Print ISSN: 1738-3110 / Online ISSN 2093-7717
http://dx.doi.org/10.15722/jds.16.3.201803.33

Improvement Factors on Management Performance of Global Distribution Franchise Firms

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Received: February 11, 2018. Revised: February 28, 2018. Accepted: March 15, 2018.

Abstract

Purpose – The purpose of this study is to derive the performance improvement factors of courier corporations that operate global franchise systems as business strategies through their brands and to determine.
Research design, data, and methodology – In the first study, 129 valid questionnaire sheets were analyzed. In the second study intended to determine whether the four performance improvement factors derived in the first study have positive effects on franchisees' business performance, 781 valid questionnaire sheets secured from six GDFFs were analyzed using AMOS analysis.
Results – In the first study, four performance improvement factors were derived. In the second study, hypotheses regarding whether the performance improvement factors: leadership, communication, education and training, and brand, have positive effects on franchisees' business performance were tested, and as a result, one hypothesis was rejected and three hypotheses were adopted.
Conclusions – The first and largest contribution of this study is that it derived performance improvement factors from GDFFs. The second contribution is that it determined whether the performance improvement factors that were derived have positive effects on franchisees' business performance with tests. The third contribution is that it created significant implications in terms of other studies, research value, and applications in industry fields.

Keywords: Improvement Factors, Franchise System, Global Distribution Firm.

JEL Classifications: C42, D3, F2, L92.

1. Introduction

In the courier service market today, in an age of consumer sovereignty, delivery service quality is widely recognized as a sustainable competitive advantage factor (Aninandan, 2003; Lewis, 1993a, b; Reichheld & Sasser, 1990; Buzzell & Gale, 1987). In particular, to improve delivery service quality, which is the core of global courier corporations, IoT, AI, and drones in the age of the Fourth Industrial Revolution should be grafted onto delivery so that deliveries can be fast and accurate.

Many scholars have studied partner relationships in distribution channels based on cases and theoretical frameworks(Levent & Maureen, 2012) and the scholars' theories include the "power-dependence theory" indicating that business relationships can be understood as results of the relationship for dependence on and use of power (Berthon et al., 2003; Emerson, 1962), the "theory of the firm" indicating that collective resources are more important than individual resources(Foss, 1994; Foss & Eriksen, 1995), and the "theory of constraints" indicating that there are resources that constrain enterprises from creating more profits(Goldratt, 1990). When seen from this perspective, franchise systems become good management systems that can supplement the deficiencies of franchisors and franchisees.

The franchise systems that began in the United States in the 1850s and are divided into product types and business style types are emerging as a powerful promotion method leading to the growth of organizations(Levent, 2007; Fladmoe, 2000). As with supply chain management(SCM) for efficient business-to-business product supply and value chain

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management(VCM), which pursues increases in value between organizations, franchise systems are management systems that pursue the most innovative, dynamic, and effective business(Fels & Rudnick, 1976) with the sharing of goods or services as products handled between franchisors, which are also called head offices or headquarters (hereinafter called franchisors), and franchisees, which are also called branches or agencies(hereinafter called franchisees)(Coo, 2012).

A franchise system consists of a franchisor with strong bargaining power and franchisees with relatively weak bargaining power. The relationship between franchisors and franchisees is similar to the relationship between employers and employees in enterprises, and these relationships are characterized by the motives given to franchisees or employees with a view to creating the best methods, optimum performance, and highest profits(Holstrom & Milgrom, 1994; Eisenhardt, 1989). Both franchisors and franchisees require business performance, but their demands may be different. In general, franchisors rely more on sales while franchisees focus more on costs and margins(Dant & Nasr, 1998; Felstead, 1991). A good example is that whereas franchisors exert control for brand consistency and authenticity, franchisees pursue autonomy(Kidwell et al., 2007). Due the differences in what the two parties pursue as such, failure in communication(Dant, 1995; Frazer et al., 2012, 2008, 2007, 2006), information asymmetry, and wrong information(Owen & Hume, 2014; Gassenheimer et al., 1996), conflicts occur between the two organizations in some cases.

The sustainability of the management of franchisees is judged with continuous revenues and financial and non-financial business performance(Daub & Rudolf, 2005; Elkington, 1997; Hewett & Bearden, 2001; Cannon & Perreault Jr, 1999; Mohr & Nevin, 1990), which are also criteria for the judgment of franchisors' capabilities. Since capabilities act as core assets that determine whether business should be extended or reduced in terms of franchisors and whether business can be continued in terms of franchisees, finding out what the performance improvement factors for the sustainable management of franchisors and franchisees are can be said to be a necessary study subject not only for the franchise business of a global franchise distribution firms(hereinafter called GDFF), but also for national economic development. Furthermore, although many prior studies are done on franchises from food service, health and education industries, few studies are done on the global distribution franchises. Therefore, it is intended to study the factors that improve management performance of global distribution franchises by referring to the prior research results of other franchise businesses.

The purpose of this study is to find out whether many tangible and intangible assets and capabilities owned by franchisors include performance improvement factors that affect the management of franchisees, and if so, to find out whether such performance improvement factors affect the business performance of franchisees. A study to verify the foregoing will be conducted with global logistics service enterprises that operate business style type franchise business in South Korea.

2. Review of Previous Study

2.1. Franchise management system

A franchise system is defined as a business relationship between a franchisor and franchisee to share profits(Martin, 1988; Stiglitz, 1974) in the long term and continuously(Coo & Yeo, 2011; Theeranuch & Kleiner, 2004; Tarbutton, 1986) based on standardized contents(details of support by the franchisor, prices, operating hours, items handled, royalty payments, term of the contract, etc.) of a contract mediated by unique intellectual properties owned by the franchisor. The franchise system can be said to be the most innovative, dynamic, and effective(Fels & Rudnick, 1976) system as a distribution system or method to market products or services. By franchising, small enterprises can gain the experience and expertise of large enterprises and individuals are sometimes provided with the potential to succeed as independent business operators(Theeranuch & Kleiner, 2004; Friedlander & Gurney, 1990).

Franchising is an organization management technique for effective mutual operation(Aninandan, 2003) and win-win outcomes between a franchisor and franchisee through risk sharing, raising capital(Caves & Murphy, 1976; Ozanne & Hunt, 1971; Oxenfeld & Kelly, 1969), monitoring, control, the minimization of transaction costs(Lafontaine 1992, 1999; Brickley & Dark, 1987), the acquisition of management and local market information, and expansion(Combs & Castrogiovanni, 1994; Oxenfeldt & Kelly, 1969). Therefore, because of the commensal synergy of chain efficiencies (Perryman & Combs, 2012; Combs et al., 2011a, b; Bradach, 1997, 1998; Bradach & Eccles, 1989), franchisors are more efficient when they operate more franchisees(Perrigot et al., 2009). Franchisee operation through a franchise management system is an alternative that can reduce risks(Melih et al., 2017), and is helpful not only for the fast internalization of service enterprises, but also internationalization through entrepreneurship(Pla-Barber et al., 2014; Mohr & Batsakis, 2014: Ørberg & Petersen, 2014; Ghauri et al., 2014).

2.2. Performance improvement factors and business performance

Cecilia and Daniel(1998) attributed the quality, brand, local environment and communication of the franchise system to its performance improvement factors, and Javas and Habit (1987) commented franchisee's performance improvement factors that advertising, education, and ability of parts supply. Bharadwaj and Fahy(1993) also cited economies of scale, brand assets, reputation, organization learning, and quality as reasons for the improvement factors of the service franchise industry.

In addition, “Sustainable management,” which is defined as the entrepreneurship to realize market success through sustainable innovation(Schaltegger et al., 2002, 2003; Willums, 1998), is a form of enterprise utilized as a key concept not only by large enterprises, but also medium-sized enterprises(Daub et al., 2003, 2004; Holiday et al., 2002). Enterprises can create sustainable business performance with continuous increases in business performance in the form of revenues and profits(Daub & Rudolf, 2005; Elkington, 1997) through activities such as contribution to communities for consumers and society and efforts to improve efficiency, which are sustainable management factors(Keum & Oh, 2016). Business performances are divided into financial performances that can be measured using quantitative scales and non-financial performances that are measured using qualitative scales(Hewett & Bearden, 2001; Cannon & Perreault Jr, 1999; Mohr & Nevin, 1990). For instance, market share, sales, contribution to sales, contribution to growth, and profitability are financial performances that can be measured quantitatively(Hewett & Bearden, 2001; Hibbard et al., 2001) and are tangible outcomes with which the business performance of management systems such as franchise systems can actually be identified and outcomes for which franchisees want contract renewals(Coo, 2012; Coo et al., 2011). On the contrary, non-financial performances mean trust among partners that form transactions, customer satisfaction, employee satisfaction, conflict reduction, and relational norms(Coo, 2011, 2012; Cannon & Perreault, 1999; Lingle & Schiemann, 1996).

In the case of profit-making organizations, among which relationships are established through contracts, business performances are core outcomes that induce the organizations to maintain contracts through contract renewals. Therefore, sustainable management models for changes and innovation have positive effects, and such models should be constructed(Claudio & Christophe, 2017) with goal setting, which is the most influential management paradigm(Barsky, 2007; Gary & Edwin, 2009; Laverty, 1996; Locke, 2004; Ordóñez et al., 2009), considering the intentions to renew contracts(Coo et al., 2011).

2.3. Relationship between performance improvement factors and business performances

2.3.1. Relationship between leadership and business performances

The capability of leaders to positively affect the motives and satisfaction of organization members with behaviors that affect group behaviors to change the group behaviors into developmental behaviors is called leadership(Coo, 2012; Hersey & Blanchard, 1993; Jago, 1982; House, 1971). Identifying important situational variables in management so that the leader can appropriately control his/her behavior is the core of leadership effects(Dionne et al., 2005). To strategically utilize the foregoing, normative grounds in the organization and the attributes of interactions should be considered(Michael & Ray, 2011; Arnold et al., 2005) as they can have direct major effects on the performances of members and the organization(Nixon et al., 2012; Wang et al., 2005). In addition, leadership styles also affect employees’ job performances, which appear as business performances(Eran, 2007; Wang et al., 2005; Parry, 2003; MacKenzie et al., 2001; Pillai et al., 1999; Geyer & Steyrer, 1998; Lowe et al., 1996) and help to secure a competitive advantage(Roger & Caroline, 2016). Based on many other previous studies indicating that leadership has positive effects on business performance in addition to the abovementioned studies(Nixon et al., 2012; Zhang et al., 2011), a study hypothesis is established as follows.

<Hypothesis 1> The leadership of franchisors and franchisor managers positively affects franchisees’ sustainable management and business performance.

2.3.2. Relationship between communication and business performances

Activities performed to mutually share and exchange data or information with formal or informal tangible and intangible measures for the implementation of enterprises’ policies or businesses to induce positive results are called communication(Coo, 2012; Jones, 1996; Anderson & Barton, 1989; Frone, 1988; Crino & White, 1981). In enterprises, communication that maintains consistency between different classes and in the same classes is directly related to goal achievement. Therefore, the importance of communication is continuously increasing(Cornelissen, 2014; Gregory et al., 2013). Recognition of goals or importance to the extent that the recognition overlaps among members enhances the quality and performance of communication(Ansgar & Muschda, 2015). However, unstable communication leads to declines in the performances of individual members and the organizations to which the members belong(Leyland et al., 2000). Therefore, communication in organizations affects reductions in uncertainty(Ikushi, 2005; Berger & Calabrese, 1975) and improvements of performances(Coo, 2011). Reflecting the results of previous studies as such, the following study hypothesis is presented.

<Hypothesis 2> Smooth communication between franchisors and franchisees positively affects the improvement of franchisees’ business performances.

2.3.3. Relationship between education and training and business performances

Education and training is a concept that combines education, training, and development and refers to a learning procedure intentionally designed for changes in personal and organizational consciousness and behaviors to create present and future performances(Coo, 2012; Bohlande et al., 2000; Noe & Schmitt, 1986; Patten & Thomas, 1970). The results of many studies demonstrate that education and training directly and indirectly affects the performances of organizations. These include studies indicating that women and students who completed entrepreneurship education and training practice entrepreneurship or establish entrepreneurial motives or intentions(Broto, 2014; Arthur et al., 2012; Millman et al., 2010; Manev et al., 2005; Baum & Locke, 2004), studies indicating a system of indicators of positive effects of education and training on business performance and indicating that franchisors' education affects the satisfaction and trust of customers who visit franchisees(Coo, 2012; 2011), and studies indicating that franchisors' education of franchisees contributes to the maintenance of franchisees' solidarity and franchisors' brand standards (Levent & Maureen, 2012; Skarmeas & Robson, 2008). Reflecting the results of previous studies as such, the following study hypothesis is established.

<Hypothesis 3> Franchisors' education and training of franchisees contributes to franchisees' business performance and the satisfaction of customers who visit franchisees.

2.3.4. Relationship between brands and business performances

Tangible and intangible means of communication, which are differentiated means intended to distinguish the products of a company from those of competing companies and are effective for inducing positioning in customers' cognitive structures and increasing product sales, are called brands (Coo, 2012; Kotler, 1997; Murphy, 1990). Brand names and reputations stimulate franchisees to play the role of investment targets(Monroy & Alzola, 2005; Chen & Dimou, 2004), and brand identities and recognition increase customers' formation of positioning and trust, thereby affecting the performance(Fiona & Leslie, 2001). In addition, the management of brand identities and recognition can enhance customer satisfaction and loyalty and positively affect financial performances such as profitability(Timo et al., 2017; Coo, 2012, 2011; Rajagopal, 2008). Also, brands and franchise brands affect financial and non-financial business performances(Jung et al., 2016; Kim et al., 2013; Coo, 2012, 2011; Yoon, 2011) and social performances(Hui-ming, 2010), and brand promotion and promotion standardization affect the business performances of enterprises(Ktharina, 2015; Özsomer & Simonin, 2004; Zou & Cavusgil, 2002). Based on the results of previous studies as such, the following study hypothesis is presented.

<Hypothesis 4> Brands owned by franchisors positively affect franchisees' financial and non-financial business performances.

3. Derivation of Performance Improvement Factors and Analysis of the Relationships

In order to accomplish the purpose of this study, two questionnaire surveys were conducted with franchisor managers, franchisee managers, and collection and delivery drivers working for South Korean and foreign global brand courier corporations(GDFF) operating businesses in South Korea, and the results were analyzed. In the first study, the performance improvement factors of the franchisees of five GDFFs were derived using factor analysis as a representative methodology. In the second study, the analysis of moment structure(AMOS) was used as a representative methodology to analyze and verify the study hypotheses established in the first study about the effects of performance improvement factors on franchisees' business performances based on the performance improvement factors of the franchisees of six GDFFs, with the addition of one GDFF to the GDFFs included in the first study. The results can be clearly identified in 3.1, 3.2 and 3.3 below.

3.1. Derivation of franchisee performance improvement factors

3.1.1. Research design, Data, and Methodology

To derive performance improvement factors for franchisees, 74 measurement variables secured through previous studies and interviews with experts in the relevant industry were recomposed into 58 measurement variables by removing similar items, items that could not be easily understood by respondents, and items that conformed less with the purpose of the study in a pilot test to analyze 129 valid questionnaire sheets. At this time, 58 measurement variables were divided into performance improvement factors and factors for maintaining the relationship between the franchisor and franchisee, and 40 measurement variables related to performance improvement factors were analyzed. The analytical techniques used are factor analysis and reliability analysis.

3.1.2. Result

The upper 24 measurement variables that were significant in KMO and Bartlett's test, commonalities, total variance explained, and rotated component matrix were taken and the

16 measurement variables were removed. Through this process, four factors in total, which are the leadership of franchisors and franchisors' managers, communication between franchisors and franchisees, education and training of franchisees, and brands owned by franchisors, were developed as franchisees' performance improvement factors, and 24 measurement variables that explain the said factors were developed(See <Table 1>).

<Table 1> Results of analysis of franchisee performance improvement factors

Measurement variables	Performance improvement factors and factor loadings of rotated component matrices					Common alities	Cronbach's Alpha
	Leadership	Communi-cation	Education & training	Brand	Business performance		
(x1)(franchisor) manager who informs what franchisees should do to be compensated for their efforts	0.736					0.776	0.899
(x2)(franchisor) manager who shows deep interest in even the personal emotions of franchisee owners	0.722					0.713	
(x3)(franchisor) manager who encourages franchisees to understand other franchisees' viewpoints	0.626					0.727	
(x4)(franchisor) manager who stimulates franchisees to attempt problem solving from a new angle	0.564					0.747	
(x5)(franchisor) manager who leads franchisees to be absorbed in tasks by themselves	0.554					0.789	
(x6) franchisors' request for and reflection of franchisees' opinions when franchisors determine policies or strategies		0.791				0.737	0.911
(x7) Various pieces of franchisor's information sufficiently provided for franchisees' operation and business activities		0.737				0.727	
(x8) Smooth communication between franchisees and franchisors through diverse means and forms		0.735				0.779	
(x9) franchisees' request for cooperation and advice on management by franchisors		0.683				0.729	
(x10) accuracy of information on consumers and competitor trends sent by franchisees to franchisors		0.675				0.725	
(x11) utilization of franchisor's department in charge of education and training, internal lecturers, and external lecturers for franchisee education and training			0.728			0.768	0.875
(x12) system for education and training by class and by function of franchisees' managers and employees by franchisors			0.725			0.758	
(x13) empathy with the importance of education and training by both franchisees and franchisors			0.690			0.704	
(x14) franchisor provides methods and means for education of franchisees by themselves			0.670			0.679	
(x15) franchisor's education on management techniques, etc. for franchisees' business place operation in the early stage after the opening of franchisees' business places			0.544			.685	
(x16) brand power that enables the franchisees to win victory in competitive situations and to be selected by consumers				0.790		0.766	0.912
(x17) social responsibility activities of franchisors such as voluntary services for the enhancement of brand value and images				0.776		0.801	
(x18) timely advertisements of franchisors to promote brands				0.776		0.745	
(x19) brands that have the power to deliver messages that are differentiated from those of other companies and are clear				0.769		0.799	
(x20) brands that are recognized to be positive and high by the general public				0.765		0.776	

Measurement variables	Performance improvement factors and factor loadings of rotated component matrices					Common alities	Cronbach's Alpha
	Leadership	Communi-cation	Education & training	Brand	Business performance		
(x21) low turnover rates of franchisee employees					0.772	0.722	0.857
(x22) satisfaction with service by the customers who use franchisees					0.716	0.713	
(x23) satisfaction with business performances of outdoor service employees of franchisees					0.696	0.651	
(x24) satisfactory performances in comparison with franchisees' investments of costs or efforts					0.635	0.752	
Results of factor analysis(validity test)	KMO : 0.876, sphericity test value : 6746.145, significance level: 0.000						

In the case of factor analysis, which is also called a validity test because it can evaluate the validity of measurement items, if the factor loading is ± 0.3 or higher, the factor should be significant, and if the factor loading is ± 0.5 or higher, the factor should be very highly significant. In the case of Kaiser-Meyer-Olkin(KMO) values, if the values are 0.7 or higher, the factors should be appropriate, and if the values are 0.8 or higher, the factors should be quite good(Hair et al., 1995). Since all the factor loadings in this study are at least 0.5, the KMO values are at least 0.8, and the significance probability is 0.000, all factors are appropriate.

Cronbach's alpha values, which are the results of measurement of the accuracy and consistency of measurement concepts, are sufficient if they are 0.6 or higher in the field of exploratory studies and organizational unit analysis(Nunnally et al., 1994; Van et al., 1980). In this study, all the Cronbach's alpha values are at least 0.8.

3.2. AMOS of performance improvement factors

3.2.1. Research design, Data, and Methodology

In order to investigate whether the four performance improvement factors derived in the first study affect the business performance of franchisees, 781 valid questionnaire sheets(Hanjin 262, Baring PE Asia 199, CJ Korea 169, TNT Korea 81, Fedex Korea 43, DHL Korea 27) were collected and analyzed by questionnaire surveys. The analytical techniques used are exploratory factor analysis, reliability analysis, and confirmatory factor analysis that confirms the factors derived from exploratory analysis and verifies hypotheses. AMOS is a user-oriented designed version of confirmatory factor analysis and is an analytical technique for determining the model fit measures of structural equation models, covariance analysis and causal analysis(Arbuckle & Werner, 1999).

3.2.2. Result

The results of the exploratory factor analysis and reliability analysis met the fit conditions described in the previous paragraph, 3.1, Results <Table 2>. In the AMOS, the fit acceptance ranges were 0.8 or higher for GFI and AGFI, 0.5 or lower for RMR, and 0.9 or higher for CFI. In a large study in which the study samples exceeded five times the measurement variables, like this study, a TLI not lower than 0.9 and RMSEA values not exceeding 0.1 are appropriate (Oh et al., 2010; Etezadi & Farhoomand, 1996), and the results of the confirmatory factor analysis that cannot verify the model fit measure of this study were shown to be GFI 0.913, AGFI 0.892, RMR 0.040, NFI 0.914, CFI 0.938, TLI 0.929, and RMSEA 0.055, indicating that the study model is appropriate <Table 3>.

Thereafter, the study model's regression weights were analyzed. This is an analysis to determine whether to adopt or reject the study hypotheses. Critical ratios(C.R.), which are t values, and p values are seen for the determination and a hypothesis is adopted when the t-value is greater than 1.96(1.96 < t-value(CR)) and the p-value is not larger than 0.005($p \leq 0.005$). The regression weights of the study model used in this study were analyzed and the following results were obtained. For the relationships between leadership and business performances, which are the first study hypothesis(<H1>), the condition $p \leq 0.005$ was not satisfied as the t-value(C.R.) was 2.158 and the p-value was 0.031. In the results of analysis of the relationships between communication and business performances, which are the second study hypothesis(<H2>), the two conditions of regression weights were satisfied as the t-value(C.R.) was 3.189 and the p-value was 0.001. In the results of analysis of the relationship between education and training and business performances, which are the third study hypothesis (<H3>), the two conditions of regression weights were satisfied as the t-value(C.R.) was 3.153 and the p-value was 0.002. In the analysis of the relationships between brands and business performances, which are the fourth study hypothesis(<H4>), both the two conditions of regression weights were satisfied as the t-value(C.R.) was 3.029 and the p-value was 0.002 as with the results of the second and third analyses mentioned above <Table 4>.

<Table 2> Results of exploratory factor analysis and reliability analysis

Division	Measurement variables and items	Factor loadings of rotated component matrices					Cronbach's Alpha
		Leadership	Communication	Education & training	Brand	Performance	
Leadership of franchisor or franchisor manager	①(x1)	0.661					0.782
	②(x2)	0.701					
	③(x3)	0.690					
	④(x4)	0.642					
	⑤(x5)	0.572					
Communication between franchisors and franchisees	①(x6)		0.648				0.877
	②(x7)		0.742				
	③(x8)		0.730				
	④(x9)		0.666				
	⑤(x10)		0.644				
Education and training of franchisees	①(x11)			0.757			0.871
	②(x12)			0.806			
	③(x13)			0.615			
	④(x14)			0.630			
	⑤(x15)			0.710			
Brands owned by the franchisor	①(x16)				0.755		0.897
	②(x17)				0.785		
	③(x18)				0.705		
	④(x19)				0.788		
	⑤(x20)				0.722		
Franchisees' business performance	①(x21)					0.742	0.815
	②(x22)					0.700	
	③(x23)					0.720	
	④(x24					0.764	
Results of factor analysis(validity test)		KMO : 0.943, sphericity test value: 15361.067, significance level: 0.000					

<Table 3> Results of confirmatory factor analysis(study model fit measure)

Division	Measurement variables and items	Factor loadings	Fit measures
Leadership of franchisor or franchisor manager	(x1)	0.670	▪ X2 : 879.816(0.000)) (chi-squared statistics) ▪ GFI :0.913 (Basic Goodness of Fit Index) ▪ AGFI : 0.892 (Adjusted Goodness of Fit Index) ▪ RMR : 0.040 (Root Mean Squared Residual) ▪ NFI : 0.914 (Standard Goodness of Fit Index) ▪ CFI : 0.938 (Comparative Goodness of Fit Index) ▪ TLI : 0.929 (Tucker-Lewis Index) ▪ RMSEA : 0.055
	(x2)	0.534	
	(x3)	0.734	
	(x4)	0.622	
	(x5)	0.663	
Communication between franchisors and franchisees	(x6)	0.769	
	(x7)	0.782	
	(x8)	0.810	
	(x9)	0.749	
	(x10)	0.726	
Education and training of franchisees	(x11)	0.780	
	(x12)	0.795	
	(x13)	0.754	
	(x14)	0.679	
	(x15)	0.790	
Brands owned by the franchisor	(x16)	0.775	
	(x17)	0.817	
	(x18)	0.738	
	(x19)	0.859	
	(x20)	0.808	
Franchisees' business performance	(x21)	0.739	
	(x22)	0.752	
	(x23)	0.662	
	(x24)	0.751	

<Table 4> Regression weights of the study model

Channel relationships	Estimate	S.E.	C.R.	P
Leadership of franchisor or franchisor manager → franchisees' business performance	0.153	0.071	2.158	0.031
Communication between franchisors and franchisees → franchisees' business performance	0.256	0.080	3.189	0.001
Education and training of franchisees → franchisees' business performance	0.213	0.068	3.153	0.002
Brands owned by the franchisor → franchisees' business performance	0.147	0.049	3.029	0.002

<Table 5> Results of verification of study hypotheses

<H1> the leadership of franchisors and franchisor managers positively affect franchisees' sustainable management and business performance.			
Division	Fit measure	Regression coefficient	Results of verification of hypotheses
analysis value	X^2 : 99.209(0.000), RMR : 0.030, GFI : 0.968, AGFI : 0.940, CFI : 0.959, TLI : 0.939, RMSEA : 0.074	With estimate : 0.532, S.E. : 0.055 p : 0.000, Critical Ratio : 9.6555, significant as t-value < C.R. and p < 0.05	Rejected (regression weights were not satisfied)
<H2> smooth communication between franchisors and franchisees positively affects the improvement of franchisees' business performances.			
analysis value	X^2 : 118.327(0.000), RMR : 0.029. GFI : 0.964, AGFI : 0.931, CFI : 0.963, TLI : 0.945, RMSEA : 0.082	With estimate : 0.640, S.E. : 0.056, p : 0.000, Critical Ratio : 11.502, significant as t-value < C.R. and p < 0.05	Adopted
<H3> franchisors' education and training of franchisees contributes to franchisees' business performance and the satisfaction of customers who visit franchisees.			
analysis value	X^2 : 126.636(0.000), RMR : 0.033, GFI : 0.959, AGFI : 0.923, CFI : 0.957, TLI : 0.936, RMSEA : 0.085	With estimate : 0.601, S.E : 0.058, p : 0.000, Critical Ratio : 10.357, significant as t-value < C.R. and p < 0.05	Adopted
<H4> brands owned by franchisors positively affect franchisees' financial and non-financial business performances.			
analysis value	X^2 : 180.846(0.000), RMR : 0.032, GFI : 0.950, AGFI : 0.913, CFI : 0.957, TLI : 0.940, RMSEA : 0.087	With estimate : 0.437, S.E. : 0.037, p : 0.000, Critical Ratio : 11.960, significant as t-value < C.R. and p < 0.05	Adopted

3.3. Verification of study hypotheses

The results of analysis of the fit measure and regression weights of the model used in this study are as shown in <Table 2>, <Table 3>, and <Table 4>. The results of verification of individual study hypotheses were derived as shown in <Table 5>.

In the case of <H1>, both the fit measure and regression coefficient were shown to be significant in the results of verification of the study hypothesis. However, as shown in <Table 3> and <Table 4>, since the regression weight p-value of the study model was 0.031, which is larger than 0.005, <H1> was rejected.

<H2> verification of the study hypothesis and both the fit measure and regression weight of the study model were satisfied.

As with <H2>, both <H3> and <H4> were adopted because both the fit measure and regression coefficient were shown to be significant in the results of verification of the study hypothesis and both the fit measure and regression weight of the study model were satisfied.

That is, as a result of verification of four study hypotheses(<H1>, <H2>, <H3>, <H4>), one hypothesis(<H1>) was rejected and three hypotheses(<H2>, <H3>, <H4>) were adopted.

4. Study Results and Implications

4.1. Discussion

The purpose of this study was to develop factors that affect the improvement of the performances of franchisees that are in charge of the backbone of sustainable management of GDFFs that have established franchise networks around the world with formalized brands as the core mediators, such as the collection, delivery, unloading, and classification of goods, the expansion and maintenance of networks, customer development and losses, face-to-face and non-face-to-face customer reception, customer satisfaction and dissatisfaction, and physical evidence of services and figure out the effects of the performance improvement factors that were developed on franchisees' business performances through verification. The results of this study conducted with expert opinion surveys, previous study investigation, the preparation and test of preliminary questionnaires, the first questionnaire survey, the second questionnaire survey, and numerous statistical analyses such as factor analysis, reliability analysis, exploratory factor analysis, confirmatory factor analysis, study model fit analysis, and analysis of regression weights of factors for a quite long period with numerous individuals and enterprises are summarized into two phrases as follows.

First, four performance improvement factors of GDFF franchisees operated in the franchise management system were derived, which are "the leadership of franchisors and franchisor managers," "smooth communication between franchisors and franchisees," "franchisor's education and training of franchisees," and "brands owned by franchisors."

Second, numerous previous papers were studied to make structural equation models for the effects of franchisee performance improvement factors on the tangible and intangible business performances of franchisees and four study hypotheses were established based on the models. With the verification of the study hypotheses, somewhat unexpected study results were derived.

The results of this study that can support or confirm the results of numerous previous studies presented in sections 2.2 and 2.3 of this paper were study hypotheses <H2>, <H3>, and <H4>. <H2> is "Smooth communication between franchisors and franchisees positively affects the improvement of franchisees' business performances," <H3> is "Franchisors' education and training of franchisees contributes to franchisees' business performance and the satisfaction of customers who visit franchisees.," and <H4> is "Brands owned by franchisors positively affect franchisees' financial and non-financial business performances." However, <H1>, which is "The leadership of franchisors and franchisor managers positively affect franchisees' sustainable management and business performance" was rejected, as shown in <Table 5> Results of verification of study hypotheses. This result revealed through the verification of the study hypothesis is completely different from the results of numerous previous studies indicating that leadership positively affects business performances such as employees' job performances and enterprises' securing of competitive advantages(Roger & Caroline, 2016; Nixon et al., 2012; Zhang et al., 2011; Coo, 2011; Eran, 2007; Wang et al., 2005; Parry, 2003; MacKenzie et al., 2001; Pillai et al., 1999; Geyer & Steyrer, 1998; Lowe et al., 1996). Although additional studies on the reason why a result that was the opposite of the results of previous studies occurred may be necessary, this researcher judges that the following facts were the cause of such a difference. First, whereas most previous studies were conducted with the franchise systems of the food service industry, the health industry, and the education industry, this study was conducted with the courier industry, which is a logistics service. Second, whereas previous studies were conducted with business types or industries operated in certain countries or areas with defined ranges, this study was conducted with global multinational enterprises that established franchise management systems around the world with brands as mediators.

4.2. Implications and future research

The first and largest contribution of the results of this study is the derivation of performance improvement factors for franchisees of GDFFs. The second contribution is that this study figured out whether the performance improvement factors that were derived positively affect franchisees' business performances through verification. In addition to the two contributions, this study contains significant implications that differentiate it from previous studies in terms of other studies, research value, and applications in industry fields.

As shown by the results of verification of study hypotheses in 3.3 and <Table 5>, this study derived a result opposite to the conclusion that leadership positively affects business performance commonly presented by the results of previous studies on the franchise management systems of the food service industry, the health industry, the education industry, and other industries. Using the results of numerous previous studies indicating that leadership positively affects business performance and the results of this study, we can obtain the following two implications in terms of studies and research. The first one is that even the same franchise management systems may have different effects on franchisees' financial and non-financial business performances depending on business types or industries. The second one is that although leadership does not affect franchisees' business performances, leadership is a factor required for the maintenance and reinforcement of the relationship between franchisors and franchisees, and this can be identified without much difficulty with the results of the first survey in this study in which leadership was derived as a performance improvement factor for franchisees.

In any field, world-leading enterprises have a commonality that they are not satisfied with a certain country or region but operate business for the global market, and are faithful to glocalization. The results of this study, conducted with global courier corporations that provide services in the South Korean logistics market, provide some important implications for the sustainable management of the GDFF franchise system, which reflects these strategic characteristics. First (with the result of verification of <H1>), the fact that glocalization, which means the localization of segmented markets targeting the global market, is important as an execution strategy for sustainable management was confirmed. In addition, since the results of this study may be characteristics shown only in the South Korean market, it may be an important strategic point to be considered by GDFFs planning to enter the South Korean market. Second(based on the result of verification of <H2>, <H3>, and <H4>), franchisors that adopted the franchise management system as a business strategy commonly have positive effects on franchisees' business performances regardless of regional characteristics such as global markets and some countries and the types of industries such as the food industry, the health industry, the education industry, and logistics service.

That is, communication, education and training, and brands act as performance improvement factors for franchisors that would enable franchisors to procure capital, minimize control and transaction costs, and acquire the information necessary to establish consumer-oriented business strategies through domestic and overseas franchisees(Lafontaine, 1999; Combs & Castrogiovanni, 1994; Brickley & Dark, 1987; Caves & Murphy, 1976). When seen from the side of franchisees, they become performance improvement factors as well as factors for the creation of positive business performances that would enable franchisees to minimize initial investment funds and participate in the franchise system of proven business types and enterprise to be initiated into the expertise and know-how of the franchisor to accumulate the experience necessary to prepare their own independent businesses (Theeranuch & Kleiner, 2004; Friedlander & Gurney, 1990). Therefore, both franchisors and franchisees should utilize the communication between franchisors and franchisees, franchisors' education and training of franchisees, and brands owned by franchisors that can satisfy customers and enable sustainable management with the derivation of financial outcomes as mutually beneficial win-win management measures.

The derivation of performance improvement factors from GDFF franchise systems and the identification of whether the performance improvement factors positively affect franchisees' business performances were great outcomes of this study. However, the results of this study, conducted with only those GDFFs that operate businesses in South Korea, cannot be safely generalized and applied to GDFFs located in other countries. This researcher plans future studies to address such limitations with cross-country studies with the same GDFFs.

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