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RESEARCH ARTICLE

A Structural Equation Modeling of Factors Affecting the Success of Mobile Phone Store Franchises in Thailand

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Abstract: In Thailand, business success has been a focal topic of systematic explanatory studies, but the contextual success of the country's mobile phone store franchises, in particular, has received only scant research attention. Given the critical role of the mobile phone sector in the growth of the communication market in Thailand, the mobile phone store franchises' success is relevant for research as it is practical for the market, especially for both new and current franchisees. This report discusses a structural equation modeling of factors affecting the success of the mobile phone store franchises in Thailand. Surveyed were 1,666 mobile phone store franchises from across the country, from which 600 franchisees were recruited and interviewed using a self-accomplished questionnaire. All of the hypothesized direct and indirect effects on the franchise success of the franchise's organizational features, corporate environment, and management and operation, the franchisor-franchisee relationship, and the brand-franchisee equity are confirmed. Overall, 58% of the variance in the franchise success and 43% of the variance in the brand-franchisee equity can be attributed to the factors examined in the structural equation modeling developed in this study.

Keywords: brand-franchisee equity, corporate environment, franchise success, franchisor-franchisee relationship, management and operation, organizational features

In 2018, the total value of Thailand's communication market vis-à-vis the national gross domestic product was pegged at 3.9%, with much of the growth of the market attributed to income from the mobile phone industry (Ninkitsaranont, 2019). With the phenomenal use of electronic technologies, including electronic commerce, among the vast sectors of the Thai population, the role of the mobile phone industry in the national economy stands to accelerate even more (Bhargava & Klat, 2016). At the heart of the expansion of the industry are the mobile phone store franchisees—these refer to the independent and small-scale business owners who purchase the sales and related rights to trade the mobile phone products of the franchisors (i.e., the giant operators of mobile networks in Thailand such as Telewiz AIS, True Move, and DTAC) at designated stores across Thailand.

At the time this study was conducted, there were 1,666 mobile phone store franchises in Thailand. About half of these franchises were in Central Thailand, about a fifth were in the Eastern-Northern region, with the remaining located in various parts of the country (Table 1). Three of every four franchise stores were owned by the largest mobile phone networks in Thailand, namely, Telewiz AIS, True Move, and DTAC. The information on the significant roles of these franchisees in the burgeoning mobile phone industry—for example that they help downstream the product closer to consumers (Minkler, 1992) at multiple locations with heavy foot traffic, and thereby elevating the sales and revenues of the product thereat—is thoroughly understood. More importantly, the information on the high return of investment that franchisees can make from the mobile phone store franchise is also within the realm of public knowledge. In fact, the prospects of gaining significant revenues, or benefitting from profit sharing (Minkler, 1992), have driven an increasing number of investors to enter into the franchising industry. However, reports have shown (e.g., Stites, 2016) that, although some franchisees have fully realized the profits from their franchised products, others have only profited moderately or have not only failed to gain but have even lost their entire investments in the process (Adeiza, Ismal, & Malek, 2017). These findings imply that franchising a product does not automatically guarantee business success. On the contrary, extant evidence suggests that succeeding in an enterprise as fiercely competitive as the franchising industry is contingent upon several factors. For the present study, five factors—the franchise's organizational features, corporate environment, management and operation, the franchisor-franchisee relationship, and the brand-franchisee equity—are examined for their effects on the success of the mobile phone store franchises in Thailand.

The published empirical literature related to Thailand provides a great deal of data on successful business models on wide-ranging industries in the context of the factors mentioned earlier, but it only offers, to date, sparse evidence on these factors in relation to the mobile phone store franchises. Given the stiff competition within the mobile phone franchising industry as well as the need to protect the franchising investments and to preserve the robustness of the communication market in Thailand, data on the roles of the mentioned factors in the success of these franchises are as crucial for research as they are practical for the market, particularly for the franchisees.

Table 1

Number of Mobile Phone Store Franchises in Thailand by Mobile Network Operator and by Region

Operator	Region						Total (%)
	Central	North	South	East-North	East	West	
TELEWIZ AIS	191	47	72	87	41	19	457 (27.4)
TRUE MOVE	184	25	30	126	31	17	413 (24.8)
DTAC	185	30	50	46	36	11	358 (21.5)
JAY MART	149	28	26	29	18	–	250 (15.0)
TG FONE	81	16	19	24	10	–	150 (9.0)
CHUCHAI TELECOM	8	5	–	17	–	–	30 (1.8)
SMART FRANCHISE I-MOBILE	7	–	–	–	–	–	7 (0.42)
M-SHOP MOBILE	1	–	–	–	–	–	1 (0.06)
Total (%)	**806 (48.4)**	**151 (9.1)**	**197 (11.8)**	**329 (19.7)**	**136 (8.2)**	**47 (2.8)**	**1,666 (100.0)**

Framework and Hypotheses

Thailand is an excellent market for mobile phones. It boasts of a large population base of 69.0 million, robust trade and investment, business-oriented citizens, increasing household income, rising quality of life, deepening consumerism, rapidly urbanizing centers, improving digital infrastructure, expanding digital economy, and most importantly, a national government that is more than resolute in steering the country towards further innovation and progress. Mobile phone ownership, currently standing at 81.4% (National Statistical Office of Thailand, 2017), is bound for growth; for instance, the smartphone penetration rate is predicted to increase from 50.5% (National Statistical Office of Thailand, 2017) to 76.4% by 2021 (Accenture, n.d.).

Although the incessant growth of Thailand's mobile phone industry, valued at several hundreds of billions of baht, has been spurred by and attributed to the macro- and institutional-level efforts carried out by the franchisors—both key (e.g., AIS) and lower-tiered (e.g., TOT) mobile network operators—that growth has been achieved partly because of the pivotal engagement of the mobile phone store franchisees. In this respect, the franchisees need to be bestowed as well of a comparable amount of attention as that given to the franchisors, precisely because of the former's key roles in the industry. For instance, as critical network frontliners, the franchisees help personalize and tailor-fit their franchised mobile phone products according to the needs of consumers, not to mention that—with their person-to-person approach—the franchisees are able to respond, in real time, to the sales- and service-related concerns of consumers. This means that, among others, the franchisees are at the receiving end of the whims and caprices of consumers, including contending with the concomitant physical, psychological, and emotional complexities arising from interacting with increasingly fastidious consumers, whose tastes and preferences are incessantly shifting (Felix, 2015). The workload of the franchisees and the franchise personnel is, therefore, exceptional. However, its burden appears to dissipate in the context of the franchisor's assurance that the product, based on some calculated risk-benefit ratio, would be a likely success, for instance, as a revenue source. Exactly how many of the mobile phone store franchises in Thailand have succeeded is not exactly clear, albeit there is no shortage of anecdotal evidence on successful mobile phone store franchises, some of which were interviewed for this study. Figure 1 illustrates the study's framework and hypotheses.

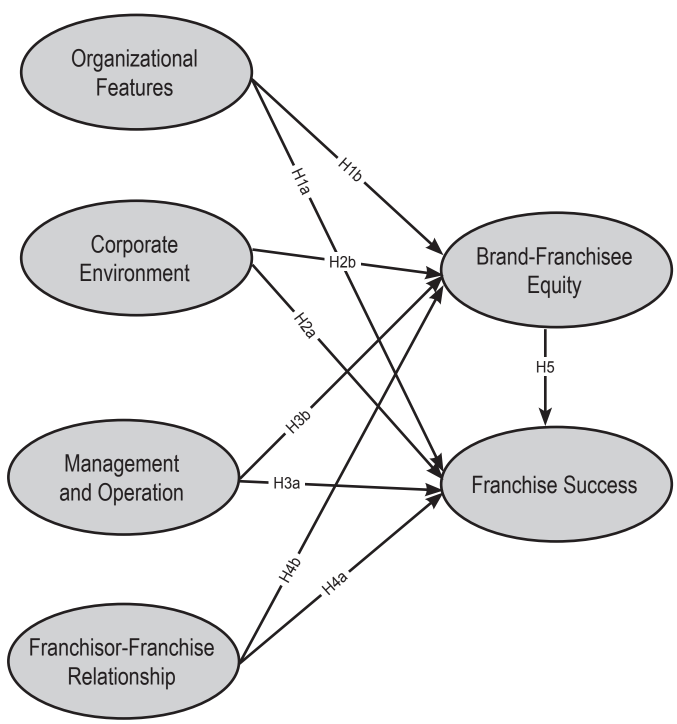

Figure 1. Study framework

Franchise Success

In the present study, mobile phone store franchise success, or franchise success for short, is measured based on a number of indicators revolving around five elements, namely, property, contract, sale, profit, and performance. A franchise is considered successful if, in the main, its property has been maintained or improved at an agreed-upon condition, for example, if the franchising contract has been renewed or enhanced in terms that are favorable to the franchisee, if the sales and profits have consistently increased, and if the overall performance covering a spectrum of areas has been sustained at an optimum level. Although franchise success is a multi-dimensional outcome, its core indicators pivot around sales and profits, understandably because the franchisees would want maximization of their revenues (Akremi, Mignonac, & Perrigot, 2011). As an outcome, franchise success seldom occurs in happenstance, but it does so due to the effects of multiple factors.

Franchise's Organizational Features, Corporate Environment, and Management and Operation

The effects of broader organizational structural determinants—the franchise's organizational features, corporate environment, and management and operation—are investigated in this study vis-à-vis the franchise success. In broad respects, these three organizational factors influence franchise success because they have inputs, processes, as well as contexts that could be a source of change with ramifications for the future of the franchise.

The franchise's management and operation—a complex intertwine of administration and implementation—is a veritable source of change for the franchise itself. By ensuring that the franchise template comprising structures, systems, and resources are properly understood and executed across the entire management and personnel levels, the franchise's management and operation effectively directs and molds the franchise's high-quality product and service delivery performance. The franchisee, with his or her investment at stake, would be wont to enforcing the franchise's full compliance and implementation of the product template. The franchisee has at his or her disposal various forms of wherewithal for enforcing the franchise culture, for instance, by effectively exercising his or her managerial power (in terms of controlling and overseeing), adequately providing support (in terms of giving staff professional training and other benefits), precisely defining the key performance indicators (in terms of staff skills and product outputs), and by adeptly rolling out tipping-point marketing strategies (in terms of influencing consumers to purchase the product). Across these four-pronged components, the franchisee has to be dutifully firm, highly motivating, and reliably consistent so that he or she can maintain, and later scale-up, his or her effective guidance over the management and operation of the franchise. With high-performance standards firmly put in place as a consequence of having managed and operated the franchise effectively, the franchisee would then be able to orchestrate his or her entire monolithic franchise resources for these to work towards achieving the shared targets and success. There is ample empirical evidence backing the linkage of management and operation or operations management with business success (e.g., McFarlane, 2014). Given this view, it is hypothesized here that the management and operation of the franchise has a direct effect on the franchise success **(Hypothesis 1a)**. Moreover, it is hypothesized that the franchise management and operation has an indirect effect on franchise success, through brand-franchisee equity **(Hypothesis 1b)**. High-quality performance standards, which are the outcome mechanism in which the franchise's management and operation influence the franchise success, are a benchmark that would likewise be in harmony with the brand-franchisee equity, and then with the franchise success.

The franchise's corporate environment—with reference to its policy as well as its economic, sociocultural, and technological structures—is another main source of change. Corporate policies that stipulate swift and effective resolution of consumers' complaints, and a corporate environment that sustains a broad-based salary equity across management and staff levels, fosters work-life balance, and supplies staff with adequate work-related technologies, would significantly change the processes and dynamics of the product and service delivery of the franchise, thereby paving a major pathway towards the franchise success. The corporate policy on the efficient resolution of consumer complaints alone would spell a big difference in the long term on company sales and revenues (Claro, Fragoso, Neto, & Claro, 2014). Moreover, an equitable income and incentive system within and across ranks and positions could boost the staff's morale, innovation and productivity, and, more importantly, the business's overall performance.

A corporate environment having work-friendly policies and conditions (i.e., that these are conducive for personal growth and productivity) is life-changing, offers security, and is empowering for the managers and staff at the most fundamental level. A corporate environment described in such a state would be accordingly viewed as responsible, caring, and nurturing, which would bode significantly well for the performance of the managers and staff, including for their attitudes and behavior towards the franchise and its target outcomes. In this respect, it is posited that the corporate environment—in the way of it having work-conducive policies and conditions—has a direct effect on the franchise success **(Hypothesis 2a)**. Furthermore, it is posited that the corporate environment has an indirect effect on franchise success via brand-franchisee equity **(Hypothesis 2b).** A caring corporate environment would likewise help form among the staff a caring attitude towards and a pronounced valuing of the franchise. In large part, the brand-franchisee equity would gain broader currency if the staff has a lived experience related to it. The effects derived from the corporate environment—in tandem with that obtained through the brand-franchisee equity—would be finally advantageous to the franchise success.

The franchise's objective on organizational features, such as organizational size and number of leaders and teams, is another pivotal source of change with consequent effects on franchise success. When optimized at elevated levels, though in less than absolute or certain terms, organizational size and leader and team numbers could enhance the dynamics of both product and work. Size and numbers help heighten the worth and value of the product when a select number of franchise staff actively and simultaneously promote and trade the product to a rabidly mobile phone gadget-addicted mass market. With a well-valued product, both as object and subject of public attention, size and numbers could spark and scale-up rat-race competition and social comparison between and among the franchise staff. These collective processes carry the potential to change and improve the performance, quality, and output of the staff's work at the franchise, with the benefits accruing into a major precursor of business or organizational success (Elnaga & Imran, 2013). In the published research literature, the instrumental role of leaders and teams in enterprise success is already an empirical generalization. In contrast, the role of organizational size—for instance, in profitability—only has formative empirical support so far (Pervan & Visic, 2012), implying that research is needed to further understand the sphere and depth of influence of organizational size on mobile phone store franchises. Notwithstanding the gap, the present study hypothesizes that the franchise's organizational features revolving around size and numbers of leaders and teams have direct **(Hypothesis 3a)** and indirect effects **(Hypothesis 3b)** on the franchise success. The presumed qualitative effects of organizational features on franchise success—that is, the time-honored work-enhancing traits—should blend very well with the elements of the brand-franchisee equity, which in turn would contribute to the equity's co-influence on the franchise success.

Franchisor-Franchisee Relationship

ecause it involves two parties—the franchisor and the franchisee—the franchise has an inherently interpersonal dimension. The parties' respective but intricately-connected responsibilities, which are spelled out in the franchise contract, broadly call for the franchisor to provide the franchisee with a package or a template of resources necessary for the franchised mobile phone store to fully operate; and for the franchisee to employ such resources, in both efficient and effective ways, so that the store performs accordingly, including with reference to target goals. In the franchisor-franchisee relationship that is grounded on a basket of responsibility-based expectations, both parties have an immense array of objective as well as subjective experiences and interpretations of each other's traits, such as about their mutual honesty, helpfulness, likeability, and trustworthiness. These traits, like trustworthiness, have long been a major issue in business management (Savolainen & Hakkinen, 2011) precisely because of their overarching ramifications for the entire business. When manifested at relatively acceptable thresholds, these traits could help enhance dyadic work relationship, but any shortfalls, especially involving honesty and trustworthiness, could be catastrophic.

Overall, the marked presence of such traits is indicative of relationship quality, presumed as prevailing in the present case between the franchisor and the franchisee. According to the published literature, relationship quality significantly plays a role in business success in general (Moliner, Moliner, & Garcia, 2013). In particular, relationship quality tends to foster order, stability, durability, and reliability at work, and as a result, it helps deepen collaboration and productivity, redounding eventually to the success of the franchise, for instance, elevating its sales and revenues. It is, thus, stated that the franchisor-franchisee relationship has a direct effect on the franchise success **(Hypothesis 4a).** Rather than having a direct effect on franchise success, the franchisor-franchisee relationship is posited here for its indirect effect on the franchise success, through the brand-franchisee equity **(Hypothesis 4b)**. The relationship quality between the franchisor and the franchisee, on account that the parties are bonded by common work enhancing-related traits, could similarly strengthen the brand-franchisee equity, including the equity's co-shared impact on the franchise success.

Brand-Franchisee Equity

This study describes brand-franchisee equity as the proximate determinant of franchise success. Brand equity refers to the commercial value of the product (Farquhar, 1989)—or how popular and influential the product is (i.e., the franchised mobile phone store) in the lives of consumers. Brand equity is formed as a consequence of the consumers' knowledge of the brand (e.g., that the mobile phone has an unlimited memory capacity), perceptions of the brand quality (e.g., that the mobile phone is highly reliable), brand associations (e.g., that the mobile phone, with its out-of-this-world features, is cool and hip thus suitable for the young generation), and finally, the consumers' loyalty to the brand.

The franchisee, in the role as an investor and franchise leader (formally or informally), must fully internalize the mentioned attributes of the franchised product so that he or she, too, could value it as a premium asset, and later form his or her own brand loyalty. The demand is for the franchisee to know well, from inside out, the brand that he or is she is trading, which is tantamount to prescribing that the franchisee must fuse oneself onto the culture of the franchised product, such that the two—once already unified—would already be indistinguishable from each other. In effect, the franchisee becomes the brand's extension, or its ambulant or itinerant version, or even becoming the brand himself or herself (thus the term "brand-franchisee equity" is used here, to highlight that the commercial value and influence of the product must eventually be co-shared between the brand and the franchisee).

Because of the necessity for the franchisee to unconditionally embrace the franchise and its attendant culture, he or she must have an absolute liking for the product, even prior to entering into, and definitely, throughout the life of the franchising agreement. The established presence of the product's brand equity and the franchisee's internalization of that equity are expected to manifest in the franchise's intensified operations that, ultimately, should lead to the franchise success—or improvements in the sales and profits of the franchise, for example. Conversely, in the absence of these two conditions, especially that about the franchisee who, as the master controller, is expected to steer the mobile phone store towards its target goals, the franchised product is destined for failure. The critical role of brand equity in business success is a well-recognized knowledge in the industry as it is an oft-reported evidence in the published literature (e.g., Wood, 2000; Wilson, Ouyang, Rinehart, & Grant, 2004), albeit not necessarily in the context of the mobile phone store franchises let alone the brand-franchisee equity. The data to be gathered to test **Hypothesis 5**—that the brand-franchisee equity has a direct effect on the franchise success—should thus be quite informative in a research sense. Overall, the effects of the brand-franchisee equity—as it involves the focal product or the raison d'être of the franchise—should be congruent with the co-effects of the rest of the determinants.

Methods

A survey covering 1,666 mobile phone store franchises in Thailand was undertaken. The sample size was determined in proportion to the number of franchises per mobile network operator in every region. Thus, 600 franchisees were sampled, recruited, and interviewed using a self-accomplished structured questionnaire. Three of every four franchisees interviewed (73.1%) were franchisees of Telewiz AIS, True Move, and DTAC, which, as mentioned, are Thailand's top-tiered mobile network operators in that order. We identified, recruited, and interviewed the franchisees for this study with the assistance of our research staff. The staff was oriented about the study's rationale, aim, and objectives and provided with training on the survey method, including data collection and analysis.

The outcome variable (i.e., franchise success) and the determinants (e.g., organizational features) were measured using sets of Likert scales, which were partly modified according to the purpose of the present study. Prior to finalizing and asking them in the survey, the scales were first tested, and were found to be highly reliable (franchise success, with a Cronbach's alpha coefficient of 0.94; brand-franchisee equity of 0.91; organizational features of 0.92; corporate environment of 0.86; management and operation of 0.91; and franchisor-franchisee relationship of 0.82). Accomplished questionnaires were checked for data completeness (about a dozen questionnaires with missing or questionable information for at least 10% of the total number of questionnaire items were discarded). Data were encoded, checked and validated, and processed and analyzed using the SPSS 22.0 and LISREL 9.2. We also tested the validity of the constructs, and the findings from our confirmatory factor analysis indicate that the model fits the empirical data well, with all the indices meeting the respective criteria (e.g., comparative fit index and goodness of fit index) above 0.9; the RMSEA (root mean square error of approximation) below 0.02; and the significance of t-value at $p < 0.001$ (not in the table).

Results

The 600 franchisees interviewed for this study comprised about an equal number of male and female respondents, who were aged 31–50 years, single or married, and college-educated. At the time of the survey, most respondents were found to have been operating their respective mobile phone store franchises for 4–6 years on average.

The results of the hypothesized relationships between the independent variables and franchise success are presented in Table 3 and Figure 2. All of the study's hypotheses are confirmed on account of the generated findings. Thus, the franchise's organizational features **(Hypotheses 1a and 1b)**, corporate environment **(Hypotheses 2a and 2b)**, management and operation **(Hypotheses 3a and 3b),** the franchisor-franchisee relationship **(Hypotheses 4a and 4b),** and the brand-franchisee equity **(Hypothesis 5)** were each found to have statistically significant direct and indirect effects on the franchise success.

Findings suggest that the corporate environment has the strongest total effects on franchise success (0.860), followed by organizational features (0.650), management and operation (0.650), franchisor-franchisee relationship (0.652), and then trailed by brand-franchisee equity (0.342). Except for the equity variable, the total effects of the four determinants on franchise success are approximately comparable.

Table 2

Number of Key Informants Interviewed By Mobile Network Operator

Operator	Number of Franchise	Sample Size	Percentage (%)
TELEWIZ AIS	457	176	27.50
TRUE MOVE	413	156	24.38
DTAC	358	136	21.25
JAY MART	250	96	15.00
TG FONE	150	56	8.75
CHUCHAI TELECOM	30	14	2.19
SMART FRANCHISE I-MOBILE	7	4	0.63
M-SHOP MOBILE	1	2	0.31
Total	**1,666**	**600**	**100.0**

Table 3

Structural Equation Model Standard Coefficients of Influence

Variables	Franchise Success			Brand-Franchisee Equity		
	Total effect	Indirect effects	Direct effects	Total effects	Indirect effects	Direct effects
Organizational Features	0.650**	0.448*	0.202*	0.344*	–	0.344*
Corporate Environment	0.860**	0.380*	0.480*	0.411*	–	0.411*
Management and Operation	0.650**	0.228*	0.422*	0.593**	–	0.593**
Franchisor-Franchisee Relationship	0.652**	0.347*	0.305*	0.711**	–	0.711**
Brand-Franchisee Equity	0.342*	–	0.342**	–	–	–
Structural Equation	**Franchise Success**	**Brand-Franchisee Equity**				
R^2 (Coefficient of Determination)	0.58	0.43				

*p<0.05, **p<0.01

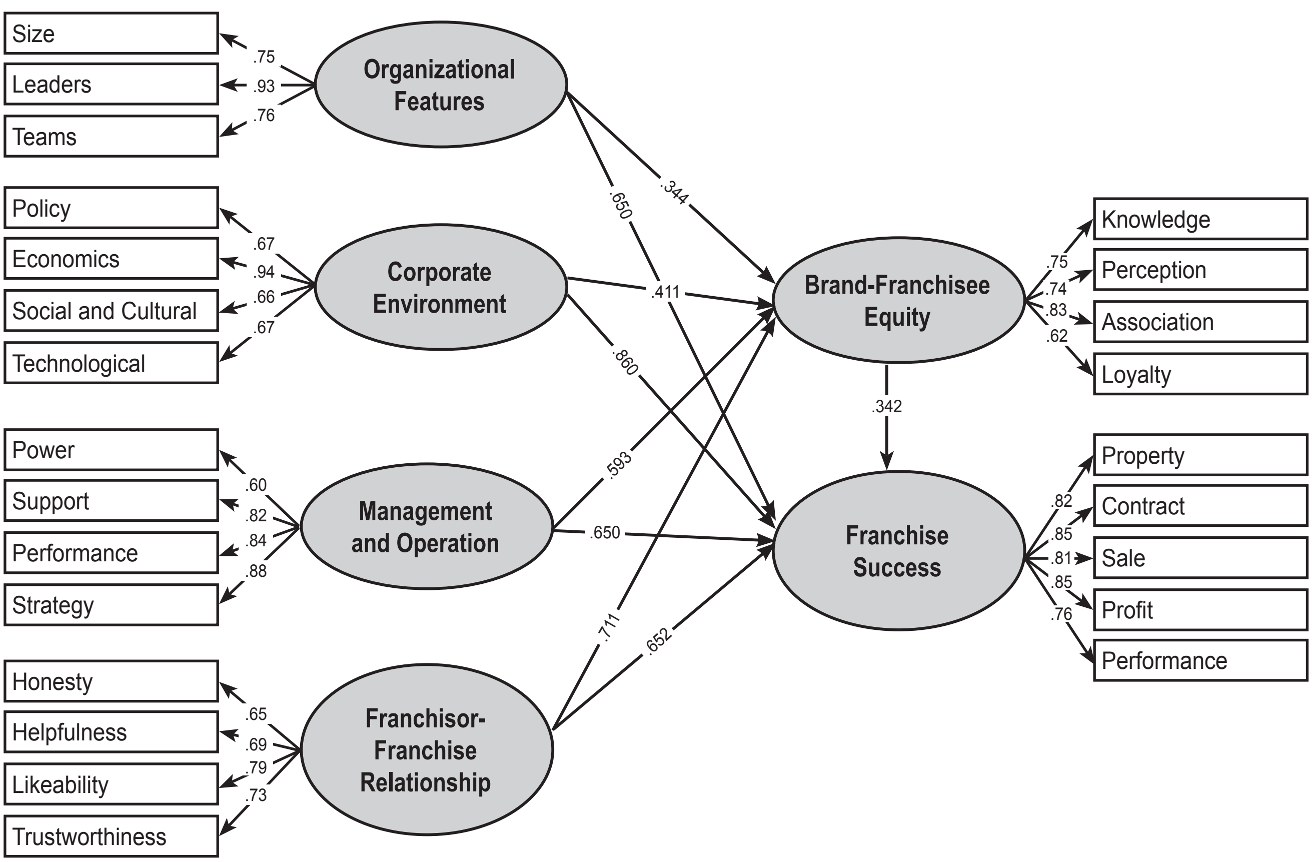

Figure 1. The structural equation modeling of factors affecting mobile phone store franchises success in Thailand.

The total effects of the corporate environment and franchisor-franchisee relationship were roughly a product of both their direct and indirect effects. For instance, of the total effects of the corporate environment of 0.860, 0.480 were due to its direct effect and 0.380 to its indirect effect (a similar pattern also holds true for franchisor-franchisee relationship). On the other hand, the total effects of organizational features (0.650) were more indirect rather than direct (0.448 versus 0.202), whereas the total effects of management and operation were the reverse—more direct than indirect (0.422 versus 0.228).

Overall, the coefficient of determination (R^2) suggests that 58% of the variance in the franchise success is due to organizational features, corporate environment, management and operation, franchisor-franchisee relationship, and brand-franchisee equity. Moreover, R^2 indicates that 43% of the variance in the brand-franchisee equity can be attributed to organizational features, corporate environment, management and operation, and franchisor-franchisee relationship.

Discussion

The structural equation modeling presented in this study, based on a sample of 600 franchises, confirmed the statistically significant direct and indirect effects of organizational features, corporate environment, management and operation, franchisor-franchisee relationship, and brand-franchisee equity, on the success of the mobile phone store franchises in Thailand.

As it further expands and innovates its national economy, where e-commerce plays a central role, Thailand fortifies its position as a high-growth regional center for mobile phones; for instance, in 2017–2018 alone, its mobile transactions increased by more than 90% (Khidhir, 2018). Corporations are leading the growth and the trajectory of the mobile phone industry in the country, but the mobile phone store franchises are vital market partners as well, having earned and are continuing to earn for the industry very massive revenues (Ninkitsaranont, 2019). Expectedly, the franchise's high revenue potential is unfailingly drawing new cohort after cohort of franchisees throughout the country; thus, Thailand has sought to continually nurture the new entrants to ensure that the latter succeed in their business, given that failure rates are high among the new franchises (Nijmeijer, Fabbricotti, & Huijsman, 2014). Explanatory data, such as the structural equation modeling generated from the present study, could be informative for the new franchises (as well as for existing ones). Franchise practitioners require organizational-based information that can help them succeed (Nijmeijer et al., 2014).

This study presented a set of empirical evidence revealing that organizational structures and organizational processes are key to franchise success. Structural factors (such as organizational features and corporate environment) and process-based factors (such as management and operation, franchisor-franchisee relationship, and brand-franchisee equity) have been illustrated here for their statistically significant total effects on mobile phone store franchise success. In this case, the franchisees interviewed for this study are presumed to have properly and efficaciously adhered to and executed the template of the mobile phone store franchise. This means, specifically, that the franchisees had adopted critical organizational features (i.e., size, leaders, and teams), provided core support within their corporate environment (e.g., policy), effectively carried out their management and operation of the business, developed a quality relationship with their franchisor, and transformed their product into a commercially influential and valuable commodity. The literature abounds with evidence stating that the franchisees' compliance to the franchise template, or the so-called "system conformity," constitutes a pathway to business success (Gaul, 2015). In this regard, new franchisees are invariably advised to comply with the franchise system. According to one study in the United Kingdom, very few franchisees deviate from the core format components (Cox & Mason, 2007).

To be noted, though, is that among the five factors examined in the structural equation modeling, it is the brand-franchisee equity that exhibited the weakest total effects on the franchise success (the equity's effects, at 0.342, are roughly 2-3 times less compared to the other factors' effects). This finding implies that brand-franchisee equity would be the last factor to be picked from the hierarchy of determinants of franchise success. There are two plausible explanations offered here for this finding, which could not possibly be about any lack of brand equity because the brand, as a franchise, must already have an established commercial value.

One, the effects of brand-franchisee equity could have been possibly watered-down by the fact that many mobile phones nowadays—those within a given category—are becoming competitively monolithic in their technological design. As such, there could have been constraints already in elevating a franchise whose products share similarities with other brands, or whose franchisors are a mirror image of each other as they virtually come from the same tier (in this case as Thailand's top-three mobile network operators as well as this study's core respondents). In other words, it is seemingly difficult for the franchise to be uniquely different and to stand out when everybody else is the same, or where product and company boundaries are already blurred as the industry appears in constant flux.

Two, brand equity, even if based on a product that is well established, has to be continually marketed and promoted in light of rising competition and product convergence, and shifting consumer preferences (Felix, 2015). Brand marketing and promotion necessitate broad-based organizational resources wherein provision has to be pegged at similarly critical thresholds to enable the franchise to produce the desired outcome. The tempered effects of the brand-franchisee equity found in this study could have been due to the franchise's shortfalls of not having ably and synchronously mobilized key organizational resources. This means that the franchise should have effectively enhanced the resources stemming from organizational features, corporate environment, management and operation, and franchisor-franchisee relationship, and thereafter, the franchise should have simultaneously and collectively harnessed the said resources to produce parallel effects on franchise success. Unfortunately, this seemed to be not the case in the present sample of franchises. Only the organizational resources related to management and operation and the franchisor-franchisee relationship were found to have enhanced the brand-franchisee equity considerably as reflected in the factors' direct effects (0.593 and 0.711, respectively). In contrast, the corresponding effects of the two other factors, at around 50% less, are far weaker.

Because organizational structures and organizational processes in the ways these are defined in this study are germane to franchise success and brand-franchisee equity, these are then expected—as foundational resources—to have broad-based outcomes. That is, whether these determinants are independent (i.e., assuming its direct role) or being mediated (i.e., assuming its indirect role), their effects should be comparable between franchise success and brand-franchisee equity. However, as shown in the foregoing, although all of the determinants had parallel direct effects on franchise success, their commensurate direct effects on brand-franchisee equity were varied. Furthermore, although the direct and indirect effects of some factors had occurred at similar levels (i.e., of the corporate environment and franchisor-franchisee relationship), the corresponding direct and indirect effects of the other factors were uneven and dissimilar (i.e., of organizational features and management and operation). Theoretically, because these are the core structures and processes of the franchise, all of these determinants must have more or less uniform direct and indirect effects on the outcome variables; as could be gleaned, such is far from being the case. The non-uniformity of the effects among the examined factors is adequately reflected in the final structural equation model, where, collectively, the factors had only explained 58% of the variance in the franchise success and 43% of the variance in the brand-franchisee equity. There appears to be an anomaly when the supposedly key organizational factors of the franchise are only able to explain that much about the franchise success, let alone its brand-franchisee equity. Systematic research is needed to understand these factors fully.

Future studies may have to extricate the complexities inherent in organizational structures and organizational processes. We contend that these complexities could be about not so much with the franchise template per se but with the managerial and operational personnel of the franchise. Information on the turnover rates of the franchise personnel would be a crucial aspect to explore. Although the personnel are at the front, center, and back of the success of any business, their capacity to truly internalize the whole gamut of the franchise's culture and to effectively deliver the demands of their work are likely to be dampened by how long (or short) they have been employed in the franchise. Working at mobile phone store franchises is highly stressful in that the volumes of sales needed to make a profit are massive, particularly for top-tiered mobile phone franchises. The lack of employment tenure further exacerbates the working condition at these franchises; thus, personnel turnover rates are very high (Cappelli & Hamori, 2008). The change after change of personnel, including managers, leaders, and teams, might have been a factor in the franchise's shortfalls in not properly carrying out the work responsibilities, thereby affecting the level of the intensity of the functions, and then the impact of, for example, organizational features and management and operation on franchise success and brand-franchisee equity. The work status and conditions of the franchise personnel must be considered in the model.

Other aspects of the dynamics involving the mobile phone store franchise would also be particularly informative—for instance, including and analyzing data on personnel's knowledge and understanding of policies, personnel training, franchisee's and managers' leadership style, franchise duration (in terms of years), breakdown of mobile phone sales by leaders and teams, number of people visiting the franchise store, and volume of consumer complaints, including duration of resolutions. All of these, along with the model factors, would benefit the franchisees and their investments in both the short- and long-term.

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Declaration of ownership

This report is our original work.

Conflict of interest

None.

Ethical clearance

The study was approved by the institution.

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