

## **Regional Development and the Institutional Environment for Franchise Chains: Frontiers of Small and Medium-sized Cities**

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### **Resumo**

The purpose of this research is to understand and identify the various characteristics of the institutional environment, and the factors that propitiate the attraction of franchise chains to cities in the interior. We used secondary data from the Brazilian Institute of Geography and Statistics. It comprised a sample of 1683 Brazilian cities with franchise outlets. It was limited to cities with populations of up to 100 thousand inhabitants. The statistical technique was multiple regression. The results of explanatory power  $R^2 = 36\%$  for the model. Such presence of franchise chains is based on institutional dimensions: (i) demographic (density); (ii) economic and financial (salary of workers and banking agencies); (iii) business (companies and shopping centers); and (iv) human resources (higher education units). Moreover, in this paper, the knowledge is generated about the insertion of ventures based on the franchise business model in small- and medium-sized regional markets. In other side, second feature involves the understanding of the insertion of enterprises in a large and heterogeneous emerging market. In addition, this paper contributes to studies on regional development in particular, by punctuating the characteristics of the institutional environment of cities that are related to the existence of franchise chain brands.