

Balsarini, Peter; Lambert, Claire

Article

The dimensions of entrepreneurial orientation in franchise networks: Exploring the role of franchisee associations

Administrative Sciences

Provided in Cooperation with:

MDPI – Multidisciplinary Digital Publishing Institute, Basel

Suggested Citation: Balsarini, Peter; Lambert, Claire (2024) : The dimensions of entrepreneurial orientation in franchise networks: Exploring the role of franchisee associations, Administrative Sciences, ISSN 2076-3387, MDPI, Basel, Vol. 14, Iss. 1, pp. 1-18, <https://doi.org/10.3390/admsci14010002>

This Version is available at:

<https://hdl.handle.net/10419/320825>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.



<https://creativecommons.org/licenses/by/4.0/>

Article

The Dimensions of Entrepreneurial Orientation in Franchise Networks: Exploring the Role of Franchisee Associations

Peter Balsarini *  and Claire Lambert 

School of Business and Law, Edith Cowan University, Joondalup, WA 6027, Australia; c.lambert@ecu.edu.au

* Correspondence: p.balsarini@ecu.edu.au

Abstract: This study explores how a state-based franchisee association of a multinational quick-service restaurant franchisor introduced three world-first innovations through the activation of the five dimensions of entrepreneurial orientation (EO). The antecedents to this activation were also explored. A historical extended case study focusing on a revelatory case was undertaken. In-depth analysis using a rigorous qualitative methodology was facilitated by the triangulation of informant interviews, publicly available data, archival data, and artefacts. The three innovations explored involved the apparent activation of all five dimensions of EO by the franchisee association. The franchisee association's structure and the provenance of its franchisee members, in being either externally recruited or internally recruited, appeared to have a bearing on whether product or process innovations were pursued. Five antecedents that enhance the propensity of franchisee associations to activate the dimensions of EO were also identified, and a preliminary model was constructed. Whilst the EO of franchisors and franchisees has previously been examined, this study is the first to explore franchisee associations as a vehicle for EO. With around 75% of franchisors incorporating some form of franchisee association, better understanding how to harness their innovative potential could bestow a competitive advantage upon those franchise systems able to do so.

Keywords: entrepreneurial orientation; collaboration networks; innovation; franchising; franchisee associations



Citation: Balsarini, Peter, and Claire Lambert. 2024. The Dimensions of Entrepreneurial Orientation in Franchise Networks: Exploring the Role of Franchisee Associations. *Administrative Sciences* 14: 2. <https://doi.org/10.3390/admsci14010002>

Received: 22 November 2023

Revised: 14 December 2023

Accepted: 15 December 2023

Published: 19 December 2023



Copyright: © 2023 by the authors. Licensee MDPI, Basel, Switzerland. This article is an open access article distributed under the terms and conditions of the Creative Commons Attribution (CC BY) license (<https://creativecommons.org/licenses/by/4.0/>).

1. Introduction

Franchisee associations are groups of franchisees from the same franchise system who coalesce together to provide a collective voice, harness their combined resources, and gain competitive advantages (Lawrence and Kaufmann 2010). While franchisee associations are highly prevalent, with around 75% of franchise systems incorporating them in some form (Grunhagen et al. 2008), they vary in authority, with some being merely advisory while others have decision-making power over millions of dollars of collective marketing funds.

Entrepreneurial orientation (EO) is one of the most researched constructs in entrepreneurial studies (Wales 2016). This research embraces the multidimensional conceptualization of EO outlined by Lumpkin and Dess (1996), which views EO as a construct of five independent dimensions: innovation, risk-taking, proactiveness, competitive aggressiveness, and autonomy (Covin and Lumpkin 2011). EO requires sustained behavioral patterns and is characterized as a firm-level phenomenon applying to strategic business units, the “unit” level of analyses varying from multinational organizations down to individual business units, such as franchises (Wales et al. 2020). Franchise networks require cooperation between two sets of entrepreneurs, franchisors and franchisees, and have frequently provided the context for entrepreneurial research (Dada et al. 2015; Gillis and Castrogiovanni 2012). A positive correlation has been identified between EO and business performance (Milovanović et al. 2023; Wójcik-Karpacz et al. 2022), with the EO of both franchisors (Dada and Watson 2013) and franchisees (Chien 2014) often having this effect.

Despite franchisee associations' prevalence in franchise systems, there is a significant gap in the literature, as no studies have investigated franchisee associations as an EO

catalyst. Further, to date, no studies have explored the impact of franchisee provenance, in being either externally or internally recruited, on franchisee associations' activation of the dimensions of EO. Indeed, a better understanding of how to structure franchisee associations to optimize their activation of the dimensions of EO could impart a significant competitive advantage on franchise systems able to do so. This study explores the activation of EO by a successful franchisee association through an exemplary case involving three world-first innovations. A historical extended case study was undertaken to confirm and challenge existing theory, and then reconceptualize and extend theory (Wadham and Warren 2014; Welch et al. 2022).

Accordingly, this research seeks to explore the following research questions:

RQ1. Was activation of the five dimensions of EO apparent in the introduction of three world-first innovations by a successful franchisee association?

RQ2. Given RQ1, what are the antecedents to such activation, and does the franchisee association's structure and the provenance of its members, in being either internally or externally recruited, play a role?

This paper is structured as follows. Section 2 reviews the literature related to the key topics of the paper. Section 3 describes the relevant conceptual framework. Section 4 reports the research method and sampling used. Section 5 presents the findings. The discussion in Section 6 proposes a preliminary model of antecedents of franchisee associations' propensity to activate the dimensions of EO. Practical implications are also identified as well as research limitations. Section 7 provides a conclusion.

2. Literature Review

The literature on franchise networks, franchisee provenance, franchising and entrepreneurship, and franchisee associations is germane to this research as it is linked by the very context of the case itself, and consequently is reviewed below.

2.1. Franchise Networks

Resource-based theory posits a causal connection between resources and competitive advantage (Barney 1991), with organizations developing methods of cooperation to overcome their resource constraints (Ketchen et al. 2007). Franchising represents such a method, facilitating the franchisor's expansion by providing access to the franchisees' scarce resources of financial capital, entrepreneurial capacity, and local knowledge (Norton 1988a). Franchise networks are an alliance of legally separate organizations and require cooperation between two sets of entrepreneurs, franchisors and franchisees (Shane and Hoy 1996). Business format franchising, where the franchisor provides an entire business system, is the most common form of franchising (Storholm and Scheuing 1994), and provides the context for this research. As gaining consensus in franchise organizations often confers competitive advantages (Baucus et al. 1996), the structuring of franchisee associations to facilitate such consensus advantages those franchise networks able to do so.

2.2. Franchisee Provenance—The Business Diversity Provided by Franchisees' Varied Backgrounds

Franchisees are not a homogeneous group and often come from varied backgrounds. For example, one prominent franchisor currently features franchisee profiles with such diverse backgrounds as environmental scientists, tourism managers, property developers and former franchisor employees. Indeed, it is the rich human capital provided by their various backgrounds, skills and accumulated knowledge that makes franchisees so attractive from a resource scarcity viewpoint (Norton 1988b). This research categorizes franchisees into the distinct dyads of internally recruited franchisees who, before becoming franchisees, were employees of the franchisor, and externally recruited franchisees who have come from outside the franchise system (Balsarini et al. 2021). Until recently, the internal recruitment of franchisees had effectively been ignored in the literature (Balsarini et al. 2022), despite being a well-established industry practice representing approximately 40% of franchisees, the remaining 60% being externally recruited (Lashley and Morrison

2000). Consequently, to date, no studies have explored the impact of franchisee provenance, in being either externally or internally recruited, on franchisee associations' activation of the dimensions of EO.

2.3. Franchising and Entrepreneurship

Investigations of entrepreneurship in franchising have typically focused on franchisors (Gillis and Castrogiovanni 2012). Yet franchisees and franchisors possess similar entrepreneurial tendencies (Dada et al. 2015), and franchisors actively seek franchisees with entrepreneurial qualities (Watson et al. 2016). Indeed, as they share in unit-profits, franchisees are less risk-averse, more predisposed to invest in innovations (Dada et al. 2012), and more motivated to innovate than employee managers (Perryman and Combs 2012). While multinational franchisors often have vast research and development departments, it is frequently their franchisees who “develop new offerings, modify existing ones, and find solutions to systemwide problems” (Kaufmann and Eroglu 1999, p. 70). Indeed, franchisees have been responsible for some of franchising's most iconic innovations, resulting in billions of dollars of sales, including the KFC Chicken Bucket, the USD 5 Footlong Sub from Subway, and McDonald's Big Mac and Egg McMuffin (Maze 2021). Consequently, the innovative potential of franchisees in general and franchisee associations in particular needs to be more closely examined.

2.4. Franchisee Associations

Relationship research in franchising has mostly concentrated on franchisor–franchisee relationships, with little attention being paid to relationships between franchisees (Lawrence and Kaufmann 2010). However, for franchisees, a key advantage of being in a franchise network accrues from leveraging these franchisee relationships to gain counsel and social capital (Yoon et al. 2021) not available to independent business owners. A forum where such leveraging can occur is the franchisee association, which comes in two main forms. Firstly, independent franchisee associations, which comprise franchisees who, independently of their franchisor, band together often in response to some conflict with the franchisor (Cumberland 2015). Secondly, franchisee advisory councils, which are bodies initiated by the franchisor and involve selected franchisees meeting to provide advice (Dandridge and Falbe 1994). Some form of franchisee association is present in around 75% of franchise systems (Grunhagen et al. 2008), with most being hybrids of these two main forms. Consequently, franchisee associations are often intended not only to moderate franchisee dissent by providing a collective voice, but also to provide competitive advantages through drawing on the accumulated knowledge and experiences of the member franchisees (Lawrence and Kaufmann 2011). While the investigation of EO has occurred at both the franchisor and franchisee levels (Chien 2014; Dada and Watson 2013), the lack of investigation of EO at the franchisee association level provides a significant research gap for this study to explore.

3. Conceptual Framework

Entrepreneurial Orientation

EO has received significant attention in entrepreneurial inquiry (Covin and Wales 2018), with five EO dimensions being identified: innovativeness, risk-taking, proactiveness, competitive aggressiveness, and autonomy (Hughes and Morgan 2007; Lumpkin and Dess 1996). Each dimension can be categorized as follows. *Innovation* manifesting in support for new products and a tendency towards experimentation (Lumpkin and Dess 2001). *Risk-taking* being characterized as a willingness to commit resources to new projects with uncertain results (Lumpkin and Dess 1996; Walter et al. 2006). *Proactiveness*, which involves actively seeking opportunities before competitors (Lumpkin and Dess 1996; Li et al. 2008). *Competitive aggressiveness*, which refers to the intensity of responses to competitors' actions and efforts to outperform them (Lumpkin and Dess 2001). *Autonomy* involves independence in developing and bringing ideas into effect (Watson et al. 2019). As more

than a mere disposition, the activation of EO requires behavioral patterns that reflect these five dimensions (Covin and Lumpkin 2011). Accordingly, this study seeks to advance EO research by exploring the activation of the five dimensions of EO by the franchisee association of a major quick-service restaurant franchisor in a state-based market when introducing three world-first innovations. It also aims to identify the antecedents to such activation and examine the role played, if any, by the franchisee association's structure and the provenance of its members.

4. Methods

4.1. Methodology

To shed greater light on how EO is manifested within organizations there have been repeated requests for more qualitative EO research using case study and ethnomethodological approaches (Covin and Miller 2014; Wales 2016; Wiklund and Shepherd 2011). As the goal with this research was to use case data to integrate, reconceptualize and extend existing theory (Welch et al. 2022), and where appropriate propose new theory, theoretical sampling involving a single revelatory case was utilized (Yin 2018). Single case studies enable more in-depth analysis than multiple case studies, thus facilitating enhanced understanding (Siggelkow 2007). Consequently, to explore the research questions, a historical extended case study was employed (Burawoy 1998). Indeed, such extended case studies have recently experienced a resurgence (Geary and Aguzzoli 2016; Mahasuar 2023).

4.2. Case Description

A high-performing, single, polar, rich, deep case (Dyer and Wilkins 1991; Eisenhardt and Graebner 2007) was purposively selected. The selected case was an appropriate “unusually revelatory, extreme exemplar” (Eisenhardt and Graebner 2007) as it involved the introduction of three world-first innovations by a single franchisee association, where any activations of the dimensions of EO would be transparently observable (Eisenhardt and Graebner 2007). A similar single polar case approach was used by Zardini et al. (2023) when exploring an entrepreneurial agricultural business network and Alaydi et al. (2021) when examining strategy in the mobile phone industry. The quick-service restaurant (QSR) industry covers operations that sell food and beverages to patrons primarily over the counter, with minimal or no table service (Law Insider 2023). The QSR industry has been most ubiquitous in the USA, with many of its top 50 organizations, as described by QSR Magazine (2023), also operating in other countries, thereby becoming multinational organizations with thousands of restaurants. This includes, but is not limited to, KFC, Subway, McDonald's, Starbucks, Burger King, Wendy's, Pizza Hut, Taco Bell, Carl's Jr, Domino's, Krispy Kreme, Dunkin, Chick-fil-A, Five Guys, Little Caesar's, Popeyes and many more. Mostly, this international expansion has been facilitated through a franchising model. One of these QSRs, McDonald's, is arguably the world's pre-eminent franchisor, with more than 40,000 restaurants in over 100 countries and annual sales exceeding USD 112.5 billion (McDonald's Corporation 2022), and it is the focal organization for this research. It expanded into Australia in the 1970s, and now has over 1000 restaurants spread across the country. The McDonald's Australian operation is considered one of its most innovative markets, often being used as a testing ground, and it has been responsible for the advent of numerous innovations, such as McCafé, which have spread across McDonald's global network (Taylor 2015). Accordingly, the context for this research is the state-based QSR market of Western Australia. The unit of analysis for this research is McDonald's Western Australian Franchisees Marketing Co-operative Association (MWAFCMA), a hybrid franchisee association approved by the franchisor but democratically controlled by its franchisees. All McDonald's Western Australian franchisees automatically become MWAFCMA members and, according to its constitution, its main objective is to profitably increase the sales of its members' restaurants while holding binding authority over the expenditure of the marketing funds contributed by its members. The funds involved are substantial, having grown to exceed many millions of dollars annually. The 40-year period from 1982

to 2022 was selected as the focal period for this research due to its potentially revelatory nature, as the MWAFMCA moved from having McDonald's Australia's lowest average to highest average restaurant sales nationally during this timeframe. This was a pivotal period for MWAFMCA, as it was responsible for the introduction of three innovations that were world-firsts in the McDonald's system: The Big One burger, Tender Roast-chicken, and Frozen Carbonated Beverages.

4.3. Data Collection and Analysis

To adequately explore the two research questions, a purposive sample of informants (Teddle and Yu 2007) who had all been members of MWAFMCA and possessed intimate knowledge of the innovations under investigation was enlisted for semi-structured interviews. An analysis of the total population of 61 franchisees who had been members of MWAFMCA between 1982 and 2022 revealed that 31 (51%) had been externally recruited, while 30 (49%) had been internally recruited, so to facilitate this study's interest in the role played by the provenance of MWAFMCA's members, an even mix of each was obtained. Sampling continued until saturation was attained (Guest et al. 2006), resulting in interviews with 12 informants (almost 20% of the total population) representing a combined total of 214 years of MWAFMCA membership, including 19 years of MWAFMCA presidency. The characteristics of the sample are presented in Table 1. Due to the historical nature of this research, guidelines to enhance the reliability and validity of retrospective studies (Miller et al. 1997) were also followed.

Table 1. Relevant informants' characteristics.

MWAFMCA Member FAMI Denotes Internally Recruited FAME Denotes Externally Recruited	Years of Franchisee Association Membership	The Big One Burger (1991–1997)	Tender Roast-Chicken (2001–2003)	Frozen Carbonated Beverages (2006–Onward)
FAMI#1 *	23	✓	✓	✓
FAMI#2 *	19	✓	✓	✓
FAMI#3	25	✗	✓	✓✓
FAMI#4	17	✓	✓	✓
FAMI#5	9	✓	✗	✗
FAMI#6	20	✗	✗	✓
FAME#7	32	✓✓	✓	✓
FAME#8 *	37	✓	✓	✓
FAME#9	9	✓	✓✓	✗
FAME#10	4	✓	✗	✗
FAME#11	7	✓	✓✓	✗
FAME#12	12	✗	✗	✓

✓ = MWAFMCA member at the time of this innovation. ✗ = Not an MWAFMCA member at the time of this innovation. ✓✓ = MWAFMCA member and a key proponent of this innovation. Total MWAFMCA membership years = 214. Total years as MWAFMCA President = 19. * Denotes served as MWAFMCA President.

For RQ1, the researchers started with no a priori hypothesis, with the five EO dimensions merely providing the lenses through which their activation, or otherwise, by MWAFMCA was explored. For RQ2, as no previous studies had explored the antecedents to the activation of EO by a franchisee association, an inductive approach was utilized. To ensure rigor, the interview data were coded and analyzed using the Gioia et al. (2013) methodology, which has been employed in numerous studies, including a recent similar entrepreneurship study (Ciambotti et al. 2023). As shown in detail in Figure 1, consistent with the Gioia et al. (2013) methodology, fifteen first-order codes were generated and labeled after initial analysis of the underlying data. Then, using a gestalt style process to answer the critical question "What's going on here?" (Gioia et al. 2013, p. 20), these first-

order codes were distilled into the five second-order themes also shown in Figure 1, which represent the antecedents of franchisee associations' propensity to activate the dimensions of EO. Secondary data such as publicly available data, archival data, and artefacts from the period in question were also employed to corroborate the interview data and provide triangulation. The various data sources are listed in Table 2.

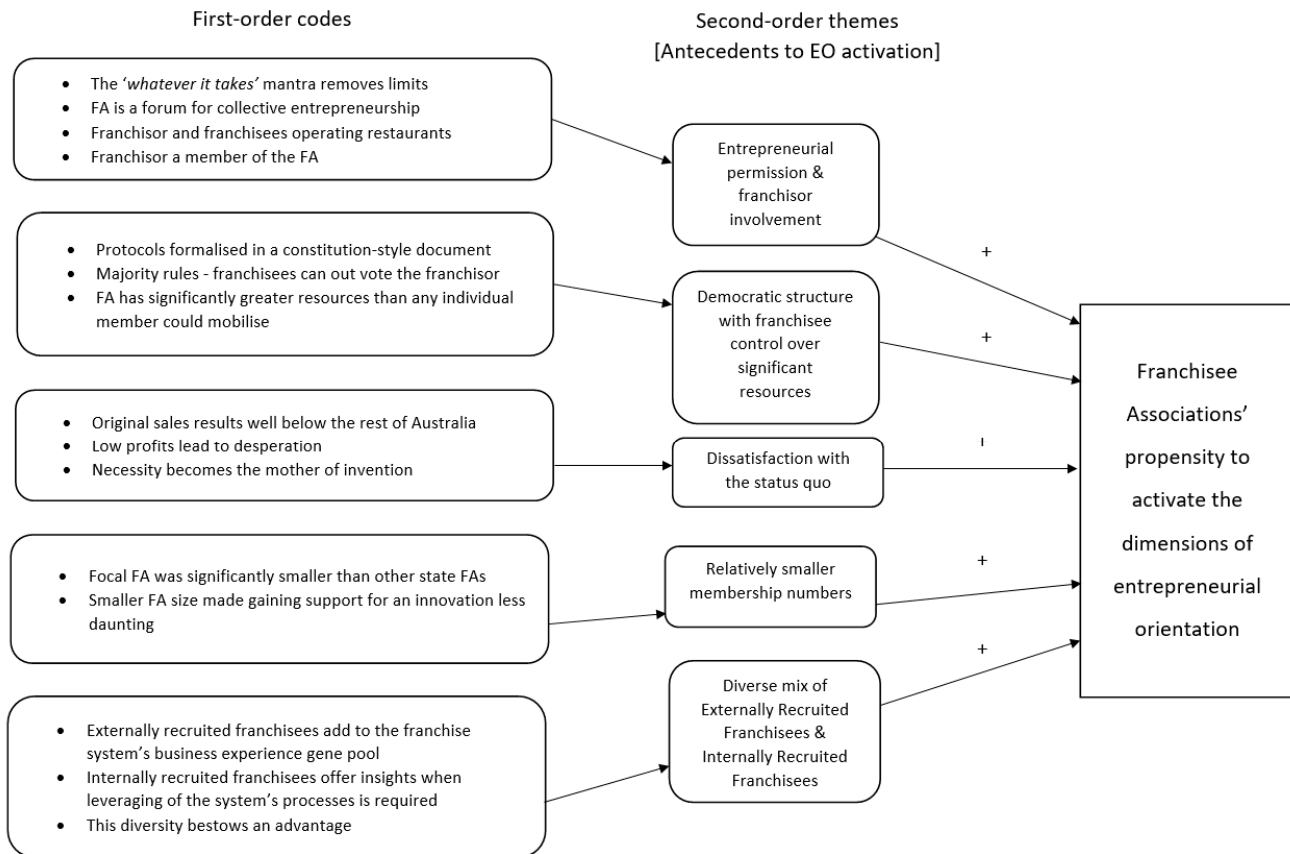


Figure 1. Preliminary model of antecedents of franchisee associations' propensity to activate the dimensions of EO.

Table 2. Data sources.

Type of Data	Source	Quantity	Use in the Analysis
Primary data	Semi-structured interviews	12 interviews of 12 h 37 min total duration	Primary data source for addressing the two research questions
Secondary data	Business case-proposal (Tender Roast-chicken)	43 pages (.pdf)	Provided support, corroboration, and triangulation of interviews
	Franchising code of conduct (Marketing funds)	3 pages (.pdf)	
	Letters of appreciation	2 pages (.pdf)	
	Franchising overview booklet	15 pages (.pdf)	
	Media releases	14 pages (.pdf)	
	Media articles	56 pages (.pdf)	
	Relevant location photos	8 pages (.pdf)	
	Television commercials listing	1 page (.pdf)	
	Franchisee training courses	8 pages (.pdf)	
	Franchisee awards and artefacts	5 pages (.pdf)	

5. Findings

5.1. The Apparent Activation of the Dimensions of EO by MWAFMCA

The first research question explored the apparent activation of the five dimensions of EO in relation to three significant innovations that MWAFMCA introduced over the 40-year period from 1982. Two were product innovations, *The Big One burger* and *Tender Roast-chicken*, and one was a process innovation, *Frozen Carbonated Beverages*. All three of these innovations proved integral to the MWAFMCA's market in Western Australia moving from having McDonald's Australia's lowest average restaurant sales to the highest during the period examined. This, coupled with the fact that these were world-first innovations, never having previously been introduced into any of McDonald's 100+ other countries internationally, suggests that something exemplary was happening in terms of the activation of EO by this franchisee association in this market, hence its case selection. The findings are summarized in Table 3 and explained below in detail, including informants' quotes that encapsulate the findings (Labuschagne 2003).

Table 3. Summary of the apparent activation of the dimensions of EO by MWAFMCA.

Dimensions of Entrepreneurial Orientation	The Big One Burger	Tender Roast-Chicken	Frozen Carbonated Beverages
Innovation	✓	✓	✓
Risk-taking	✓	✓	✓
Proactiveness	✓	✓	✓
Competitive aggression	✓	✓	✓
Autonomy	✓	✓	✓

✓ = activation of dimension of EO apparent.

5.1.1. The Big One Burger (1991–1997)

For McDonald's, strategically, Western Australia was unique because it differed from all McDonald's other Australian state-based markets, and almost all of its other international markets, in that McDonald's main competitor, Burger King, not McDonald's, was the first-mover and consequent market leader (note: due to a historical trademark issue, Burger King trades in Australia as Hungry Jacks). Indeed, when McDonald's first entered the Western Australian market in 1982, *"the local preference was loyalty. . .to competitor Burger King who had already been in Western Australia for 11 years before McDonald's"* (FAME#8). By 1991, McDonald's Western Australian operation was in somewhat dire financial circumstances as *"most of the restaurants weren't profitable"* (FAMI#4). Indeed, the losses were so great McDonald's even considered closing the Western Australian market. The key reason McDonald's was struggling in Western Australia was the first-mover advantage conferred on Burger King, the Western Australian market leader, by its earlier market entry. At the time Western Australia only accounted for 5% of McDonald's Australian sales, so, at the national head-office, thousands of kilometers away, Western Australia was not a priority. It was a case of *"out of sight, out of mind. . .they didn't devote a whole lot of time to us"* (FAMI#1). From 1982 to 1991, McDonald's failed to acknowledge these strategic differences in its Western Australian operation, and as a result implemented flawed marketing strategies. Indeed, as FAME#7 observed about that time, *"if you are in a market where you are #2 and you pretend you are #1 it simply does not work"*. A key advantage accruing to first-movers, such as Burger King in Western Australia, was being able to define the very parameters of the market (Michael 2003). Consequently, by 1991 Burger King had spent its previous 20 years in Western Australia conditioning consumers to expect a burger with its Whopper burger's ingredients and large size as the QSR industry standard. Critically, market research at that time indicated McDonald's in Western Australia was winning over younger consumers with its children's offerings and playground facilities, but their smaller burger size was seeing many parents, who had grown up with Burger King's larger burgers, vetoing family

visits to McDonald's. *"The kids wanted to go to McDonald's, but some parents held out because there wasn't the larger burger they wanted"* (FAME#7). In 1991, one of McDonald's national directors became the new Western Australian Market Manager with the brief to turn the market around, and quickly became a champion of innovation (Sergeeva 2016). The local Western Australian franchisees were told there was no rulebook, and empowered to invoke the mantra *"whatever-it-takes"* and use their local market knowledge to innovate. For McDonald's franchisees in Western Australia, *"the whatever-it-takes approach was a big change of mindset"* (FAMI#1). *"Rather than McDonald's telling us what to do. . . they put everything back on us and said okay, what are you going to do?"* (FAMI#2). This dramatic change in attitude by McDonald's in seeking local franchisee input led to a groundswell of innovation from the MWAFCMA, particularly the externally recruited franchisees who *"were perceived as far more adept than internally recruited franchisees in generating new ideas"* (Balsarini et al. 2022, p. 13). One externally recruited franchisee fully embraced the new *"whatever-it-takes"* mantra by proactively inviting ten fellow franchisees to his home barbeque to design their own answer to competitor Burger King's signature Whopper burger. *"We bought the ingredients and . . . tried a few different forms of it and got to the one we thought was pretty good"* (FAMI#2). The result was a new McDonald's burger known as *The Big One*.

The introduction of *The Big One* was supported by a unanimous vote at the next MWAFCMA meeting and was quickly sanctioned by McDonald's national headquarters to be added to the Western Australian menu. *The Big One's* launch had significant media support, including a television advertisement with a catchy jingle emphasizing the burger's ingredients and large size (Classic Clips 2013). For those brought up on a bigger burger, it acted as an ideal substitute; *"it really worked because people would come into us at McDonald's and say I want a Whopper and then we could offer The Big One which did the trick"* (FAME#10). Over the next seven years, *The Big One* overcame the perception that McDonald's burgers were too small, and crucially remained on the Western Australian menu until McDonald's had overtaken Burger King to become Western Australia's market leader in 1997. Indeed, *"at the 1992 McDonald's Worldwide Convention . . . The Big One burger was rated the 4th best new product overall"* (FAME#7).

5.1.2. The Big One Burger and the Activation of the Dimensions of EO by MWAFCMA

Activation of innovation was clearly apparent with *The Big One* burger, although, as a me-too product (Quintal and Phau 2014), this was less apparent than would apply with a totally new product. In addition to the formulation of the product's ingredients and larger build, it also required suppliers to tool-up to bake a larger bun, involving some design requirements. The provision of a specially engineered mayonnaise-dispensing gun was also required. *Activation of risk-taking* was apparent, with the considerable TV production costs being totally absorbed by the MWAFCMA rather than being allocated proportionally across the entire country, as would have applied with a national product rollout. The risk associated with the media spend of hundreds of thousands of dollars to launch and maintain the product was also borne by MWAFCMA. *Activation of proactiveness* was apparent in that with *The Big One* the MWAFCMA sought to emulate the success of their competitor's signature burger the Whopper many years before Burger King attempted to imitate McDonald's signature the Big Mac. Indeed, Burger King did not launch the *Big Jack*, ostensibly a *Big Mac* copy, until 2020 (Whitbourn 2020). As *The Big One* burger represented an innovation designed to take market share directly from a key competitor, the *activation of competitive aggressiveness* was clearly apparent. Finally, as an idea independently conceived of and developed by the franchisees of the MWAFCMA, rather than McDonald's corporation itself, the *activation of autonomy* was also apparent (see Table 3).

5.1.3. Tender Roast-Chicken (2001–2004)

In the early 2000s, Australia introduced a nation-wide consumption tax that had the effect of depressing QSR industry sales, as fresh food was exempt, making fast-food comparatively more expensive. Consequently, the Western Australian QSR market became

even more competitive, with the battle over market share now occurring in a shrinking market. At the time, McDonald's sold predominantly beef-based burgers, yet food trends were altering with per capita chicken consumption increasing almost four-fold between 1961 and 2001 (Ritchie and Roser 2019). *"Beef was on the way down. . . and everyone was going for the chicken"* (FAME#11). While McDonald's Western Australian operation had grown to 56 restaurants, its dinner-daypart (5–8 pm) was shrinking, with families viewing roast-style chicken as a healthier dinner meal replacement. *"Our drive through was parallel to a chicken competitor's and at dinnertime they would often have more cars"* (FAME#11).

Consequently, in 2001, three externally recruited McDonald's franchisees drafted a business case proposal for selling roast chicken in Western Australia. In it, they indicated that Western Australia had 165 chicken QSR outlets, which meant that per capita, Western Australia had the greatest penetration of chicken QSR outlets in the country, and possibly the world, 75% of which were selling roast-style chicken. These chicken QSR competitors had become increasingly aggressive, expanding their menus from their traditional chicken-on-the-bone offerings of whole chickens and chicken pieces to include chicken burgers, thus competing more directly with McDonald's burger offerings. For McDonald's, this combination of circumstances contributed to stagnant sales and rising costs. In the Western Australia market, McDonald's had recently overtaken Burger King to become the QSR market leader in 1997, yet, they still had McDonald's lowest average restaurant sales of any state in the nation. Accordingly, the three Western Australia franchisees, all of whom were externally recruited franchisees and thus had not been institutionalized to expect McDonald's to provide all the solutions, met to discuss sales-building initiatives. With the *"whatever-it-takes"* mantra still very much in effect, one of the three FAME#9 observed *"at the time in Western Australia we were forced to be innovators to try to capture market share"*. All three owned McDonald's restaurants with chicken QSR competitors located next-door, and had observed that they were very busy during the dinner-daypart. Therefore, they decided to actively pursue having all of McDonald's Western Australian restaurants sell roast chicken-on-the-bone as soon as possible. With the backing of the MWAFMCA, they spent two months compiling their detailed business case proposal, then codenamed *McRoast Chicken*. To gain the required insights, they became proactive and competitively aggressive in collecting information. *"I counted my neighboring chicken-competitor's empty chicken delivery crates to estimate their weekly sales"* (FAME#9). They even found a competitor's chicken supplier's misplaced invoice to establish the prevailing market price of fresh chickens. The stated goal in the business proposal was to capture 20% of the Western Australia chicken-on-the-bone market within three years. With the MWAFMCA keen to take the risk and be innovative in launching roast chicken, McDonald's national head-office quickly approved the product's development. As no McDonald's restaurants globally had ever sold roast-chicken, this represented a world-first for the system, so McDonald's worldwide headquarters also took a keen interest. The total costs for the project were in the millions of dollars, comprised of two-thirds for new equipment and one-third for marketing. At the MWAFMCA's request, McDonald's Corporation shared the risk by contributing 50% of the equipment costs, with the balance coming from the franchisees, while the marketing costs were met by the MWAFMCA's marketing fund. A cross-functional team, including the three originating franchisees and McDonald's specialists, was established to fast-track the project. Consequently, the product ultimately branded *Tender Roast-chicken* was launched into the market in five months and 13 days, which, according to McDonald's then Australian Managing Director, was the fastest major product roll-out ever recorded globally. The product continued to be offered in Western Australia for nearly four years, by which time Tender Roast-chicken represented only 3% of restaurant sales, so ultimately, the product was withdrawn. The main reasons for the product's lower-than-expected sales were firstly the aggressive discounts launched in retaliation by the chicken QSR competitors, and secondly, the lack of product recall, as McDonald's found it difficult to get the requisite *"share of mind"* (Quintal and Phau 2014) in the chicken-on-the-bone evoked set, as it was by then so synonymous with the evoked set for burgers.

5.1.4. Tender Roast-Chicken and the Activation of the Dimensions of EO by MWAFMCA

Activation of innovation was apparent with *Tender Roast-chicken* as, although it was based on the Western Australian QSR chicken market leader's product, it was differentiated by having its own proprietary marinade. Further, unlike many of its chicken QSR competitors, it was cooked in the latest technology combi-ovens that kept the chicken succulent for longer, and had never previously been installed in any McDonald's restaurants. It was also innovative in terms of the McDonald's world, as roast chicken had never been sold in any of McDonald's tens of thousands of restaurants globally. Further, it involved a totally new set of suppliers and supply-chain protocols for fresh chickens. *Activation of risk-taking* was apparent due to the significant funds required—as mentioned, some millions of dollars—much of which was being borne by the franchisees of the MWAFMCA. *Activation of proactiveness* was apparent in that it was an attempt by McDonald's to become the first one-stop QSR shop in Western Australia providing beef products as well as roast chicken-on-the-bone. Consequently, as an attempt to take market share from key chicken competitors, the *activation of competitive aggressiveness* was clearly apparent. Finally, as another idea independently conceived and proposed by the franchisees of the MWAFMCA rather than McDonald's corporation, *activation of autonomy* was also apparent (see Table 3).

Although not reaching its sales targets, the learnings from *Tender Roast-chicken* were integral to McDonald's Australia's subsequent successful national attempt to pursue the chicken QSR market in 2007, this time with a range of *Premium Chicken Burgers*. By then, per capita chicken consumption had exceeded red meat consumption for the first time (Ritchie and Roser 2019). McDonald's remained inconsistent with this trend, with two-thirds of its protein units' sales still being derived from beef, so it needed to respond to this preference change. To capitalize on its market strength in now being at the top of the evoked set for burgers in every Australian state-based market, even Western Australia, McDonald's launched a range of three *Premium Chicken Burgers* nationwide-wide. The target market was consumers who came to McDonald's for beef but not for chicken. It proved to be an overwhelming success, doubling McDonald's sales in the chicken QSR category in under 12 months. Indeed, the *Premium Chicken Burger* range was the key driver behind McDonald's massive 2008 national sales increase of 14%, which dwarfed the industry's 2% increase (Shoebridge 2008). Arguably, the MWAFMCA's *Tender Roast-chicken* "actually served to realigned McDonald's menu to more white meat and so was the necessary forerunner to the national *Premium Chicken Burger* initiative" (FAME#9).

5.1.5. Frozen Carbonated Beverages (2006–2022 and Beyond)

Frozen carbonated beverages (FCB), specifically in the form of Frozen Coke and Frozen Fanta, represent a hybrid product between a drink and a dessert, and prior to 2006 were only made available under McDonald's test-letter authorization to restaurants in special circumstances, such as those near cinemas or beaches, representing less than 5% of Australian restaurants. Possibly due to Western Australia's warmer climate, historically, it had maintained 25% higher sales of desserts than other Australian states. Indeed, any dessert promotions in Western Australia "went through the roof, sales went crazy, we always beat the other states. . . so of course we started the frozen carbonated beverage push" (FAMI#3). Considering this, the MWAFMCA saw a unique opportunity to drive both sales and profits through offering FCB across all McDonald's restaurants in Western Australia, something that was not being done across any other market anywhere in the McDonald's world. The key instigators in the MWAFMCA for this process innovation were a small number of internally recruited franchisees who, due to their unique locations, already had FCB available in their restaurants. They believed that if every restaurant in Western Australia installed FCB machines and the MWAFMCA directed similar marketing support to that provided for the recent successful launch of premium coffee, then significant profitable incremental sales would ensue. As FAMI#3, who was integral to the project, observed "we said to McDonald's, what if we put FCB into every restaurant in Western Australia. . . and then we promote it?". The FCB launch strategy involved duplicating the success of the

premium coffee launch with just a minor timing modification to the media template. FCB was advertised “*just like premium coffee with outdoor media and radio but focused in the afternoon not in the morning*” (FAME#7). The objective was to achieve high product awareness among the key QSR under-35-year-old demographic, while also vastly improving accessibility by making FCB available in every McDonald’s restaurant in Western Australia. Given that FCB had very high gross margins, the MWAFCMA, after being implored to by the internally recruited franchisee key instigators, deemed the risk worth taking, with a unanimous vote taken at the June 2006 MWAFCMA meeting to launch FCB across the entire Western Australia market by December 2006. This was not without risk, with the cost of installing FCB machines in all 57 Western Australian McDonald’s restaurants totaling in the millions of dollars, and hundreds of thousands of dollars of marketing support required to launch the product. Ultimately, the sales and profits from FCB exceeded even the MWAFCMA’s wildest expectations, with “*90% of stores having to install at least two machines*” (FAMI#3) to keep up with the demand. After this success in Western Australia in 2010 “*FCB ended up being rolled out nation-wide across Australia*” (FAMI#3), where it remains prominent to this day.

5.1.6. Frozen Carbonated Beverages Activation of the Dimensions of EO by MWAFCMA

Activation of innovation was apparent with FCB, in that it represented a process innovation involving making an existing test product universally available and promoting it using a known formula, as opposed to a product innovation. *Activation of risk-taking* was apparent with the commitment of significant funds by the MWAFCMA. It should be noted that, while some convenience stores were selling FCB, it was a first for any Australian QSR chain. Furthermore, it was a first for McDonald’s, with no other entire market anywhere in the McDonald’s world selling the FCB product. Hence, *activation of proactiveness* was apparent. FCB involved the *activation of competitive aggressiveness*, as it was particularly appealing to Gen-Z, a key QSR target demographic (Shriber 2023), with a significant proportion of FCB consumers falling into this age bracket. Finally, as yet another idea independently conceived of by the franchisees of MWAFCMA, *activation of autonomy* was also apparent (see Table 3).

5.2. Antecedents of Franchisee Associations’ Propensity to Activate the Dimensions of EO

In relation to the second research question, the labeling of first-order codes facilitated the distilling of second-order themes, which represent the antecedents that enhance franchisee associations’ propensity to activate the dimensions of EO. The findings are explained in detail below, including representative informants’ quotes (Labuschagne 2003), and are summarized in Figure 1.

5.2.1. Entrepreneurial Permission and Franchisor Involvement

It cannot be over-stated how important McDonald’s adopting a “*whatever-it-takes*” mantra was in unshackling its Western Australian franchisees’ “*animal spirits*” (Keynes 1936). This provided the MWAFCMA with the permission it needed to act entrepreneurially, thereby greatly enhancing its EO propensity. “*Once the genie was out of the bottle with the entrepreneurial way of looking at issues in this market it couldn’t be put back in*” (FAME#7). Also, during the period under investigation, McDonald’s in Western Australia operated in what is known as the plural form (Perryman and Combs 2012), in that it had both company-owned restaurants (20%) and franchised restaurants (80%) in the market. Hence, the franchisor McDonald’s Corporation was a fully involved member of the MWAFCMA, with its company-owned stores also contributing to the combined marketing fund controlled by the MWAFCMA. As FAMI#1 observed “*we became entrepreneurial as a collective. It was a different mindset. . . together we could move the needle*” (FAMI#1). “*As a franchisee association we could come up with ideas and they could then be replicated around the country and then possibly the world if an idea was good enough*” (FAME#10).

5.2.2. Democratic Structure with Franchisee Control over Significant Resources

“I think some sort of democracy was very important” (FAMI#5). Indeed, the MWAFMCA constitution had a democratic structure with franchisee control. Each franchisee had one vote regardless of how many restaurants they owned, while McDonald’s itself had only two votes. This meant *“McDonald’s couldn’t actually spend any of the Western Australian marketing fund money unless it was voted for by the MWAFMCA. . .as franchisees we had a lot of say and ability to make decisions to build the business”* (FAMI#4). With franchisee numbers increasing from 14 to 28 during the period covered by this research, the franchisees voting power always greatly exceeded McDonald’s. *“Without our democratic franchisee association virtually none of this innovation would have occurred here in Western Australia”* (FAME#7). Furthermore, innovation at the franchisee association level did not involve the overwhelming complexity of trying to get an entire national franchise system to adopt an innovation, and as the MWAFMCA was state-based, it only required support from a majority of its relatively small membership and McDonald’s corporate agreement for an innovation to be accepted and implemented in Western Australia. This franchisee empowerment greatly enhanced the franchisee association’s EO propensity, as it encouraged those franchisees with innovative ideas to put them forward. Unlike some franchisee associations that are merely advisory, the MWAFMCA’s decisions were binding as to how money was spent from the combined marketing fund, which grew to exceed millions of dollars annually. *“It was amazing the amount of money that we spent”* (FAMI#2). Indeed, the magnitude of the funds available to support an innovation meant that franchisee innovations taken to the MWAFMCA could be of a much grander scale than those that may be entertained by an individual franchisee in just their own restaurant. *“That was a form of combined entrepreneurship we couldn’t have done individually”* (FAME#9); it involved far more resources than any individual franchisee could mobilize, thus further enhancing EO propensity.

5.2.3. Dissatisfaction with the Status Quo

Early in the period investigated, McDonald’s Western Australian franchisees perceived themselves as underdog entrepreneurs (Miller and Le Breton-Miller 2017) when compared to their national franchisee peers, a situation the MWAFMCA was greatly motivated to change by facilitating growth in sales. *“Our innovation was definitely out of necessity, because with Burger King having a head-start in Western Australia we were on the back foot all the time. . .we were the poor second cousins”* (FAME#7)—a situation that did not occur in any of the other Australian states, as McDonald’s had been the first-mover. During the 1980s and 1990s, this dissatisfaction with the status quo was reinforced each month when the sales for all McDonald’s restaurants across Australia were circulated, displaying that the other states continued to eclipse Western Australia’s results. *“We were very dissatisfied with our sales results. . .so we were very motivated to try lots of different things”* (FAMI#4). Thus, it is contended that it was this dissatisfaction that fueled MWAFMCA’s lack of risk aversion. *“I think it was more the desperation that we had. . .we were more desperate, and necessity is the mother of invention”* (FAME#9). Indeed, the behaviors undertaken by the MWAFMCA in connection with all three products investigated demonstrated their propensity to innovate and take risks. *“By 2010 McDonald’s Western Australian operation had achieved the highest average store sales in the country . . . after coming from the lowest”* (FAMI#1). This success and the satisfaction it provided led to a consequent reduction in risk taking and innovations by MWAFMCA. Indeed, from around 2010 onwards the Western Australian franchisees now became *“more interested in meeting their obligations to McDonald’s than innovating to better meet their obligations to their customers”* (FAME#12) in the hope that McDonald’s would grant them more increasingly profitable restaurants.

5.2.4. Relatively Smaller Membership Numbers

Larger teams have often been associated with inertia and a tendency to persist with the status quo (Yoon et al. 2016), while smaller teams and organizations have long been deemed to be more nimble and strategically flexible in adjusting to their markets (Sen et al. 2023).

When the MWAFMCA facilitated these three McDonald's world-first innovations, it had membership numbers of between 14 and 28 franchisees, and thus was much smaller than McDonald's other Australian state-based franchisee associations that had up to 95 members. *"The size of the group was ideal. . . there was only about 20 of us so we tended to speak to each other a lot. . . and that made a world of difference"* (FAME#11). Clearly, all else being equal, the smaller a constituency, the less arduous it is to be able to achieve a majority. Therefore, as the number of members reduces, it becomes less onerous for any member entrepreneur to be able to innovate and gain majority support for an innovative concept. *"With our franchisee association being smaller it made it easier to get things done"* (FAMI#6). This implies that relatively smaller franchisee association membership numbers may increase EO propensity.

5.2.5. Diverse mix of Externally Recruited Franchisees and Internally Recruited Franchisees

As externally recruited franchisees are much more likely than internally recruited franchisees to challenge existing parameters, previous research has postulated that externally recruited franchisees are more adept at innovation particularly in situations where franchise systems are facing challenges that are beyond the scope of their history to provide solutions (Balsarini et al. 2022). *"We need the external franchisees otherwise it ends up becoming too insular. The system gene pool needs those extra ideas. Sometimes you want someone who challenges the way you do things"* (FAMI#3). *"I think having a mix of franchisees that were from inside McDonald's and from outside McDonald's helped the franchisee association. The ones from outside, they bring in fresh ideas."* (FAMI#2). This proved to be the case in this research, with externally recruited franchisees being integral to the first two innovations examined, which involved new product innovations.

At the time of *The Big One* burger's introduction, McDonald's was market leader in almost all its international markets and in every state-based market in Australia other than Western Australia, hence it had little corporate history to draw on as a challenger brand. Thus, the required Whopper stopper product known as *The Big One* had to be invented at the instigation of an externally recruited franchisee on their backyard barbeque. Likewise, three externally recruited franchisees, in reaction to the unprecedented rise in the demand for chicken, rejected McDonald's previous corporate history of never having sold roast chicken, and devised a product innovation to do just that. Conversely, the third innovation, FCB, was deemed a process innovation in that it involved taking a test product being sold in under 5% of restaurants and applying the learnings from recent corporate history in launching premium coffee to make FCB available in every McDonald's restaurant across the entire Western Australian market. As a process innovation, the FCB roll-out was instigated by internally recruited franchisees who had extensive experience (Balsarini et al. 2022) with the franchisor's history, systems and processes. *"Anyone who has come from within the system will be good operationally. . . because when you have worked in a McDonald's restaurant for 10 years you develop that"* (FAMI#2). Consequently, for franchisee associations, a diverse mix of externally and internally recruited franchisee members appears to enhance the propensity for both product and process innovations. *"It is definitely a good idea to have a mix of franchisees that have been sourced from inside and from outside the organization"* (FAME#11).

6. Discussion

In relation to the first research question, the activation of all five of the dimensions of EO by the focal franchisee association was apparent in each of the three innovations investigated (see Table 3). Hence, the findings of this study suggest that franchisee associations may be instrumental in activating the five dimensions of EO in franchise networks. This is notable as, prior to this research, the expectation was that in franchise networks the dimensions of EO were seen to operate at either the franchisor level or the franchisee level, with other levels of EO operation, such as franchisee associations, not being considered. Indeed, in the current case, innovations at the franchisee association level proved more effective in meeting the market's competitive needs than the previous franchisor-inspired strategies, which had proven suboptimal. While this can be important for the success of

the individual region covered by the franchisee association, it can also have significant implications for the franchise system more broadly, as some innovations conceived by entrepreneurial regional franchisee associations may have system-wide relevance. This proved to be the case with two of the three innovations examined. Firstly, *Tender Roast-chicken* arguably begat the pursuit of a greater share of the growing chicken QSR market, which resulted in the national launch of the *Premium Chicken Burger* range, which became a runaway success. Secondly, as a direct result of McDonald's three years of overwhelming success with FCB in Western Australia, in 2010, McDonald's rolled FCB out nationally across Australia, where it remains an extremely profitable product line today. In fact, FCB is now also sold across numerous other McDonald's markets internationally.

The more inductive nature of the second research question meant that the researchers had a more grounded approach. As there was no previous research on the antecedents to the activation of EO by franchisee associations, the researchers entertained no *a priori* hypothesis as to the number or the nature of the antecedents. Ultimately, five antecedents to the activation of EO by franchisee associations were identified: entrepreneurial permission and franchisor involvement, democratic structure with franchisee control over significant resources, dissatisfaction with the status quo, relatively smaller membership numbers, and diverse mix of externally recruited and internally recruited franchisees (see Figure 1). These antecedents may have profound implications for the appropriate structuring of entrepreneurial franchisee associations, particularly in relation to the provenance of their membership. The presence of externally recruited franchisees, with their accumulated knowledge and experiences from other industries, may be important when the required innovations are beyond the scope of the franchisor's history to provide solutions. Also, given their greater knowledge of the franchisor's systems and processes, internally recruited franchisees may be more adept at process innovations than externally recruited franchisees. While these antecedents are preliminary, they have never been identified in any previous research and warrant further examination.

6.1. Practical Implications

These findings have numerous practical implications for franchise organizations seeking to gain competitive advantages through innovations facilitated by the activation of EO. Specifically, the 75% of franchisors with franchisee associations may seek to restructure their existing franchisee associations; likewise, the 25% of franchisors that do not have any franchisee associations may consider instituting a franchisee association. In structuring their franchisee associations, franchisors need to decide at what level (regional, national, or international) they are most appropriately constituted, on what matters they will advise, and how binding, or not, such advice should be. In doing so, they should consider the five antecedents of franchisee associations' propensity to activate the dimensions of EO that have been identified in this research. In many franchise networks, the spending of marketing fund money is a decision that resides solely with the franchisor, with the only caveat being that the funds are spent in accordance with their franchise agreements. Consequently, for many franchisors, the most contentious issue in adopting these antecedents may be the much greater level of control required to be ceded to franchisees. The optimal balancing of powers between franchisor and franchisees requires considerable thought (Mumdžiev and Windsperger 2011); this also applies to the structuring of franchisee associations. For example, in the focal case, McDonald's, as the franchisor and brand custodian, still maintained veto rights over what products could be added to the menu. However, in Western Australia, the MWAFCMA had countervailing power in that if McDonald's required an item to be added to the menu, the MWAFCMA could effectively make this product "dead in the water" by vetoing the disbursement of any marketing funds to promote it. The resultant power balance was important in fostering innovation and requiring both parties to collaborate productively to advance their interests.

6.2. Research Contributions, Implications and Limitations

While some prior investigation of EO has occurred at the franchisor and franchisee levels, this study contributes to the body of EO research by being the first to explore franchisee associations as an EO catalyst. As a rare qualitative EO study, it responds to the repeated requests for more qualitative EO research, which have gone mostly unheeded (Covin and Miller 2014; Wales 2016). While previous EO studies have been almost exclusively quantitative, using known instruments to measure the construct and identified correlations, this study's single case study approach facilitates a much richer understanding. Accordingly, a far more detailed and granular explanation of how the five dimensions of EO have been operationalized is evident than in prior research. The body of franchising research has also been contributed to by the exploration of franchisee associations as a vehicle for innovations. Further, no model of antecedents of franchisee associations' propensity to activate the dimensions of EO has previously been proposed. Finally, this work is the first to explore the role of franchisee provenance, in being either externally or internally recruited, in the functioning of franchisee associations.

By concentrating on three world-first innovations made by a state-based franchisee association of one franchise organization in the QSR industry, rich, in-depth insights have been facilitated. However, it remains unclear how generalizable these insights would be to other franchisee associations of different organizations, in different industries, in other parts of the world. Accordingly, subsequent quantitative research should be undertaken to validate this study's preliminary model of the antecedents of franchisee associations' propensity to activate the dimensions of EO.

This research indicates that EO at the franchisee association level may influence the overall EO of the franchise system, and consequently, the nature and extent of this relationship should be further investigated. Indeed, some underlying differences appeared between the EO manifested by externally recruited franchisees and internally recruited franchisees; consequently, empirical research should further examine the extent and nature of this difference. Further, the implications this may have for franchisee association's EO and franchise system's EO also needs to be ascertained. Indeed, just as recent research has posited an optimal mix for company-owned units and franchised units in franchise systems (Madanoglu et al. 2019), there needs to be further research to ascertain the mix of externally recruited franchisees and internally recruited franchisees that optimizes EO in franchisee associations and franchise systems.

7. Conclusions

As a rare qualitative study on EO, this exploratory research represents an important first step in recognizing the potential for franchisee associations to activate the dimensions of EO, and thereby improve franchise systems' performance. With around 75% of franchisors having some form of franchisee association, better understanding how to harness their innovation potential could bestow a competitive advantage upon those franchise systems able to do so. Crucially, this research also provides initial insights into the antecedents that may facilitate such activation.

Author Contributions: Conceptualization, P.B. and C.L.; methodology, P.B.; formal analysis, P.B. and C.L.; investigation, P.B.; resources, P.B.; data curation, P.B.; writing—original draft preparation, P.B.; writing—review and editing, P.B. and C.L.; supervision, C.L.; project administration, P.B. All authors have read and agreed to the published version of the manuscript.

Funding: This research received no external funding.

Institutional Review Board Statement: The study was conducted in accordance with the Declaration of Helsinki and approved by the Ethics Committee of Edith Cowan University (approval number 22069).

Informed Consent Statement: Informed consent was obtained from all subjects involved in the study.

Data Availability Statement: Data are contained within the article.

Conflicts of Interest: The authors declare no conflict of interest.

References

- Alaydi, Sharif, Trevor Buck, and Yee Kwan Tang. 2021. Strategic responses to extreme institutional challenges: An MNE case study in the Palestinian mobile phone sector. *International Business Review* 30: 101806. [CrossRef]
- Balsarini, Peter, Claire Lambert, and Marie Ryan. 2022. Why franchisors recruit franchisees from the ranks of their employees. *Journal of Strategic Marketing* 30: 180–200. [CrossRef]
- Balsarini, Peter, Claire Lambert, Maria Ryan, and Martin MacCarthy. 2021. Subjective knowledge, perceived risk, and information search when purchasing a franchise: A comparative exploration from Australia. *Journal of Risk and Financial Management* 14: 338. [CrossRef]
- Barney, Jay. 1991. Firm resources and sustained competitive advantage. *Journal of Management* 17: 99–120. [CrossRef]
- Baucus, David A., Melissa S. Baucus, and Sherrie E. Human. 1996. Consensus in franchise organizations: A cooperative arrangement among entrepreneurs. *Journal of Business Venturing* 11: 359–78. [CrossRef]
- Burawoy, Michael. 1998. The extended case method. *Sociological Theory* 16: 4–33. [CrossRef]
- Chien, Shih-Yi. 2014. Franchisor resources, spousal resources, entrepreneurial orientation, and performance in a couple-owned franchise outlet. *Management Decision* 52: 916–33. [CrossRef]
- Ciambotti, Giacomo, Matteo Pedrini, Bob Doherty, and Mario Molteni. 2023. Unpacking social impact scaling strategies: Challenges and responses in African social enterprises as differentiated hybrid organizations. *International Journal of Entrepreneurial Behaviour and Research* 29: 25–57. [CrossRef]
- Classic Clips 1990–2000. 2013. McDonald's Commercial 1991 The Big One [Video]. *YouTube*. Available online: <https://www.youtube.com/watch?v=UnIT71h3MM0> (accessed on 1 October 2023).
- Covin, Jeffrey G., and Danny Miller. 2014. International entrepreneurial orientation: Conceptual considerations, research themes, measurement issues, and future research directions. *Entrepreneurship Theory and Practice* 38: 11–44. [CrossRef]
- Covin, Jeffrey G., and G. T. Lumpkin. 2011. Entrepreneurial orientation theory and research: Reflections on a needed construct. *Entrepreneurship Theory and Practice* 35: 855–72. [CrossRef]
- Covin, Jeffrey G., and William J. Wales. 2018. Crafting high-impact entrepreneurial orientation research: Some suggested guidelines. *Entrepreneurship Theory and Practice* 43: 3–18. [CrossRef]
- Cumberland, Denise M. 2015. Advisory councils in franchising: Advancing a theory-based typology. *Journal of Marketing Channels* 22: 175–91. [CrossRef]
- Dada, Olufunmilola, and Anna Watson. 2013. Entrepreneurial orientation and the franchise system. *European Journal of Marketing* 47: 790–812. [CrossRef]
- Dada, Olufunmilola (Lola), Anna Watson, and David A. Kirby. 2012. Toward a model of franchisee entrepreneurship. *International Small Business Journal* 30: 559–83. [CrossRef]
- Dada, Olufunmilola (Lola), Anna Watson, and David Kirby. 2015. Entrepreneurial tendencies in franchising: Evidence from the UK. *Journal of Small Business and Enterprise Development* 22: 82–98. [CrossRef]
- Dandridge, Thomas C., and Cecilia M. Falbe. 1994. The influence of franchisees beyond their local domain. *International Small Business Journal* 12: 39–49. [CrossRef]
- Dyer, W. Gibb, and Alan L. Wilkins. 1991. Better stories, not better constructs, to generate better theory: A rejoinder to Eisenhardt. *The Academy of Management Review* 16: 613–19. [CrossRef]
- Eisenhardt, Kathleen M., and Melissa E. Graebner. 2007. Theory building from cases: Opportunities and challenges. *Academy of Management Journal* 50: 25–32. [CrossRef]
- Geary, John, and Roberta Aguzzoli. 2016. Miners, politics and institutional caryatids: Accounting for the transfer of HRM practices in the Brazilian multinational enterprise. *Journal of International Business Studies* 47: 968–96. [CrossRef]
- Gillis, William, and Gary J. Castrogiovanni. 2012. The franchising business model: An entrepreneurial growth alternative. *International Entrepreneurship and Management Journal* 8: 75–98. [CrossRef]
- Gioia, Dennis A., Kevin G. Corley, and Aimee L. Hamilton. 2013. Seeking qualitative rigor in inductive research. *Organizational Research Methods* 16: 15–31. [CrossRef]
- Grunhagen, Marko, Robin B. Dipietro, Robert E. Stassen, and Lorelle Frazer. 2008. The effective delivery of franchisor services: A comparison of U.S. and German support practices for franchisees. *Journal of Marketing Channels* 15: 315–35. [CrossRef]
- Guest, Greg, Arwen Bunce, and Laura Johnson. 2006. How many interviews are enough? An experiment with data saturation and variability. *Field Methods* 18: 59–82. [CrossRef]
- Hughes, Mathew, and Robert E. Morgan. 2007. Deconstructing the relationship between entrepreneurial orientation and business performance at the embryonic stage of firm growth. *Industrial Marketing Management* 36: 651–61. [CrossRef]
- Kaufmann, Patrick J., and Sevgin Eroglu. 1999. Standardization and adaptation in business format franchising. *Journal of Business Venturing* 14: 69–85. [CrossRef]
- Ketchen, David J., R. Duane Ireland, and Charles C. Snow. 2007. Strategic entrepreneurship, collaborative innovation, and wealth creation. *Strategic Entrepreneurship Journal* 1: 371–84. [CrossRef]
- Keynes, John Maynard. 1936. *The General Theory of Employment Interest and Money*. London: Palgrave Macmillan.
- Labuschagne, Adri. 2003. Qualitative research—Airy fairy or fundamental? *The Qualitative Report* 8: 100–3. [CrossRef]

- Lashley, Conrad, and Alison J. Morrison. 2000. *Franchising Hospitality Services*. Oxford: Butterworth/Heinmann.
- Law Insider. 2023. Quick-Service Restaurants Definition. Available online: <https://www.lawinsider.com/dictionary/quick-service-restaurants> (accessed on 18 September 2023).
- Lawrence, Benjamin, and Patrick J. Kaufmann. 2010. Franchisee associations: Strategic focus or response to franchisor opportunism. *Journal of Marketing Channels* 17: 137–55. [CrossRef]
- Lawrence, Benjamin, and Patrick J. Kaufmann. 2011. Identity in franchise systems: The role of franchisee associations. *Journal of Retailing* 87: 285–305. [CrossRef]
- Li, Yuan, Yongbin Zhao, Justin Tan, and Yi Liu. 2008. Moderating effects of entrepreneurial orientation on market orientation-performance linkage: Evidence from Chinese small firms. *Journal of Small Business Management* 46: 113–33. [CrossRef]
- Lumpkin, G. T., and Gregory Dess. 1996. Clarifying the entrepreneurial orientation construct and linking it to performance. *The Academy of Management Review* 21: 135–72. [CrossRef]
- Lumpkin, G. T., and Gregory Dess. 2001. Linking two dimensions of entrepreneurial orientation to firm performance: The moderating role of environment and industry life cycle. *Journal of Business Venturing* 16: 429–51. [CrossRef]
- Madanoglu, Melih, Gary J. Castrogiovanni, and Murat Kizildag. 2019. Franchising and firm risk among restaurants. *International Journal of Hospitality Management* 83: 236–46. [CrossRef]
- Mahasuar, Kiran. 2023. Strategic choices of an MNE in an emerging market: The case of Perfetti Van Melle. *Journal of Strategic Marketing* 31: 1012–28. [CrossRef]
- Maze, Jonathan. 2021. Franchisees Are behind Some Iconic Menu Items. Available online: <https://www.restaurantbusinessonline.com/financing/franchisees-are-behind-some-iconic-menu-items> (accessed on 1 October 2023).
- McDonald's Corporation. 2022. McDonald's Reports Fourth Quarter and Full Year 2021 Results. January 27. Available online: <https://corporate.mcdonalds.com/corpmcd/our-stories/article/Q4-2021-results.html> (accessed on 1 October 2023).
- Michael, Steven C. 2003. First mover advantage through franchising. *Journal of Business Venturing* 18: 61–80. [CrossRef]
- Miller, Chet C., Laura B. Cardinal, and William H. Glick. 1997. Retrospective reports in organizational research: A reexamination of recent evidence. *Academy of Management Journal* 40: 189–204. [CrossRef]
- Miller, Danny, and Isabelle Le Breton-Miller. 2017. Underdog entrepreneurs: A model of challenge-based entrepreneurship. *Entrepreneurship Theory and Practice* 41: 7–17. [CrossRef]
- Milovanović, Bojan Morić, Mirjana Grčić Fabić, and Vjekoslav Bratić. 2023. Strategic Approach to Configurational Analysis of Entrepreneurial Orientation, Strategic Networking, and Sme Performance Within Emerging Markets of Selected Southeast European Countries. *Administrative Sciences* 13: 52. [CrossRef]
- Mumdzhev, Nada, and Josef Windsperger. 2011. The Structure of Decision Rights in Franchising Networks: A Property Rights Perspective. *Entrepreneurship Theory and Practice* 35: 449–65. [CrossRef]
- Norton, Seth W. 1988a. An empirical look at franchising as an organizational form. *The Journal of Business* 61: 197–218. [CrossRef]
- Norton, Seth W. 1988b. Franchising, brand name capital, and the entrepreneurial capacity problem. *Strategic Management Journal* 9: 105–14. [CrossRef]
- Perryman, Alexa A., and James G. Combs. 2012. Who should own it? An agency-based explanation for multi-outlet ownership and co-location in plural form franchising. *Strategic Management Journal* 33: 368–86. [CrossRef]
- QSR Magazine. 2023. Ranked the Top 50 Fast-Food Chains in America. Available online: <https://www.qsrmagazine.com/fast-food/ranked-top-50-fast-food-chains-america> (accessed on 1 October 2023).
- Quintal, Vanessa, and Ian Phau. 2014. Examining consumer risk perceptions of prototypical brands versus me-too brands. *Journal of Promotion Management* 20: 115–35. [CrossRef]
- Ritchie, Hannah, and Max Roser. 2019. Meat and Dairy Production Our World in Data. Available online: <https://ourworldindata.org/meat-production> (accessed on 18 September 2023).
- Sen, Sandipan, Katrina Savitskie, Raj V. Mahto, Sampath Kumar, and Dmitry Khanin. 2023. Strategic flexibility in small firms. *Journal of Strategic Marketing* 31: 1053–70. [CrossRef]
- Sergeeva, Natalya. 2016. What makes an “innovation champion”? *European Journal of Innovation Management* 19: 72–89. [CrossRef]
- Shane, Scott A., and Frank Hoy. 1996. Franchising: A gateway to cooperative entrepreneurship. *Journal of Business Venturing* 11: 325–27. [CrossRef]
- Shoebridge, Neil. 2008. McDonald's Chooks Everything into Mix. *Australian Financial Review*. Available online: <https://www.afr.com/companies/media-and-marketing/mcdonalds-chooks-everything-into-mix-20081020-j8ftb> (accessed on 1 October 2023).
- Shriber, Sara. 2023. Fast-Food Chains That Rank Among Gen Z-Chick-Fil-A Is No.1. Available online: <https://civicscience.com/fast-food-chains-that-rank-among-gen-z-chick-fil-a-is-no-1/#:~:text=For%20one,%20Gen%20Z%20is,%25%20of%20the%20Gen%20Pop> (accessed on 18 September 2023).
- Siggelkow, Nicolaj. 2007. Persuasion with case studies. *Academy of Management Journal* 50: 20–24. [CrossRef]
- Storholm, Gordan, and Eberhard Scheuing. 1994. Ethical implications of business format franchising. *Journal of Business Ethics* 13: 181–88. [CrossRef]
- Taylor, Kate. 2015. Why the Most American Fast-Food Chain Is Using Australia as Its Testing Ground. *Entrepreneur*. Available online: <https://www.entrepreneur.com/franchises/why-the-most-american-fast-food-chain-is-using-australia-as/251238> (accessed on 1 October 2023).

- Teddlie, Charles, and Fen Yu. 2007. Mixed methods sampling: A typology with examples. *Journal of Mixed Methods Research* 1: 77–100. [CrossRef]
- Wadham, Helen, and Richard C. Warren. 2014. Telling organizational tales: The extended case method in practice. *Organizational Research Methods* 17: 5–22. [CrossRef]
- Wales, William John. 2016. Entrepreneurial orientation: A review and synthesis of promising research directions. *International Small Business Journal* 34: 3–15. [CrossRef]
- Wales, William J., Jeffrey Covin, and Erik Monsen. 2020. Entrepreneurial orientation: The necessity of a multilevel conceptualization. *Strategic Entrepreneurship Journal* 14: 639–60. [CrossRef]
- Walter, Achim, Michael Auer, and Thomas Ritter. 2006. The impact of network capabilities and entrepreneurial orientation on university spin-off performance. *Journal of Business Venturing* 21: 541–67. [CrossRef]
- Watson, Anna, Olufunmilola (Lola) Dada, Marko Grünhagen, and Melody Wollan. 2016. When do franchisors select entrepreneurial franchisees? an organizational identity perspective. *Journal of Business Research* 69: 5934–45. [CrossRef]
- Watson, Anna, Olufunmilola (Lola) Dada, Owen Wright, and Rozenn Perrigot. 2019. Entrepreneurial orientation rhetoric in franchise organizations: The impact of national culture. *Entrepreneurship Theory and Practice* 43: 751–72. [CrossRef]
- Welch, Catherine, Eriikka Paavilainen-Mäntymäki, Rebecca Piekkari, and Emmanuella Plakoyiannaki. 2022. Reconciling theory and context: How the case study can set a new agenda for international business research. *Journal of International Business Studies* 53: 4–26. [CrossRef]
- Whitbourn, Michaela. 2020. *McDonald's Sues Hungry Jack's over Big Jack Burger*. Sydney: The Sydney Morning Herald. Available online: <https://www.smh.com.au/national/fast-feud-as-mcdonald-s-sues-hungry-jack-s-over-big-jack-burger-20200903-p55s0q.html> (accessed on 1 October 2023).
- Wiklund, Johan, and Dean A. Shepherd. 2011. Where to from here? EO-as-experimentation, failure, and distribution of outcomes. *Entrepreneurship Theory and Practice* 35: 925–46. [CrossRef]
- Wójcik-Karpacz, Anna, Sascha Kraus, and Jaroslaw Karpacz. 2022. Examining the relationship between team-level entrepreneurial orientation and team performance. *International Journal of Entrepreneurial Behaviour and Research* 28: 1–30. [CrossRef]
- Yin, Robert K. 2018. *Case Study Research and Applications: Design and Methods*, 6th ed. Thousand Oaks: SAGE.
- Yoon, Woojin, Jaeyun Jeong, and Kyoung Won Park. 2021. Informal Network Structure and Knowledge Sharing in Organizations: An Empirical Study of a Korean Paint Manufacturing Company. *Administrative Sciences* 11: 52. [CrossRef]
- Yoon, Woojin, Sang Ji Kim, and Jaeyong Song. 2016. Top Management Team Characteristics and Organizational Creativity. *Review of Managerial Science* 10: 757–79. [CrossRef]
- Zardini, Alessandro, Lamin B. Ceesay, Cecilia Rossignoli, and Raj Mahto. 2023. Entrepreneurial business network and dynamic relational capabilities: A case study approach. *International Journal of Entrepreneurial Behaviour and Research* 29: 328–53. [CrossRef]

Disclaimer/Publisher's Note: The statements, opinions and data contained in all publications are solely those of the individual author(s) and contributor(s) and not of MDPI and/or the editor(s). MDPI and/or the editor(s) disclaim responsibility for any injury to people or property resulting from any ideas, methods, instructions or products referred to in the content.