

The Effect of Supporting Activities for Win-win Partnership Between Franchisees and Franchisers on Re-contract Intention and Management Performance through Dynamic Trust

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Abstract

The aim of this study is to investigate the correlation between the support activities provided by the franchiser and how they affect the intention of the contract renewal and business performances made by franchisees, developing dynamic trust between these transactional partners. Various supportive activities between franchiser and franchisees were divided into financial and non-financial activities and dynamic trust into Transitional-based trust, Calculative-based trust, Relational-based trust, and Balanced-based trust. These trust types, which are variable and adjustable based on the opportunistic behaviors of business parties, were applied to define the impact of the support activities on the contract renewal intention and the performances.

This study was developed around domestic franchisees. An investigator visited business owners and manager level-employees, explained the purpose of the survey prior to the response, and the answers were directly written by hands. A total of 348 copies were used for the analysis.

As the results of the analysis, first, financial support activities were found to have a positive(+) effect on transitional-based trust, calculative-based trust, and balanced-based trust. On the other hand, non-financial support activities were found to have a positive(+) effect on calculative-based trust, relational-based trust, and balanced-based trust, and there was no significant relationship on transitional-based trust. Second, the dynamic trust had a statistically significant positive(+) effect on inducing the contract renewal. Lastly, in the relationship between the dynamic trust and its impact on business performances, only transitional-based trust, and relational-based trust were found to have a positive(+) effect on the financial performances. In addition, relational-based trust showed a meaningful positive(+) relationship on the non-financial performances, and non-financial performance showed a meaningful positive(+) relationship on the re-contract intention.

From the results, it can be concluded that the financial and non-financial activities for a win-win partnership between franchiser and franchisees are essential in not only forming dynamic trust but also boosting business performances as well as maintaining the business relationship. Thus, it suggests that building a win-win partnership can be promoted more efficiently by specifying activities best suitable for a particular relationship. In addition, a specific set of activities could be presented for establishing the level of trust that is formed in situations that vary depending on transaction risks and interdependency arising from having the transactional relationship based on the contract as the franchise industry features. Eventually, it is expected that this study can provide a way to promote the qualitative improvement of the franchise industry by identifying factors essential to establishing a sustainable win-win system and relationships that can improve the business performance of franchisees.

KeyWords: Supporting Activities, Dynamic Trust, Re-Contract Intention, Franchisers

1. Introduction

The franchise industry has experienced quantitative growth attributable to its nature that requires low capital. While many

global conglomerates in the domestic market have enjoyed the low but steady growth through diversified strategies such as Brand Integration and M&A, the majority of domestic businesses have struggled in their growth. Since many of them are small

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businesses, it is especially becoming more challenging to secure competitiveness to survive and self-sustainability for them(Coo, 2018; Kim, 2017).

According to Korea National Statistical Office(KNSO), domestic franchise market has experienced continuous growth rate of approximately 20% every year for the last three(3) years from 2014 and has reached 100 trillion won in its size in 2018. However, unlike what the growth figures imply, it is observed that the affiliated stores(or franchisees) are facing low annual(net) profit, an average of 27,000,000 won. This phenomenon suggests that the franchise industry has attained the stage of saturation and eventually reduction in profit resulting from excessive competition between franchisees under the same umbrella.

Furthermore, there are several factors pointed out that hinder the franchise industry from its qualitative growth, such as the low barrier of entry for small franchises with insufficient experience and strategies, lack of social infrastructures to facilitate the businesses, unfair transactions, and oppressive actions taken by headquarters(or franchisers) coercing the contract renewal. Taking this, studies and descriptive researches for factors affecting mutual growth between franchisers and franchisees and forming win-win environment are needed to improve the growth of the franchise industry(Kim, 2017). Such unfair activities and cases for abuse by franchisers or contract holders have been raised as critical issues in our society, impeding the enhancement of overall supply chains in many industries.

Meanwhile, many studies showed that a strong, cooperative relationship between large and SMEs and their win-win strategies, especially tight cooperation built to streamline the front- and back-end supply chain by sharing performances, facilitates enhanced business performances and results(Kim, 2013; Yoon et al., 2010; Kaufman et al., 2000). Moreover, it is currently observed that the sharing and cooperative relationship induces business parties involved in transactions to actively engage in various business activities such as investing in resources. The sharing and building of an interdependent business relationship, which used to be practiced exclusively in the manufacturing industry, has now been introduced to other industries as well. Moreover, the meaning of compensation in the cooperative relationship has broadened its domain from simply sharing the excess earnings to sharing the benefits of promotions, logistics, information, and etc.

The franchise industry shares industry characteristics similar to the structure between large and small and medium-sized enterprises(SMEs) that depend on the franchiser and to the advantage that induces active business activities such as investment of resources and participation among business

partners. In this regard, efforts have been made to establish a trust-based win-win system as a whole and settle the system under the government's leadership, but few studies have yet been conducted to identify the relationship between trust and business performance in the franchise system. Therefore, in the perspective of improving the quality of the franchise and facilitating trust-based win-win cooperation between the franchiser and franchisees, researches about activities considering the characteristics of the franchise industry are required.

Although the franchise industry possesses the structural similarity with large and SMEs that heavily relies on the headquarter because most studies are centered around manufacturing companies, very few studies investigating the relationship between related activities and their impact on performances have been conducted. Accordingly, it is also necessary to study approach to activities considering the characteristics of the franchise industry in terms of enhancing the quality of the franchise industry, establishing trust between franchisers and franchisees, and promoting win-win cooperation.

Thus, this study tried to analyze the impact of a variety of support activities executed among the franchise partners in the domestic market on forming a trust-based relationship and identify the causal relationship between such strong ties and its effects on both the intention of the contract renewal and business performances. Also, it was attempted to classify the types of dynamic trust that the franchisers' support activities would form on the franchisees and present a series of processes that the trust affects the intention of continuation of business by utilizing the structural equation. The research was conducted around the franchisees in the domestic market. Also, the research model was laid out based on the relationship between the franchiser's support activities and their impact on the intention of the contract renewal and business performance, taking dynamic trust as a mediator in the relationship.

In other words, in this study, support activities related to management support, marketing, logistics, and development of new products provided by franchise headquarters in previous prior researched literature were divided into financial and non-financial support activities, considering the economic factors that are contributing to the burden from the perspective of franchise businesses, and the relationship between support activities and trust was analyzed. In particular, the franchise headquarters and affiliated businesses form mutually systematic relationships in addition to contract-based business activities for ultimately the success and expansion of the business in industry. In this relationship, the entity wanted to apply the confidence assessment to the counterparty as a variable trust, dynamic trust, as an event that continuously collects information about whether

it is reliable. Through this, it was intended to suggest a way to induce active business participation activities of franchise businesses and to form a relationship from a longer-term oriented perspective.

II. Theoretical Background

2.1 Franchising

A franchise is a type of a business whereby a franchiser(or franchise headquarter) and franchisees(or affiliated stores) collaborate to promote businesses in diversified ways. The franchiser is the existing business party that owns the right to operate the business with business models and know-how on developing a new market, building a brand image, and maximizing the business results. The franchisee is the other party that makes a contract to use the franchiser's already specialized systems and brands(Lee, 2013; Cho, 2006; Hunt & Nevin, 1974). The franchisees favor the franchising because up to some level, it buffers the risk of failure and costs involved in the trial and errors that new businesses may experience(Osborne, 1993; Aldrich & Auster, 1986). Moreover, as the franchiser can bolster its brand by promoting and closely monitoring the performances within the boundary of franchising more efficiently than the stand-alone, it naturally forms a strong interdependent tie with the franchisees as well as win-win strategies in an effort to benefit both parties(Lim, 2005). Moreover, any transactions or exchange of information and supportive actions within the relationship are considered lawful. Hence the franchiser provides numerous types of assistant under the contract such as the right to operate, raw material, education, and advertisement(Khan, 1992).

By all accounts, it requires both the franchiser and franchisees to actively participate in the cooperative activities in striving to achieve continuous growth and sustainability of the franchised businesses, and they should seek out opportunities to gain efficiency of the business by building the mutually trusted relationship(Castrogiovanni et al., 2006). In other words, when a cooperative and win-win relationship is secured and designed in a long-term and trust-based perspective, the maximized performance of the business can be achieved(Kim & Park, 2016).

Anderson & Narus(1990), Stern & El-Ansary(1992) pointed out the franchiser's supportive activities as a major factor that affects the satisfaction of the franchisees and the improvement of their performances. Gaski(1984) highlighted the support of the franchise headquarter as a key resolver of the conflicts between the business parties. In the research of Lewis & Lambert(1991)

and Chiou et al.(2004), the franchise headquarter's active engagement in providing supportive services for the affiliated stores was viewed as the important criteria in forming the trust between the parties, and they proved such action to be directly related to the performance.

Although different studies may present different elements for the franchiser's supportive activities as essential, these are commonly suggested throughout the studies; supports in logistics, distribution, the supply of products, provision of education and information, and advertisement. Stern & El-Ansary(1992) classified the elements based on the marketing mix such as supports in the advertisement, promotions, the supply of products, provision of education and training as well as information, and Oh et al.(2003) divided the elements into the categories under the provision of education, training, and information. Also, Shin et al.(1999) categorized them into supports in logistics, the supply of products, provision of education and information as well as advertisement, and Lee et al.(2005) classified them into supports in logistics and building infra, interior, advertisement, and promotions as well as the provision of education.

However, in many cases, such supportive activities are conveyed as a mere formality as part of implementing a contractual obligation, or service fees are imposed on the franchisees on receiving them. On such occasions, the supporting actions don't function as a stimulus in enhancing business performances, rather exacerbating the win-win relationship. Whereas, any supporting action without financial burden asked to the franchisees is prone to establish and bolster the trust, and eventually, lead to better results.

The purpose of this study is to investigate the impact of such activities on forming relationship based on dynamic trust between the franchiser and the franchisees, and the supporting activities of the franchiser are to be divided in to two(2) different aspects; financial and non-financial supports.

2.2 Correlation between dynamic trust and performance in business relations

Trust is a fundamental and essential element in forming and retaining the business relationship. In franchise businesses, the dynamic trust functions in the long-term as a variable that has a significant impact not only on the commitment in relationships but also on the intention of renewal of the contract. The trust in the franchise business is generally understood as a degree of expectation or belief that the franchiser's know-how and insights

of the business will lead to the success of the franchisee’s business(Kim & Park, 2016).

It is perceived that having a trust by the parties involved in the business is a first step in building a relationship and is key to resolve the risks, anxiety, or any potential issues that may stem from uncertainties or imperfection of the business relations(Lim, 2015; Lee, et al., 2010; Moorman et, al., 1992). Notably, the researches of trust in business relations define trust as an important variable affecting the performance. Also, it serves as a major factor in enhancing the efficiency of the transaction and building relationships between businesses, especially in a vertically structured business as the franchise(Jung, 2014; Lewis & Weigert, 1985; 2012).

In particular, in the trust studies, trust is classified in multi-dimensional perspectives rather than a single-dimensional, according to the characteristics of the transaction. Typically, when trust is perceived as a social norm, it is viewed as an internalized social norm from a sociological aspect. From a probabilistic concept point of view, trust is to determine whether to trust the other or not in transactions or relationships based on profits or losses assessed(Kim, 2003).

Trust can be divided into static and dynamic trust in transaction relations. In inter-company transactions, trust is formed based on risk and interdependence, which is the probability or degree of loss perceived by decision-makers. Any risk factors in such settings create opportunities to build trust and once it is developed, the trust serves as a factor to take other risks(Rousseau et al. 1998; Chiles & McMackin, 1996). In this process, static trust indicates that the trust continues almost without failing, once it is established. It usually means the emotional trust primarily observed within the group, such as kinship and regionalism, rather than those in the transaction. On the other hand, dynamic trust refers to trust as an event, which can be variable by circumstances(Jung, 2014; Jang, 2006; Lewis & Weigert, 1985; 2012).

In the franchise industry, companies mutually depend on each other, cooperate in activities, and seek out opportunities to increase profits through a series of transactions, and hence they are relentlessly exposed to risks. Therefore, it is more likely that the trust built between businesses can be volatile than remained unchanged. Taking this, this study aims to examine the relationship established in the inter-company transaction from the perspective of dynamic trust.

In the business-to-business transactions, trading partners pursue economic satisfaction through more rational decision making, while at the same time, realizing social satisfaction by fulfilling their roles in interaction(Ivens, 2004; Frazier, 1983). When trust is perceived as a means to achieve goals, it has a higher

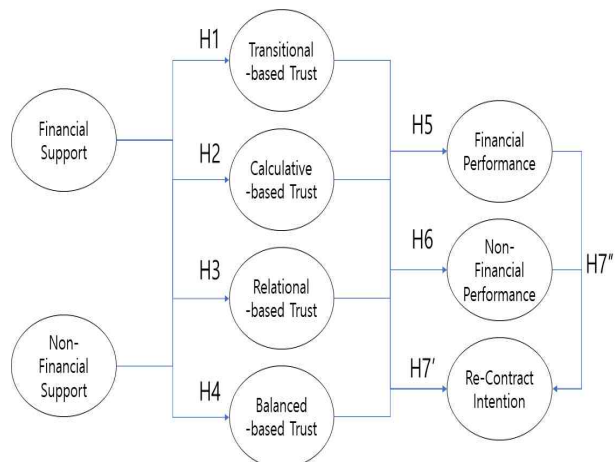
tendency to pursue economic satisfaction. Whereas with a significance in social satisfaction, trust enhances the relationship by developing intimacy or respect at a personal level, and it brings proactivity to the cooperation in sharing ideas and etc(Grewal & Dharwadkar, 2002).

In other words, in the franchise business mutual trust can affect the quality of customer service as a result and can act as a decisive success factor in business performance(Kim & Park, 2016); Gillis & Combs, 2009; Lee et al., 2005). In addition, the degree of solidarity between the franchiser and the franchisees is viewed as a major factor influencing the intention of contract renewal as well as satisfaction from transactions(Lee, 2014).

III. Research Design

3.1 Research Model

In this study, the support activities of the franchiser are divided into two(2) categories from the perspective of how they supplement the franchisees’ costs involved in their operations; financial and non-financial support activities. Also, by looking at the impacts of these support activities, it is aimed to understand the relationship between the franchiser(or franchise headquarter) and franchisees in establishing trust. In particular, the concept of trust, which is claimed to be built from the trading activities between businesses, is defined as a dynamic trust where stakeholders’ attitudes towards the trust can be varied affected by opportunistic behaviors and interdependency. In addition, on top of the intention of the contract renewal, the performance variable is divided into financial and non-financial performances to evaluate how the support activities of the franchiser are closely related to the performance of the franchisees.



<Figure 1> Research Model

3.2 Hypothesis

3.2.1 Relationship between franchisers' supportive activities and trust

Though the supportive activities from the franchiser(or franchise headquarter) are defined and presented differently by researchers, due to the nature of the contract in the franchise that all related activities should be specified, the support activities are normally considered either mandatory by specifying in the contract or conveyed at additional costs incurred to franchisees.

Support activities in the franchise system are conducted unilaterally and led by the franchise headquarters under the contract. Ultimately, it is difficult to focus on securing competitiveness in the face of fierce competition, as it is a burden on strategic aspects of customers and markets, such as developing new products and strengthening brands, as well as investing in securing resources such as advertising, public relations, education, and activities for supporting managers. In addition, due to the characteristic of the franchise system, there are limitations to the formation of long-term, oriented partnerships for sustainable and shared growth(Kim, 2017) because of the potential for the discontinuation of the bilateral relationship, such as contract modification or termination, at the expiration of the contract period.

Therefore, a two-way, cooperative and active approach is required to induce voluntary participation among stakeholders and investment in the specific resources required, rather than simple, contract-based, one-way support activities, to exceed common performance at a single system level, and to enable long-term oriented relationships to be formed.

In particular, entities incur transaction costs, such as information exploration related to prices of goods and labour, quality information and market research, or negotiating costs to get a genuine perspective on buyers and sellers(Williamson, 1971). In addition, transaction costs are an important determinant of economic performance because transactions consume significant resources from the perspective of wealth maximizer and information asymmetry(North, 1991).

Despite the purpose of the supporting activities, if financial burdens are involved, it may not produce the expected results, and eventually may fail to develop the cooperative relationship or aggravate the relationship, if already established. On the other hand, if the franchiser can minimize the financial burden on the franchisees, it can build trust in the trading relationship by resolving insecurity which may arise from potential risks in the relationship. In this case, trust can function as a performance-enhancing factor. Therefore, the goal of this study is to divide the franchisers' support activities into financial support

activities supplementing costs involved in the franchisees' operations and non-financial support activities and identify how the effect of financial support activities influence in building a relationship between the franchiser and franchisees.

The franchise business is heavily reliant on the win-win and continuously cooperating relationship between business parties. It requires the participation of all parties in investments and activities, and the provision of proactive support activities by the franchiser. Namely, the interdependent relationship can be formed between the affiliate headquarter(or franchiser) and the affiliated stores(or franchisees). The trust formed in this process not only maintains a continuous relationship for the contract renewal or business growth but also ultimately leads to the quality of customer service. Thus, it has a significant influence on the results, such as long-term relationship and commitment, and inducement of contract renewal and etc.

In particular, in the franchise world, the possibility of both a continuous transaction and the renewal or termination of the existing contract always remains valid. In other words, one party in the relationship can behave in a way that is beneficial to its own interest, or it can pursue continuous cooperation by taking risks. Accordingly, the level of trust in the relationship can always vary based on such opportunistic behavior and situation.

Lewis & Weigert(1985, 2012) categorizes and suggests types of dynamic trust as transitional-based, calculative-based, relational-based, and balanced-based trust based on the degree of risk and interdependency involved in the relationship between business parties. Both risk and interdependency in a dynamic trust relationship are necessarily required from all parties and at the same time, they both are claimed to be in a dynamic relationship(Lewis & Weigert, 1985). In such an interdependent relationship, it involves a possibility of opportunistic behaviors, such as a tendency to hold a dominant position over the other party on the shared information, ideas, delivery time, or price and cost information. Consequently, trust features variability as the relationship changes between business partners(Kim, 2009; McIvor et al., 2006; Bensaou & Venkatraman, 1995; Lewis & Weight, 1985).

In this study, by taking the view that the support activities exchanged between the franchise partners are divided into financial and non-financial activities and that the trust formed by the nature of the transactional relationship is a dynamically changing process, the hypothesis is set as follows.

H1: The franchise support activities have a positive(+) effect on forming transitional-based trust of dynamic trust.

H2: The franchise support activities have a positive(+) effect

on forming calculative-based trust of dynamic trust.

H3: The franchise support activities have a positive(+) effect on forming relational-based trust of dynamic trust.

H4: The franchise support activities have a positive(+) effect on forming balanced-based trust of dynamic trust.

3.2.2 Trust, Intention of contract renewal, and business performance

Trust is expected to generate positive results in between trading partners and to have control over uncertainty. Taking this, it does not just mean a psychological state towards the relationship, but it also triggers actions(Park, 1998).

Lee & Lee(2006), in a restaurant franchise-related study, defined the intention of contract renewal as the degree to which franchisees wish to sign back on their contract about the relationship with the franchiser and the service activities they provide. Plus, the performance of the affiliated stores and their intention to renew the contract is affected by the level of trust in the affiliated headquarter and store relationship(Yang, 2010). Ganesan(1994) also presented uncertainty, long-term investment, brand reputation, sales performance, and satisfaction as the leading factors in the intention of the contract renewal. Kang et al.(2010) insisted that a strong trust established through a continuous effort to build a relationship between franchisers and franchisees in the industry increases the probability of renewing the contract. Namely, trust is a major factor to maintain a long-term relationship for all parties, is a predisposing factor for the intention to renew the contract, and influences the intention to renew the contract through securing and enhancing the trust with franchisers. In a study by Chiou & Yang(2004), perceived trust has a positive effect on the intention to participate in the relationship and systems of the franchise.

The high trust relationship between the franchisers and franchisees in the restaurant franchise industry affects the behavior of maintaining the mutually dependent relations and serves as an important factor in the willingness to renew the contract with the franchiser. Furthermore, it leads to the quality of the customer service and eventually affects business performance. Therefore, in this study, the dynamic trust established in the franchise business is also viewed as a compelling factor impacting the intention of the contract renewal and business performances(financial and non-financial).

H5: Dynamic trust in the franchise transaction has a positive(+)

effect on the intention to the financial performance.

H6: Dynamic trust in the franchise transaction has a positive(+) effect on the non-financial performance.

H7: Dynamic trust and business performance in the franchise transaction has a positive(+) effect on on the intention to renew the contract.

3.3 Concept of variables and measurement variables

Support activities transacted between franchisers(or franchise headquarters) and franchisees in the franchise industry are financial and non-financial support activities. Financial support activity is defined as transactions or activities that take place to avoid any disadvantages in terms of financial profit and loss, such as activities related to generating appropriately distributed profits for both franchisers and franchisees(FS1), cooperating for profit growth(FS2), sharing extra benefits earned from outside(FS3), jointly bearing financial losses caused from operational errors(FS4), mutually understanding of financial losses incurred from false information about demand and production(FS5), and taking responsibility together for additional damages created by the changes in the external environment(FS6)(Kim, 2017; Kim et al., 2015; Han et al., 2011; Choi & Park, 2007; Oh et al., 2004; Stern & El-Ansary, 1992).

Non-financial support activity is defined as any activities or transactions other than ones that directly impacting financial profits and costs, such as joint activities to forecast long-term demand(NFS1), develop new products and services(NFS2), determine prices for products and services(NFS3), deal with the corporate environmental change(NFS4), quickly carry out contracts (NFS5), and control service quality(NFS6)(Kim, 2017; Kim et al., 2015; Han et al., 2011; Choi & Park, 2007; Oh et al., 2004; Stern & El-Ansary, 1992).

<Table 1> Operational definition and measurement of each factor

Factor	Operational Definition	Measurement	Reference
FS	A transaction or activity that can avoid any trade disadvantage in respect of financial gains and losses.	FS1) Creating Activities for generating mutually appropriate revenue FS2) The degree of cooperation in distribution activities FS3) Sharing extra benefits earned from outside FS4) jointly bearing financial losses caused from operational errors FS5) mutually understanding of financial losses incurred from false information about demand and production FS6) taking responsibility together for additional damages created by the changes in the external environment	Stern & El-Ansary(1992), Oh et al.(2004), Choi & Park(2007), Han et al.(2011), Kim et al.(2015), Kim(2017).
NFS	Transactions or activities that occur outside of direct financial benefits and costs.	NFS1) Activities such as jointing activities to forecast long-term demand NFS2) Activities such as developing new products and services NFS3) Activities such as determining prices for products and services NFS4) Activities such as dealing with the corporate environmental change NFS5) Activities such as quickly carry out contracts NFS6) Activities such as controlling service quality	
TBT	Trust in a relationship where the franchise headquarters has a short track record in the market or a deep trust base with the franchise headquarters has not been established	TBT1) The degree of a burden when dealing with the headquarter TBT2) The degree of preparedness for possible risks TBT3) The degree of expectation for the transactions TBT4) The preparedness of countermeasures for the risk of breaching the contract	Lewis & Weigert (1985; 2012), Ring & Van de Ven(1992), Jung(2014), Kim(2017)
CBT	Trust in a relationship that establishes transparency in the transaction along with the clear execution of the contract and conformity with contract management	CBT1) The degree of fair payments made to trading partners CBT2) The degree to which it is perceived as low transaction risks such as termination of the contract, closure of the affiliated headquarter, and etc. CBT3) the degree of the accuracy of the contract relationship (CBT3).	Barber(1983), Gambetta(1988), Lewis & Weigert (1985; 2012), Jung(2014), Kim(2016)
RBT	The degree of unity formed in a relationship with a high level of empirically interdependence, even though the loss can be borne in the interaction of the transaction for a relatively long period of time.	RBT1) The degree of loss from destroying the contract RBT2) The degree of faith from the long-term transactional relationship RBT3) The degree of unity RBT4) The degree of difficulty in selecting new franchisees after the contract is destroyed RBT5) The degree of time pressure RBT6) The degree of cost burden	Lewis & Weigert (1985; 2012), Jung(2014), Kim(2017)
BBT	The degree of belief that risks such as unilateral discontinuation of transactions are weak and that they can increase mutual expected profits.	BBT1) The degree to which it is perceived that the risk of the transaction to be cut off is low BBT2) Advantages of selecting the franchiser in the perspective of operations BBT3) The degree of cooperation BBT4) The degree to which how commonly/implicitly operational rules are agreed BBT5) The degree of understanding that the franchiser has about characteristics of the franchisees BBT6) The degree of a joint effort between transaction parties in the pursuit of mutual benefits	Lewicki et al.(1998), Lewis & Weigert (1985; 2012), Sitkin & Roth(1993), Jung(2014), Kim(2017)
RCI	The degree of intent to continue the business with the current franchise headquarters after the contract expires or despite the better conditions of the other franchise headquarters.	RCI1) Intention to renew the contract with the current franchiser after the contract's expiration RCI2) The degree to which the current franchiser is the top priority in considering the renewal after the contract expires RCI3) The willingness of the franchisee to continue the contract with the current franchiser regardless of better options offered by other franchisers. RCI4) Intention to renew the contract with the current franchise headquarters as the preferred target of the contract compared to other franchise headquarters	Carney & Eric(1991), Ganesan(1994), Seo & Jang(2012), Kim(2017)
FP	Financial benefits, such as increased revenue, profitability or product costs, transaction costs and logistics costs of the company.	FP1) The degree to which costs of goods or services decreases FP2) The degree to which transaction costs reduces FP3) The degree to which logistics costs decrease	Gillis & Combs(2009), Lee(2014), Lee et al.(2010), Kim(2017), Kim & Park(2018)
NFP	Non-financial performance such as improved delivery date accuracy, faster order processing, quality control and customer performance	NFP1) The degree to which the timeliness of delivery is enhanced NFP2) The degree to which the speed of order processing is advanced NFP3) The degree to which the quality control is improved NFP4) The degree to which the customer-related figures such as customer satisfaction, the reuse rate, and new customer acquisition are enhanced	

Descriptions and corresponding variables of each trust type are as follows. First, transitional-based trust is a type of dynamic trust that appears at the beginning of or in an unstable transaction relationship. In the franchise industry, it is defined as trust in a relationship where the franchise headquarters has a

short track record in the market or a deep trust base with the franchise headquarters has not been established. The following variables are used to measure the transitional-based trust; the degree of a burden when dealing with the headquarter(TBT1), the degree of preparedness for possible risks(TBT2), the degree

of expectation for the transactions(TBT3), and the preparedness of countermeasures for the risk of breaching the contract(TBT4) (Kim, 2017; Jung, 2014; Ring & Van de Ven, 1992; Lewis & Weigert, 1985; 2012).

Second, calculative-based trust means a relationship that establishes transparency in the transaction along with the clear execution of the contract and conformity with contract management. It can be formed through the fair and transparent transactions with trading partners, and in return for the cooperation, fair and reasonable compensations are made. The following variables are used to measure the calculative-based trust; the degree of fair payments made to trading partners(CBT1), the degree to which it is perceived as low transaction risks such as termination of the contract, closure of the affiliated headquarter, and etc.(CBT2), and accuracy of the contract relationship(CBT3)(Kim, 2017; Jung, 2014; Jang, 2006; Gambetta, 1988; Lewis & Weigert, 1985; 2012; Barber, 1983).

Third, relational-based trust is characterized by a mutually cooperative relationship. Such a close tie-up is formed implicitly because it involves the high degree of reciprocal trust rooted from a long-term transactional relationship, and because damages from destroying the contract are costly if any. However, as the industry exhibits the characteristic that acts according to the opportunistic behavior, it may be possible to destroy the contract with an existing account, if the benefit of a new transaction with a new franchisee is larger. The following variables are used

to measure the relational-based trust; the degree of loss from destroying the contract(RBT1), the degree of faith from the long-term transactional relationship(RBT2), the degree of unity(RBT3), the degree of difficulty in selecting new franchisees after the contract is destroyed(RBT4), the degree of time pressure(RBT5), the degree of cost burden(RBT6)(Kim, 2017; Jung, 2014; Lewis & Weigert, 1985; 2012).

Lastly, balanced-based trust is a type of dynamic trust that features the highest interdependency between franchisers and franchisees, and that reduces the risk of the market through the mutual cooperation developed from the long-term relationship. Unlike the previous types, it involves more of two-way interaction. Rather than one-sided support from the franchiser, both the franchiser and franchisees collaborate closely to achieve mutual benefits. Variables to measure the balanced-based trust are the degree to which it is perceived that the risk of the transaction to be cut off is low(BBT1), advantages of selecting the franchiser in the perspective of operations(BBT2), the degree of cooperation(BBT3), the degree to which how commonly/implicitly operational rules are agreed(BBT4), the degree of understanding that the franchiser has about characteristics of the franchisees(BBT5), and the degree of a joint effort between transaction parties in the pursuit of mutual benefits(BBT6)(Kim, 2017; Jung, 2014; Lewicki et al., 1998; Sitkin & Roth, 1993; Lewis & Weigert, 1985; 2012).

<Table 2> The result of Exploratory Factor Analysis

Factor	Items	Factor loadings									Communalit y	Cronbach a
		1	2	3	4	5	6	7	8	9		
FS	FS3		.707								.827	0.947
	FS4		.731								.867	
	FS5		.694								.840	
	FS6		.725								.857	
NFS	NFS1	.683									.826	0.920
	NFS2	.764									.846	
	NFS3	.741									.809	
	NFS4	.678									.772	
	NFS5	.544									.676	
TBT	TBT2									.797	.762	0.737
	TBT3									.718	.707	
	TBT4									.882	.835	
CBT	CBT1					.609					.674	0.873
	CBT2					.768					.871	
	CBT3					.770					.827	
RBT	RBT4							.806			.738	0.843
	RBT5							.909			.853	
	RBT6							.854			.795	
BBT	BBT2								.672		.641	0.725
	BBT3								.476		.715	
	BBT5								.772		.698	
	BBT6								.582		.668	

RCI	RCI1			.757							.836	0.624
	RCI2			.783							.748	
	RCI3			.605							.692	
	RCI4			.769							.809	
FP	FP1				.812						.850	0.909
	FP2				.843						.864	
	FP3				.778						.796	
NFP	NFP1					.734					.773	0.887
	NFP2					.790					.805	
	NFP3					.727					.797	
	NFP4					.613					.718	
eigen value		3.29	3.25	3.05	3.04	2.99	2.89	2.56	2.47	2.25		
Variance		9.97	9.86	9.24	9.22	9.05	8.76	7.76	7.48	6.81		
Cum. of Variance		9.97	19.84	29.07	38.29	47.33	56.09	63.86	71.34	78.15		
Model fit		KMO=.939, $\chi^2=8930.51$, $df=528$, $p=.000$										

The intention of the contract renewal is the willingness of the franchisees to maintain a continuous relationship with the current franchiser. Variables to measure the intention are the intention to renew the contract with the current franchiser after the contract's expiration(RCI1), the degree to which the current franchiser is the top priority in considering the renewal after the contract expires(RCI2), and the willingness of the franchisee to continue the contract with the current franchiser regardless of better options offered by other franchisers(RCI3), and the degree to intend to renew the contract with the current franchise headquarters as the preferred target of the contract compared to other franchise headquarters(RCI4)(Kim, 2017; Seo & Jang, 2012; Ganesan, 1994; Carney & Eric, 1991).

Among the business performance factors, variables to measure the financial performance are the degree to which costs of goods or services decreases(FP1), the degree to which transaction costs reduces(FP2), and the degree to which logistics costs decrease(FP3). Variables to measure the non-financial performance are the degree to which the timeliness of delivery is enhanced(NFS1), the degree to which the speed of order processing is advanced(NFS2), the degree to which the quality control is improved(NFS3), the degree to which the customer-related figures such as customer satisfaction, the reuse rate, and new customer acquisition are enhanced(NFS4)(Kim & Park, 2018; Kim, 2017; Lee, 2014; Lee et al., 2010; Gillis & Combs, 2009).

IV. Results

4.1 Data collection and descriptive statistics

Prior to the survey, the final questionnaire was constructed after a pilot test in which redundancy and accuracy of the

meaning of each question were reviewed. The survey was conducted for three(3) weeks from August 11th, 2019, and the target was managerial level employees such as owners and managers, in the domestic franchise market. It was conducted by surveyors personally visiting the sites, explaining the purpose of the survey, and directly entering the data. Of the 354 copies of the finally collected questionnaires, 348 copies were used for the final analysis, excluding 6 copies due to missing items.

Of the responders, 173 were male and 175 were female accounted for 49.5% and 175 respectively, and in the age distribution 30s were the largest with 128(36.8%), 40s with 94(27.0%), in the 50s, 94(27.0%), those in their 20s and younger were 34(9.8%), and those in their 60s and older were 3(0.9%).

As for the type of business, 316 companies(90.8%), the largest, were in the foodservice industry, 25 companies(7.2%) were in the sales distribution, and 7 companies(2.0%) were in the service and others. In terms of business size based on the number of employees, 5 or fewer were the largest with 266 companies(76.4%), 5-10 employees with 72 companies(20.7%), 10-15 employees with 8 companies(2.3%), and 1 or more than 15 employee(s) were 1 company.

4.2 Validity and reliability

4.2.1 Exploratory Factor Analysis

In this study, the concept validity of components was verified through exploratory factorial analysis. The main component analysis was used for the factor extraction method, Verimax Rotation was used for the factor rotation method, and the factor extraction criterion was a criterion with an eigen-value of more than 1. The criteria for item removal were based on the value of factor loading above 0.45. In addition, the analysis was performed with the priority removal of items with values greater than 0.45 in multiple factors(Carmines & Zeller, 1979; Hair et al., 1998).

The factors extracted as a result of the analysis were divided into each factor as assumed in the initial stages of this study. The factor loading were distributed from a 476 to 0.882 and were derived from the nine factors established at the beginning of the study and defined as the factors defined at the beginning of the study. However, 9 items(FS1, FS2, NFS6, TBT1, RBT1, RBT2, RBT3, BBT1, BBT4) were eliminated because they were not grouped into specific factors.

Reliability is a concept that indicates if a similar or equal result can be earned when the object is repeatedly measured under the same condition. Reliability represents consistency, accuracy, and predictability of measurement results, and is measured through internal consistency, retesting, and split-half method(Chae, 2016).

In this study, Cronbach's α value, which is most frequently used in the social science field, was used for reliability verification. Cronbach's α measures the homogeneity of the measurement parameters. If the value is 0.6 or higher, it is judged that the reliability is relatively high(Chae, 2016). The value of all factors exceeded 0.6, and hence it can be concluded that the reliability is secured.

4.2.2 Confirmatory Factor Analysis

Convergent validity is an indicator of the degree of agreement between two or more measurement variables. In other words, the convergent validity is verified by the correlation between the measured variables, and the higher the correlation between the variables, the higher the convergent validity is. In general, within the structural equation model, convergent validity is determined by the size of the factor loading, average variance extracted(AVE), and construct reliability(CR) through confirmatory factor analysis(Lee & Lim, 2015).

The construct reliability, which is referred to as composite reliability, is calculated from the factor loading and error variance derived from confirmatory factor analysis and is utilized to measure the internal consistency between the measured variables. In general, if the CR value is 0.7 or greater, it is judged that convergent validity is secured. The average variance extracted(AVE) represents the amount of variance that measurement items describe a construct, and is calculated by the average of the squared values of the standardized factor loading. In general, when the AVE value is 0.5 or greater, it is judged that convergent validity is secured(Lee & Lim, 2015).

<Table 3> The result of Confirmatory Factor Analysis

Factor	items	Unstandard Loading	standard Loading	t	AVE	CR
FS	FS3	1.000	0.875		0.818	0.909
	FS4	1.099	0.916	25.404		
	FS5	1.080	0.911	25.059		
	FS6	1.088	0.916	25.396		
NFS	NFS1	1.000	0.898		0.705	0.901
	NFS2	0.965	0.897	25.316		
	NFS3	0.959	0.846	22.288		
	NFS4	0.995	0.842	22.028		
	NFS5	0.743	0.700	15.847		
TBT	TBT2	1.000	0.733		0.582	0.710
	TBT3	0.607	0.439	8.363		
	TBT4	1.404	1.008	11.631		
CBT	CBT1	1.000	0.736		0.716	0.855
	CBT2	1.201	0.917	17.041		
	CBT3	1.141	0.875	16.362		
RBT	RBT4	1.000	0.699		0.660	0.796
	RBT5	1.359	0.941	13.763		
	RBT6	1.162	0.779	13.489		
BBT	BBT2	1.000	0.605		0.582	0.811
	BBT3	1.243	0.820	11.787		
	BBT5	1.253	0.770	11.317		
	BBT6	1.387	0.834	11.911		
RCI	RCI1	1.000	0.902		0.649	0.822
	RCI2	0.810	0.756	17.422		
	RCI3	0.818	0.692	15.154		
	RCI4	0.918	0.855	21.534		
FP	FP1	1.000	0.913		0.776	0.897
	FP2	0.998	0.914	25.528		
	FP3	0.903	0.811	20.44		
NFP	NFP1	1.000	0.733		0.642	0.878
	NFP2	1.070	0.768	17.758		
	NFP3	1.268	0.859	15.341		
	NFP4	1.330	0.839	15.034		
Model fit indices	$\chi^2=938.115$, $df=458$, $p=0.000$, $\chi^2/df=2.048$, $RMSER=0.057$, $GFI=0.863$, $AGFI=0.832$, $TLI=0.938$, $NFI=0.901$, $CFI=0.946$					

In this study, confirmatory factor analysis was conducted to verify convergence validity. As shown in <Table 3.>, it was found that the indicator values satisfied the evaluation criteria for the overall model fit; $\chi^2=938.115$, $df=458$, $GFI=0.863$, $AGFI=0.832$, $RMSER=0.057$, $TLI=0.938$, $NFI=0.901$, $CFI=0.946$. In addition, in the case of the average variance extraction value(AVE), all factors showed a value greater than 0.5 and for the CR value, all factors exceeded 0.7. Taking this, the convergence validity between measurement variables was found to be secured(Hair et al., 1998).

Discriminant validity verifies if each factor is independently meaningful without conflicting with other factors by having uni-dimensionality and validity of concentration. This is measured by comparing the square root of AVE and the correlation value between factors. When the square root value of AVE of each

component factor is higher than the correlation coefficient value, it is judged that discriminant validity is secured(Fornell & Larcker, 1981). As shown in <Table 4.>, the square root value of AVE of all factors was found to be greater than the correlation coefficient value, and thus the discriminant validity is secured.

<Table 4> The result of the correlation matrix and discriminant validity analysis

Factor	AVE	CR	FS	NFS	TBT	CBT	RBT	BBT	RCI	FP	NFP
FS	0.818	0.909	0.905								
NFS	0.705	0.901	0.825	0.840							
TBT	0.582	0.710	0.328	0.319	0.763						
CBT	0.716	0.855	0.663	0.665	0.179	0.846					
RBT	0.660	0.796	0.209	0.233	-0.027	0.320	0.813				
BBT	0.582	0.811	0.680	0.688	0.118	0.844	0.297	0.763			
RCI	0.649	0.822	0.516	0.559	-0.010	0.697	0.279	0.776	0.805		
FP	0.776	0.897	0.649	0.565	0.225	0.535	0.181	0.604	0.461	0.881	
NFP	0.642	0.878	0.619	0.648	0.140	0.687	0.278	0.737	0.711	0.624	0.801

* The Bold entries on the diagonal are the square root of AVE

4.3 Hypothesis testing

4.3.1 Hypothesis testing

In this study, a hypothesis test was conducted through a structural equation model. First, it is found that the model fit indicators generally meet the baseline($\chi^2=1,024.29$, $df=470$, $GFI=0.848$, $AGFI=0.819$, $RMSER=0.058$, $TLI=0.931$, $CFI=0.938$, $NFI=0.892$). In particular, the GFI is suggested to be acceptable if it is above 0.8. In the case of Normed χ^2 , it was found to be 2.179($\chi^2/df = 1024.29/470=2.179$) when the standard value is 3. Thus, it was judged that the suitability of the model is secured.

As a result of the hypothesis test, it was found that the financial support activities(FS) had a significant positive(+) effect on transitional-based trust(TBT), calculative-based trust(CBT), relational-based trust(RBT) and balanced-based trust(BBT) by adopting H1-1, H1-2, H3-1, and H4-1. Meanwhile, non-financial support activities (FS) were observed to have a significant, positive(+) effect on calculative-based trust(CBT), relational-based trust(RBT), and balanced-based trust(BBT) by adopting H2-2, H3-2, and H4-2. However, the non-financial didn't have a significant relationship with transitional-based trust(TBT) by rejecting H1-2.

In the relationship between dynamic trust and financial performance, transitional-based trust(TBT) and balanced-based trust(BBT) had a significant positive(+) effect on the financial

performance, adopting H5-1 and H5-4. However, calculative-based trust(CBT) and relational-based trust(RBT) had no positive effect on the financial performance, rejecting H5-2 and H5-3.

In dynamic trust and non-financial performance relations, only balanced-based trust(BBT) was found to have a significant, positive(+) effect on non-financial performance, adopting H6-4. However, no significant relationship was found in transitional-based, calculation-based, relations-based trust, rejecting H6-1, H6-2, and H6-3.

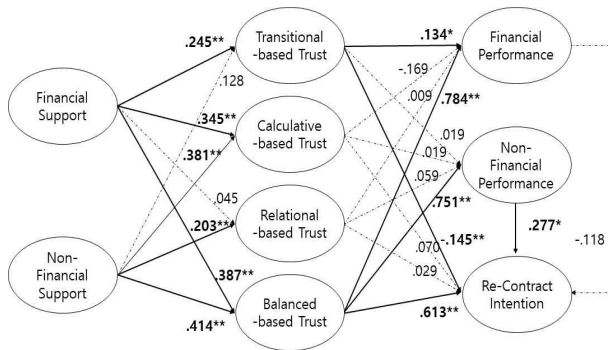
When it comes to the relationship between dynamic trust and the intention of contract renewal, only the balanced-based trust(BBT) showed a significant, positive(+) effect on the intention by adopting H7-4. and the non financial performance(NFP) showed a significant, positive(+) effect on the intention by adopting H7-6.

While, the transitional-based trust(TBT), calculative-based trust(CBT), and relational-based trust(RBT) suggested no meaningful relationship, rejecting H7-1, H7-2, and H7-3. The above results are summarized in <Table 5> and <Figure 2>.

<Table5> The result of Hypothesis

Hypothesis	Hypothesis path	Results			
		β	Std. Error	tvalue	remark
H1	H1-1 FS → TBT	0.245*	0.093	2.285	Adopted
	H1-2 NFS → TBT	0.128	0.102	1.198	Rejected
H2	H2-1 FS → CBT	0.345**	0.066	3.86	Adopted
	H2-2 NFS → CBT	0.381**	0.074	4.223	Adopted
H3	H3-1 FS → RBT	0.045	0.081	0.402	Rejected
	H3-2 NFS → RBT	0.203*	0.081	2.025	Adopted
H4	H4-1 FS → BBT	0.387**	0.052	4.469	Adopted
	H4-2 NFS → BBT	0.414**	0.058	4.722	Adopted
H5	H5-1 TBT → FP	0.134*	0.048	2.816	Adopted
	H5-2 CBT → FP	-0.169	0.144	-1.385	Rejected
	H5-3 RBT → FP	0.009	0.056	0.204	Rejected
	H5-4 BBT → FP	0.784**	0.201	5.681	Adopted
H6	H6-1 TBT → NFP	0.019	0.031	0.422	Rejected
	H6-2 CBT → NFP	0.019	0.092	0.172	Rejected
	H6-3 RBT → NFP	0.059	0.036	1.349	Rejected
	H6-4 BBT → NFP	0.751**	0.134	5.644	Adopted
H7	H7-1 TBT → RCI	-0.145**	0.048	-3.419	Rejected
	H7-2 CBT → RCI	0.070	0.143	0.643	Rejected
	H7-3 RBT → RCI	0.029	0.054	0.702	Rejected
	H7-4 BBT → RCI	0.613**	0.263	3.782	Adopted
	H7-5 FP → RCI	-0.118	0.07	-1.871	Rejected
	H7-6 NFP → RCI	0.277*	0.129	3.457	Adopted

* $p < 0.05$, ** $p < 0.01$



<Figure 2> The Result of Hypothesis

4.2.2 Direct Effect, Indirect Effect, and Total Effect

For verification of direct effect, indirect effects, and total effects of structural models in this model, bootstrapping was used with 1,000 samples and 95% confidence intervals.

According to the analysis, the relationship between financial support activity and financial performance has been shown to be statistically significant in the indirect effect of dynamic trust ($\beta = .278, p < .01$). And the relationship between non-financial support activity and financial performance has been shown to be statistically significant in the indirect effect of dynamic trust ($\beta = .279, p < .01$). Also, the relationship between financial support activity and non-financial performance ($\beta = .304, p < .01$) and the relationship between non-financial support activity and non-financial performance ($\beta = .332, p < .01$) have been shown to be statistically significant in the indirect effect of dynamic trust. The next thing, the relationship between financial support activity and re-contract intention ($\beta = .278, p < .01$) and the relationship between non-financial support activity and re-contract intention ($\beta = .327, p < .01$) have been shown to be statistically significant in the indirect effect of dynamic trust. However, the relationship between dynamic trust and re-contract intention hasn't been shown to be statistically significant in the indirect effect of financial performance and non-financial performance.

<Table 6> The result of Total, Direct, & Indirect Effect

Path	Std. estimate		
	Total effect	Direct effect	Indirect effect
FS → FP	.278**	-	.278**
NFS → FP	.279**	-	.279**
FS → NFP	.304**	-	.304**
NFS → NFP	.332**	-	.332**
FS → RCI	.278**	-	.278**
FS → RCI	.327**	-	.327**
TBT → RCI	-.155**	-.145**	-.011
CBT → RCI	.095	.070	.025
RBT → RCI	.044	.029	.015
BBT → RCI	.729*	.613*	.116

* $p < .0$ ** $p < .01$

V. Conclusion

The purpose of this study was to identify the relationship between franchisers' (or franchise headquarters) support activities and their impact on franchisees' intention of the contract renewal and business performances by forming a dynamic trust. To ensure that the results of this study reflect the purpose clearly, numerous support activities of the franchiser were divided into financial and non-financial activities. Also, dynamic trust was defined as a key element embedded in a relationship that changes according to opportunistic behaviors in a transactional relationship and was categorized into transitional-based, calculative-based, relational-based, and balanced-based trust.

The results were as follows. First, financial support activities had a significant, positive(+) impact on transitional-based, calculative-based, and balanced-based trust. Whereas non-financial support activities had a significant, positive(+) impact on calculative-based, relational-based, and balanced-based trust, and they didn't show any meaningful impact on the transitional-based trust. Such results imply that reciprocally benefiting financial activities between franchisers and franchisees such as generating profits and reducing costs can help establish transitional-based trust, which accompanies legitimate compensation and distribution of profits. Namely, continuous interactions in financial activities can also encourage creating calculative-based trust. Furthermore, all of these cooperative actions will help enhance the level of trust that both parties are secured with boosting expected profits. Therefore, if profit is reasonably distributed and agreement is carried at a mutually agreeable level, a strong interdependence-based trust can be established regardless of the perceived risk level.

In addition, trust can be formed through diverse activities that assure win-win growth for all participants such as market forecasting, developing new products and services, and responding to the market and their consistent execution. Going one step forward, if the trust-based interdependency can be strengthened up to the level where it allows franchise partners to minimize the risk even in the long-term relationship, this will play a key role to protect and maintain the relationship even amid the market crisis.

Second, the dynamic trust had a significant, positive(+) effect on relational-based trust related to the intention of renewal of the contract. Third, in the relationship between dynamic trust and business performance, financial activities had a positive(+) relationship with transitional-based and relational-based trust while non-financial activities had a statistically meaningful relationship only with relational-based trust.

Third, Financial and non-financial support activities have been shown to affect financial and non-financial performance by mediating dynamic trust. However, dynamic trust did not have any effect on financial and non-financial performance. In other words, it was found to have only a direct effect on the intention of renewing the contract.

In particular, financial activities have been shown to affect not only the low level of trust in the relationship arising from the transitional relationship between the parties in the early stages of the transaction, but also the reliability of providing fair trade in transparency and cooperation in the contractual relationship. It also affects balance-based trust, which means the formation of interdependent relationships that can develop long-term trading relationships, raising the need to further expand the merchant headquarters' financial support activities.

Non-financial support activities seem to affect both relationship-based trust and balance-based trust, allowing long-term trading relationships to be formed through the formation of mutually collaborative relationships. On the other hand, for non-financial activities, it was found that the experience and know-how associated with initial transaction execution were difficult to form and therefore did not affect transitional-based trust and calculation-based trust.

Transitional-based trust has been shown to have an impact on financial performance, but non-financial performance has a rather negative impact, which can be seen as reflecting the growing desire for a more reliable franchise headquarters, along with distrust of contract performance, if the initial transaction relationship continues without improvement. It was also shown that calculative-based trust and relational-based trust do not affect management performance and intention to renew. This is considered to be a level of faithful contract performance, which does not form expectations for performance that is specially perceived by franchisees, and eventually does not lead to the intention of renewing the contract.

The results above suggest that trust established between franchisers and franchisees can provide a basis for promoting financial and non-financial performances in addition to encouraging the intention to renew the contract, which reflects the willingness to maintain the current relationship.

Especially, it is expected that maintaining a sustained relationship for win-win can be secured when trust about growing profits benefiting everyone is confirmed through continuous and consistent non-financial activities. In other words, although the growth in financial performance from increased profits caused by financial support activities is certainly crucial, in the long-run, founding an interdependence-strengthened trust which remains undamaged even during the crisis via the

provision of non-financial support activities is more powerful in building a win-win system that authentically benefits all parties.

The assorted implications of the study are as follows. Firstly, in the franchise system, the franchise headquarters is in charge of various franchise business support activities as well as market analysis, brand strengthening and new product development. However, due to the characteristic of franchisees, it is difficult to expect mutual trust between the trading partners, as the support services of the franchise headquarters are fulfilled as a contract obligation or additional support requires financial burden. However, if financial support is provided by the parties to the transaction, the franchisee may voluntarily and actively participate in business activities to maintain the long-term relationship as well as restore trust in the transaction relationship by receiving support for the operation of the business without additional financial burden.

In this study, various support activities of the franchise headquarters were divided into financial and non-financial support activities that supplement the cost aspects to the franchisees, and the relationship to the formation of trust between traders was verified. In particular, it could be confirmed that financial support activities not only lead to the formation of simple trust in the early stages of the transaction, but also to the balanced-based trust in which the other party is trusted despite its own economic losses. In other words, when the headquarters of the franchise is centered on policies that ease the economic burden of the franchise business owners, it is expected that the company will be able to create a trust relationship that will prevent them from leaving the competition and lead them to participate in overcoming the crisis at the expense of voluntary sacrifices in the market crisis. This result could serve as the basis for Eastern growth in the market.

Secondly, this study discovers that financial and non-financial activity among the various support activities between the franchiser and franchisees had a meaningful relationship with the intention of the contract renewal and business performance. It showed the possibility that a trust-based cooperative relationship for a win-win system can be established between the franchiser and franchisees through specific support activities (financial and non-financial) suitable for their own situation even in an environment of the franchise where businesses act according to their own interests.

Thirdly, this study suggests a meaningful idea to other industries that a strategy and components for the continuous activities to strengthen interdependency and raise risk at the same time can be established based on which type of dynamic trust suggested in this study the business relationship is located. Then, a set of specific activities to form a type of dynamic trust

can be presented, if the market shares the similar characteristics as the franchise has; a business relationship is linked through a contract that involves obligations to carry and maintain agreements, and it is heavily interdependent, hence sharing the risk in the transaction.

Finally, already formed dynamic trust between the franchiser and franchisees can be influential to the overall franchise industry. As observed throughout the study, trust builds a relationship essential to establish a continuous win-win system. On top of that, it can offers measures to promote the qualitative growth for the franchise industry by identifying the relationship that improves business performance.

Nevertheless, in this study, statistically significant results were not verified in the hypothesis that calculation-based trust and relationship-based trust had an effect on management performance. This may be due to the composition of the sample. Because sample company in this study is mainly focused on the restaurant franchise(90.8% of the total), these results have their limitations when interpreting and applying the meaning of this study to the franchise industry in general.

In franchise industry, each franchise sectors may present each different types of contractual relationships. Therefore, it will have to be done considering the characteristics of franchise contracts in future. Also, the position of respondents was participated by both managers and the business operators in this study. But they may have different influences on the intent of franchise renewal contract, so, it seems to be analyzed separately. In this regards, more segmented researches by divisions or contractual relationship are needed in future studies.

In addition, although not considered in this study, if franchisee has the same franchise headquarters, the validity of the research results should be increased by analyzing the relationship between the variables based on the same franchise headquarters. Therefore, future research will be more meaningful if consideration is given to detailed industries and whether they belong to the same franchise headquarters. Furthermore, studies are required to define activities conducted in a more practical aspect, such as the implementation of actual franchise activities, and to verify them at a practical level.

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프랜차이즈 가맹본부와 가맹사업자간 상생을 위한 지원활동이 동적신뢰를 통해 경영성과 및 재계약의도에 미치는 영향

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국 문 요 약

본 연구에서는 국내 프랜차이즈 가맹점들을 대상으로 가맹본부의 지원활동이 가맹사업자간 가변적인 신뢰, 즉 동태적 신뢰를 통한 가맹본부와 재계약 의도 및 경영성과와의 관계를 규명하고자 하였다. 이를 위해 프랜차이즈 사업자간 이루어지는 다양한 활동을 재무적 지원활동과 비재무적 지원활동으로 구분하고, 거래관계에서 발생가능한 기회주의적 행동으로 인해 가변적으로 변화하는 신뢰 개념을 정의하고 있는 동태적 신뢰 개념의 유형인 과도기적 신뢰, 계산기반 신뢰, 관계기반 신뢰 및 균형기반 신뢰를 적용하여 사업자간 재계약과 경영성과(재무적 성과 및 비재무적 성과)와의 관계를 밝히고자 하였다.

이를 위해, 국내 프랜차이즈 가맹점의 사업주 및 관리자 급을 대상으로 조사원이 직접 방문하여 설문 목적을 설명하고 직접 기입식으로 진행하였다. 분석에는 총 348부가 사용되었다. 분석결과, 첫째, 재무적 지원활동은 과도기적 신뢰, 계산적 신뢰 및 균형적 신뢰에서 정(+)¹의 유의한 영향을 미치는 것으로 나타났다. 반면, 비재무적 지원활동은 계산적 신뢰, 관계적 신뢰 및 균형적 신뢰에서 정(+)¹의 유의한 영향을 미치는 것으로 나타났으며, 과도기적 신뢰에서는 유의한 관계가 없는 것으로 나타났다. 둘째, 동태적 신뢰가 재계약 유도에 미치는 관계균형기반 신뢰가 통계적으로 유의한 정(+)¹의 관계가 나타났다. 셋째, 동태적 신뢰와 경영성과와의 관계에서는 재무적 성과에서는 과도기적 신뢰와 관계기반 신뢰가 정(+)¹의 관계가 나타났다. 또한 비재무적 성과에는 관계적 신뢰만이 통계적으로 유의한 정(+)¹의 관계가 검증되었다. 또한 경영성과와 재계약의도와의 관계에서는 비재무적 성과만이 통계적으로 유의한 정(+)¹의 관계가 검증되었다.

즉, 프랜차이즈 이해관계자 간의 상생을 위한 재무적 및 비재무적 활동은 동태적 신뢰형성과 함께, 경영성과뿐만 아니라 지속적인 관계유지와 관계를 규명함으로써, 상생협력을 위한 가맹본부와 가맹점 간 집중가능한 활동을 통해 그 가능성을 제시하였다. 또한 프랜차이즈 산업과 같이 계약기반의 거래 특정적 관계로 계약이행에 대한 이해관계, 계약유지에 대한 이해관계 등 거래상 위험과 상호의존성에 따라 가변적으로 상황에서 형성되는 신뢰수준 구축을 위한 활동을 제시할 수 있었다. 이처럼, 프랜차이즈 산업의 지속적인 상생시스템 구축에 필수적으로 요구되는 관계형성뿐만 아니라 가맹사업자의 경영성과를 개선할 수 있는 관계를 규명함으로써 함으로써 프랜차이즈 산업의 질적 향상을 도모할 수 있는 방안을 제시할 수 있을 것으로 기대한다.

핵심주제어: 프랜차이즈 지원활동, 동태적 신뢰, 재계약 의도, 프랜차이즈

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