

THE MEDIATING ROLE OF SATISFACTION IN THE RELATIONSHIP BETWEEN COST, BRAND VALUE AND INTENTION TO MAINTAIN A LONG-TERM RELATIONSHIP IN FRANCHISING

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ABSTRACT

Environmental uncertainty is a major factor influencing business decisions. This study attempts to examine the impact of these factors on satisfaction and intention to maintain a long-term relationship in franchising. The study also attempts to demonstrate the role of environmental uncertainty in the relationship between satisfaction and intention to maintain a long-term relationship in franchising. The study collected primary data by sending surveys to individuals working in the franchising sector, 236 valid questionnaires were coded and processed using SPSS and AMOS software. The results of the study showed that brand equity is the factor with the strongest impact on satisfaction and franchise cost is the factor with a positive impact on satisfaction in franchising. The study also pointed out the mediating role of satisfaction and the moderating role of environmental uncertainty.

Keywords: *Intention to maintain a long-term relationship in franchising, franchise cost, brand value, uncertainty environment, satisfaction*

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1. INTRODUCTION

The ongoing globalization process is pushing businesses to expand relationships and seek partners from abroad. One of the methods that businesses are interested in to expand their markets and deploy operations quickly is franchising. Franchising is allowing an individual or organization (called the franchisee) to sell goods or services according to the established business form and method. be tested in practice by the franchisor at a certain point, in a specific area within a certain period of time to receive a fee or a certain percentage of revenue or profit. The franchisor must ensure correct and sufficient

provision and support for members to join that system; The franchisee must ensure compliance with the system's strict templates and standards, from decoration to the content of goods and services and the price transferred. Other tangible and intangible assets, such as advertising, international and domestic training, and other support services are generally provided by the franchisor, and may in fact be required by the franchisor, generally requiring the accounting records to be audited and requiring the franchisee and /or agents to accept periodic and sudden audits export. If these checks are not passed, the rights in the franchise may not be renewed or may be cancelled. A franchise -like business system ensures members of the system have maximum synchronization in both form and content as well as ensuring consumers the recognition of the system, standards of goods and services provided by any point of sale in that system. Franchising along with other forms of business has created a vivid picture of the world economy. Formed in the 19th century, this form is constantly being expanded, promoting efficiency in business.

In the world, in recent times there have been many studies on the topic of franchising. The research is very diverse related to many management issues in franchising. One of the issues that has attracted a lot of attention from scholars is the intention to continue maintaining the cooperation contract between the two parties. Because if this relationship is maintained long-term, it will bring positive results for all parties involved. Research by Kalargyrou and colleagues shows that the most important factors affecting the intention to continue maintaining the contract are satisfaction, and satisfaction depends on factors including trust in the franchisor, franchisor interest, franchisee performance [8]. This study was conducted in the context of the

restaurant industry in the United States. Research by Hendrikse and colleagues focuses on clarifying the intention to complete a franchise contract based on trust, investment, environmental instability and brand. Research conducted in the context of developed countries, Germany, has shown that investment confidence and brand are factors that positively influence the completion of franchise contracts, in which the uncertain environment plays a moderating role in factors that positively impact the completion of business contracts. franchise business [6]. Similarly, research by Herz et al. shows that intangible assets of the franchisor and franchisee as well as environmental instability affect trust and business performance through which it impacts the building of a long-term, sustainable relationship over time. Research by Paswan et al. shows the role of knowledge sharing in co-creating value and thereby enhancing cohesion and maintaining long-term relationships between franchisors and franchisees [9]. In addition, some studies focus on developing relationships in franchising in the South Korean context. Research shows that the franchisor's specific knowledge has a positive influence on the franchisee's specific assets, trust, commercial value and thereby affects brand similarity. Through this, the authors' research shows that in order to develop relationships in business franchising, it is necessary to have brand similarity. In addition, Han et al. research clarifies the relationship between equity and emotions, satisfaction and intention to leave in business franchising. Research shows that fairness in positive affect affects positive emotions, but not negative emotions. Satisfaction has a mixed influence on the intention to leave the relationship [5].

From the above literature review, we see that there exist some gaps in research on franchising. For example, studies have not clarified the factors that promote franchising nor the mechanism that affects long-term franchise retention. Scholars also point out the need to further study these mechanisms. This study attempts to clarify the role of satisfaction in the relationship between influencing factors and intention to maintain a long-term relationship in franchising, and at the same time, this study also tries to contribute add to the research by examining the moderating role of environmental instability. To accomplish these goals, the study attempts to answer the following questions:

First, how do brand value and costs affect satisfaction in the franchise business relationship?

Second, what role does satisfaction play in the relationship between brand equity, cost, and intention to maintain a long-term relationship in franchising?

Next, how does satisfaction influence the intention to maintain a long-term relationship in a franchise?

Finally, what role does environmental uncertainty play in the relationship between satisfaction and intention to maintain a long-term relationship in franchising?

This article is structured into 5 parts, after the introduction is the theoretical basis and research hypotheses, the third part of this study is the research method, the next part is the research results, and the final part is of this study is to discuss the results of the study.

2. THEORETICAL BASE AND RESEARCH HYPOTHESIS

2.1. Motivation - Opportunity - Ability (MOA) theory

Motivation - Opportunity - Ability theory is a theory that proposes three key components that influence a subject's behavior, including Motivation, Opportunity and Ability.

The Motivation - Opportunity - Ability theoretical model shows that when a subject has the motivation to perform a behavior, has the ability and has the opportunity to perform, that behavior will be performed. In there:

Motivation: Is the desire and willingness to perform a behavior.

Opportunity: Is the conditions, environment and resources necessary to perform the behavior.

Abilities: Are the knowledge, skills and abilities necessary to perform the behavior.

In addition, the Ability itself will strengthen the opportunity for behavior, which is a necessary condition for the opportunity to appear more clearly.

From this model, the intention to maintain a relationship in franchising is derived from motivation. Once people are motivated, they are always ready to take action when the opportunity comes. However, the intention to maintain a relationship depends on many factors such as satisfaction, trust, value, and cost.

As for the opportunity, when inheriting the inherent reputation of the brand along with the number of customers already in the market, the transferee will receive comprehensive and continuous support from the start. The franchisee can start business with a tested and standardized brand, production technology and

operating system, acquire business know-how, and receive regular support from the franchisor, without it is necessary to build your own brand and will minimize the risk of building a new brand in the market.

Also according to Donald, the ability to perform the behavior or in other words, the understanding of the subject's ability to perform the behavior will be the final decision for the subject to perform the behavior. The ability here can be understood in a broad sense as the ability of the licensor to control the system and provide good quality services and products; The ability to promote the franchisee's business activities brings benefits to both parties.

2.2. Research hypothesis

Brand value is a concept that measures the intangible assets of a brand or a set of brands. It represents the economic value that the brand brings to the ownership business. If the brand value is known by many people, it will be trusted and franchised more and more. Because most customers' needs are stimulated based on brand value, helping the franchisee increase revenue, sales, and business operations more effectively, and at the same time helping the franchisor improve brand value. Thus, brand value has an impact on satisfaction. According to author Traeese, consumers want to find good quality services, products and prices identical to the same brand whenever they have a need, Nikulin and his colleagues argue that increasing the proportion of franchised stores above a certain limit is inappropriate and leads to a high risk of brand failure if not controlled. The Park et al., brand equity is the cognitive and emotional link that connects the brand to the self. Fournier proposed brand value as one of six relevant dimensions in the relationship between customers and brands. The importance of brand attachment as a key determinant of customer consumption behavior is evidenced by several attributes inherent in the concept. Attachment represents an enduring emotional bond that resists change, influences cognition, and predicts behavior. Persistence reflects the extent to which the two parties' influence does not change over time. A brand that has a connection, attachment, and value with customers will be able to achieve higher satisfaction than brands with a weaker connection. Besides, according to Park et al, brand value affects customers' future repurchase intention when there is a need in the future through the intermediate factor of satisfaction. Thus, the higher the customer satisfaction, the higher the intention to continue

maintaining a long-term relationship in the franchise. According to Lin et al., brand equity is shown to influence repurchase intention directly and indirectly. On this basis the following can be formulated:

H1: Brand value has a positive impact on satisfaction

H2: Brand value has a positive impact on franchise retention intention through mediating satisfaction

In franchising, franchise cost is the total amount of money that the franchisee must pay to the franchisor to be granted the right to use the brand, operating system, support and other benefits related to the business model of franchising. Authors Do Thi Hoang Yen and Pham Van Hanh pointed out the cost factor that has the greatest impact on the success of franchising activities [7]. Windolph and Moeller argued that cost management increases the satisfaction in relationships with partners [2].

H3: Franchise Cost has a positive impact on satisfaction

H4: Franchise Cost has a positive impact on franchise retention intention through the mediation of satisfaction

Satisfaction is an emotional state of satisfaction obtained by the franchisor when comparing expected business performance results with actual results occurring in the business process. Satisfaction also belongs to the franchisee when business activities are going as they expected. This is a key factor in franchise management. Satisfaction is a key issue in both parties' intention to continue franchising through factors such as: brand value, cost, commitment, trust, cooperation and support. Satisfaction affects both sides from the franchisee to the franchisor. At the end of the contract, the franchisee can completely give up to do business with another brand, satisfaction is the key issue leading to further cooperation.

On the contrary, a franchisee with good business results that meets the franchisor's commitment to cooperation will be more long-term and committed, directly affecting the intention to continue franchising. The relationship between customer satisfaction affects the intention to maintain a franchise through many studies. These studies have shown that customer satisfaction is a factor that directly affects customers' repurchase intention. Among them, satisfaction is said to be one of the main determinants to explain repurchase intention and consumer behavior and loyalty. Just as the relationship test of satisfaction affects both parties' intention to continue maintaining a long-term franchise

relationship, on that basis there is the following hypothesis:

H5: Satisfaction positively affects the intention to maintain a franchise

The Uncertainty of business environment in this study is a nominal variable considered based on the aspect of market fluctuations and trends. Measure by answering the question "Choose the correct statement for your business industry: Easy to predict market trends/hard to predict market trends". A determining factor in the resources that franchising generates is the solidity of its know-how, due to its constant and rapid adaptation to market conditions, which is one of its characteristics and also its weak point factors that create satisfaction and intention to maintain long-term relationships in franchising, in the study, this scholar examines the instability of the business environment as a role control variable. However, a very small amount of existing research explores the role of business environment uncertainty in the relationship between satisfaction and long-term relationship intention in franchising. This study examines the moderating role of business environment instability, the authors propose the following hypothesis:

H6: Business environment instability moderates the relationship between satisfaction and intention to maintain a long-term relationship in franchising.

From the above hypotheses, the authors propose the following research model:



Figure 1. Proposed research model

3. RESEARCH METHODS

The survey method was used in this study to collect data via an empirical questionnaire for model testing purposes. The intended audience for the required data collection process is those who determine the stance, individual or group opinions in the area in the field of commercial franchising activities in Vietnam. From there, we can know whether the positions or opinions are consistent with reality or not, or are still vague and not exactly specific. Thereby, the author proceeds to build a scale suitable to the practice and characteristics of businesses operating in the field of franchising.

Specifically, data were collected from people working in the franchising industry. The current study applies the scale from previous studies and is adapted to fit brand values from the perspective of evaluation from the perspective of franchisees. All scales are in Likert-5 format, ranging from 1 strongly disagree to 5 strongly agree. In particular, the proposed measurement scales are as follows: Brand value has 4 observed variables, Cost has 4 observed variables, Satisfaction has 3 observed variables, Intention has 3 observed variables, observations Inherited and developed from the research of Chiou, Hsieh and Yang [3], Wu [11], Adeiza, Azizi Ismail and Marissa Malek [1]. The study collected primary data by sending surveys to individuals working in the field of franchising, 236 valid questionnaires were coded and processed by SPSS and AMOS software.

4. RESEARCH RESULTS

4.1. Test the reliability, convergence and discrimination of structural scales

First, to test reliability, the study evaluated two indicators: standardized factor loading (≥ 0.5) and composite reliability ($CR \geq 0.7$). Next, to test the convergence of the study, the assessment is based on the AVE index (≥ 0.5). Finally, to achieve discrimination, the MSV indexes must be smaller than the corresponding AVE index; At the same time, the SQRTAVE index must be greater than the Inter-Construct Correlations index. The Table 1 shows these statistical indicators.

Table 1. Summary of statistical indicators

	CR	AVE	MSV	Max R(H)	BR	CO	PRINT	SA
BR	0.817	0.529	0.130	0.822	0.727			
CO	0.907	0.709	0.020	0.927	0.066	0.842		
PRINT	0.891	0.732	0.130	0.895	0.361	0.022	0.856	
SA	0.843	0.642	0.124	0.860	0.248	0.142	0.352	0.801

Table "Results of CR, AVE, MSV and SQRTAVE evaluation" shows the corresponding indexes $MSV < AVE$. At the same time the index $SQRTAVE > \text{Inter-Construct Correlations}$. Therefore, with this result we can conclude that the standards for evaluating distinctiveness are guaranteed. Therefore, the CFA test results show that the concepts meet the requirements in terms of validity as well as reliability, the number of factors and variables measured on those factors are consistent with expectations on a theoretical basis. theory has been established before. Therefore, the scale is suitable for analyzing linear structural models

4.2. Hypothesis testing

The important statistical indicators are shown in Figure 2. The obtained SEM linear structural model test coefficients all satisfy the set evaluation criteria and are suitable for the circumstances of this study. Specifically, the P coefficient obtained is $0.000 < 0.05$, satisfying the set criteria. The indexes CMIN/df, GFI, CFI, TLI, RMSEA, PCLOSE are 2.630, 0.934, 0.958, 0.948, 0.065, 0.014 respectively, satisfying the criteria for measuring the model fit coefficient. PCLOSE=0.014 is acceptable due to the context of the study. Therefore, the model used by the author in this study is suitable for market data. The results of SEM linear structural model analysis are obtained as follows:

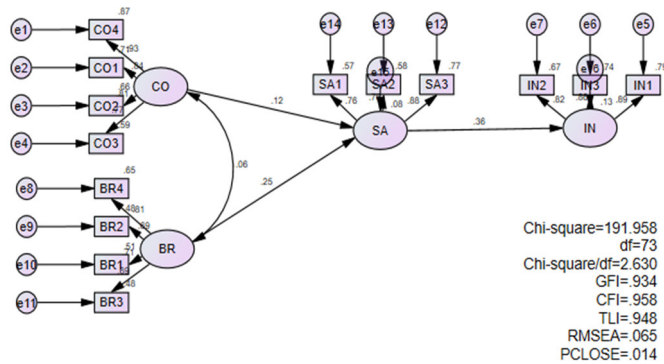


Figure 2. SEM linear structural model

Hypothesis testing

Table 2. Unstandardized regression coefficients

	Estimate	SE	CR	P
SA <--- CO	0.112	0.050	2,227	0.026
SA <--- BR	0.272	0.066	4,140	***
PRINT <--- SA	0.514	0.082	6,283	***

The unstandardized P - value between concepts is less than 0.05, so it is concluded that the concepts used by the authors in this research model have a statistical relationship with each other. At the same time, the unstandardized regression coefficients all have positive signs, therefore, hypotheses H1, H3, and H5 are accepted. Consider the standardized regression coefficient to consider the level of impact of the factors:

Table 3. Standardized regression coefficients

	Estimate
SA <--- CO	0.124
SA <--- BR	0.249
PRINT <--- SA	0.360

Table 3 shows that the BR factor has a stronger positive impact on SA than CO has on SA. The SA factor has a strong impact on IN with a standardized estimate of 0.360. The model explains 41.3% of the variation in the dependent variable IN.

To accomplish the proposed research goals, the authors continue to test the mediating role of satisfaction. The results of testing the mediating role are shown in the following Table 4.

Table 4. Testing the mediating role of satisfaction

Relationship	Indirect		Hypothesis testing
	S.E.S	Sig	
CO --> SA --> IN	0.058	0.013	Accept
BR --> SA --> IN	0.140	0.001	Accept

The topic continues to build variables that moderate the instability of the business environment on the relationship between satisfaction and intention to maintain a long-term relationship in franchising. Proceed to create the invariant model and the variable model, after evaluating the Chi-square difference in degrees of freedom between the two variable and invariant models, the P-value = $0.011 < 0.05$ is obtained, therefore, the result is There is a difference between the constant and variable models, and the instability of the business environment has a moderating impact on the relationship between satisfaction and intention to maintain a long-term relationship in franchising. commerce, accept hypothesis H6, take the variability model to determine the regulation of the instability variable in the business environment.

Table 5 presents the results of testing the controlling role of the variable business environment instability.

Table 5. The moderating role of business environment instability

	Easily predict market trends		Difficult to predict market trends	
	Standardized Regression Weights	P-value	Standardized Regression Weights	P-value
IN ← SA	0.187	0.018	0.051	0.118
Squared Multiple Correlation R2	0.533		0.222	

The results in the table above indicate that the impact of ease of predicting trends on the relationship between satisfaction and intention to maintain a long-term

relationship in franchising is statistically significant (P -value = $0.018 < 0.05$). Specifically, ease of predicting market trends has a stronger positive moderating effect on the relationship between satisfaction and intention to maintain a long-term relationship in franchising than when it is difficult to predict market trends. At the same time, while it is easy to predict market trends, the proposed model also explains well the variation of the dependent variable with an adjusted R-squared of 53.3%. Difficulty predicting market trends does not play a moderating role in the relationship between satisfaction and intention to maintain a long-term relationship in franchising.

5. DISCUSSION OF THE RESEARCH RESULTS

In recent times, franchising is a topic that has received a lot of attention from both scholars and economic organizations. The existence and development of a business is influenced by many factors. In addition to economic impacts, a business that wants to develop sustainably depends a lot on profits or scale or relationships. Some relationship between that business and another business or other object. For this reason, planning franchise activities in a clear and detailed manner is equally important for businesses that want to expand their scale and increase brand value through influence of many factors. Today, businesses do business in a fiercely competitive environment. Any business that makes any decision needs to consider immediate profits and long-term benefits when spending part of its budget on activities. Expanding scale, especially with franchised businesses.

This study attempts to clarify the influence of factors on the intention to continue maintaining a long-term franchise relationship. Based on the practical context and theoretical context, the study tests the mediating role of satisfaction factor in the relationship between influencing factors and intention to maintain long-term relationships in franchising. Trade, and the study also attempts to clarify the impact of cost and brand value on satisfaction and intention to maintain a long-term relationship in franchising. In addition, the study also tried to test the moderating role of the factor of business environment instability on the relationship between satisfaction and intention to maintain a long-term relationship in franchising.

Research results show that brand value is a factor that has a positive impact on satisfaction in the franchise relationship (Estimate = 0.249, P -value = 0.000). This

finding of the study contributes to the literature by reinforcing the views in previous studies: Shin et al. [10], Evanschitzky et al. [4]. Brands are a guarantee of quality, origin and results, so they increase the franchisee's perceived value and reduce risk and decision-making complexity, thereby increasing satisfaction. The study also showed that satisfaction plays a mediating role in the relationship between brand equity and intention to maintain a long-term relationship in a franchise (estimate = 0.140, P -value = 0.000). This is an important basis for managers to devise strategies to build brand value, because it is an important factor that affects satisfaction in the franchise relationship, at the same time, through the satisfaction, brand value also has a positive impact on the intention to maintain a long-term relationship in the franchise.

Besides, the research results also show that price is a factor that has a positive impact on satisfaction, and at the same time, through satisfaction, the price factor also has a positive impact on intention to maintain a long-term franchise relationship. This is a new and important finding of the study. The context of this study is franchising activities in Vietnam. This study demonstrates the impact of two factors: brand value and cost on satisfaction and intention to maintain a long-term relationship in franchise. Brand value is a factor that has a positive impact on satisfaction and through satisfaction positively impacts the intention to maintain a long-term relationship in a franchise. Brand value is the factor that brings profit and satisfaction to franchisees. Brand value and cost seem to be two factors that go hand in hand. If a brand has great value, it has a high franchise cost, therefore, when the franchise brand offers low cost, it may not bring satisfaction to the franchisee, because the brand lacks high brand value, low franchise cost may not bring satisfaction because maybe its not bring expected profits for franchisees, besides, low franchise costs do not create barriers for competitors to enter the industry, thus, competition among franchisees of the same brand increases, this is also the reason for the decrease in expected profits, therefore, high costs seem to be a factor that positively affects satisfaction because it goes hand in hand with brand value affecting satisfaction and through satisfaction positively impacts the intention to maintain a long-term relationship in the franchise. The research results also show that cost is a factor that has a positive impact, this is a new and important contribution of this study.

Next, the topic also shows that market instability has a positive moderating effect on the relationship between satisfaction and intention to maintain a long-term relationship in franchising. Specifically, market trends can be predicted to moderate this relationship while and when it is difficult to predict market trends do not play a moderating role on this relationship, and when it is possible to predict market trends, the model also explains well the variation of the dependent variable. The instability of the business environment in this study is a nominal variable considered based on the aspect of market fluctuations and trends. Measure by answering the question "Choose the correct statement for your business industry: Easy to predict market trends/hard to predict market trends". Research results show that P-value if it is easy to predict market trends is $0.018 < 0.05$, therefore, easy to predict market trends has a positive moderating impact on the relationship between satisfaction and intention to maintain a long-term relationship, while it is difficult to predict market trends, does not have a moderating role in the relationship between satisfaction and intention to maintain the relationship ($p\text{-value} = 0.118 > 0.05$). When the business environment is stable and market trends are predictable, then managers can come up with plans that increase revenue, thereby increasing satisfaction, thereby having a strongly positive impact on intend to maintain a long-term franchise relationship. However, when the business environment fluctuates greatly and it is difficult to predict market trends, this factor does not have an impact on satisfaction and intention to maintain a long-term franchise relationship, because This satisfaction and intention are dependent on many other factors, so it is impossible to be sure that there is an influence from the difficulty of predicting the trend, however, when the trend is predictable, there is definitely an influence to satisfaction and intention to maintain a long-term franchise

Besides contributions to theory and practice, the topic also has some limitations such as limited sample size, the study only explores the impact of brand value and cost on satisfaction and intention to maintain a long-term franchise relationship. Future studies can consider expanding the sample size and examining other factors to further contribute to theory and practice.

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