The Title: Strengthening the Relationship of Franchisor and Franchisee on Value in Use, Investment Risk, Conflict Management, Trust, Commitment, and Relationship Satisfaction: Study Case of Local Franchise in Jakarta.

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Abstract

This study aims at analyzing the relationship between franchisor and franchisee in Jakarta. The growth of franchise business has been shimmer in the last ten years. The driving factors for strengthening the relationship must be analyzed because it can provide wide and clear understanding the underlying factors. This study is the replication of Grace & Weaven's research (2011). The variables analyzed are value in use, investment risk and relational satisfaction. This study tries to extend the variables by considering the variables of conflict management, trust, and commitment. This research uses the quantity methods by a survey. The data collection is done by distributing the questionnaires to franchisee of convenience store, food chain, and service in Jakarta. The distributed questionnaires are 80 and the returned ones are 41. The sampling method uses purposive sampling. The data are analyzed with regression analysis. The result of this study explains that the variables of value in use, trust, and commitment influence relational satisfaction.

Keyword: value in use, investment risk, trust, commitment, and relational satisfaction.

Introduction

Franchise is considered as a valuable asset, profitable, and beneficial to consumers because consumers can gain the standard service from main distributor. The mechanism of franchise has created collaboration between franchisor and franchisee. The relationship is supported and equipped by a strong foundation to maintain the longer profitable collaboration. The franchise network is a co-creation among franchisor and franchisee for a sustainable relationship. Each participant in franchise network has to understand each role to support a good relationship. Franchisor has to formulate and to explain the existing standards including right and obligation to franchisee. Consequently, franchisee can provide better service for their customers. Therefore, the franchise relationship can be longer because each participant can obtain perceived benefit and cost (Harmon and Griffiths 2008).

The mutual benefit of franchise is important because each participant can have better profitability. On the franchisee side, the perceived benefit can be in the form satisfaction of having a relationship with the franchisor. The relational satisfaction can be defined as the positive affective appraisal of the partner (Geyskens et al. 1999). The relational satisfaction is driven by factors such as trust, bonding, empathy (De Ruyter and Wetzels 2000); trust, adaptation, satisfaction, communication, interdependence, commitment (Fynes and Voss 2002); trust in integrity, trust in benevolence, commitment, affective conflict, and satisfaction (Roberts et al. 2003).

This study is the replication study of Grace and Scott (2011). The study tried to analyze the franchisee perceptions toward the value that is considered to be important for maintaining sustainable relationship. The context of research discusses about the perception of risk, relationship satisfaction. This study tries to extend the model of maintaining the relationship among franchisor and franchisee by analyzing the aspect of values including social value, emotional value, quality value, monetary value, and investment risk. The comprehension extension for further analysis is added by aspects of conflict management, trust, and commitment. These latter factors are considered to support the perception of franchisee (De Wulf et al. 2001).

This research analyzes and understands the conceptual model of relational satisfaction of franchisee. The aspects to discuss further are whether social value, emotional value, quality value, monetary value, investment risk, conflict management, trust, and commitment can influence relational satisfaction of franchisee in a longer period. Social value is considered to influence on satisfaction because when franchisee runs a business, it involves feeling and motivation to make the business sustainable. Involving emotional value in running business can influence franchisee to do business with spirit of having. Caring of business can sustain the ability to make franchise profitable. Maintaining franchise business depends on quality value that is shared by franchisor. The prosedure and standards have been well defined because the goal is to maintain quality. The mentoring and maintainance of supervision can create relational satifaction. Doing busines is searching for a monetary value. In other words, the aim of running business activity is to gain profitability. Commonly, the partnership of business will be longer if there is mutual benefit. This mutual benefit can trigger the satisfaction of members. Investment risk also becomes one of considerations of running business. The higher of investment risk perceived, the less satisfaction of relationship. In addition, the ability to manage conflict can influence the willingness to maintain the relationship among the partners. When mutual benefit is well perceived by the partner, trust will be easily created. Furthermore, commitment is formed to maintain the longer relationship with the partner. The benefit of research is expected to provide better understanding that the relational satisfaction of having franchise business is not in term of financial profitability from doing a franchise business, but involves many factors.

Theoretical Background

The primary theories to explain the franchise system is resource dependence theory (Pfeffer and Salancik 1978) and transaction cost analysis (Williamson 1985). These fundamental theories can be the baseline for understanding the dynamics of franchisor and franchisee relationship. Theory of resource dependence explains the dependency of other’s resources of one entity. The existence of one entity will depend on other’s entity and vice versa. There is high interdependency to support the sustainability. Other’s resource can facilitate other’s entity in the longer periode. On the contrary, other entity also needs other support to survive. Each other needs resources. This mechanism can support the argument of the existence of franchise. Franchisee is positioned as the entity who nees resources including brand, expertise, distribution, strategy from franchisor. The existence of franchisor also needs the existence of franchisee that tries to develop and to enlarge the business. Based on distribution aspect, franchisor can develop the system distribution with franchise system. Franchisors can extend their network worldwide. In other words, both franchisor and franchisee can have a mutual benefit.

The transaction cost as the second theory can explain the concept of franchise (Williamson 1985; Hennart 2010). Transaction cost theory shows that business entity must negotiate with other entity. This negotiation is the form of rationality and opportunity. Rationality shows there is limitation to run business for business starter therefore there must be a room for negotiation between franchisor and franchisee as business starter. Franchise has a chance to develop their own business by having a contract with franchisor. The opportunity shows that there is chance to have an access for both participants when searching for profitability. On the other side, franchisor can expand their business in order to obtain higher gain. Opportunity gives hope for participants to develop their business optimally.

Previous researches in Table 1 have indicated that there are some factors to influence the relationship between franchisor and franchisee. The factors explain the strategies to maintain good relationship for both parties. The factors include some strategies to manage the relationship that have been considered. The supporting aspects include how to maintain and to coordinate among parties. This is hard activity to do unless the relationship is in a short-teerm.

Table 1. Previous Research of Franchise

No	Some Previous Researches -Variables Analyzed for Influencing Franchise Relationship	Author & Year
	Perceived advantage	Peterson and Dant (1990)
	Price, quality and advertising	Michael (2002)
	Effective communication	Davis (2004)
	Conflict resolution	Moore et al. (2004)
	Financial stability, business know-how, local market knowledge, shared understanding of brand and strategic future, shared chemistry	Doherty (2009)
	Market orientation	Isa et al. (2010)
	Financial strength	Brookes and Altinay (2011)
	System growth	Bordonaba-Juste et al. (2011)
	Value in Use, Investment Risk, Relational Satisfaction	Grace and Weaven (2011)

This study focuses on the variables that have been analyzed by Grace and Weaven (2011), but the analysis of franchise relationship is supported by the importance of trust, commitment and conflict management. The addition of explanatory variables can provide wider understanding about the dynamic relationship of franchise.

Relational Satisfaction

The relationship of franchisor and franchisee depends on the mutual benefit. Satisfaction reflects the degree to one believes that an experience evokes positive feeling (Rust and Oliver 1994). It means that when both parties are satisfied, the relationship will be longer. The contract has been approved and each participant follows it. Satisfaction is very important for both parties. When franchisee is satisfied, they will obtain much more benefit. On the other side, franchisor can reach much more gain not only profitability, but also image from being a good facilitator.

Value in Use

The concept of value in use is adapted from PERVAL framework of Sweeney and Soutar (2001) in product setting. Sweeney and Soutar (2001) argue that perceived value or value in use is the perception of consumers toward expectation. Perceived value here can be the comparison between cost and benefit received by consumers. According to Sweeney and Soutar (2001), perceived value consists of four dimensions: social, emotional, quality, and money. Social value relates to reputation or image of a service perceived (Dodds et al. 1991). Emotional value relates to the descriptive judgment regarding pleasure that service received (Sweeney et al. 1998). Quality value is defined as the overall judgement of service (Zeithaml 1988). Money value is defined as the utility derived from the product or service due to the relevant price (Sweeney and Soutar 2001).

Grace and Weaven (2011) argue that social value can be applicable in franchise context because having a franchise contract can enhance the image of franchisee. Furthermore, if franchise brand is well recognized, it will support the reputation of franchisee to adopt the business. Acquiring franchise is like buying a product because social consideration is included in it. Others will appreciate the success of running franchise business. Social value reflects symbolic needs that affect how they perceive themselves and how they are perceived by others (Hoyer and Deborah 2004). The better franchisee perceived of acquiring franchise, the more satisfied they are.

H1: Social value has a significant effect on relational satisfaction.

Emotional value is the hedonic value that explains about the affective gratification derived from the attributes of a product or a service. This value is related to how much pleasure consumer derives from using a product or a service (Hirschman and Holbrook 1982). When franchisee perceives good feeling with the franchisor, they will keep on maintaining. Sweeney and Webb (2000) argue that this is a kind of feeling about friendship and affinity that can strengthen the relationship. Franchisee that enjoys with the relationship will believe and reinforce the relationship (Hennig-Thurau et al. 2002).

H2: Emotional value has a significant on relational satisfaction.

Quality refers to objective quality that is measurable and verifiable superiority on some predetermined ideal standard or standards. It is related to practical benefit. Related to franchise, Grace and Weaven (2011) argue that franchisee will be satisfied if franchisor supports the management of unit operations such as product, service, image consistency, and system support. The quality refers to standards of consistent service delivery from franchisor.

H3: Quality value has a significant effect on relational satisfaction

Related to franchise context, franchisee as the consumer is also a position to obtain the benefit from having franchise contract. It is like to consume product or service. The important benefit from consuming a product or having a franchise contract, is to have money value. Money value here is related the amount of money paid to the franchisor or financial contribution. If franchisee can extract profitability from franchise investment, they will not exit from the contract (Scott Jr 1995). Franchisee will be satisfied with the gain.

H4: Money value has a significant effect on relational satisfaction.

Investment Risk

Stone and Winter (1987) consider risk as an expectation of loss. The more certain one is about the expectation of the loss, the greater the risk for the individual. Meanwhile, according to Mitchell (1999), risk is related as reflecting variation in the distribution of possible outcomes, their likelihoods and their subjective values. Related to a buyer, Valla (1982) has identified five categories of risk with which buyer has to consider. They are technical risk, financial risk, delivery risk, service risk, and risk related customer long-term relationship. Related to franchisee as a buyer will perceive financial risk or investment risk. When perceived risk is low, satisfaction will be created because the expectation of loss is lesser. Furthermore, the outcome of good result is guaranteed.

H5: Investment risk has a negative significant effect on relational satisfaction.

Conflict Management

Conflict management is what people who experience conflict intend to do as well as what they actually do (Van de Vliert 1997). In addition, the classic literature of conflict management explains concepts of power, dependency, conflict, relationship bound (Emerson 1962). The power concepts explains the relationship among organizations. It relates how one organization influences other organizations. The mutual power of each organization has influence in balance. If the power is not in balance, it will create dependency of other organization. The high dependency can create a conflict.

The context of conflict management is relevant in retail setting (Moore and Birtwistle 2004). Franchise is included in the retail setting. Franchisor is considered to have more power than franchisee therefore, franchisor can force or dominate the relationship. Franchisor has information and resources to maximize the relationship and can influence franchise to be dependent on them. In another case, franchisor can not provide training or implement the system or procedure, it will be a problem on franchisee's side to a do business. Other variables that influence the conflict are royalty fees, upfront fee, and the ownership structure (Azoulay and Shane, 2001; Bardonaba, 2011). If the relationship of franchisor and franchisee does not work well, it will create a conflict. According to Grunhagen and Mittlestaed (2005), franchisee can be provided a medium to promote an idea including choosing a brand or developing product. Chun (2011) also provides a solution for franchisee in the term of price setting or menu listing. Franchisee has an opportunity to develop a strategy based on local taste. Conflict management can create the ability for surviving the relationship. If both participants have a high concensus, both will be satisfied with the relationship.

H6: Conflict management has a significant effect on relational satisfaction.

Trust

White (2010) argues that the ability to develop and to foster a climate of trust is critical to the health and well-being of any relationship, including franchise. Trust is critical in marketing channel. Trust results in openness between channel participants and provides knowledge and appreciation for the partners. Performance of franchise is positively related because the participants believe that there is no opportunistic behavior of their partner (Corsten and Kumar 2005).

Monroy and Alzola (2005) argue that the interorganizational collaboration needed in franchise network requires synergy and resource sharing. It demands additional organizational qualities from the partners. One of the demands for maintaning of quality in franchise system is trust. Trust has been defined as the component that is related to credibility and benevolence (Gilliand and Bello 2002). Credibility refers to the extent to which one partner believes that the other has the required expertise to perform job effectively and reliably; while benevolence is based on the extent to which one partner believes that the other has intention and motive beneficial to the former when new condition arise (Monroy and Alzola 2005). When both parties put trust on the relationship, they will be satisfied with the relationship.

H7: Trust has a significant effect on relational satisfaction.

Commitment

Monroy and Alzola (2005) also argue that one of the demands for maintaning of quality in franchise system is commitment. Commitment is an essential ingredient for successul partnership. Commitment can result in cooperation, reduce the potential of attractive short-term alternatives and enhance profitability (Andaleeb 1996). Morgan and Hunt (1994) define relationship commitment as "an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it; that is, the committed party believes that the relationship is worth working on to insure that is endures indefinitely." Building a relationship involves promises and promise keeping is about commitment (Murphy et al. 2007). When both parties keep promise, there will be a commitment to continue relationship and to have enjoyment with the partnership.

H8: Commitment has a significant effect on relational satisfaction.

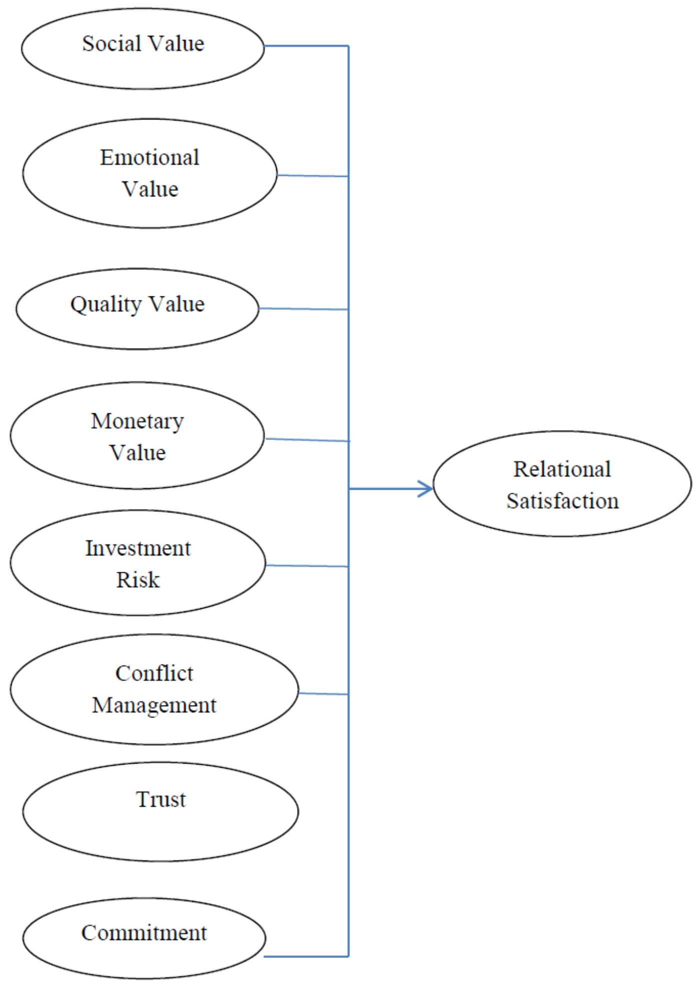

Figure 1. Conceptual Model of The Research

Franchise Industry

Franchise is a growing business and has started since 1950 in Indonesia. In 2011, the number of franchise has become growing and created interest of business investors to join. The number of foreign franchise is up to 400. The omzet almost reaches 60% from the existing franchise in Indonesia. The regulation for managing franchise business has been formulated by government under the control of Commerce Ministry-Commerce Ministry Law No 31 Year 2008

(Kompas 2012). In addition, there are rules concerning franchise Law No 14 Year 2001 about Patent; Law No 15 Year 2001 about Brand and Law No 30 Year 200 about Trade –Confidential Information.

Furthermore, to coordinate among existing franchise, there is Indonesia Franchise Association. The existence of Indonesia Franchise Association tries to support the interdependent relationship between franchisor and franchisee in order to create significant managerial challenges. It also supports the collaborative relationship between system management and can lead to efficiency (Lawrence and Kaufmann 2011). Local franchise in Indonesia can be categorized into automotive, business service, furniture, construction, property, education and training, travelling, hotel, computer, food and beverage, laundry, cleaning service, health, beauty, children, and retail.

Research Method

Unit analysis of this research is individuals that become franchisee. They are owners of business. The sampling method is purposive sampling by considering some characteristics. First, they are franchisee. Second, they have already become the partner of franchise business more or less for a year to come. The data are collected by distributing questionnaires to the franchisee. The valid number of questionnaires are 41 from 80 distributed questionnaires. When collecting the data, there are some people to assist respondents to fill the questionnaires because it can help respondents understand the aim of the questionnaires. The data analysis is executed by running regression analysis.

The measurment of variables uses the previous research concerning franchise. The dimension of values including social, emotional, quality, and money use Sweeney and Soutar's

(2001) and the measurement of investment risk is adapted from Aqueveque (2006). The relationship is adapted from Li and Dant's (1997). All items are measured on a 5-point Likert scale ranging from strongly disagree (1) to strongly agree (5). The conflict management measurement is adapted from De Dreu et al. (2001); commitment measurement is adapted from Monroy and Alzola's (2005).

Table 2. Description of Respondents

No		Category	Number
1	Sex	Male	29
		Female	12
2	Education	Senior High School	24
		Diploma	4
		Bachelor	13
3	Age	31-40	24
		41-50	17
4	Job	Entrepreneur	31
		Employee	10
5	The duration of ownership	≤1 year	2
		1,1-3 year	2
		≥3,1 year	37

Table 2 shows the sample description. The sample of male franchisee is 29 and the female franchisee is 12. In terms of education, 24 franchisees have senior high school degree; 4 franchisess have diploma degree; while 13 franchisees have bachelor degree. The range of age is dominated from 31 to 40 years old. There are 24 franchisees and 17 franchisees are classified in the range 41-50 year old. Most respondents are entrepreneurs. 37 franchisees have held the ownership for more than 3.1 years. Table 3 describes franchise and category. There are 28 franchise names including food, convenience store, laundry and ink-refill. Franchise is mostly dominated by food category almost 90%.

Table 3. Franchise and Category

No	Name of Franchise	Category	No	Name of Franchise	Category
1	Ayla Kebab	Food	15	Bread Talk Bintaro Plaza	Food
2	Kebab Turki Baba Rafi	Food	16	SH Tahu Bulat	Food
3	J. Co. Bintaro Plaza	Food	17	Oishii Tako (Takoyaki)	Food
4	Indomaret (6)	Convenience store	18	Delima Chicken Yans Group (2)	Food
5	Lekker Crepes	Food	19	Gehu Pedas Si Abah Kemot (2)	Food
6	Arabian Kebab	Food	20	Kilat 24 Jam	Laundry
7	Ayam Lepas Bintaro Permai	Food	21	Epoy Crepes	Food
8	Es Teler 77	Food	22	Rice - Bowl	Food
9	Alfamart (4)	Convenience store	23	Veneta System	Ink-Refill
10	Jamur Kriwil (2)	Food	24	Red Crispy	Food
11	Teh Cap Poci	Food	25	Corner Kebab	Food
12	Es Cendol Elisabeth	Food	26	Sabana Fried Chicken	Food
13	Kebab Turki Baba Rafi (2)	Food	27	Es Krim Goreng (2)	Food
14	Takoyaki	Food	28	Burger	Food

Based on the data, it can provide description that the franchisees as the respondent choose category of food because the one of primary needs of consumers is food. Besides, the procedure for obtaining the franchise ownership is relatively easy. The respondents use franchise system is for creating business than working as an employee. This system can create the entrepreneurship in Indonesia. Doing franchise business can provide a wide opportunity to create job. This condition has been growing nowdays in Indonesia. Studies of franchise have included the entrepreneurship and social venture literatures into the scope of analysis (Kaufmann and Dant 1999; Tracey and Jarvis 2007).

Table 4 describes the validity and reliability measurement. The construct validity is evaluated by confirmatory factor analyis and evaluated the strength of and significance of the factor loading. Not all standardized loadings for each construct are significant therefore further analysis is dropped. Reliability measurement is relative low for the data. It is due to that the ability of respondents to comprehend the content of questionnaires. The coefficients of mean indicate that on the average, respondents perceive that running a franchise business can create social value and emotional value. On the average, the quality value is perceived good (4.31). For investment risk, the average is relatively neutral (3.30) because running a franchise business is also considered as doing risky business. Franchisees have relatively good for trust, commitment, and conflict management for running a business. Overall, the respondents are satisfied from relationship with franchisor.

Table 4. Validity & Reliability Measurement

No	Variable	The Number of Indicator	Valid Indicator	Coefficient	Reliability	Mean
1	Social value	4	Sos1	.356	0.6	3.71
			Sos2	.315		
2	Emotional value	4	Emo1	.413	0.78	3.95
			Emo2	674		
			Emo3	.630		
			Emo4	.463		
3	Quality value	4	Qual1	.605	0.737	4.31
			Qual2	.777		
			Qual3	.683		
			Qual4	.389		
4	Money value	4	Money1	.362	-	4.21
5	Investment risk	2	Invest1	.595	0.5	3.30
			Invest2	.688		
6	Trust	3	Trust1	.412	-	3.95
8	Conflict management	5	Conflic2	.527	0.6	3.73
7	Commitment	7	Com1	.389	0.722	3.64
			Com2	.511		
			Com3	.569		
			Com4	.311		
			Com5	.407		
			Conflic3	.374		
			Conflic4	.396		
			Conflic5	.665		
9	Relational Satisfaction	3	Rs1	.550	0.52	4.28
			Rs2	.493		
			Rs3	.443		

Analysis

Table 5 shows regression analysis. Variables of emotional value (sig .008, p<0.05), quality value(sig .000, p<0.05), commitment (sig .003, p<0.05), monely value (sig .000, p<0.05) and trust (sig .015, p<0.05) are significant for relational satisfaction; meanwhile social value (sig .153, p<0.05), investment risk (sig .608, p<0.05), and conflict management (sig .593, p<0.05) are not significant for relational satisfaction.

Table 5. Regression Analysis

Variable	**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig**
	B	Std.Error			
Social value	.126	.087	.227	1.459	.153
Emotional value	.301	.107	.409	2.798*	.008
Quality value	.565	.099	.676	5.729*	0.000
Money value	.418	.096	.574	4.374*	0.000
Investment risk	.042	.081	.083	.518	.608
Conflict management	-.080	.149	-.086	-.539	.593
Trust	.371	.150	.368	2.472*	.015
Commitment	.341	.109	.449	3.137*	.003

This study shows that social value is not predictor for relational satisfaction. This indicates that the intention to have franchise business do not have correlational with social value. The number of respondent mostly are entrepeneurs, so it indicates this is the way to run business for the sake of seeking profitability and doing business. The reputation of having franchise is important based on mean score, but it is not able to explain the relational satisfaction. Running business is the priority to be done without relating to the image created by people surrounding them. Good image of society toward franchisee is not important factor. Satisfaction is derived from other things. Social image is the side effect of the relationship from having a franchise business. People still consider other benefit or functional factor that can maintain a longer relationship.

Emotional value indicates the enjoyment of having franchise contract. This variable can explain the relational satisfaction. Franchisee as the respondent enjoys in managing the business. Based on the data, most of the respondents are entrepreneurs and do have other side jobs, that is why it is very important to nurture the business. They feel comfortable in managing the business. The relationship with franchisor is good and it is an intense communication that is created. Respondents feel happy in running the business therefore, it can be a driving factor and internal motivation to maintain the relationship with franchisor. Running a business makes them feel secure for the sustainability because it can provide an opportunity to enlarge the business and the way to gain more profitability for fulfilling their needs.

Quality value is analyzed to influence the relational satisfaction. Respondents might perceive utility for the performance of franchise business. Respondents feel that franchisor provides the operational procedure well and follows the agreements that have been stated in contract. Consequently, respondents can perform well. Respondents feel secure and support the rewards of franchise. Franchisor can support the management of unit operation including product, service, procedure, system, and training. Franchisor facilitates consistent offering for franchisee so they can support the sustanaibility.

Franchisor is perceived to have invested of considerable time and money for maintaining high quality system of product or service. The quality is also related to product qualification, ingredients of product, training for franchisee, methods of well production, operational methods, marketing promotion strategies, and requirement of customer service. This quality is maintained to improve the service offering and to strict to the standard.

Money value can influence the relational satisfaction of franchisee. The relationship of franchise can contribute the value both franchisor and franchisee by having more gains. The gain is mutual benefit for both sides. Money value is perceived to be important to sustain the relationship. Each participant can fulfill the agreement contract especially for financial agreement. It seems to be fair.

Based on the analysis, investment risk is not the predictor for relational satisfaction. It seems that most of respondents are entrepreneurs. Being entrepreneur has the characteristics to be innovative and able to take risk. The risks are already calculated (Norton and Moore 2002). Based on mean score, respondents feel that they perceived high on investment risk, but it does not influence franchisee's satisfaction. Investment risk has been considered so far in business calculation.

Trust as another conceptual model is also important. Trust is created by the perception of that each participant is believed to do no harm for both. The franchisee believes that the franchisor will perform the expertise of job effectively and reliably and believe that the franchisor will be beneficial. Trust is important in maintaining good relationship because each participant puts a rely on each other. Trust can also be a fundamental factor to make relationship longer.

Commitment is also a predictor for relational satisfaction. Commitment is an essential ingredient for successful partnership. When both parties keep promise, there will be a commitment to continue relationship and to have enjoyment with the partnership. Respondents will not terminate the relationship, because they feel bounded with relationship. They feel loyal with the franchisor. This commitment influences to perform better in delivering services for end customers.The data also show that most of respondents have had the ownership more than 3.1

years. Almost 80% of respondents are willing to keep on continuing the relationship with the franchisor.

Conflict management is not the predictor relational satisfaction because there are other important factors that determine the relationship between franchisor and franchisee. Based on the mean score, on the average, respondents feel that there is a good conflict management that has handled so far. However, this is not important factor in predicting relational satisfaction.

Conclusion and Suggestion

This study shows that both functional and emotional values of franchisee determine the satisfaction of franchise ownership. Functional value here describes as the quality and money value. Based on the analysis, franchise business can provide an opportunity for both franchisor and franchisee to achieve the goals in the agreement contract. Meanwhile, the emotional value here indicates that franchisee really enjoys running business with the franchisor. The fulfillment of functional and emotional values here indicate that there will be trust on both participants. In addition, there is also a commitment for maintaining the relationship in the longer period.

The limitation of the study is using the survey method for data collection. The survey can be a medium to gather the feeling or attitude of the respondents but there is a problem in reliability and validity of indicators. Some indicators are not valid and some variables are not reliable. This is due to the measurement errors based on the respondent’s ability. For further research, the individual differences must be not overlooked. Researcher can do more exploration for knowing better the phenomenon of franchise and expand the franchise scope.

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