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**European Doctoral Programmes Association
in Management & Business Administration**

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Thesis Competition 2022 Summaries

Editor

François Collet

Foreword from the President

EDAMBA, the **European Doctoral programmes Association in Management and Business Administration** has the mission to support and facilitate cooperation by providing and managing a network to exchange information, disseminate best practices and raise the quality of doctoral education among its members in Europe and beyond. For the past quarter century, **EDAMBA** has helped the participating schools to increase the quality of their Doctoral programmes, as well as to create an environment of excellence with a European perspective, all the while pursuing diversity. In many ways it has proved to be an unparalleled forum of discussion to schools that have a long established tradition of doctoral education and also to those who have recently started this new practice. The ultimate goal is to have the **EDAMBA** network reach as far and wide as possible, while at the same time maintaining the integrity of the various programmes within the network.

Currently EDAMBA has 60 doctoral programmes as members of the Association coming from 24 countries. It is governed by the General Assembly, which elects each year an Executive Committee. The main current activities of the Association are the Annual Meetings, the Research Summer Academy, the Consortium on Doctoral Supervision, the Thesis Competition.

The Annual meetings have become during the years the main platform for discussing common problems and issues, discussing impressive changes in the doctoral landscape and promoting best practices among the Directors of Doctoral programmes in the association. The Summer Academy operating since1992 with its international dimension has been the privileged forum for dialogue on research paradigms and methodologies while building a strong scholarly network among doctoral students coming from a broad range of programmes and disciplines.

The Winter Academy launched in 2008 aims at improving the quality of doctoral supervision by fostering a dialogue among senior and junior faculty and developing competent supervisors for addressing the shortage of qualified faculty in Business and Management studies in the European Universities and Business Schools. In the steps of the Winter Academy, as a joint initiative between the EIASM and EDAMBA in shaping the new landscape of global doctoral education, EDAMBA runs a Consortium on the importance of supervision in doctoral education. A European Code of Practice for Doctoral Studies in Management and Business has just been published for consultation with our membership and wider community.

The Thesis Competition was first launched in 2003. It aims at distinguishing high-quality doctoral dissertations which have significantly contributed to new knowledge in all areas of business studies and management. The top-3 peer reviewed abstracts are given prizes and the short-list of selected abstracts is published in this EDAMBA journal. With this publication, we hope to contribute to the dissemination of distinguished doctoral dissertations from throughout our network in Europe and worldwide.

Dimitris ASSIMAKOPOULOS

EDAMBA President

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EDAMBA acknowledges the expertise, time and effort in the important review process of the 2023 EDAMBA Thesis Competition

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Contents

FIRST AWARD
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Strategic renewal and disruptive innovation

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Abstract

The dissertation analyses the ability of companies to renew their strategies as a reaction to a disruptive innovation that changes the environment. The research examines a combination of organisational ambidexterity and dynamic capabilities that allows a strategic renewal journey to adopt the innovation. The results show that business intelligence systems can allow pursuing a renewal journey that is data-driven, automated, and supports fast organisational learning. This substitutes for active frontline and middle managers. The advantage of this type of renewal journey is that the organisation can realize the benefit of centralised planning and control while becoming resilient and ambidextrous.

1. Research background

A key question of strategic research is what makes certain companies successful in the long run, and what are the reasons that lead others to failure, bankruptcy, or being acquired. How can a successful, profitable company with substantial resources, experienced managers, good market reputation that continues to apply the strategy that led them to success end up in failure and acquisition?

Since 2000 more than half of the companies of the Fortune 500 list have ceased to exist. (Nanterme, 2016). Over the past decades iconic companies went bankrupt or were acquired like Kodak or Polaroid (LoPucki and Doherty, 2007), so understanding the survival of a firm is more important than ever before.

1.1. Disruptive innovation

The failure of successful companies is often caused by rapid change in the external environment. In general, companies can handle slow environmental changes with their innovation activity, however, they often identify fast, radical changes too late and fail to give

adequate responses to them. The driving force behind the radical change of the environment is often a sharp technological development, a disruptive innovation (Christensen, 1997).

Disruptive innovation usually results in new products or services that are inferior to the current market-leading products in terms of quality and key parameters but provide radically new functionality to the users.

Incumbent companies often fail to sense the challenge posed by disruptive innovation in time, since the disruptive innovation does not constitute a direct threat in their markets initially, due to the lower quality and the weaker key parameters. However, over time the products created with disruptive invocation become acceptable to the mainstream users as well, and they threaten the market of the incumbent companies.

If a company senses the disruptive innovation, it may choose from several possible responses. According to Charitou and Markides (2003), these responses can be: (1) focusing on and investing in the traditional business, (2) ignoring innovation, (3) counterattack – disrupting disruption, (4) adoption of the innovation while keeping the traditional solutions, and (4) complete adoption of the innovation.

1.2. Strategic renewal

The execution of a response that includes the adoption of the innovation usually requires a significant transformation of the company. That is the strategic renewal, which changes path dependence by altering capabilities and strategic goals. The strategic renewal may affect and renew the organisational structure of the company, its internal processes, and systems, as well as the portfolio, suppliers, markets, and the partner relationship of the firm.

Strategic renewal is a process rather than an immediate change (Volberda et al., 2001). Researches about this process can be categorised in three main areas: (1) antecedents, (2) processes and (3) outcomes of strategic renewal (Schmitt et al., 2018).

1.2.1. Antecedents of strategic renewal

The antecedents of strategic renewal are examined by academic literature using two different approaches: from the perspective of (1) organisational learning and (2) resources.

According to the first approach, organisational learning is the primary way and an essential condition of strategic renewal (Crossan et al., 1999). The fundamental challenge related to organisational learning is, that the knowledge required to maintain continuity and implement change needs to be ensured simultaneously (March, 1991). In this respect, companies are required to gain new knowledge for strategic renewal while exploiting what they have already learned (Crossan and Berdrow, 2003). Simultaneous pursuit of the two contradictory learning processes is called organisational ambidexterity (Duncan, 1976).

Ambidexterity means performing exploitation and exploration activities simultaneously. Thus, enabling a company to generate profit continuously while developing and changing in the long run and adapt to the changing environment (March, 1991).

The second approach examines the process that leads to renewal from the perspective of resources. Based on the Resource-Based Theory (Barney, 1991), strategic renewal is the result of the attempts made to reconfigure corporate resources. The core skills of the company ensure daily operation while the so-called dynamic capabilities facilitate reconfiguration of the resources. Core capabilities include, for example, routine activities, administration and basic corporate processes. Effective development of new products or strategic decision-making are examples of dynamic capabilities (Eisenhardt and Martin, 2000). Dynamic capabilities allow

companies to cope with the fast-changing environment (Teece et al., 1997), thus execute strategic renewal (Agarwal and Helfat, 2009).

1.2.2. Processes of strategic renewal

Regarding the process of strategic renewal, the question who initiates and manages the process is a fundamental one: senior management or lower-level managers and employees. Both models can be successful, renewal initiated by senior managers (Kwee et al., 2011; Mitchell et al., 2009) or by members working at lower levels of the hierarchy (Pappas and Wooldridge, 2007).

1.2.3. Outcomes of strategic renewal

The general purpose of strategic renewal is long-term survival of the company (Agarwal and Helfat, 2009). This requires a change in path dependency and decrease of the gap between the external environment and the strategic goals and skills of the company.

The gap can be reduced using two approaches: (1) co-evolutionary way, considering the external environment as it is (Gilbert, 2005), or (2) with co-creation, influencing the external environment using the strategic renewal of the company (Crossan and Hurst, 2006).

1.2.4. Renewal model of Volberda et al.

Considering the management process options (top-down or autonomous) of strategic renewal and their relations to the environment (co-evolutionary or affect the market environment), Volberda et al. suggested four idealised strategic renewal processes or "journeys" as they described them (Volberda et al., 2001). Those four recommend renewal journeys are the (1) emergent, (2) directed, (3) facilitated and (4) transformational.

	Top Management is **Passive** with respect to Environment	Top Management is **Active** with respect to Environment
Middle management **passive** (acts as executor in the renewal)	Emergent renewal *(applicable in stable competitive environment)*	Directed renewal *(applicable in stable competitive environment)*
Middle management **active** (act as creator in the renewal)	Facilitated renewal *(applicable in rapidly changing competitive environment)*	Transformational renewal *(applicable in rapidly changing competitive environment)*

Table 1 - Summary of renewal model of Volberda et al.
Source: personal collection based on Volberda et al. (2001)

1.3. The research gap

There is only a limited overlap and connection between the literature of strategic renewal and disruptive innovation. Researches dealing with disruptive innovation examine innovation as a phenomenon (Christensen et al., 2018), its appearance and expansion (Schmidt and Druehl, 2008; Markides, 2012), develop prediction models to the expected effects of innovation (Schmidt and Druehl, 2008; Nagy et al., 2016) and make recommendations to companies how to respond (Charitou and Markides, 2003). On the other hand, professional literature dealing with disruptive innovation does not deal with issues regarding actions, processes, capabilities, and structures that allow successful renewal once the need for a response is recognised.

Researches dealing with strategic renewal seek answers to the questions listed based on the frameworks of ambidexterity and dynamic capabilities as well as the Attention Based View (March, 1991; Teece et al., 1997; Ocasio, 1997; Volberda, 2017). However, in these researches, the need for strategic renewal as a response to disruptive innovation is a fundamental requirement; they do not examine the potential responses and their conditions.

In view of this, based on a systematic review of the literature, the author concluded that the research results available provide limited guidance for the issues arising in the intersection of the research areas of strategic renewal and disruptive innovation.

Issues such as what specific dynamic capabilities are required for the successful implementation of the responses listed by Charitou and Markides (2003) are not covered by professional literature. As dynamic capabilities are not universal, they rather depend on the given environment, structure and situation (Birkinshaw et al., 2016), different dynamic capabilities may be required if the response is "adapting innovation while keeping traditional solutions" or "counterattack – disrupting disruption". Further questions arise: where does the initiative come from within the organisation, what is the role of senior and middle management, is it a co-evolutionary change or one that co-creates the environment, and how ambidexterity is implemented during the execution of the specific responses?
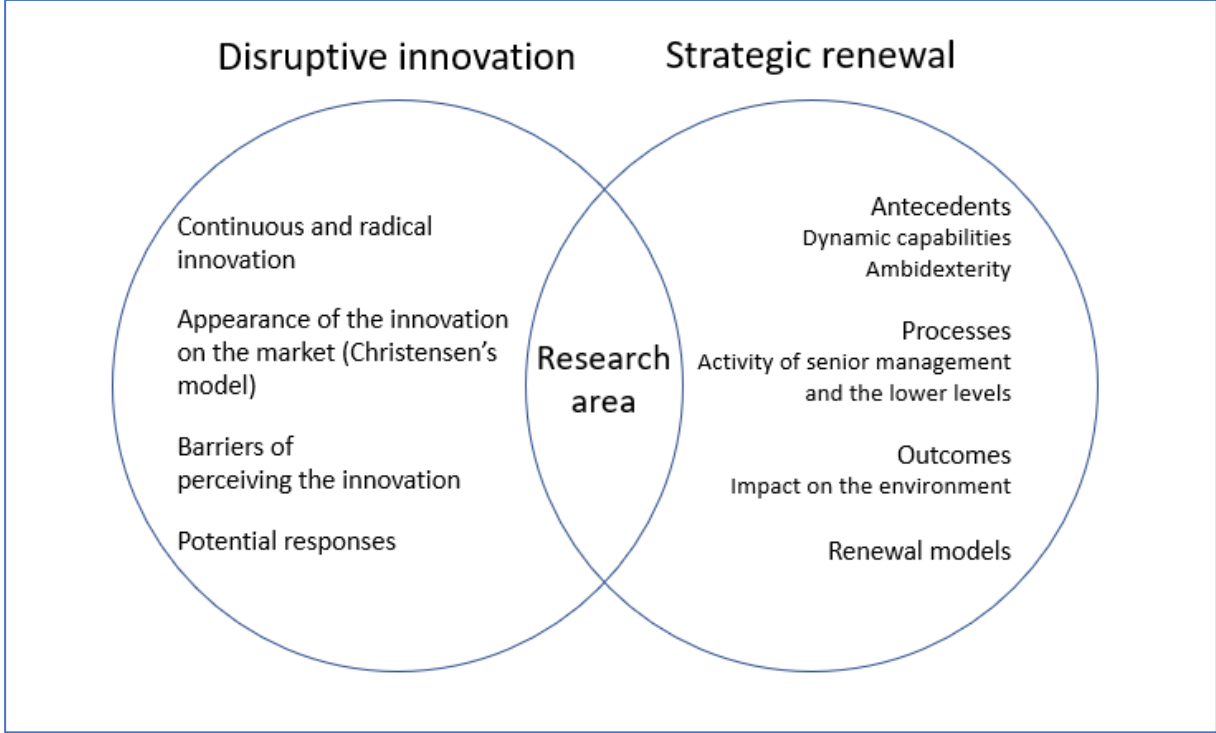

Figure 1 – Definition of the research area
Source: personal collection

1.4. Research questions

The dissertation is drawn up in the intersection of the two research areas, strategic renewal and disruptive innovation with the aim of reducing the described research gap. During the exploratory research, the author seeks an answer to the question of what the relationship between the process of strategic renewal and various responses to disruptive innovation is.

Within the topic of the connection between strategic renewal and the responses to be given to disruptive innovation, the author researches specifically that process of the strategic renewal which can ensure the realisation of the response strategy that constitutes the '*complete adoption of the innovation*'.

The author examines this process through the three main areas of strategic renewal (antecedents, processes, outcomes).

Based on the above, the following three research questions are raised:

RQ1: Which combination of organisational ambidexterity and dynamic capabilities allows the implementation of the response strategy *"complete adoption of the innovation"* during a strategic renewal process triggered by disruptive innovation?

RQ2: What is the attitude of the company towards the external environment during a successful renewal?

RQ2: What is the role of senior management and lower levels of the hierarchy?

1.5. Propositions

The author forms the following three propositions with regard to the research questions:

> H1 – In the course of the realisation of the response strategy that constitutes the 'complete adoption of the innovation', a combination of the key characteristics of the strategic renewal can be identified, which combination can ensure the success of the response strategy.

The three research questions formed to analyse the realisation of the response strategy that constitutes the complete adoption of the innovation in the three key areas of research of strategic renewal. According to the first proposition, such a combination of antecedents, processes, and outcomes can be identified with which the response strategy can be successful.

> H2 – A company can not only follow the technological development and the market changes induced by the disruptive innovation but can also actively shape the external environment

The second research question is aimed at the relationship between the company and the external environment. According to the renewal model of Volberda et al. (2001), during the strategic renewal the senior management may follow the market changes passively (emergent and facilitated renewal), but it may also strive to actively influence those (directed and transformational renewal). The second proposition is that the complete adoption of the innovation response strategy may mean not only the adaptation to the external environment, but the company may also actively shape the external environment when it adopts the innovation.

> H3 – In a rapidly changing competitive environment success requires the active role of both the senior management and the lower levels of the hierarchy, since in this way the identification of the fast changes of the external environment can be ensured.

According to the renewal model of Volberda et al. (2001), the facilitated and the transformational renewal methods can be used in a rapidly changing competitive environment. Both renewal methods assume the active role of middle management. According to the third proposition, in a rapidly changing competitive environment the realisation of the response method of *complete adoption of the innovation* – in line with the model of Volberda et al. – requires the active, strategy-forming role of the middle management.

2. Research methodology

The author answers the research questions by performing a longitudinal examination of a global IT company. The company at the heart of the research performed a strategic renewal between 2010 and 2018 as a result of a disruptive innovation – cloud computing - that changed the external environment.

The research questions are answered by exploring the strategic renewal of the company, using a single case study based research that provides an understanding of how strategic changes are performed and what specific actions affected them (Johnson et al., 2003; Jarzabkowski et al., 2007).

As the goal is a profound exploration of strategic renewal, the research relies on qualitative methodology. In the first phase of the author explores the history and strategic renewal of the company, based on publicly available articles, statements and press releases between 2002 and 2018. The strategic renewal took place between 2010 and 2018; however, knowing the preceding period is also necessary to understand the renewal. For this reason, the author starts the processing of the sources in 2002, in the post-'dotcom' crisis period, which was relatively calm for the company.

In this phase, the author discovered *what* happened during the researched time interval. In that phase, systematic data collection was performed using the following resources:

- EBSCO research databases: Business Source Complete, Academic Search Complete, Regional Business News, Newswires
- Corporate websites: press releases, financial results, product catalogues

In the second phase of the data collection, through personal interviews, the author collected data in order to understand *how* the renewal had happened. The author processed the data collected in the interviews with the Grounded Theory research method. NVivo v12 software was used to support GT analysis. The aim of using the GT method was to reveal a deeper connection and processes within the case study by raising the data to a conceptual level and avoid stopping at trivial results.

3. Research findings

3.1. Answers given to the research questions

3.1.1. RQ1: What combination of organisational ambidexterity and dynamic capabilities allows the realisation of the response strategy constituting the *'complete adoption of innovation'* in course of strategic renewal carried out as a response to disruptive innovation?

The transformation of the corporate strategy started during a period when the market transformation caused by disruptive innovation had not had its effect on the corporate results yet. In this situation, the senior management was able to sense the danger, seize the opportunity and transform the strategy and the operation of the company. This process was enabled by dynamic capabilities - which were especially important in the given situation – such as strategic decision-making, the development and marketing of radically new products and the integration of acquired companies. In addition to these, the corporate culture built on frequent changes created dynamic capabilities such as the institutionalisation of the integration of learning and knowledge, the fast organisation of the cooperation, and the renewal of the value offer within a short period of time.

The company chose a novel renewal model, in which the centralised IT systems of the company replaced the active participation of the middle managers in the development of the strategy. This was facilitated by special dynamic capabilities: IT-aided data collection, decision-making and implementation, which aligned with the corporate culture. These dynamic capabilities were especially important in the given situation because the majority of the middle management did not sense the impending market changes, therefore they did not consider it necessary to realise the response strategy which constituted the complete adoption of the innovation. Without the dynamic capabilities of IT-aided data collection, decision-making and implementation, the senior manager would have had to rely on the active support of the middle management, and without those dynamic capabilities, the strategic transformation could have become unsuccessful.

Having made use of the dynamic capabilities, the company aimed at realising ambidexterity, with particular emphasis on exploration. To this end, the company first established a contextually ambidextrous organisation, and then it used structural separation as well simultaneously.

In summation, the realisation of the response strategy constituting the complete adoption of the innovation was made possible by the combination of the dynamic capabilities listed above and the two kinds of realisation (contextual and structural) of ambidexterity.

3.1.2. RQ2: What relationship does the company have with the external renewal during the successful renewal?

During the strategic renewal, the company definitively strived for influencing the external environment.

The renewal was triggered by a disruptive innovation appearing in the external environment, the appearance of cloud services. However, the disruptive innovation had not had a significant effect on the market yet when the senior management of the company foresaw the future and started the renewal of the company. By making a determined stand for cloud services and the often forced marketing of the cloud services the company not only followed the changes but also expedited them itself. Therefore, the company evolved together with the environment not in a co-evolutionary manner but affected the development of the industry and the market proactively through 'co-creation'.

3.1.3. RQ3: What roles do the senior management and the lower levels of the hierarchy have in the process?

The strategic renewal process was initiated, managed and controlled by the senior management. The middle management was given the executor role in the implementation of the changes. This was allowed by the special dynamic capabilities and the corporate culture of the company.

Taking into consideration that the company carried out the strategic renewal in a rapidly changing and hyper-competitive environment, due to the passive role of the middle management the renewal model chosen does not fit into the series of idealised renewal processes defined by Volberda et al. (2001).

3.2. Verification of the propositions

3.2.1. <u>H1 – In course of the realisation of the response strategy that constitutes the 'complete adoption of the innovation', a combination of the key characteristics of the strategic renewal can be identified, which combination can ensure the success of the response strategy</u>

This proposition was successfully verified through answering the three research questions. The three research questions covered the three main areas of strategic renewal (antecedents, processes and outcomes). All three research questions could be answered based on the research data collection, therefore the combination of antecedents, processes and desired outcomes which ensured the success of the response strategy in case of the company analysed could be identified.

3.2.2. <u>H2 – A company can not only follow the technological development and the market changes induced by the disruptive innovation but can also actively shape the external environment</u>

The answer given to research question RQ2 verified this proposition. During the strategic renewal the company not only followed innovation but proactively facilitated the spread thereof, thereby altering the external environment.

3.2.3. <u>H3 - In a rapidly changing competition environment success requires the active role of both the senior management and the lower levels of the hierarchy, since in this way the identification of the fast changes of the external environment can be ensured</u>

The author was unable to verify this proposition, the case study proves the opposite of this. As it was pointed out by the answer given to research questions RQ3, in addition to the active strategy creating role of the senior management, the lower levels of the hierarchy were given passive, executor roles.

3.3. New discoveries of the dissertation

3.3.1. <u>The controlled renewal method</u>

The renewal of the company was directed by the senior management, with the intention to influence the rapidly changing, turbulent and hyper-competitive external environment. In contrast, the middle management was given a passive, executor role in the development of the strategy. Based on this, the company analysed does not fit any of the four renewal methods described by Volberda et al. (2001), therefore it can be defined as a new approach.

The renewal method used by the company combines the elements of the directed and the transformational renewal methods described by Volberda et al. (2001). The senior management which intends to actively influence the environment and which makes centralised decisions, as well as the middle management passive in the development of the strategy are characteristics of the directed renewal. The transformation affecting the entire company as a response to a radical market change, with the ability to react fast to the changes of the external environment is characteristic for the transformational renewal.

The method used by the company analysed, the combination of the directed and the transformational renewals can also be defined as a novel, *'controlled'* renewal method.

During the *controlled renewal* the objective of the senior management is the fast and deliberate transformation of the corporate strategy, for example, as a response to a disruptive innovation. The senior managers intend to actively influence the industry and the market environment. The

development and direction of the strategy are managed by the senior management, while the middle managers are given a passive, executor role in them. The renewal affects the entire company, and it is carried out by the senior management through the harmonisation of internal processes and the transformation of the sub-systems so that they facilitate the new strategy. The focus is on the exploration activity. This renewal method can be used well in rapidly changing, turbulent, hyper-competitive environments, since during the transformation closely commanded by the senior management, the company is able to react and make adjustments fast.

In the case of controlled renewal, the change in direction is commanded by a small strategic core, even in case of a company consisting of multiple units and having several tens of thousands of employees. The main advantage of this type of renewal is that the organisation recognises the advantage of the highly centralised planning and direction completely, while it remains flexible. This could mean a new competitive advantage for the company.

The controlled renewal method recommended can be added to the model of Volberda et al. (2001). The extended model is presented by Table 2.

	Company is **Passive** with respect to Environment	Company is **Active** with respect to Environment
Middle management **passive** (stable competitive environment)	Emergent renewal	Directed renewal
*Middle management **passive** (rapidly changing competitive environment)*		*Controlled renewal*
Middle management **active** (rapidly changing competitive environment)	Facilitated renewal	Transformational renewal

Table 2 - The extension of the renewal model of Volberda et al.
Source: own edition, based on Volberda et al. (2001)
(the extension is marked in Italics)

3.3.2. Specific dynamic capabilities

With regard to the controlled renewal model it is an important question how the senior management which keeps a firm hand on the transformation can sense the rapidly changing, turbulent environment, and in the absence of decision-making powers vested in the middle management, how can the company react and make adjustments fast.

The research showed that the widespread use of the modern and sophisticated business intelligence systems, which cover the entire company had an essential role in this. The data-centred and automated IT systems rendered the senior management able to learn fast from the feedbacks, so that it required less effort to coordinate the activities and execute the modifications. The business intelligence systems provided accurate, real-time information to the decision-makers, while the other centralised internal systems of the company (financial. human resources, individual compensation systems, marketing planning) enabled the fast execution of the decisions made. Therefore, the IT systems and the centralised processes facilitated by them gave specific dynamic capabilities to the company, thereby replacing the necessity of active middle management participation in the transformation process.

The sophisticated business IT systems which align with the corporate structure and facilitate the company-wide information collection, decision-making and implementation should be considered as dynamic capabilities, that enable the controlled strategic renewal journey.

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SECOND AWARD

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Measuring Employee-Consumer Integrated Retailer Brand Equity

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Abstract

The aim of this research is to develop and test a measure of integrated retailer brand equity (IRBE) based on frontline fashion retail employees' internal and external perceptions of the retailer's brand. Comparisons are made between two types of employees, patronizing and non-patronizing. The findings validate an IRBE model with four consumer dimensions and seven employee dimensions. Both types of employees value all consumer dimensions; however, they value different employee dimensions. The IRBE model, when operationalized, encourages closer integration of human resources and marketing functions to build a more cohesive retailer brand.

1.0 Background

Fashion retailers are growing in power and influence (Interbrand, 2019), however, they struggle to find new ways to competitively differentiate and understand what drives value for different stakeholders (i.e., consumers, employees) (Deloitte, 2019). Frontline employees play a particularly vital role to a retailer's competitive advantage (King and Grace, 2009). Retail organizations are often internally structured in silos, where the "marketing function" manages consumers and the "human resources function" manages employees. Yet, understanding and leveraging their frontline employees' brand perceptions can provide opportunities for marketing and human resource managers to work together to build one holistic retailer brand. The business problem that this thesis addresses is the need for fashion retailers to find a new way to measure the value (i.e., brand equity) they deliver with respect to a critical yet often overlooked stakeholder, the frontline employee.

A review of retailer brand equity literature reveals a wealth of research examining consumers' brand perceptions (Arnett et al., 2003; Haelsig et al., 2007; Christodoulides and De Chernatony, 2010; Swoboda et al., 2016; Anselmsson et al., 2017; Troiville et al., 2019), limited research examining employees' brand perceptions (King and Grace, 2009), and even fewer studies investigating frontline retail employees' perceptions (Boukis and Christodoulides, 2020). Retailer brand equity research remains fragmented and scarce (Londoño et al., 2017) and "…the lack of clarity and consistency in the structure of retailer equity dimensions" (Anselmsson et al. 2017, p. 196). Few retailer brand equity studies address fashion retailing (Haelsig et al., 2007; Swoboda et al., 2016). Troiville et al. (2019) also expressed the need for retailer brand equity research in other countries and sectors.

Researchers have called for brand equity research from an internal (i.e., employee) stakeholder perspective (Davcik et al., 2015). Acknowledging the lack of attention paid to internal perspectives in the brand equity literature, scholars have called for more research on *internal or inside-out* perspectives (Poulis and Wisker, 2016; M'zungu et al., 2010). Although there is a growing interest in employee-based brand equity (King et al., 2012; Alshathry et al., 2017; Erkmen, 2018; Boukis and Christodoulides, 2020), the literature to date does not closely examine frontline employees and their brand perceptions, nor does has it studied frontline employees' dual role as employees and consumers.

2.0 Purpose

The objective of this research is to develop and test a measure of employee-consumer integrated retailer brand equity (IRBE), by examining frontline retail employees' perceptions of retailer brand equity from internal (i.e., as employee) and external (i.e., as consumer) perspectives. The research identifies key factors that influence frontline employees' perceptions of retailer brand equity in fashion retailing and determines if and how patronizing frontline retail employees' (PFREs) perceptions of retailer brand equity (those who frequently shop at their retailer) differ from non-patronizing frontline retail employees (Non-PFREs) (those who infrequently shop at their retailer).

3.0 Research Method

An internal realist ontological and a positivist (detached) epistemological approach provides the philosophical lens for this study. A critical review of the relevant literature was conducted first, to establish the current level of knowledge, gaps and opportunities across consumer-, retailer-, and employee-based brand equity, internal brand management, employee patronage and stakeholder fields of literature. Next, a review of relevant theories and brand equity models and measures informed the development of an IRBE conceptual framework and eight hypotheses. A cross-sectional survey was developed, piloted (*n*=52) and reviewed by an expert judge panel. Data (*n*=313) were collected in 2019 and the proposed model and hypotheses were empirically tested using advanced PLS-SEM techniques and SmartPLS 3 software. PLS-SEM was chosen over CB-SEM after careful consideration of the research goals, data characteristics and model characteristics.

4.0 Conceptual Model and Hypotheses

The proposed IRBE model combines consumer- and employee-based retailer brand equity dimensions, which lead to the formation of IRBE and the resulting outcomes of retailer trust (RT) and retailer loyalty (RL) (see Figure 1).

Figure 1: Conceptual Model of IRBE
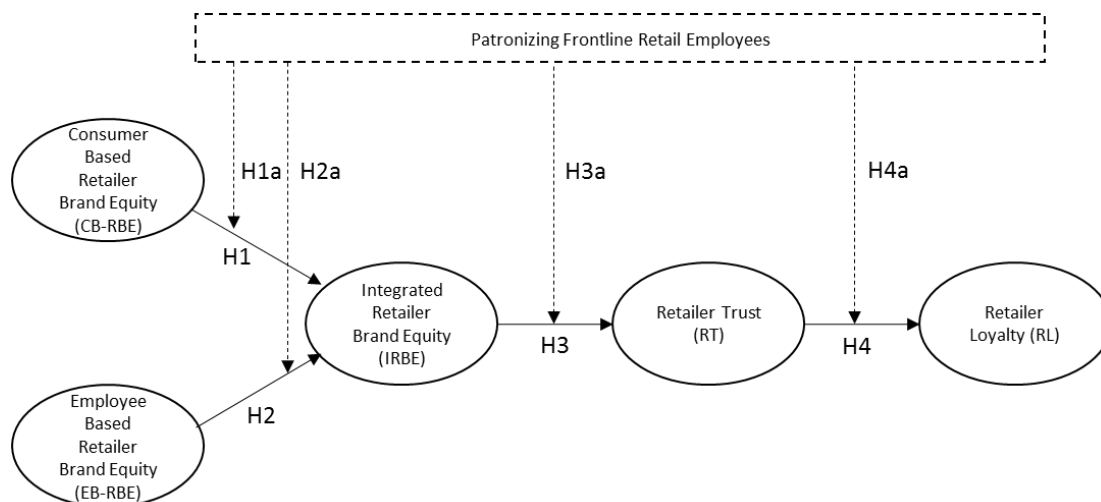
The two main constructs are consumer-based retailer brand equity (CB-RBE) and employee-based retailer brand equity (EB-RBE). These provide external (i.e., employee as consumer) and internal (i.e., employee as employee) brand perceptions, and contribute to the formation of a broader construct, IRBE. The model follows a multi-step approach whereby IRBE leads to RT, which ultimately leads to RL. This differs from other retailer brand equity models that typically model all retailer brand equity dimensions in a parallel fashion.

The conceptual model includes four CB-RBE first order lower order constructs (LOCs), each of which have been previously validated: product quality (PQ) (Arnett et al., 2003; Pappu and Quester, 2006a; Allaway et al., 2011; Anselmsson et al., 2017; Troville et al., 2019), store image (SI) (Pappu and Quester, 2006a; Gil-Saura et al., 2013; Anselmsson et al., 2017), price/value (PV) (Arnett et al., 2003; Allaway et al., 2011; Gil-Saura et al., 2013; Swoboda et al., 2016; and Anselmsson et al., 2017), and service quality (SQ) (Arnett et al., 2003; Pappu and Quester, 2006a; Allaway et al., 2011; Anselmsson et al., 2017). An integrated framework to measure the effects of CB-RBE on IRBE is proposed, whereby the effects of all four CB-RBE dimensions are positively associated with IRBE. Thus, hypothesis 1 is stated as:

H1: All CB-RBE dimensions (PQ, SI, PV, SQ) are positively associated with IRBE.

The EB-RBE portion (or internal perspective) of the model includes four employee-benefit dimensions also empirically validated in previous studies: internal advancement (IA) (DelVecchio et al., 2007; Cardy et al., 2007), skills development (SD) (DelVecchio et al., 2007; Cardy et al., 2007), resume power (RP) (DelVecchio et al., 2007), work demands (W) (DelVecchio et al., 2007; Cardy et al., 2007). It also includes three supported employee-behaviour/perceptions dimensions: brand endorsement (BE), brand allegiance (BA) and brand consistent behaviour (BC) (King et al., 2012; King et al., 2013; Poulis and Wisker, 2016). The relationships between all seven EB-RBE dimensions and IRBE are hypothesized as follows:

H2: All EB-RBE dimensions (IA, SD, RP, W, BE, BA, BC) are positively associated with IRBE.

The retailer brand equity literature has paid little attention to trust, despite its association with overall brand equity (Chaudhuri and Holbrook, 2001; Delgado-Ballester and Munuera-Alemán, 2005; Gil-Saura et al., 2013; Anselmsson et al., 2017). Having a trustworthy retailer brand reduces risk for consumers (Haelsig et al., 2007) and improves a brand's strength for all stakeholders. Trust can also relate to the employee's confidence in their employer and their perceptions of their reputation (Burt and Carralero-Encina, 2000). Anselmsson et al. (2017)

were the first to offer an empirically tested retailer brand equity framework, like Keller's (2003) multi-step brand resonance pyramid, in a retail context. This research aligns with the most contemporary conceptualizations of retailer brand equity. Given the importance of continuing to study multi-step retailer brand equity structures, and Anselmsson et al.'s (2017) finding that trust is an outcome of retailer brand equity, hypothesis 3 is stated as:

H3: IRBE is positively associated with RT.

Similar to trust, there is divergence among researchers regarding whether loyalty is a dimension of retailer brand equity (Arnett et al., 2003; Pappu and Quester, 2006a, b; Swoboda et al., 2009; Das, 2015), or a consequence of the process (Anselmsson et al., 2017; Martenson, 2007). A number of studies found loyalty is an outcome of retailer brand equity (Allway et al., 2011; Gil-Saura et al., 2013; Swoboda et al., 2016). Given trust's association with overall brand equity (Chaudhuri and Holbrook, 2001; Delgado-Ballester and Munuera-Alemán, 2005; Gil-Saura et al., 2013; Anselmsson et al., 2017) and loyalty's widely studied role as an outcome of retailer brand equity, the two dimensions should be examined together in one model. Following Anselmsson et al.'s, (2017) empirical research that confirmed trust mediates the relationship between retailer brand equity and loyalty, it is proposed that frontline employees operate similarly to consumers in that they need to trust the retailer before they are loyal. There is sufficient evidence leading to the fourth hypothesis:

H4: RT mediates the relationship between IRBE and RT.

Employee patronage literature studies employees' roles as consumers (Abston and Kupritz, 2011). This study focuses on frontline employees, who have dual responsibilities as service providers and consumers of their companies (Anaza and Rutherford, 2012). This critical yet overlooked retail stakeholder provides important internal and external brand perceptions. Abston and Kupritz (2011) found employees who were consumers before becoming employees had stronger perceptions of the service provided by their retailer. Given PFREs experiences as consumers, it is proposed they more strongly perceive the consumer-based dimensions of the retailer's brand equity. The following hypotheses are proposed:

H1a: PFREs (compared to non-PFREs) positively moderate the relationship between CB-RBE and IRBE.

H2a: PFREs (compared to non-PFREs) positively moderate the relationship between EB-RBE and IRBE.

H3a: PFREs (compared to non-PFREs) positively moderate the relationship between IRBE and RT.

H4a: PFREs (compared to non-PFREs) positively moderate the relationship between RT and RL.

5.0 Major Results

Data were collected in 2019 with a total sample of 313 respondents, satisfying the study's respondent screening criteria and the sample guidelines suggested by Hair et al. (2017) for structural equation modelling. Hair et al.'s (2014, 2017) eight-stage systematic approach to applying PLS-SEM was followed. Please note, although each of the eight steps were rigorously followed, in order to respect the word limits for this thesis submission the discussion below prioritizes the major results.

Step 1: Specifying the Structural and Measurement Model

The first order LOCs and their respective indicators are specified reflectively (see Figure 2). A Type II: reflective-formative hierarchical component model (HCM) is specified whereby the LOCs point towards the indicators (see dotted box on left side of Figure 2), the first order LOCs point towards the second order higher order constructs (HOCs) (CB-RBE and EB-RBE), whose arrows point towards their HOCs (IRBE). HCMs require researchers to evaluate the measurement model of the LOCs as well as the measurement model of the HOC as a whole (Sarstedt et al., 2019). Two measurement (outer) models and the structural (inner) model are illustrated in Figure 2.

Figure 2: Measurement (Outer) and Structural (Inner) HCM
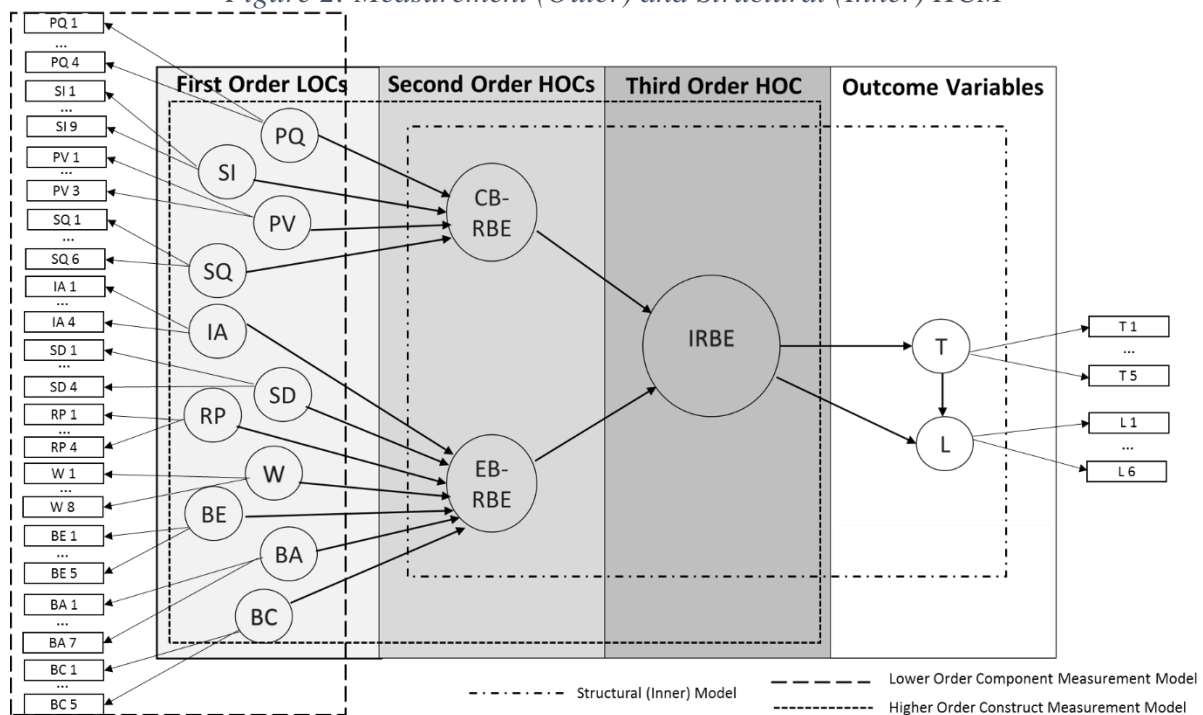
Step 2: Data Collection and Examination

The full data set (*n*=313) was inspected for missing data, suspicious response patterns and outliers. Data were also inspected using two measures of data distribution, skewness and kurtosis.

Step 3: PLS Path Model Estimation

The study includes 69 indicator variables (i.e., items) that were used to examine the relationships between the LOCs, HOCs and latent variables (LVs). The sample demographics were analysed separately with IBS SPSS statistical software.

Step 4: Assessing the Measurement Model

This stage assesses the measurement (i.e., outer) models of the LOCs and the overall HOC using SmartPLS 3 (Ringle et al., 2015). The evaluation of the measurement models within the HCM follows Sarstedt et al.'s (2019) guidelines, and includes two phases.

Phase One

The evaluation of the measurement model of the LOCs includes: internal consistency reliability, convergent validity and discriminant validity. Results of internal consistency reliability show all variables fall within the acceptable lower (i.e., Chronbach's alpha) and upper limits (composite reliability), therefore, all variables are retained at this preliminary assessment stage. Convergent validity analysis was conducted including outer loadings, indicator reliability and AVE. As a rule of thumb, a latent variable should explain at least half of each indictor's variance. Thus, each outer loading should be 0.708 or higher, since 0.708^2 equals 0.50 (Hair et al., 2017). The PLS algorithm was run for three times, each time items not meeting the minimum threshold were removed from the model, leaving 52 indicators.

To assess discriminant validity, three measures were examined: cross-loadings, Fornell-Larcker criterion, and heterotrait-monotrait (HTMT) ratio of the correlations. The cross loadings meet the required threshold levels. The square root of AVE for each latent variable is much larger than the corresponding latent variable correlations, therefore, discriminant validity has been established according to the Fornell-Larcker analysis. The HTMT confidence interval values, along with the values for all other combinations of constructs show there are no confidence intervals containing the value of 1, therefore, discriminant validity is established.

Phase Two

The evaluation of the measurement model of the overall HOC includes three criteria: convergent validity, collinearity between indicators and significance and relevance of the outer weights. The embedded two stage approach was used to conduct the analyses. To assess the convergent validity of the formative measurement model, a redundancy analysis is conducted (Chin, 1998). This study contains three formative HOCs: CB-RBE, EB-RBE and IRBE. The CB-RBE analysis yields a path coefficient of 0.855 and R^2 of 0.731, which are above the recommended thresholds of 0.70 and 0.50 respectively (Hair et al., 2017). The EB-RBE analysis yields a path coefficient of 0.912 and R^2 of 0.831. The IRBE analysis yields a path coefficient of 0.680 and R^2 of 0.463, which are slightly below the recommended thresholds of 0.70 and 0.50 respectively, but not significantly different (Hair et al., 2017). The results showed each formatively measured construct (i.e., CB-RBE, EB-RBE and IRBE) is correlated with a reflective measure of the same construct and convergent validity of the overall HOC is supported. The collinearity analysis of the model produces VIF values of 2.385 for CB-RBE and 2.385 for EB-RBE, which are lower than the recommended threshold of 5.0 (Hair et al., 2017) as well as the conservative threshold of 3.0 (Hair et al., 2019). Thus, it is concluded there are no collinearity issues.

Stage 6: Assessing the Structural Model

The results from stage one of the embedded two-stage approach are used to evaluate the structural model. The procedure recommended by Hair et al. (2017, 2019) for structural model assessment is followed: collinearity issues (VIF); significance and relevance of the structural

relationships (path coefficients, p values); total effects; in-sample explanatory power (R^2); predictive relevance (Q^2); effect size (q^2), and; out-of-sample predictive power (PLSpredict).

Collinearity is not an issue, as there are no VIF values above 5.0 (Hair et al., 2017). The results of significance and relevance testing (i.e., running the PLS-SEM algorithm with bootstrapping) are summarized in Table 1.

Table 1: Significance and Relevance

Hypothesized Relationships	Path Coefficients	t Values	p Values	95% Confidence Intervals	Significance ($p<0.01$)
BA → EB-RBE	0.245	29.667	0.000	[0.232, 0.264]	Yes
BC → EB-RBE	0.221	28.537	0.000	[0.205, 0.235]	Yes
BE → EB-RBE	0.154	25.031	0.000	[0.143, 0.167]	Yes
CB-RBE → IRBE	0.397	26.849	0.000	[0.366, 0.424]	Yes
EB-RBE → IRBE	0.681	34.416	0.000	[0.645, 0.723]	Yes
IA → EB-RBE	0.110	14.946	0.000	[0.097, 0.126]	Yes
IRBE → RL	0.063	0.638	0.524	[-0.123, 0.268]	No
IRBE → RT	0.657	12.475	0.000	[0.546, 0.754]	Yes
PQ → CB-RBE	0.370	21.528	0.000	[0.340, 0.407]	Yes
PV → CB-RBE	0.233	18.386	0.000	[0.212, 0.261]	Yes
RP → EB-RBE	0.218	20.454	0.000	[0.200, 0.242]	Yes
SD → EB-RBE	0.221	27.046	0.000	[0.207, 0.238]	Yes
SI → CB-RBE	0.076	17.899	0.000	[0.069, 0.085]	Yes
SQ → CB-RBE	0.544	32.053	0.000	[0.513, 0.579]	Yes
RT → RL	0.336	3.877	0.000	[0.157, 0.494]	Yes
WD → EB-RBE	0.076	16.935	0.000	[0.068, 0.085]	Yes

The hypothesized relationships are listed in the first column, followed by path coefficients, t values, p values, bias corrected and accelerated bootstrap confidence intervals (BCa) and significance testing at the 1.0% level. Fifteen of the sixteen hypothesized relationships are supported. One relationship is not supported (IRBE → RL). Since RT is conceptualized as mediating IRBE and RL, the relationship between IRBE, RT and RL are further examined via mediator analysis. The research findings provide evidence to support H1, H2, and H3.

Looking at the relative importance (path coefficients) of the consumer-based dimensions, the results reveal service quality (SQ) is most important (0.544), followed by

product quality (PQ) (0.370), and price/value (PV) (0.233). In contrast, store image (SI) has the least bearing on employees' external brand perceptions (0.076). For employee-based dimensions, frontline employees' brand allegiance (BA) is most important (0.245), followed by skills development (SD) (0.221), brand consistent behaviour (BC) (0.221), resume power (RP) (0.218) and brand endorsement (BE) (0.154). Internal advancement (IA) (0.110) and work demands (WD) (0.076) do not highly influence employee's brand perceptions. The relative importance of IRBE on the two endogenous constructs RT and RL reveals frontline employees' perceptions of RT is most important (0.657). Whereas, frontline employees' perceptions of RL has relatively weak importance. Perceptions of RT on RL appear to be relatively important (0.336).

The total effects from the consumer-based exogenous constructs on the endogenous constructs are all statistically significant at the 5% level, except Store Image → Retailer Loyalty. The total effects from the employee-based exogenous constructs on the endogenous constructs are all statistically significant at the 5% level.

The results of the R^2 values of the endogenous latent variables RT and RL reveal IRBE is an important and relevant predictor of RT (0.432) which has a moderate value and RL (0.143) which has a weak value.

The predictive relevance (Q^2) results reveal both endogenous constructs are larger than zero. RT has a higher value (0.30) and exhibits medium predictive accuracy, and RL (0.07) exhibits small predictive relevance of the PLS path model. These results indicate support for the model's predictive relevance regarding the model's endogenous latent variables.

The f^2 effect size results indicate CB-RBE and IRBE have a substantive impact on the R^2 values of RT, and EB-RBE has a small to medium effect. However, CB-RBE, EB-RBE and IRBE have small effects on the R^2 values of RL, and RT has a small to medium effect. The q^2 effect size results indicate CB-RBE has a medium effect on the Q^2 values of RT, and EB-RBE has a small effect and IRBE has a negative effect. A negative effect occurs when the endogenous construct's Q^2 value increases when an exogenous construct is omitted from the model. CB-RBE has a small effect on the Q^2 values of RL, however, EB-RBE have no effect, and IRBE and RT have negative effects.

The model has achieved the relevant evaluation criteria, therefore, as per the guidelines of Shmueli et al. (2019), the model is assessed for out-of-sample predictive power (PLSPredict) and the results are presented (Table 2).

Table 2: PLSPredict Results

	PLS-SEM		LM	PLS-SEM - LM
Item	$Q^2_{predict}$	RMSE	RMSE	RMSE
loyal_1	-0.008	1.299	1.342	-0.043
loyal_2	0.032	1.389	1.462	-0.073
loyal_3	0.087	1.351	1.524	-0.173
loyal_4	0.025	1.384	1.486	-0.102
trust_1	0.262	1.292	1.297	-0.005
trust_2	0.275	1.310	1.307	0.003
trust_3	0.284	1.228	1.145	0.083
trust_4	0.301	1.326	1.375	-0.049
trust_5	0.317	1.325	1.354	-0.029

For RL (loyal_1…loyal_4), the PLS-SEM values for all items are less than the LM values, indicating high predictive power. For RT (trust_1…trust_5), the majority of the items in the PLS-SEM analysis yields smaller prediction errors compared to the LM, indicating medium predictive power. Thus, the model exhibits moderate to high predictive power.

Stage 7: Additional Analyses

Mediator Analysis

The indirect effect is expressed as the product of the path coefficient from IRBE to RT (0.658) and RT to RL (0.329), via the mediating variable RT. The results are presented in Table 3.

Table 3: Direct and Indirect Effects

Path	Direct Effect	95% confidence interval of the direct effect	t Value	Significance ($p < 0.05$)?	Indirect Effect	95% Confidence interval of the indirect effect	t Value	Significance ($p < 0.05$)?
IRBE→Loyalty	0.292	[0.078, 0.459]	3.034	YES	0.216	[0.091, 0.322]	3.731	YES

To determine the strength of the mediation effect, the VAF (variance accounted for, explained, in the dependent variable by the indirect relationship) is calculated.

VAF (IRBE) = indirect effect / total effect = 0.216 / 0.292 = 0.739

The VAF indicates that 73.9% of the total effect of IRBE on RL is explained by the mediator RT. Based on VAF results, RT partially mediates the relationship between IRBE and RL. The research findings provide evidence to support H4.

Multi-Group Analysis

Group A are employees who shop at their retailer very frequently ($n = 60$) or frequently ($n = 116$), ($n=176$). Group B are employees who shop at their retailer occasionally ($n = 93$), rarely ($n = 34$), very rarely ($n = 5$), never ($n = 5$), ($n=137$). The results in Table 4 show positive and statistically significant differences between the two groups as observed in the relationship between CB-RBE → IRBE.

Table 4: Multi-Group Analysis

Hypothesis	Path	Group A: PFRE		Group B: Non-PFRE		Welch-Satterthwait MGA			
		$p^{(1)}$	se $(p^{(1)})$	$p^{(2)}$	Se $(p^{(2)})$	$p^{(1)}$- $p^{(2)}$	t-Values	Sig.	
1a	CB-RBE → IRBE	0.487	0.049	0.34	0.039	0.147	2.37	0.019	Supported
2a	EB-RBE → IRBE	0.607	0.041	0.731	0.036	0.124	2.273	0.025	Not Supported
3a	IRBE → Trust	0.559	0.066	0.658	0.054	0.099	1.169	0.238	Not Supported
4a	Trust → Loyalty	0.198	0.132	0.251	0.137	0.053	0.279	0.781	Not Supported
		N = 176		N = 137					

There is a negative and statistically significant difference between the groups in the relationship between EB-RBE → IRBE. There were no statistically significant differences in

the IRBE → Trust and Trust → Loyalty relationships. PFREs and non-PFREs can be interpreted as an aggregate data group and substantiates generalization of a single underlying theoretical model for the IRBE → Trust and Trust → Loyalty relationships examined in this integrated retailer brand equity model. The results of the multi-group analysis provide evidence to support H1a, however, they do not support H2a, H3a or H4a.

6.0 Implications

The results of this thesis make important contributions and have managerial implications.

Methodological

The employee-consumer IRBE model is empirically validated as a type II reflective-formative higher-order construct (i.e., HCM) using PLS-SEM. Despite their advantages, there are few PLS-SEM studies in retailing literature that utilize HCMs. This study further develops the PLS-SEM methodology and the application of the latest evaluation criteria, opening the door to other employee-based retailer brand equity models that require higher levels of abstraction.

Empirical

This research identifies four consumer- and seven employee-based dimensions, as well as a multi-step structure whereby RT partially mediates the relationship between IRBE and RL. This is the first employee-based retailer brand equity model, to the author's knowledge, that focuses on frontline employees and integrates their internal and external perceptions of the brand into one model. This is also the first retailer brand equity model, to the author's knowledge, to examine the moderating effect of two types of employees – PFREs and Non-PFREs – on CB-RBE, EB-RBE, IRBE, RT and RL in Canadian bricks and mortar fashion retailing.

Theoretical

This study advances and links employee patronage, retailer brand equity and employee-based brand equity theories by introducing and operationalizing the dual stakeholder perspective. This research brings together retailer brand equity and employee-based brand equity streams through the theoretical lens of a dual stakeholder, to identify and examine the factors that contribute to frontline retail employees' brand perceptions. Theoretically this research provides a deeper understanding of a critical fashion retail stakeholder, the frontline employee. Finally, it advances our understanding of trust's mediating impact on the relationship between IRBE and RL.

Managerial Implications

Retailers could benefit from adding this employee-consumer IRBE measure into their portfolio of retailer metrics, to support a new way to measure and manage the retailer's true value creation. Traditional retail metrics such as year-over-year growth and profitability are no longer relevant in today's complex retail environment (Deloitte, 2019). Retailers need to understand what drives value for different stakeholders by taking a holistic, more comprehensive and inclusive approach to measuring performance (Deloitte, 2019). Troiville et al. (2019) found the measurement of retailer brand equity requires nuanced and retailer-specific dimensions. Thus, a more realistic approach to retailer brand equity measurement is to consider a variety of brand equity measures across different stakeholders (e.g., consumers, employees, suppliers) and contexts (e.g., price points, channels, product categories, sectors) (Davcik et al., 2015). The proposed IRBE model could assist managers in measuring and managing their

frontline employees' brand perceptions over time and enable them to benchmark progress (i.e., across territories, stores), make appropriate adjustments and determine the financial value of goodwill, to support a more holistic approach to measuring and managing the retailer's true value creation.

Adopting an employee-consumer IRBE measure could encourage and enable marketing and human resources managers to work together to build a cohesive brand. A study by i4cp entitled 'Reimagining Talent Acquisition: Mastering Employer Brand' surveyed more than 540 professionals and found that human resources and marketing departments collaborate on brand strategy in fewer than one-third (27.0%) of companies (Lykins, 2018). Yet, high-performance organizations are six-times more likely to have their human resources and marketing departments collaborating with each other, and 1.5-times more likely to share the responsibility of building and managing the employer brand together (Samdahl, 2019). Adopting the proposed IRBE measure could enable marketing and human resources managers to collaborate and positively contribute to the achievement of common organizational goals. When operationalized the IRBE measurement tool can enable and encourage two previously disparate and/or siloed departments, human resources and marketing, to work together and develop common brand building goals. Frontline employees in this study ranked retailer brand equity dimensions in the following order (most to least important): 1) service quality, 2) product quality, 3) brand allegiance, 4) price/value, 5) skills development, 6) brand consistent behaviour, 7) resume power, 8) brand endorsement, 9) internal advancement, 10) store image, and 11) work demands. The use of importance rankings on the brand equity dimensions, tracked and managed over time, could help managers to pinpoint exactly where resources and investments need to be allocated across the brand.

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THIRD AWARD

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International Franchising Governance Modes:
An Emerging Market Perspective

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Abstract

This dissertation analyzes the governance mode choice of franchisors expanding their operations abroad. The purpose is to understand which aspects influence this choice from an emerging market franchisor standpoint. Four papers were developed. The first article offers an analysis of franchising literature in emerging markets using bibliometric techniques. The following three articles address different theoretical lenses to provide a comprehensive understanding of a multidimensional decision-making process as the international governance mode choice. We explore how specificities in the home country of EM firms might affect the existing theories' predictions, contributing to Goldilocks' debate about the suitability of mainstream theoretical perspectives.

1. Introduction

This dissertation approaches the international governance mode choices of franchisors from an emerging market under multiple theoretical lenses. Governance modes are organizational arrangements adopted by companies in foreign markets. Multiple configurations can be implemented. The most common international franchising modes are direct investment, joint ventures of franchising, direct franchising, master franchising, and area development. They vary in terms of residual income, ownership, and the allocation of decision rights. In other words, the degree of the franchisor's investment required and the level of control increase from modes such as master franchising and area development to joint ventures of franchising and company-owned outlets because more residual income, ownership, and decision rights are allocated to the franchisor (Benito et al., 2009; Jell-Ojobor & Windsperger, 2014).

Several factors affect the franchisors' decision-making process regarding governance modes. As the choice of governance modes in international markets configures a complex and

multidimensional phenomenon, it requires theoretical diversity for a comprehensive understanding. For this reason, we adopted the article format to explore the topic from different angles, expanding the one-dimensional focus to a multiple and dynamic approach. We analyze the franchisors' decisions under the lenses of transaction cost, agency, resource-based, organizational capability, internalization, and stakeholder theories. In that way, we account for different critical aspects with increased explanatory power.

Moreover, the majority of the entry and governance mode studies have been focused on advanced economies, despite the growing relevance of emerging markets (EM). For instance, India, Taiwan, and Brazil appear among the top five countries worldwide in the number of franchise brands (Bretas & Alon, 2020; FASA, 2020). Nevertheless, over the last two decades, most of the work on franchising has used data from the United States, Canada, and Western Europe (Aguiar et al., 2017; Nielsen et al., 2018; Wright et al., 2005). We intend to contribute to the Goldilocks debate (Cuervo-Cazurra, 2012) by entering the discussion on whether the main existing theories based on the analysis of firms in developed countries can explain EM companies' strategies or require new and specialized theories. We explore how various factors in the home country of EM firms might affect the existing theories' predictions.

In the next sections of this introduction, we present the context that will be explored, the research purpose, contributions, methods, and format of the dissertation.

2. Context

Franchising can be described as a contractual business relationship between two legally independent entities, franchisor and franchisee. The franchisee pays the franchisor for the right to sell products or services using its brand and business system. In other words, a firm (franchisor) sells the right to use its brand, operating systems, product, or services specifications to another firm (the franchisee) (Castrogiovanni et al., 2006; Dant & Grünhagen, 2014).

The franchising sector has been showing steady growth as a business model worldwide and as an entry mode option in international markets. Franchising economic impacts include outputs and job creation, economic modernization, entrepreneurship development, and others. (Alon, 2004; Welsh et al., 2006). According to the World Franchise Council, 2 million franchised businesses were responsible for approximately 19 million jobs globally (FASA, 2020).

The growing relevance of the franchise sector in the economy is reflected in academic research. According to Dant, Grünhagen and Windsperger (2011), franchising as a unique organizational model has generated a large amount of multidisciplinary research. As franchising had its visibility increased, researchers from different academic streams, such as entrepreneurship, marketing, strategic management, organizational economics, and international business, started to develop studies about it (Cavusgil et al., 2017; Combs et al., 2004; Mumdžiev, 2011).

From the perspective of entrepreneurship, franchising is analyzed as a business ownership mode. From the standpoint of marketing, it is an important distribution channel. To strategic management, franchising is studied as an organizational form (Combs et al., 2004). From the perspective of organization economics, several directions can be pointed out, such as the choice between franchising and vertical integration, franchising modes of foreign market entry, and design and provisions of franchise contracts (Mumdžiev, 2011). From the international business perspective, our focus in this study, franchising is an entry mode in foreign markets (Cavusgil et al., 2017).

Jell-Ojobor and Windsperger (2014) classify the international franchising research into five major streams: comparison between franchise internationalization and domestic

operations; host country conditions; propensity to franchise internationally; cross-border franchisor-franchisee relationship and choice of international franchising governance modes. This dissertation investigates the latter, focusing on the factors that influence these decisions.

Governance modes are organizational arrangements used by companies to conduct their international business. These governance modes differ in the level of control and resource commitment and are a broader concept than entry mode in international markets. Entry-mode literature classifies franchising as a medium-control mode, but it does not expose the differences between the governance structure possibilities when a company chooses franchising as an entry mode. Companies can keep multiple arrangements. That means, when firms choose franchising as entry mode in international markets, they can implement different modes of governance in foreign markets (Benito et al., 2009; Jell-Ojobor & Windsperger, 2014; Rosado-Serrano et al., 2018).

Based on the property rights theory and its concept of control, the franchisor's governance structure in international markets is related to the allocation of control rights (ownership and decision rights) to the franchisor and the local partners in the foreign countries. In franchising, the distribution of decision rights is important because the party with the decision rights also has control over the use of an asset (Jell-Ojobor & Windsperger, 2014; Mumdžiev, 2011). The main governance modes in international franchising are master franchising, area development franchising, joint venture franchising, company-owned units, and franchised units. The control structures of each international franchising governance mode make them unique compared with other types of multinational firms (Dant et al., 2011; Jell-Ojobor & Windsperger, 2014).

In the last three decades, literature focus had been the franchising growth in the United States and Europe. Recently, because in the United States, Canada, and Western Europe franchising has reached saturation in the domestic market while there are opportunities in emerging markets, scholars started to pay attention to other regions (Alon, 2004; Welsh et al., 2006). The potential growth of the franchising model and its impacts on income, establishments, employment, and achievement of social goals is observed mostly in emerging markets, such as China, India, and Brazil (Alon et al., 2010; Elango, 2019; Naatu & Alon, 2019).

For instance, the franchise concept became known in China in the early 1990s. By 2016, China was the biggest market in the number of franchise brands (4,500 brands) and the second-biggest market in the number of establishments with 330 thousand units. India had almost 1,800 brands and 100,000 units. In Brazil, the franchising sector revenue registered a growth of 34 percent from 2015 to 2019, with nearly 3,000 brands and 160 thousand units, according to the Brazilian Franchising Association. Brazilian franchisors are responsible for 1.36 million direct jobs (ABF, 2020; Alon, 2006).

Nevertheless, most of the studies regarding international franchising focused on emerging markets analyze the issue from the perspective of developed markets' franchisors who choose to expand to countries classified as emerging markets. For instance, Welsh et al. (2006) conducted a literature review on franchising in emerging markets. A total of 31 papers from 1988 to 2005 about Central and Eastern Europe, Mexico and South America, Asia, and other areas were analyzed. All the reviewed articles explore the emerging markets' potential, opportunities and risks, advantages, and disadvantages for franchisors expanding to these markets. Still, no study in the review addresses the perspective of franchisors from emerging markets.

3. Research purpose and contribution

The general purpose of this dissertation is to understand the international franchising governance mode choice of emerging market franchisors under different theoretical perspectives. In that sense, we aim to answer the following question: which aspects influence the international governance mode choice from an emerging market franchisor standpoint? Due to the complexity of the phenomenon and the broad scope of the research question, four papers were developed. The first article analyses the evolution of franchising research in emerging and developing countries. We examine how shifts in the international environment, such as the increase in global trade, cross-border integration, and China's rise as a world power, are reflected in academia and explore the state of franchising research in contemporary scholarly debates. The following three articles address the research question through different theoretical lenses, each one with specific objectives.

Dant et al. (2011) pointed out nine research areas in franchising to be explored in future studies. Among them, works about countries not included in the North American context, the question of ownership and control in different governance modes, new approaches to data collection, and the use of new theoretical lenses to analyze franchising. Jell-Ojobor and Windsperger (2014) highlighted the scarcity of theoretical explanations of the governance modes in international franchising. Most studies are exploratory or descriptive, and only a few apply different theoretical perspectives to explain the governance modes phenomena. Combs et al. (2004) also suggest that theoretical diversity can benefit future research and enhance explanatory power.

Following the insights of Combs et al. (2004), Dant et al. (2011), and Jell-Ojobor and Windsperger (2014; 2017), this dissertation encompasses the lack of research on international governance mode, specifically in the context of emerging markets franchisors. We provide a deep understanding of the intellectual and conceptual structure of the literature about franchising in emerging and developing markets. Then, we employ statistical tests to verify the influence of different factors on Brazilian franchisors' decisions, contributing to the entry mode and international franchising literature. Moreover, Brazil offers an interesting context in which to investigate the topic. Brazilian franchisors with operations abroad represent emerging market multinationals, which possess unique characteristics in their international expansion strategies contributing to Goldilocks' debate about the suitability of existing theories (Cuervo-Cazurra, 2012).

4. Methodology

To answer the above-mentioned proposed question, this dissertation comprises four articles. The first article provides an overview of the franchising literature in emerging and developing countries through bibliometric and content analyses. The following three articles approach the international franchising governance mode choice. Each one includes an empirical study, verifying the impact of independent variables from different theoretical perspectives in the same dependent variable, the choice of the governance mode level of control. The governance modes are categorized as high control or low control modes, based on the franchisor's degree of control and by its partners. Company-owned outlets and joint ventures of franchising are classified as high control governance modes. Franchisee-operated arrangements, such as master franchising and area development agreements, configure low control modes (Jell-Ojobor & Windsperger, 2014; Rosado-Serrano et al., 2018).

We adopted quantitative methods in all articles, using secondary data from the Brazilian Franchising Association. The ABF database provides information about Brazilian franchisors with international operations, classified as company-owned units, franchisee units, master

franchisees, and area developers' operations. It includes the number of outlets in foreign markets, outlets per country, number of outlets in Brazil, years in the franchising system, franchising fees, advertising fees, average revenue, initial investment of the franchisee, among other information.

Besides, we used other public databases such as the World Bank World Economic Forum, International Monetary Fund, and Global Entrepreneurship Index databases, with information regarding the economy, networks, and institutional environment in countries where Brazilian franchisors have operations. CEPII database (*Center d'études prospects et d'informations internationales*) was used as a source of information about the geographical distance between the countries of origin and destination. In the second article, we adopted a mixed-method approach to explore further the theoretical possibilities identified through the quantitative findings.

5. Overview of the articles

Table 1 synthesizes the four dissertation articles.

Table 1: Synthesis of the four dissertation articles information.

	Article 1	Article 2	Article 3	Article 4
General purpose	Understand the international governance mode choice of franchisors from an emerging market under different theoretical perspectives			
Article	Franchising in Emerging and Developing Markets: Bibliometric and Content Analyses	The Choice of International Governance Mode: Evidence from Brazilian Franchisors	Brazilian franchising multinationals: testing the internalization theory	International franchising governance mode choice: A stakeholder perspective
Specific purpose	To examine the evolution of research about franchising in emerging and developing countries, identify its patterns, challenges, and new directions	To test a novel, integrative model* of governance mode selection in the context of international franchising from Brazil	To empirically test the boundaries of the internalization theory regarding asset specificity and intellectual property protection and verify if it explains the Brazilian franchisors' governance modes decisions	To analyze the international franchising governance mode choice through the stakeholder perspective, verifying the influence of internal and external stakeholders on the franchisor decision
Theories	N/A	TCT / AT / RBT / OCT**	Internalization Theory	Stakeholders Theory

Method	Bibliometric and Content analyses	Logistics regression models	OLS and Logistic regression models / In-depth interviews	OLS regression model
Data	Scopus database	ABF / World Bank's Doing Business index / CEPII	ABF / World Economic Forum / Interviews with 2 franchisors and ABF international manager	ABF / International Monetary Fund and Global Entrepreneurship Index
Independent Variables	N/A	Environmental uncertainty Behavioural uncertainty Financial assets System-specific assets	Intellectual property protection Specificity of assets	Business groups Government Network of stakeholders

Source: Elaborated by the authors.
* Jell-Ojobor and Windsperger (2014)
** TCT: Transaction Cost Theory / AT: Agency Theory / RBT: Resource-based Theory / OCT: Organizational Capability Theory

The first article is titled "Franchising in Emerging and Developing Markets: Bibliometric and Content Analyses." It provides an overview of the research about franchising in emerging and developing countries. We employed bibliometric techniques and content analysis to identify the field's intellectual and conceptual structure, trends, and new directions. Findings show two main clusters of articles, those on international franchising and social franchising. Most of the papers analyze franchising in emerging and developing countries from developed countries' point of view. Due to their increased relevance in international business, we suggest that future research focus on the decision-making processes of franchisors headquartered in emerging and developing countries.

The second article is titled "The Choice of International Governance Mode: Evidence from Brazilian Franchisors." It seeks to test the influence of variables related to organizational economics and strategic management perspectives on Brazilian franchisors' international governance mode choice between high and low control modes. The organizational economics perspective highlights the reducing cost aspect and the potential to increase residual income in governance mode choice. The strategic management perspective focuses on the gain of competitive advantage through governance mode choice. The main purpose is to verify the influence of the multi-theoretical variables of the conceptual, integrative model proposed by Jell-Ojobor and Windsperger (2014) on Brazilian franchisors' international governance mode decisions.

The integrative model encompasses variables from transaction cost theory (TCT) and agency theory (AT): environmental uncertainty, behavioral uncertainty, and transaction-specific investments; resource-based theory (RBT) and organizational capability theory (OCT): system-specific assets, local market assets, and financial assets; and property rights theory (intangibility of assets). Jell-Ojobor and Windsperger (2017) evaluated the model empirically with a case study analysis focused on the automotive rental industry and extended the model, including an international strategy variable (standardization and adaptation strategy) as an antecedent of the international governance mode choice. The results showed that both

organizational economics and strategic management factors are relevant to European franchisors' governance mode choice. The authors suggested testing the model by conducting large-scale surveys in different markets and industries.

Thus, following Jell-Ojobor and Windsperger's (2014; 2017) insights, we empirically tested the integrative model using a representative sample of data from the Brazilian Franchising Association related to the year 2018. Moreover, we added and tested another variable in the model concerning the environmental distance between the home (Brazil) and host countries. We intended to determine whether the model needs to be extended to the emerging market context by considering the role of environmental distance. The results show that the existing model can adequately explain emerging markets firms' governance modes choice despite contextual differences. The environmental distance does not influence the internationalization strategies of Brazilian firms.

The third article is titled "Brazilian franchising multinationals: testing the internalization theory." It tests the boundaries of the internalization theory in explaining the choices that Brazilian franchising multinationals make regarding their international governance modes. We provide statistical tests to determine whether the internalization theory's main assumptions related to asset specificity and host country's protection of intellectual property are valid with regard to the emerging market context. A mixed-method approach was adopted, involving quantitative data from the Brazilian Franchising Association with 463 observations about franchisors' operations in international markets and the World Economic Forum database. In-depth interviews with practitioners were conducted to flesh out the results of the quantitative analysis. Findings reveal that the internalization theory's premises related to asset specificity and the host country's protection of intellectual property do not hold in the context of emerging markets. We argue that the new internalization theory's developments (Verbeke & Kano, 2015), considering the role of resource recombination and institutions, are more suitable to explain emerging markets franchisors' decisions.

The fourth article is titled "International franchising governance mode choice: A stakeholder perspective." It analyzes the international franchising governance mode choice through the stakeholder perspective, verifying internal and external stakeholders' influence on the franchisor decision. We employed a quantitative using data from ABF, International Monetary Fund, and Global Entrepreneurship Index. Results show that business groups, government agencies, and host markets' networks of stakeholders influence Brazilian franchisors' decisions. In other words, several aspects besides the factors considered by rational models of mode choice influence the Brazilian franchisors' choice of the international governance mode.

Figure 1 shows the integration of the four dissertation articles.

Figure 1: Integration between the four dissertation articles
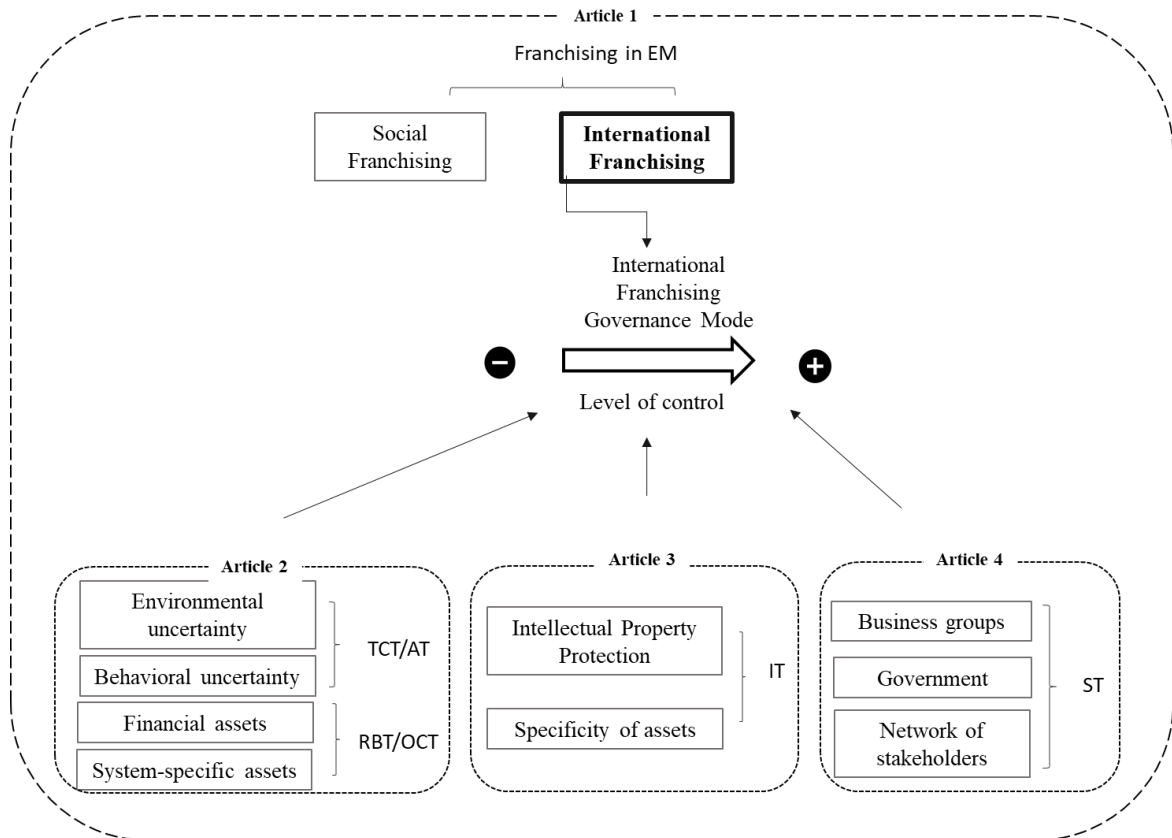
Source: Elaborated by the authors.
TCT: Transaction Cost Theory / AT: Agency Theory / RBT: Resource-based Theory / OCT: Organizational Capability Theory / IT: Internalization Theory / ST: Stakeholder Theory

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