BUILDING SUCCESSFUL FRANCHISES:

The Influence of Franchise Heterogeneity and Relationship Management on Franchise Success

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This thesis is presented for the degree of Doctor of Philosophy of Murdoch University

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I declare that this thesis is my own account of my research and contains as its main content work which has not previously been submitted for a degree at any tertiary education institution.

..........................................

Chutarat Inma
Franchising is a form of business arrangement which has been claimed to offer a high possibility of business success. The reason for its growing support may be due to the benefits franchising offers to the individuals (franchisees), the organisations (franchisors), the public and the whole economy. The notion that franchising offers a successful guarantee for business operations warrants investigation into what factors contribute to likely success.

The characteristics of franchise firms have been identified as a significant factor in ensuring franchise success. In this study, franchise firms were classified into four groups using hierarchical cluster analysis: the beginners, the developers, the growers and the matures. The profiles were tested against reported performance measures, indicating that franchise firms in the growing group outperform firms in other groups. However, this is only one component which may influence a successful franchise development.

Relationship management is a second, critical area in building a strong franchise network. Some significant relationship building factors are explored in this thesis. Control, influence strategy, franchisee information asymmetry and communication
strategy were found to be significant factors which lead to franchise competitive advantage. The results show that control and coercive influence strategy negatively influence franchise outcomes, while noncoercive influence strategy, information asymmetry and communication strategy positively enhance the franchise relationship. The results of multiple regression analyses also indicate that the combined effects of these franchise strategies have a significant impact on franchise outcomes; namely, financial performance, franchise goal congruence and franchisee satisfaction.

The findings suggest that franchise firms can adjust their strategies to enhance their business success. Control, influence, information and information strategies can be used to maintain and induce healthy franchise relationships within the franchise dyad. The study also significantly extends the existing understanding of franchise heterogeneity theories, key criteria of franchise business competitiveness, the unique business relationship between franchisor and franchisee and franchise factors contributing to franchise success in the current franchising literature.
This work is dedicated in the memory of my late father, Boonroad Inma, whose kindness and patience will always be remembered, and my late grandparents, Tavee and Pad Yusook, whose unconditional love will always warm my heart.
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