreement terms
Please answer the last questions on your franchise agreement terms.

A305_01 Initial fee for a single franchise unit in $
A305_03 On-going royalty rate (% of turnover)
A305_04 On-going advertising rate (% of turnover)
A305_05 Total investment required for opening a franchise outlet in $
A305_07 Term of the franchise agreement in years
A305_08 Number of initial training days for a franchisee
A305_09 Number of continuous training days per year for a franchisee
A305_10 Number of formal visits per year of a franchise unit
A305_12 Number of employees at headquarters
A305_11 Development fee for a master franchise licence in $
Free text

Section B1: Strategy & Decision Rights

[B106] Scale (extremes labeled)
Standardization, adaptation
*Please comment on the adaptation of your franchise business format in foreign countries (where you use your ..."

B106_01 ... franchise products / services (such as product mix and service offerings)
B106_02 ... brand identity
B106_03 ... operational strategies (such as training of employees and service quality control)
B106_04 ... managerial strategies (such as operation manuals, pricing and marketing)
1 = not at all [1]
2 = [2]
3 = [3]
4 = [4]
5 = [5]
6 = [6]
7 = to a very large extent [7]
-9 = Not answered

[B107] Scale (extremes labeled)
Decision rights
*Please comment on the decision rights of your foreign partners (of your DOMINANT MODE)."

B107_05 ... the development of new products and processes.
B107_06 ... accounting and control systems.
B107_07 ... HR practices (e.g. recruitment and training).
B107_08 ... marketing and promotion strategies.
B107_09 ... procurement strategies.
B107_10 ... pricing at the local market.
B107_15 ... financial investment strategies at the local market.

1 = not at all [1]
2 = [2]
3 = [3]
4 = [4]
5 = [5]
6 = [6]
7 = to a very large extent [7]
-9 = Not answered

Section C2: Performance

[C204] Scale (extremes labeled)
System Performance
"Please evaluate the accomplishment of performance goals of your franchise company over the LAST THREE YEARS."

C204_01 Sales volume
C204_03 Sales growth
C204_02 Profitability
C204_09 Return on investment
C204_04 Market share
C204_05 Marketing and distribution strategy
C204_06 Reputation
C204_07 Market access
C204_10 Customer satisfaction

1 = not at all [1]
2 = [2]
3 = [3]
4 = [4]
5 = [5]
6 = [6]
7 = [7]
8 = [8]
9 = [9]
10 = to a very large extent [10]
-9 = Not answered

Section D1: Environmental Uncertainty

[D111] Scale (extremes labeled)
Cultural,institutional, environmental distance
"Please assess the following environmental conditions faced in the foreign countries (where you use your DOMI..."

D111_11 Cultural differences between our home and the foreign countries are high such as norms, values and habits.
D111_13 The business practices in our home and the foreign countries are quite different.
D111_14 The language barriers between our home and the foreign countries are high.
D111_04 The legal protection of intellectual properties such as patents and trademarks is weak in the foreign countries.
D111_05 The political environment is quite uncertain in the foreign countries.
D111_09 The risk of ownership restrictions is high in foreign countries.
D111_16 The quality of local infrastructure, such as phones, roads and IT, is under-developed in foreign countries.
D111_17 Customer demand is strongly changing in foreign countries.
D111_18 Sales forecasts are not easily predictable in foreign countries.
D111_21 Market shares are pretty unstable in foreign countries.
D111_22 The number of existing and potential competitors is high in foreign countries.

1 = strongly disagree [1]
2 = [2]
3 = [3]
4 = [4]
5 = [5]
6 = [6]
7 = strongly agree [7]
-9 = Not answered

Section D2: Behavioural Uncertainty & TSI

[D203] Scale (extremes labeled)
Behavioural uncertainty
Please evaluate the monitoring in the foreign countries (where you use your DOMINANT MODE).

D203_19 ... evaluate the qualification of foreign partners.
D203_02 ... monitor the franchise product/service quality in foreign countries.
D203_03 ... monitor the misuse of proprietary knowledge by foreign partners.
D203_04 ... assess the performance of foreign partners.

1 = strongly disagree [1]
2 = [2]
3 = [3]
4 = [4]
5 = [5]
6 = [6]
7 = strongly agree [7]
-9 = Not answered

[D204] Scale (extremes labeled)
Franchisor TSI
*Please evaluate the headquarters' resource commitments in the foreign countries (where you use your DOMINANT..."

D204_19 ... invested heavily in personnel dedicated to our foreign partners.
D204_20 ... made significant investments in displays etc. dedicated to our franchise relationships.
D204_21 ... developed very specialized procedures and systems for our foreign partners to follow.
D204_22 ... involved considerable commitment of time and money in training and qualifying our foreign partners.

1 = strongly disagree [1]
2 = [2]
3 = [3]
4 = [4]
5 = [5]
6 = [6]
7 = strongly agree [7]
-9 = Not answered

[D206] Scale (extremes labeled)
Control
Please evaluate the control in the foreign countries (where you use your DOMINANT MODE).

D206_26 We closely monitor the extent to which the foreign partners follow established procedures.
D206_24 We regularly monitor the quality control maintained by our foreign partners.
D206_25 We frequently monitor the marketing activities performed by our foreign partners.
D206_27 We have developed specific procedures for our foreign partners to follow.
D206_21 The extent of territorial coverage that our foreign partners needs to attain for our products and services is clearly specified in the contract.
D206_23 The franchise contract specifies sales targets for our foreign partners.
D206_20 The terms of our agreement require our foreign partners to attain a certain market share for our products and services.
D206_22 Our future relationship with our foreign partners is contingent on how they achieve the specified goals.

1 = strongly disagree [1]
2 = [2]
3 = [3]
4 = [4]
5 = [5]
6 = [6]
7 = strongly agree [7]
-9 = Not answered

[D205] Scale (extremes labeled)
Partner TSI
Please evaluate the resource commitments of your foreign partners (of your DOMINANT MODE).

D205_05 ... have made significant investments in tools, equipment and procedures dedicated to the franchise relationship.
D205_07 ... have committed substantial time and money in employees' (or sub-franchisees') training of the franchise-specific techniques.
D205_19 ... would lose a lot of their investment made to develop the local franchise network, if they decided to

stop working with us.
1 = strongly disagree [1]
2 = [2]
3 = [3]
4 = [4]
5 = [5]
6 = [6]
7 = strongly agree [7]
-9 = Not answered

Section E1: Franchisor and Partner Assets

[E101] Scale (extremes labeled)
System-specific assets
"How important are the following factors for the competitive advantage of the franchise network?"

E101_01 ... management competence (like operating policies and procedures and HR management)
E101_02 ... organizational capabilities (like cultural management and information management)
E101_03 ... customer competence (like marketing / advertising / promotion, pricing)
E101_04 ... foreign market competence (like setting up foreign operations, knowledge of foreign markets)
E101_05 ... innovation capabilities (like product and organizational innovations)
E101_06 ... product and service competence (like product/service quality and design)
1 = unimportant [1]
2 = [2]
3 = [3]
4 = [4]
5 = [5]
6 = [6]
7 = very important [7]
-9 = Not answered

[E104] Scale (extremes labeled)
Intangibility of assets
"Please assess the know-how transfer between headquarters and the foreign partners (of your DOMINANT MODE)."

E104_01 ... to write a manual describing our service delivery processes.
E104_02 ... to document critical parts of our franchise business format.
E104_03 ... to understand how to deliver our franchise products/services by studying blueprints.
E104_04 ... to educate and train new personnel or partners.
E104_05 ... for our competitors to assess the success factors/competitive advantage of our franchise business.
E104_06 ... for our headquarters to acquire the local market knowledge needed to operate the franchise network in the foreign countries.
E104_07 ... to transfer the foreign partners' market know-how to our headquarters.
1 = strongly disagree [1]
2 = [2]
3 = [3]
4 = [4]
5 = [5]
6 = [6]
7 = strongly agree [7]
-9 = Not answered

[E105] Scale (extremes labeled)
Local market assets
"How important are the foreign partner's know-how and resources for operating the franchise network at the lo..."

E105_06 ... local market knowledge
E105_14 ... organizational know-how
E105_07 ... administrative know-how
E105_08 ... human capital resources and management know-how (recruitment)
E105_11 ... quality control know-how
E105_12 ... innovation know-how
E105_05 ... marketing know-how
E105_10 ... financial capital
1 = unimportant [1]
2 = [2]
3 = [3]

4 = [4]
5 = [5]
6 = [6]
7 = very important [7]
-9 = Not answered

[E106] Scale (extremes labeled)
Trust
"Please answer the following questions regarding your franchise relationship (of your DOMINANT MODE)."

E106_11 The relationship with our foreign partners is based on mutual trust.
E106_14 Generally, a foreign partner with whom I have a longer relationship is likely to help me when I need it.
E106_12 As a franchisor I feel more secure when I work with a foreign partner I know well than with someone I don't know.
E106_13 The foreign partners I trust are those with whom I have long-lasting relationships.
E106_10 Most people will respond in kind when they are trusted by others.
E106_09 Most people are trustworthy.
E106_16 Most people are trustful of others.
E106_17 Most people are basically dishonest.
E106_19 Most people are basically good and kind.
E106_20 I trust a person I don't know more than one I know well.
E106_18 I am trustful.

1 = strongly disagree [1]
2 = [2]
3 = [3]
4 = [4]
5 = [5]
6 = [6]
7 = strongly agree [7]
-9 = Not answered

Section F1: Germany

[F101] Scale (extremes labeled)
Marke
"Nehmen Sie bitte zu folgenden Fragen betreffend Ihr Franchisesystem Stellung."

F101_01 Unsere Marke ist sehr stark im Vergleich zu unseren Systemwettbewerbern.
F101_02 Die Qualität unseres Franchisesystems ist sehr gut im Vergleich zu unseren Systemwettbewerbern.
F101_03 Unser Franchisesystem ist sehr anerkannt im Vergleich zu unseren Systemwettbewerbern.
F101_04 Unser Markenname ist sehr wichtig, um einen Wettbewerbsvorteil zu erzielen.

1 = [1]
2 = [2]
3 = [3]
4 = [4]
5 = [5]
6 = [6]
7 = [7]
-9 = Not answered

[F102] Scale (extremes labeled)
Trust
"Bitte beantworten Sie folgende Fragen zur Franchise Beziehung."

F102_11 Die Beziehung zu unseren Franchise Partnern basiert auf gegenseitigem Vertrauen.
F102_14 Allgemein kann gesagt werden, dass ein Franchise Partner, mit dem ich eine längere Beziehung habe, mich eher unterstützen wird, wenn ich Hilfe brauche.
F102_12 Als Franchise Geber fühle ich mich sicherer, wenn ich mit einem Franchise Partner zusammenarbeite, den ich gut kenne, als mit jemandem, den ich nicht kenne.
F102_13 Die Franchise Partner, denen ich vertraue, sind jene, mit denen ich eine langjährige Beziehung habe.
F102_10 Die meisten Menschen verhalten sich kooperativ, wenn man ihnen vertraut.
F102_09 Die meisten Menschen sind vertrauenswürdig.
F102_16 Die meisten Menschen vertrauen den Anderen.
F102_17 Die meisten Menschen sind im Grunde unehrlich.
F102_19 Die meisten Menschen sind im Grunde gut und ehrlich.
F102_20 Ich vertraue einer Person mehr, die ich nicht kenne, als einer Person, die ich gut kenne.

F102_18 Ich bin vertrauensvoll.

1 = strongly disagree [1]
2 = [2]
3 = [3]
4 = [4]
5 = [5]
6 = [6]
7 = strongly agree [7]
-9 = Not answered

[F103] Scale (extremes labeled)

Compliance

"Beurteilen Sie bitte folgende Fragen betreffend Compliance (Regeltreue) in Ihrem Franchise Netzwerk."

F103_01 Compliance in Bezug auf Gesetze und sonstige Regulierungen in sämtlichen Rechtsordnungen, in denen unser Franchise System operiert, stellt eine Notwendigkeit dar.

F103_02 Compliance mit geltenden Gesetzen ist ein Muss unabhängig von staatlicher Sanktionierung des Verhaltens.

F103_03 Soziale und Umweltfragen beeinflussen unternehmerisches Handeln ausschließlich im Rahmen der Gesetze.

F103_04 Zur Sicherstellung der Beachtung geltender Gesetze hat unser Franchise System ein Compliance-System implementiert.

F103_05 Unser Franchise System hält Grundwerte hoch, die in Ethik-, Verhaltenskodizes oder ähnlichen Dokumenten definiert sind.

F103_06 Compliance der Franchisenehmer in tätigen Märkten sicherzustellen, ist eine große Herausforderung.

F103_07 Es wird von Franchisenehmern erwartet, sich definierten Grundwerten des Systems gemäß zu verhalten.

F103_08 Wohlverhalten von Franchisenehmern in Einklang mit Systemwerten wird in unserem Franchise System überprüft.

F103_09 Wohlverhalten von Franchisenehmern in Einklang mit Gesetzen wird in unserem Franchisesystem überprüft.

F103_10 Verstöße von Franchisenehmern gegen Systemwerte werden innerhalb unseres Franchise Systems sanktioniert.

F103_11 Verstöße von Franchisenehmern gegen Systemwerte werden innerhalb unseres Franchise Systems sanktioniert.

F103_12 Ein Franchise System soll eine proaktive Stellung gegenüber sozialen und Umweltstandards einnehmen und über das gesetzliche Mindestmaß hinausgehen.

F103_13 Gesellschaftliche Interessen über das gesetzliche Mindestmaß hinaus sollen in Einklang mit sonstigen wirtschaftlichen Interessen verfolgt werden.

F103_14 Ein FranchiseSystem sollte seine Positionierung und sein Engagement in sozialen und Umweltfragen öffentlich kommunizieren.

F103_15 Die Reputation unseres Franchise Systems wird durch ausgewiesenes Engagement in sozialen und Umweltfragen befördert.

F103_16 Franchisegeber mit ausgewiesenem Engagement in sozialen und Umweltfragen stellen bevorzugte Vertragspartner dar.

F103_17 Franchisenehmer mit ausgewiesenem Engagement in sozialen und Umweltfragen stellen bevorzugte Vertragspartner dar.

F103_18 Franchisenehmer mit ausgewiesenem Engagement in sozialen und Umweltfragen stellen bevorzugte Vertragspartner dar.

F103_19 Engagement in sozialen und Umweltstandards über das gesetzlich Notwendige hinaus soll sich auch an gesellschaftlichen Bedürfnissen orientieren.

F103_20 Engagement in sozialen und Umweltstandards über das gesetzlich Notwendige hinaus soll sich auch an gesellschaftlichen Bedürfnissen orientieren.

F103_21 Als Corporate Citizen („Unternehmensbürger") sehen wir Engagement für gesellschaftliche Anliegen als Selbstzweck, unabhängig von wirtschaftlichen Interessen.

F103_22 Sollten sich ökonomische und soziale Ziele in unserer Geschäftstätigkeit widersprechen, versuchen wir, eine Balance zwischen beiden herzustellen.

F103_23 Die Einbindung von Umwelt- und sozialen Interessen in unsere Unternehmensstrategie erfolgt aus der Motivation, das Richtige zu tun.

F103_24 Durch nachhaltiges Wirtschaften schaffen wir Fortschritt für die gesamte Gesellschaft.

F103_25 Unser Franchise System strebt danach, sowohl wirtschaftlichen, als auch sozialen und ökologischen Mehrwert durch die Geschäftstätigkeit zu schaffen.

F103_26 Soziale und Umweltinteressen sind in sämtliche Prozesse und Entscheidungen unseres Franchise

Systems integriert.

F103_27 Wirtschaftliche, soziale und ökologische Überlegungen stehen einander gleichberechtigt gegenüber.
1 = trifft überhaupt nicht zu [1]
2 = [2]
3 = [3]
4 = [4]
5 = [5]
6 = [6]
7 = trifft vollständig zu [7]
-9 = Not answered

[F104] Scale (extremes labeled)
Performance
*Bitte bewerten Sie die Erfüllung der Leistungsziele Ihres Franchise Systems in den LETZTEN DREI JAHREN."

F104_01 Systemwachstum
F104_02 Effizientere Koordination zwischen Zentrale und lokalen Standorten
F104_03 Verringerung der Kosten des Systems
F104_04 Steigerung der Erträge des Systems
F104_05 Einsparungen bei den Koordinations- und Kontrollkosten
F104_06 Gewinnwachstum
F104_07 Höhere Qualität der angebotenen Produkte und Dienstleistungen
1 = viel schlechter als geplant [1]
2 = [2]
3 = [3]
4 = [4]
5 = [5]
6 = [6]
7 = viel besser als geplant [7]
-9 = Not answered

[F105] Text Input
Contract terms
*Bitte beantworten Sie die letzten Fragen in Bezug auf Ihren Franchise Vertrag."

F105_01 Höhe der fixen Einstiegsgebühr des Franchisenehmers zu Beginn der Vertragsbeziehung, in €
F105_02 Höhe der laufenden variablen Gebühr (inkl. Werbegebühr), in % vom Umsatz
F105_03 Gesamtinvestitionen für die Eröffnung einer Franchise Filiale, in €
F105_04 Laufzeit der Franchisevereinbarung in Jahren
F105_05 Dauer der Grundschulung in Tagen für einen Franchisenehmer
F105_06 Anzahl der Weiterbildungstage pro Jahr für ein Franchisenehmer
F105_07 Anzahl der Weiterbildungstage pro Jahr für die Mitarbeiter des Franchisenehmers
Free text

[F106] Text Input
Compliance Schulung Partner
*Für den Fall, dass der Franchisenehmer (bzw. Mitarbeiter des Franchisenehmers) in Compliance Fragen angeleit..."

F106_01 [01]
Free text

[F107] Text Input
Compliance Schulung System
*Werden Mitarbeiter des Franchise Gebers in Compliance Fragen (rechtliche Compliance bzw. Compliance mit inte..."

F107_01 [01]
Free text

[F108] Horizontal Selection
Beirat
*Gibt es einen BEIRAT, der sich mit Compliance Fragen befasst?"

F108 Beirat
1 = ja
2 = nein
-9 = Not answered

[F109] Text Input

100 Punkte
"Wenn Sie ein Kontingent von 100 Punkten zur Verteilung auf die genannten Compliance-Themenschwerpunkte haben..."

F109_01 .... Wirtschaftlichen Erfolg
F109_02 ... Rechtliche Compliance
F109_03 ... Ethisches Wirtschaften
F109_04 ... Philanthropie (Wohltätigkeit und gemeinnützige Aktivitäten)
Free text

[F110] Scale (extremes labeled)
EU/BU
"Beurteilen Sie bitte die folgenden Aussagen betreffend Verhaltens- und Umweltunsicherheiten."

F110_01 Die Aufgabenbereiche zwischen der Systemzentrale und den Franchisenehmern sind im Vertrag und in der Knowhow-Dokumentation sehr detailliert geregelt.
F110_02 Es ist sehr schwierig, die Kompetenzen und Fähigkeiten des Franchisenehmers zu ermitteln.
F110_03 Die Absatzmenge auf den lokalen Franchisestandorten ist starken Schwankungen unterworfen.
F110_04 Es ist sehr schwierig, die Marktentwicklung auf den lokalen Franchisestandorten zu prognostizieren.
F110_05 Es ist sehr schwierig, das Verhalten des Franchisenehmers zu kontrollieren.
F110_06 Es ist sehr schwierig, die Leistungen des Franchisenehmers zu messen.
F110_07 Das wirtschaftliche Umfeld auf den lokalen Märkten ändert sich rasch.
F110_08 Die Wettbewerbssituation auf den lokalen Märkten ändert sich rasch.
F110_09 Die Wettbewerbsintensität auf den lokalen Märkten ist sehr groß.
F110_10 Die Anzahl der Wettbewerber auf den lokalen Märkten ist sehr groß.
1 = trifft überhaupt nicht zu [1]
2 = [2]
3 = [3]
4 = [4]
5 = [5]
6 = [6]
7 = trifft vollständig zu [7]
-9 = Not answered

[F111] Scale (extremes labeled)
Marktwissen
"Worin sehen Sie als Franchise Geber die Vorteile von Franchisenehmer-Standorten im Vergleich zu Ihren eigene..."

F111_01 ... größeres lokales Marktwissen
F111_02 ... bessere Qualitätskontrolle
F111_03 ... mehr Innovationen
F111_04 ... effizienteres Human Resources Management
F111_05 ... größere administrative Fähigkeiten
1 = kein Vorteil [1]
2 = [2]
3 = [3]
4 = [4]
5 = [5]
6 = [6]
7 = sehr großer Vorteil durch Franchising [7]
-9 = Not answered

[F112] Scale (extremes labeled)
Decision Rights
"In welchem Ausmaß entscheidet der Franchisenehmer über folgende Bereiche?"

F112_01 ...Durchführung von Investitionsprojekten am lokalen Standort
F112_02 ... Finanzierung von lokalen Investitionsprojekten
F112_03 ... Auswahl von Lieferanten
F112_04 ... Anstellung von Mitarbeitern am lokalen Standort
F112_05 ... Ausbildung der Mitarbeiter am lokalen Standort
F112_06 ... Produkt- bzw. Dienstleistungsangebot am lokalen Markt
F112_07 ... Verkaufspreise am lokalen Standort
F112_08 ... Einsatz von Werbe- und Verkaufsförderungsmaßnahmen
F112_09 ... Einführung neuer Produkte am lokalen Markt
F112_10 ... Einsatz des Controlling-Systems am lokalen Standort
1 = überhaupt nicht [1]

2 = [2]
3 = [3]
4 = [4]
5 = [5]
6 = [6]
7 = in sehr großem Ausmaß [7]
-9 = Not answered

11.12 CV

MAGDALENA KOHL, BSC

AUSBILDUNG

10/2013-laufend	Universität Wien, Wien Masterstudium Internationale Betriebswirtschaft
	● Spezialisierung in englischer Sprache: Organisation und Personal
10/2008-06/2012	Wirtschaftsuniversität Wien, Wien Bachelorstudium Internationale Betriebswirtschaft
	● Spezialisierung in englischer Sprache: Cross functional management
	● Bachelorarbeit in englischer Sprache: Welche Faktoren beeinflussen das Lernen und den Erwerb von Wissen in Internationalen Joint Ventures der existierenden Literatur zufolge ? Beurteilung : Sehr gut
	● Notenschnitt : 2,0 Top 5% in der Vergleichsgruppe
02/2011-05/2011	Hong Kong University of Science and Technology, Hong Kong, Auslandsemester
09/2000- 06/2008	AHS der Kreuzschwestern Linz, Linz
	● Schulzweig: Neusprachliches Gymnasium
	● Matura mit Auszeichnung bestanden

PRAKTIKA, BERUFLICHE ERFAHRUNGEN

10/2015-laufend	*ING DiBa Direktbank Austria* Junior Human Resources Generalist
03/2015-09/2015	Ing DiDa Direktbank Austria Praktikum im Bereich Human Resources
02/2015	ING DiBa Direktbank Austria Praktikum im Bereich Customer Service
07/2014-08/2014	Atos, TSG EDV Terminal Service GesmbH, Wien
	Praktikum im Bereich Management
07/2013	Lenzing AG, Lenzing
	Praktikum im Bereich Global Marketing Communication
02/2013-05/2013	ILF Beratende Ingenieure GmbH München, München
	Praktikum im Bereich Human Resources
11/2012- 12/2012	Lenzing AG, Lenzing

	Werkstudententätigkeit im Bereich Global Marketing Communications
08/2012	Lenzing AG, Lenzing
	Praktikum im Bereich Global Marketing Communication
10/2011-09/2012	Institut für Relationales Coaching und Weiterbildung, Wien
	Studentische Mitarbeiterin im Bereich Vertrieb und Kundenmanagement für Österreich und Schweiz
09/2011	Institut für Relationales Coaching und Weiterbildung, Wien Praktikum im Bereich Vertrieb

SPRACHKENNTNISSE

Deutsch :	Muttersprache
Englisch:	Verhandlungssicher
Französisch :	Sehr gut
Spanisch :	Grundkenntnisse
Russisch:	Anfänger

ZUSATZQUALIFIKATIONEN

06/2013	ETS TOEFL Englisch Zertifikat, Wien 120/120 erreichbaren Punkten
03/2012	Institut für Relationales Coaching und Weiterbildung, Wien Diplomlehrgang zum Internen Relationalen Coach

AUßERUNIVERSITÄRES ENGAGEMENT

10/2013-laufend	Internationale Studentenorganisation AIESEC, Wien Beratung und Betreuung von Interessenten an Auslandsaufenthalten mit AIESEC
10/2012-01/2013	Wirtschaftsuniversität Wien, Wien Learnbuddy im "Volunteering@Wu Program",
07/2009	Jugendherberge Felicien Rops, Namur Belgien Volunteerarbeit

EDV KENNTNISSE

Microsoft Office	Ausgezeichnete Kenntnisse
Microsoft Sharepoint	Grundkenntnisse
SAP Personalmanagement	Grundkenntnisse