

Effect of Entrepreneur Orientation Toward Franchisee Satisfaction and Performance in Indonesia

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Abstract: The purpose of this study is to determine the influence of entrepreneur orientation on franchisee satisfaction and performance from franchisee perspective. The research methods used in this research is qualitative method. The research was conducted on an educational franchise industry in Indonesia with franchisee as the unit analysis. This study utilizes online questionnaire by taking a sample using simple random sampling. Data analysis was performed using Structural Equation Model (SEM) and processing using program WarpPLS 3.0. Results of this study stated that in the hypothetical sample of education franchise industry in Indonesia, entrepreneur orientation determines the franchisee satisfaction but it does not determine franchisee performance. Further finding showed that entrepreneur orientation is a moderating variable between satisfaction and performance. The main practical implication is the entrepreneurial orientation needs to be owned by a franchisee to be successful in running a franchise business. This study contributes to the entrepreneurial orientation of franchisees determining the success of the franchise system.

Key words: Entrepreneur orientation, satisfaction, performance, franchising, Indonesia

INTRODUCTION

The franchise system is a business formula recognized for its steady growth in recent years, although it is quite an old system. Franchising has emerged in recent years as a highly significant strategy for business growth, job creation and economic development (Hoffman and Preble, 1993). Franchising has become a popular business strategy in many industries around the world (Hoffman and Preble, 1993; Hoy and Stanworth, 2003; Kaufmann, 1999; Kaufmann and Dant, 1999). The role of franchising in national economics is becoming more important (Kaufmann and Dant, 1999) by creating employment opportunities and service provision (Anwar, 2011).

A franchisee gets the opportunity to own a small business relatively quickly because of the identification with an established product and brand name, a franchise often reaches the break-even point faster than an independent business would and for the 1st time entrepreneurs, access to a business model with a proven track record is the safest way to own a business. Obviously, the benefits of franchising can mean the difference between success and failure for a small business. However, the franchisee must sacrifice some freedom to the franchisor. The prospective franchisee must explore other limitations of franchising before choosing this method of doing business. Because in

franchising system, franchisor imposes some type of fees and demands a share of franchisees sales revenue in return for the use of the franchisor's name, product or service and business system.

A major benefit of purchasing a franchise is the training that the franchisor provides franchisee so that they are able to run successful operations. But when franchisee signs a contract, they agree to sell the franchisor product or service by following its prescribed formula. To protect its public image, the franchisor requires that the franchisee maintain certain operating standards. If a franchisee constantly fails to meet the minimum standards established for the business, the franchisor may terminate the license. Franchisor not only strict adherence to standardized operations but in the interest to maintaining quality standards, franchisor may require franchisee to purchase products, special equipment or other items from the franchisor or from a list of approved suppliers. In most cases, the franchise agreement stipulates that the franchise can sell only those products approved by the franchisor. Unless they are willing to risk the cancellation of their licenses, franchisee must avoid selling any unapproved products through the franchise. In term of contract and renewal, franchise contracts are always written in favor of the franchisor but some franchisor are willing to negotiate the terms of their contracts.

Recently franchising condition in Indonesia is in a state that continues to increase. However on the other hand, education about franchising is very little that we can even say no knowledge about it. In fact in the competitiveness and globalization in global business (Anwar, 2011), franchising is one of the unit model for job creation and entrepreneurship (Hoy and Stanworth, 2003). Therefore, now is a good time to develop education about franchising, particularly in Indonesia because Indonesia's franchise is one way to improve SMEs (Small Medium Enterprises) which the government aims to boost SMEs because in order to support the economy it takes at least 2% of SMEs which is currently the number of SMEs in Indonesia amounted to only 0.24%. Moreover, franchise is also one way to reduce the unemployment rate in Indonesia where the unemployment rate in Indonesia in 2011 reached 9.25 million people.

In general, the type of franchise development that is very good and is still increasing in Indonesia is food and beverage, education, minimarket and travel agencies. Education franchise in 2011 occupied the second position after food and beverage. However, the numbers of franchise education is still very small, only 137 brands. If compared with the amount of food and beverage franchising it reached 754 brand. It means it is a good challenge to develop educational franchising because the population of Indonesians >250 million people is a potential market.

Research in the franchising business is more focused on the cooperative relationship between the franchisor-franchisee and until now research on the influence of entrepreneur orientation towards franchising business success is still very limited. In addition, research has been done a lot more from the perspective of the franchisor while research from the perspective of a franchisee is very limited (Grunhagen and Mittelstaedt, 2000). This happens because most researchers consider the franchise system, the entire policy is made by the franchisor and the franchisee only perform tasks in accordance with the regulations set forth by the franchisor, franchisee, thus considered as a determinant of success in the franchise system. But in fact, franchisees is critical to success in a franchise system because franchisees are doing daily activities and also franchisees have direct access to the consumer, so that franchisees determine the success of the franchise system (Brookes and Altinay, 2011; Shane, 1996).

Research on entrepreneur orientation within franchising industry is still a debate because some researchers say that in the franchise system, the franchisee does not need to have entrepreneurial orientation because franchisee just run the day-to-day business in accordance with the provisions set forth by the franchisor (Kaufmann, 1999; Williams, 1999). On the other hand, some researchers say that a franchisee also

determine the success of the franchise business because a franchisee can be categorized into two parts: The franchisee who just want to invest and franchisee who wants to have the entrepreneur orientation. So, the success of the franchise as a whole is also determined by the orientation of the entrepreneur of the franchisee because franchisees as implementing daily activities that directly determines the success of a franchise business (Clarkin and Rosa, 2005; Grunhagen and Mittelstaedt, 2005). Based on research that is still inconsistent, hence the need to do this research to determine whether entrepreneurial orientation affects franchisee satisfaction and performance.

Literature review: The word of satisfaction derived from the Latin *satis* meaning good or adequate and *facio* means doing or making. Satisfaction is defined as the customer evaluation of whether the product or service meets the needs and expectations. Kotler and Keller (2006) also define satisfaction as a good feeling or disappointed of someone who comes from the comparison of the performance of the products and services with expectations. The opinion is supported with the opinions expressed by Zeithaml and others stated that satisfaction is the fulfillment of consumer response. Satisfaction is not only related to hope but there is also an emotional component such as pleasure and satisfaction experienced by customers, so the concept of satisfaction has a strong social dimension (Barnes, 2001).

Satisfaction in franchising system is a key factor that affects the morale of the franchisee (Lee, 1999) where it is consistent with previous studies (Dwyer *et al.*, 1987; Wilkinson, 1981) as someone who has the satisfaction increased morale, willingness greater cooperation, reducing the possibility of termination of cooperation. Morrison (1997) states that the satisfaction and performance has strongly correlated. Three schools of thought bring insights on the franchisee satisfaction construct. The first approach refers to satisfaction as a post purchase feeling, the second approach considers satisfaction as felt by a member of a distribution system and the third approach considers satisfaction as felt by an individual in the context of his/her occupations and franchisee is seen as an individual drawing satisfaction from his/her work (Abdullah *et al.*, 2008).

Zabkar *et al.* (2003) stated that the quality of the relational ties have a significant influence on the actions taken in the future. Abdullah *et al.* (2008) state that the dimensional structure of franchisee satisfaction is:

- Social interaction reflects how satisfactorily the interactions between the franchisor and its franchised

- Service support assesses how well the franchisor provide supports to the franchised
- Financial captures the attractiveness of the franchise arrangement
- Assurance indicates the security and credibility of the franchise system
- Competence reflects the need for the required skills, knowledge and attitude to perform the franchise services

Performance is the work of someone either in terms of quantity and quality in an organization (Venkatraman and Ramanujam, 1986). Performance can be either individual or group work performance where the description of the performance involves three essential components, namely; the objectives, measures and assessment (Ford and Schellenberg, 1982). The goal of each organizational unit is a strategy to improve the performance where the purpose is providing direction and how it should affect the expected behavior of any personnel organization (Venkatraman and Ramanujam, 1986). Furthermore, Morgan (2001) also states the better the partnership will increase their satisfaction which this statement support earlier research conducted by Morgan and Hunt (1994) and Reichheld (2001). Satisfaction felt by the franchisee is caused by the support provided by the franchisor to the franchisee's success of the business which became the foundation of the franchise to continue to be motivated and improving its performance in the long run (Roh and Yoon, 2009).

H₁: Franchisee satisfaction has a significant positive effect on franchisee performance

Contemporary entrepreneurship research was initiated by economist Joseph Schumpeter (Maritz, 2005). Schumpeter described entrepreneurship as a process of creative destruction, in which the entrepreneur continually destroys existing products or methods of production or replaces them with new ones. Schumpeter suggested that the main agents of economic growth are entrepreneurs who introduce new products, new methods of production and other innovations that stimulate economic activity (Maritz, 2005). In order to identify the concept of entrepreneurship as a strategy in the organization, Zahra and Covin (1993) reviewed the related literature and hypothesized that an entrepreneurial process is an important strategy making mode that an organization may exhibit. They concluded that entrepreneurship is salient strategy making in the organization.

Entrepreneurial orientation is the concept used to refer to the process and endeavors of organizations that engage in entrepreneurial behaviors and activities (Lumpkin and Dess, 2001). Business organizations that have high EO expose willingness to innovate to take risk, to try out new and uncertain products and services and more proactive than competitor toward opportunities in the marketplaces (Covin and Slevin, 1991; Wiklund, 1999). The concept of entrepreneurship has become an area of intellectual and academic study since the late 19th century (Grunhagen and Mittelstaedt, 2005).

Entrepreneurial orientation is a strategy-making process as well as the style adopted by a company in entrepreneurial activities (Lumpkin and Dess, 1996, 2001). Miller (1983) considers that a company doing entrepreneurial orientation engaged in producing innovative products in conditions of risk and as the first company to proactively innovate compared to its competitors. Lumpkin and Dess (1996) suggest that entrepreneurial orientation is not made up of three dimensions as used in the previous study which refers to the study of Miller (1983) but to have five dimensions, two additional dimensions used is the autonomy and aggressiveness in the face of competition, defined as follows:

- Proactive is the act of taking the initiative by anticipating and pursuing new opportunities and to participate in the activity
- Innovation is the tendency of companies to engage in and support new ideas, novelty, experimentation and creative processes that may result in new products, services or technological processes
- Risk-taking is an act causing severe debt or creates resources that have a huge commitment to take advantage of opportunities in the marketplace for the benefit of high returns
- Competitive aggressiveness is the tendency of companies to directly challenge the competitor in order to win the competition in the market
- Autonomy is the independent action of individuals or teams to generate ideas or vision and bring it to completion

Proactiveness emphasizes the importance of first-mover advantage as the best strategy for market opportunity. Attempts are made to be first in introducing new products, services and administrative technologies, rather than merely responding to competitors. Taking initiative can capture unusually high profits and brand recognition. Previous researchers have measured firm-

level proactiveness by asking managers about their firm's tendency to lead rather than follow in the development of new procedures, technologies, products or services (Covin and Slevin, 1989; Miller, 1983). This proactiveness dimension is very similar to the ideas suggested as a prospector type (Miller, 1983).

The tendency of this innovativeness dimension is the willingness to place strong emphasis on research and development, new products, new services, improved product lines and general technological improvement in the industry (Covin and Slevin, 1989, 1990; Miller, 1983). Three major methods including human resources, financial resources and product-market innovativeness have been employed to assess this activity. Covin and Slevin (1991) examined innovativeness in terms of human resources. They found that the high level of innovativeness is associated with great reliance on professionals and specialists such as engineers and scientists. In terms of financial resources, Miller (1983) used R&D costs as a percentage of sales to measure innovation. For product market innovativeness, Miller (1983) asked members of firms to indicate the percentage of total sales spent specifically on the costs of initiating and implementing product market innovations. A simple count of financial, human resources and product-market innovativeness may be useful for measuring innovativeness.

The risk-taking dimension indicates the preference for high-risk projects with chances of very high returns over low-risk projects with lower and more predictable rates of return. Miller (1983) effectively measured firm-level risk-taking by asking managers about their firms' tendencies to engage in risky projects and managers' preferences for bold actions to achieve their firms' objectives. Zahra and Covin (1995) identified three types of risk in the context of strategy:

- Venturing into the unknown
- Committing a relatively large portion of assets
- Borrowing heavily

Competitive aggressiveness refers to a firm's stance to challenge directly and intensely its competitors to achieve entry and improve position in the marketplace. Because the possibility of failure for new ventures is much higher than established businesses, an aggressive stance and intense competition are critical to the survival and success of new entrants (Porter, 1985). Competitive aggressiveness is characterized by responsiveness which may take the form of head-to-head confrontation. Examples might be cutting prices and sacrificing profits or spending aggressively compared to competitors on marketing, product and service quality and capacity

(Porter, 1985). It also reflects a willingness to be unconventional, rather than following traditional methods of competing.

The autonomy dimension is defined as one in which the organizational player remains free to act independently, to make key decisions and to proceed. Miller (1983) found that the most entrepreneurial firms have the most autonomous leaders. He examined the nature and extent of autonomous behavior by investigating the degree of centralization of leadership and how often managers delegate authority and rely on technical expertise.

Entrepreneurial orientation is done to align strategic behavior by building competence of the franchisee (Zahra, 1993; Zahra and Covin, 1993, 1995). Meanwhile, from the perspective of franchisees, franchisee apparently has an entrepreneurial orientation will focus on developing a franchise business than just investing alone, so the performance of the franchise is determined by the entrepreneurial orientation of franchisees (Grunhagen and Mittelstaedt, 2005).

H₂: Entrepreneur orientation has a significant positive effect on franchisee satisfaction

Maritz (2005) states that the franchise system is the choice for creative entrepreneurship and builds partnerships with other companies to develop their business. The success of the franchise system as a whole is necessary entrepreneurial orientation to cope with environmental change (Kaufmann and Dant, 1999). Entrepreneurial orientation is a view of the entrepreneurial activity within the company. Entrepreneurial orientation refers to the processes, practices and decision-making activities aimed at getting new opportunities (Van de Ven and Poole, 1995). Nieman *et al.* (2003) stated that entrepreneurial orientation is an event that will determine the success and growth of the organization in the face of competition as well as the economic opportunities. Entrepreneurial orientation is a unique combination of various factors such as culture, role model, family, education, work experience and personal orientation which aims to create value creativity, innovation, autonomy, courage to take risks, proactive and results-oriented.

Katila *et al.* (2012) stated that the organization has an entrepreneurial orientation will be more well-developed than organizations that do not have an entrepreneurial orientation. This statement approve previous research conducted by Lumpkin and Dess (1996) in his study which stated that entrepreneurial orientation affects performance in several alternative models such as the

effect of mediation models, model-free and model interaction. A similar statement expressed by Marino *et al.* (2002) and Coulthard (2007) which also states that entrepreneurial orientation is one of the aspects that affect the performance of the company.

H₃: Entrepreneur orientation as a mediating variable between satisfaction and performance

The relationship between EO and performance is one of the most important subject that draw attention of the researchers. In much of the studies in this field, firm performance is considered as a dependent variable and the entrepreneurship activities of the firms is considered as independent variable. Conceptually, there is a strong consensus among the researchers about the fact that the final result of the entrepreneurial activities is the improvement of the performance. The researchers contend that high level entrepreneurial orientation activities bring forth high performance (Wiklund, 1999; Zahra and Covin, 1995; Zahra, 1993).

H₄: Entrepreneur orientation has a significant positive effect on franchisee performance

MATERIALS AND METHODS

The methodology used in this study is a quantitative method. The method of analysis used in this study is Structured Equation Modeling (SEM) to test the hypothesis that relationships between variables used in the study. While processing the data using a program WarpPLS 3.0 (Kock, 2012). The unit of analysis in this study is the franchisees while the data used is a cross sectional. In order to obtain a sample frame of potential respondents to the survey, the database of the franchising from Asosiasi Franchising Indonesia (AFI) was used to locate the name of franchise groups. There are 137 brand of education franchising in Indonesia and the number of franchisees are 1730 people. From these data, disseminated questionnaires describing the purpose of the study and a list of questions sent online to 400 people franchisee. Number of questionnaires returned questionnaires and only 123 but only 101 of questionnaires can be processed because 22 out of 123 questionnaire were ambiguous or incomplete. However, this study remains to be done because the requisite structural equation model is a sample of at least 100 (Hair *et al.*, 2010).

RESULTS AND DISCUSSION

Of the 101 questionnaires that were collected, the data obtained that the number of female respondents

comprised 61.39% of the sample with male representing 38.61%. The sample ranged in age from 20-60 years with the majority of the sample (37.62%) being aged between 30-39 years old. The educational backgrounds of franchisee show that 48.51% franchisees are university graduates. The average franchisee has long joined the franchise business that is 7-10 years (25.74%) with time for working each week above 30 h (Table 1).

The 1st step that must be seen from the data processing with WarpPLS 3.0 is the measurement model. In analyzing the measurement model was measured by using two criteria that must be met, namely; convergent validity and discriminant validity. The purpose of the validity of the analysis to show how well the results obtained from the use of fits measurement with the theory underlying the test design.

The convergent validity can be established by using the correlation analysis between the components of the constructs. The correlation coefficient values range indicates a moderate positive relationship between the dimensions of each variable. Convergent validity of scores obtained with two different instruments that measure the same concept shows a high correlation. An indicator measuring convergent validity is said to have a high value if the indicator understood by respondents and indicators related to the latent variable being measured (Kock, 2012). The significant terms of an indicator if the p-value of each indicator value of ≤ 0.05 (Hair *et al.*, 2010).

While the discriminant validity was analyzed by looking at the correlation between latent variables by comparing the value of square roots of the Average Variance Extracted values (AVE's) are seen diagonally. Value of square roots should ideally be of greatest value when compared to the value of correlation with other variables which means that the indicator is only correlated with latent variables measured. Conversely, if the correlations value of the indicator of the other latent variables is bigger, it means that indicators related to other latent variables, so that the measurement model of the research model is not valid (Kock, 2012). The results of the correlations among latent variables were expressed correlation between variables. The results of the correlation between variables are called the value of square roots of Average Variance Extracted (AVE's). The value of square roots of Average Variance Extracted (AVE's) the good must be greater than the value of the correlation of other variables, thereby questions the indicator is very good and appropriate and not related to other variables.

Based on the calculation of all indicators in each of the variables, it all had $p < 0.05$ which means that all the indicators used in this study is valid. The results of the calculations are shown in Table 2.

Table 1: Characteristics of survey respondents (n = 101)

Categories	Classification	N	Percentage
Gender	Male	39	38.61
	Female	62	61.39
Age	20-29	6	5.94
	30-39	38	37.62
	40-49	33	32.67
	50-60	24	23.76
Education	High school	11	10.89
	Diploma	29	28.71
	University	49	48.51
	Graduate degree	12	11.88
No. of years in franchise business (Years)	<3	14	13.86
	3-5	20	19.80
	5-7	24	23.76
	7-10	26	25.74
	>10	17	16.83
Working hour/week	<10	14	13.86
	11-20	24	23.76
	21-30	11	10.89
	>30	52	51.49

Table 2: Validity measurement

Variables	Indicator	Ind. weight	p-values
Satisfaction	SosIntr1	0.254	<0.001
	SosIntr2	0.276	<0.001
	SosIntr3	0.283	<0.001
	SosIntr4	0.288	<0.001
	SosIntr5	0.267	<0.001
	ServSup1	0.396	<0.001
	ServSup2	0.504	<0.001
	ServSup3	0.470	<0.001
	Finance1	0.400	<0.001
	Finance2	0.430	<0.001
	Finance3	0.443	<0.001
	Finance4	0.288	0.014
	Assumc1	0.389	<0.001
	Assumc2	0.466	<0.001
	Assumc3	0.451	<0.001
	Comptv1	0.440	<0.001
	Comptv2	0.458	<0.001
	Comptv3	0.404	<0.001
Entrepreneur orientation	Innov1	0.444	<0.001
	Innov2	0.456	<0.001
	Innov3	0.481	<0.001
	Proactv1	0.403	<0.001
	Proactv2	0.422	<0.001
	Proactv3	0.400	<0.001
	Risk1	0.366	<0.001
	Risk2	0.377	<0.001
	Risk3	0.261	<0.001
Performance	Aggrsv1	0.339	<0.001
	Aggrsv2	0.431	<0.001
	Aggrsv3	0.420	<0.001
	Aggrsv4	0.467	<0.001
	Perfinc1	0.249	<0.001
	Perfinc2	0.176	<0.001
	Perfinc3	0.228	<0.001
	Perfinc4	0.219	<0.001
	Perfinc5	0.252	<0.001
Perfinc6	0.262	<0.001	

After the analysis of convergent and discriminant validity are met then performed testing reliability of any dimension. Reliability testing consists of the value of R-squared coefficient, composite reliability coefficient and Cronbach's alpha coefficient. Coefficient-square only suggests a relationship between endogenous variables, so the exogenous variables do not have the R² value.

Table 3: Realibility test

Variables	Indicator	R ² coefficient	Composite relab. coef.	Cronbach's alpha coeff.	Reliability
Satisfaction	Sos Interaction	0.642	0.85	0.8	Reliable
	Serv support	0.516	0.77	0.6	Reliable
	Finance	0.500	0.72	0.6	Reliable
Entrepreneur Inovativeness	Assurance	0.500	0.81	0.6	Reliable
	Competitiveness	0.593	0.81	0.6	Reliable
	Proactive	0.669	0.77	0.6	Reliable
Orientation	Risk taking	0.529	0.86	0.7	Reliable
	Aggresiveness	0.694	0.82	0.7	Reliable
	Performance	0.671	0.80	0.6	Reliable
Performance	Performance	1.000	0.86	0.8	Reliable

Table 4: Model fit indicates and p-value

Variables	Nilai	p-value
APC	0.643	<0.001
ARS	0.642	<0.01
AVIF	2.462	

R² values indicate goodness of fit from each latent variable to the observed variables (Hair *et al.*, 2010). From the results of the R² coefficient can be seen that the effect of each variable is quite large if the value of R² is >0.5. While the composite value reliability coefficient and cronbach alpha coefficient shows the relationship between latent variables to measure the reliability of each dimension. Composite reliability coefficient value must be ≥0.7 but Nunnally and Bernstein (1994) states that a dimension may have a Cronbach alpha value of at least 0.6 if the dimension other in the same variable-value was above 0.7. Based on the analysis performed for each indicator is known that all reliable indicators on each variable. The results of the calculations can be seen in Table 3.

The next step after the analysis of the measurement model can well explain the relationship between indicators of the dimensions, the latent variables were observed between the indicators and the relationship with the other variables in the structural model analysis. In the analysis of the structure of the model, the main requirement that must be met is that the model must have a goodness of fit.

Measurements show the model have a fit model if it meets the requirements of the 3 categories Average Path Coefficient (APC), Average R-Square (ARS) and Average Variance Inflation Factor (AVIF) as shown in Table 4. As for the number of p-values for APC and ARS in this study demonstrate the value of p<0.001 where the minimum requirement should be p<0.05 so the structural model and the measurements in this study already have a good fit model. In addition, the third category is the value of value AVIF is 2.462 where the terms of a model can be said to have a goodness of fit model if AVIF <5. So, the model already have a goodness of fit model and can proceed to the next test.

In detail, the relationship between variables and indicators of each variable can be seen in the results of the following research model.

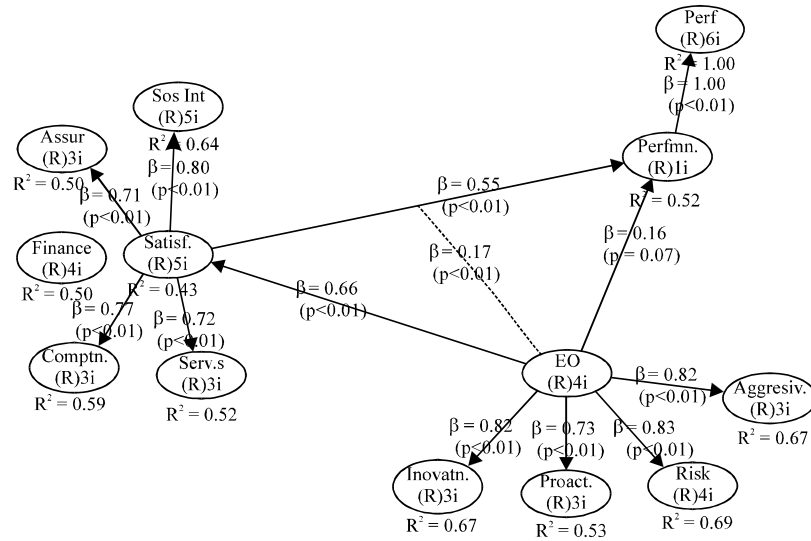


Fig. 1: Results of the research model

Based on calculations, it is known that affect the performance of franchisee satisfaction with the influence of 0.55 while entrepreneur orientation affects franchisee satisfaction orientation entrepreneur of 0.66. As a moderating variable, entrepreneur orientation will strengthening the relationship between franchisee satisfaction and performance with the influence of entrepreneurial orientation at 0.17 but did not affect performance directly because the $p > 0.05$. Based on the analysis conducted, it encourages entrepreneurial orientation franchisee satisfaction to improve the performance of the franchisees. If the analysis of the selection of indicators for each variable, all visible indicator represent the variables where the influence of each indicator can be seen in the results of the research model (Fig.1). While the results of this study contribute because until now there has been any studies examining the effects of entrepreneurial orientation as a moderating variable between satisfaction and performance of the franchisees.

CONCLUSION

The primary contribution of this study is the insight offered regarding the effect of entrepreneur orientation to franchisee satisfaction and performance. Clearly, the entrepreneurship orientation affects franchisee satisfaction and also the performance. The results confirmed that a franchisee that has the entrepreneurial orientation will be more satisfied with the support given by the franchisor and the franchisee that has a more entrepreneurial orientation has the vision and goals of the business, not just merely invest.

Based on the dimensions namely social interaction, service support, finance, assurance and competence were distinct and conceptually clear. The franchisees are satisfied with the support provided by the franchisor will provide better performance. So, the importance of good cooperation between the franchisor and franchisees in the successful franchise both short and long term. Based on these dimensions, the franchisor should be able to assess all the five dimensions of franchisee satisfaction to ascertain the level of services provided and to determine which dimensions need improvement.

In addition, entrepreneurship orientation of a franchisee also significantly strengthen the relationship satisfaction of franchisees to increase the performance of franchisees. These answer previous research inconsistencies debating whether franchisees need to have an entrepreneurial orientation. It can be concluded that the importance of a franchisee has the entrepreneurial orientation of doing the franchise business. Based on the dimensions, namely innovativeness, proactive, risk taking and aggressiveness, all dimensions can explain the entrepreneurship orientation clearly. So, this study provides a contribution which research influences entrepreneurial orientation in the context of the franchise is still very limited.

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