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FRANCHISOR-FRANCHISEE RELATIONSHIP AND PERFORMANCE:  
influence of personality traits, entrepreneurial drive, and time of relationship

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Dissertation presented to Escola de Administração de Empresas de São Paulo of Fundação Getulio Vargas, as a requirement to obtain the title of Doctor in Business Administration.

Knowledge Field: Marketing

Adviser: Prof. Dr. Juracy Parente

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***To Ana Flávia and Luís Felipe***

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## **Abstract**

Literature in franchise has virtually ignored the role of psychological aspects on firm interorganizational results, despite its influence on firm level results and relationship quality. Therefore, the present study aims to examine the influence of franchisees' personality and entrepreneurial drive on franchisor-franchisee relationship quality and financial performance over time. The study also investigated the role of the time of relationship on the relationship quality and financial performance. This study used a self-report survey conducted by mail to collect data from a sample of 342 franchisees selected from 3 franchise networks. Personality was represented by the Big-Five personality traits (IPIP-B5 scales): extraversion, agreeableness, conscientiousness, emotional stability, and imagination. Entrepreneur drive was represented by the Carland Entrepreneurship Index (CEI). Relationship quality was conceptualized through a 23-item second-order construct (incorporating trust, commitment, and relationship satisfaction), while financial performance was represented by using a scale measuring sales growth and profitability. Time of relationship was measured by the months of relationship between franchisee and franchisor. A Partial Least Squares (PLS) structural equation model, mean analysis, and regression analysis were conducted to test the hypothesized relationships. Three of the five personality dimensions produced the predicted effect on the outcome variables of relationship quality – agreeableness (positively), emotional stability (positively), and imagination (positively). Financial performance was affected as predicted by conscientiousness (positively), emotional stability (positively), and imagination (positively). As expected, relationship quality presented a positive and significant effect on financial performance. Entrepreneurial drive showed the predicted positive effect only on performance. Time of relationship presented the positive predicted effect on the franchisor-franchisee relationship as regards relationship quality and financial performance; however, the hypothesized shape of the relationship phases could only partially be confirmed, since only between two phases (routine and stabilization) mean analysis showed significant differences. Results indicate that personality does in fact influence relationship quality and performance, but the manner in which this occurs differs from the Brazilian context where this research was conducted to the findings of research conducted in Australia,

suggesting that factors such as culture and market stability may have influence on the relationship between personality traits and both relationship quality and financial performance. Entrepreneurial drive appears to positively influence franchisee performance, but its influence proved not to produce a significant impact on relationship quality. The present study's results also indicate the importance of the time of relationship needed to foster relationship quality and performance. Moreover, long-term relationships are related to better franchisee relationship quality and financial performance assessments. Limitations of this work and suggestions for future studies are also discussed.

Key words:

Franchise; Personality traits; Entrepreneurship; Relationship Quality; Performance; Carland Entrepreneurship Index; Big Five Model

## Resumo

A literatura em franchising tem virtualmente ignorado o papel de aspectos psicológicos nos resultados interorganizacionais das empresas, a despeito de sua influência nos resultados das organizações e da qualidade de relacionamento. Este estudo, portanto, tem por objetivo analisar a influência da personalidade e do potencial empreendedor na qualidade de relacionamento e desempenho financeiro na relação franqueador-franqueado, ao longo do tempo, sob a perspectiva dos franqueados. Este estudo analisa também o papel do tempo de relacionamento sobre a qualidade de relacionamento e o desempenho financeiro. Foi utilizado neste estudo um questionário de auto-preenchimento, enviado por e-mail, com o objetivo de recolher dados de uma amostra de 342 franqueados de 3 redes de franquias. A personalidade foi mensurada por meio dos “Cinco Grandes” traços de personalidade (escalas IPIP-B5): extroversão, agradabilidade, consciência, estabilidade emocional e imaginação. O potencial empreendedor foi mensurado por meio do índice CEI (Carland Entrepreneurship Index). A qualidade do relacionamento foi estruturada como um constructo de segunda ordem, composto por 23 itens (incorporando confiança, comprometimento e satisfação com o relacionamento), e o desempenho financeiro foi representado por meio de uma escala de mensuração de crescimento de vendas e de rentabilidade. O tempo de relacionamento foi medido por meio dos meses de relacionamento entre franqueado e franqueador. As hipóteses foram testadas por meio de modelagem por equações estruturais, com a utilização do método de mínimos quadrados parciais (PLS), análise de regressão e análise de médias. Três das cinco dimensões da personalidade apresentaram o efeito previsto sobre as variáveis qualidade do relacionamento – agradabilidade (positivamente), estabilidade emocional (positivamente), e imaginação (positivamente). O desempenho financeiro foi influenciado, como previsto por consciência (positivamente), estabilidade emocional (positivamente), e imaginação (positivamente). Como esperado, a qualidade do relacionamento apresentou efeito positivo e significativo em relação ao desempenho financeiro. O potencial empreendedor apresentou o efeito positivo previsto apenas sobre desempenho. O tempo de relacionamento teve o efeito positivo esperado sobre o relacionamento franqueador-franqueado, em relação à qualidade

do relacionamento e o desempenho financeiro, mas as diferenças entre as fases de relacionamento propostas foram apenas parcialmente confirmadas, uma vez que em somente duas fases (rotina e estabilização) a análise de médias mostrou diferenças significativas. Os resultados indicam que a personalidade influencia a qualidade de relacionamento e o desempenho, mas a maneira pela qual isso ocorre é diferente no contexto brasileiro, onde esta pesquisa foi realizada, dos achados da pesquisa conduzida na Austrália, sugerindo que fatores como cultura e estabilidade de mercado podem ter influência sobre a relação entre traços de personalidade e qualidade de relacionamento, e traços de personalidade e desempenho financeiro. O potencial empreendedor parece influenciar positivamente o desempenho do franqueado, mas a sua influência não foi significativa em relação à qualidade do relacionamento. Os resultados também indicam a importância do tempo no desenvolvimento da qualidade de relacionamento e desempenho. Além disso, os relacionamentos de longo prazo estão relacionados a melhores avaliações de qualidade de relacionamento e desempenho financeiros por parte dos franqueados. As limitações do trabalho e sugestões para estudos futuros também são discutidos.

Palavras-chave:

Franquias; Personalidade; Empreendedorismo; Qualidade de Relacionamento; Desempenho; Índice de Empreendedorismo de Carland; Modelo dos Cinco Grandes Fatores.

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## LIST OF ACRONYMS

ABF	Brazilian Franchise Association
AVE	Average Variance Extracted
B2B	Business-to-business
B2C	Business-to-consumer
CB-SEM	Covariance-Based - Structural Equation Modeling
CEI	Carland Entrepreneurship Index
Commit	Commitment
GoF	Goodness of Fit
IPIP	International Personality Item Pool
LV	Latent Variable
OLS	Ordinal Least Squares
OV	Observable Variable
PA	Agreeableness
PC	Conscientiousness
PE	Extraversion
PES	Emotional Stability
PI	Imagination
PLS-SEM	Partial Least Square - Structural Equation Modeling
Satisf	Satisfaction
SEM	Structural Equation Modeling
Sig	Significance
SPSS	Statistical Package for the Social Sciences

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## 1. INTRODUCTION

In Brazil, the franchise system has experienced an accelerating expansion in recent years, result of rising wages, and emergence of a new middle-class, the entry of large companies in the franchise system and the willingness of the Brazilian to get your own business. According ABF (Brazilian Franchise Association)(2015) in 2013 this market had revenues of R\$ 118 billion (approximately US\$ 51,5 billion), an increase of 10,2 % compared to 2012, and in 2014 revenues are estimated around R\$ 127,0 billion (approximately US\$ 55,5 billion). Brazil ranks third in the world in number of brands (behind the United States and China) and is the sixth in number of units (Folha de São Paulo, 2013).

Franchising is also one of the fastest developing forms of business in the world, and it has been a rich field for studies not only in the Marketing arena, but also in other relevant areas such as economics, law, management, finance and entrepreneurship (Grewal, Iyer, Javalgi, & Radulovich, 2011), thanks to its varied possibilities of governance formats and studies concerning inter-organizational behaviors (Dant, Grünhagen, & Windsperger, 2011). One of the central challenges facing franchisors is how to establish and maintain good relationships with franchisees (Blut et al., 2011), since satisfactory relationship between these two players have long been recognized as critical to the success of franchise system (Watson & Johnson, 2010).

Traditionally associated to frameworks originated from agency theory, transactions cost analysis, property rights perspective, signaling theory, and resource dependency theory (Dant et al., 2011), literature in franchise have virtually ignored the role of human beings on firm inter-organizational results. Interpersonal relationships influence firm level results and relationship quality (Grayson, 2007; Heide & Wathne, 2006), therefore, the role of psychological aspects should be better explored in the franchise literature. Dant, Weaven and Baker (2013) is, to date, the only study in franchise literature that examines the links between franchisee personality traits and franchisee-franchisor relationship quality. In their study, conducted in the specific context of the Australian franchise system, Dant, Weaven and Baker (2013) have found evidence that individual personality traits do influence relationship quality. Given the pioneering and exploratory nature of their study, it is relevant to assess if their findings could be

extended to other contexts, such as the Brazilian market. Therefore, as the first goal, this work replicates Dant, Weaven and Baker (2013) study, under an alternative statistical methodological approach, aiming to shed light on the influence of personality traits on relationship quality in the Brazilian context.

Undoubtedly Dant, Weaven and Baker (2013) findings had contributed to produce more in-depth knowledge on the influence of personality traits on the domain of relationships, and has helped to overcome the massive inter-organizational or B2B approach in the franchise field, thus contributing to theoretical development and to the approximation of B2B and B2C perspectives in franchising studies.

The success of the franchise system depends not only on the relationship quality performance of the franchisors and franchisees, but also upon the financial performance achieved by these two major players (Brown & Dev, 1997). A broader conceptualization of performance in franchising inter-organizational behaviors should therefore include both non-financial (as relationship quality) and financial indicators of performance (Venkatraman & Ramanujam, 1986), such as sales growth and profitability (Venkatraman & Ramanujam, 1987). Neither Dant, Weaven and Baker (2013) nor other studies have addressed the influence of personality traits on financial performance in the context of franchise. Therefore, this study also aims to explore the influence of franchisees individual personality traits on financial performance.

Despite the contribution of Dant, Weaven and Baker (2013) to the literature in franchise, by introducing the role of individual dispositional personality traits on relationship quality, other relevant and scarcely studied psychological issue is the influence of entrepreneurial characteristics of franchisees on relationship quality and performance within franchisee – franchisor relationship. Franchisors are widely recognized as entrepreneurs, as they assume characteristics associated with entrepreneurship, such as risk-taking and innovation, but there are, however, conflicting views concerning the association between franchisees and entrepreneurial traits.

For some, franchisees have been characterized as an antithesis of entrepreneurs, as it is believed that they do not create or innovate the business process, thus



perpetuating the main role of the replication and standardization of the franchisor's process, which is further enforced by detailed disclosure and contractual documents (Clarkin & Rosa, 2005). A different view is taken by Kaufmann and Dant (1999), who postulate that franchisees assume risks in developing their local markets, are exposed to the risks associated with the franchisor proceedings (Felstead, 1991), and can innovate by proposing new products and processes for their local marketplace, in turn generating new ideas and innovation for the franchise system (Dada, Watson, & Kirby, 2011). Accordingly, no consensus has been reached to define whether or not franchisees with high or low entrepreneur drive are better suited to join the franchise system. Therefore the influence of this characteristic on the franchise's relationship quality and performance also calls for deeper investigation for a better understanding of the issue, what will also be explored in this study.

Although financial performance has been acknowledged as a consequence of relationship quality (Athanasopoulou, 2009), there have been few studies that analyze the relationship between nonfinancial measures – such as relationship quality - and financial performance (Banker, Potter, & Srinivasan, 2005). Huntley (2006) found evidence of the link between relationship quality and profitable outcomes in B2B relationships; however, this issue is still relatively unexplored in the franchise context. The present work also seeks to elucidate and address this important issue.

Lastly, time is included in many studies as the concept of relationship duration (Athanasopoulou, 2009), and most of the theories have focused on the relationship between organizational buyers and sellers (Dwyer & Oh, 1987), or on the behavior of the individual representing each organization (Ring & Ven, 1994); Literature in relationship marketing, under the traditional lifecycle theory (Blut et al., 2011; Dant & Nasr, 1998; Dwyer, Schurr, & Oh, 1987) sees relationships in franchise following an ascendant curve, in which relationship quality and performance tend to strengthen over time, and relationship variables are potentially affected by relationship duration (Jap & Anderson, 2007). Another perspective was explored by Blut et al. (2011), who proposed that relationships in franchise systems follow a different logic; in which relationship variables follow a “U” shaped curve – higher at the beginning, worse in the middle, and better at the end. Given this controversy, this study also intends to shed

light on the influence of time of relationship on relationship quality and financial performance along the franchisee – franchisor relationship.

### **1.1. Research questions, work objectives, and research agenda**

The present study, therefore, aims to address these gaps by deepening the theoretical knowledge of the franchisee-franchisor relationship, investigating the influence of personality traits and entrepreneurial drive of franchisees on relationship quality and financial performance, and analyzing the influence of the time of relationship on relationship quality and performance from the franchisee perspective.

Based on this line of reasoning, this study's specific objectives include:

- 1) Evaluate Dant et al.'s (2013) model of the influence of franchisee personality traits on relationship quality within a franchisee-franchisor context in Brazil, identifying in which way (positively or negatively) the individual personality traits influence the relationship quality;
- 2) Identify whether higher quality relationships are in fact related to higher financial performance;
- 3) Identify what are, and in which ways (positively or negatively), franchisee individual personality traits influence franchisee performance;
- 4) Identify if, and in which ways, franchisee entrepreneurial drive influences relationship quality and performance;
- 5) Identify if, and in which ways, time of relationship between franchisors and franchisees influences relationship quality and performance;

The purpose of this work, therefore, is to examine the influence of franchisees' personality and entrepreneurial drive on franchisor-franchisee relationship quality and financial performance over time.

The figure below shows the framework of the present research:

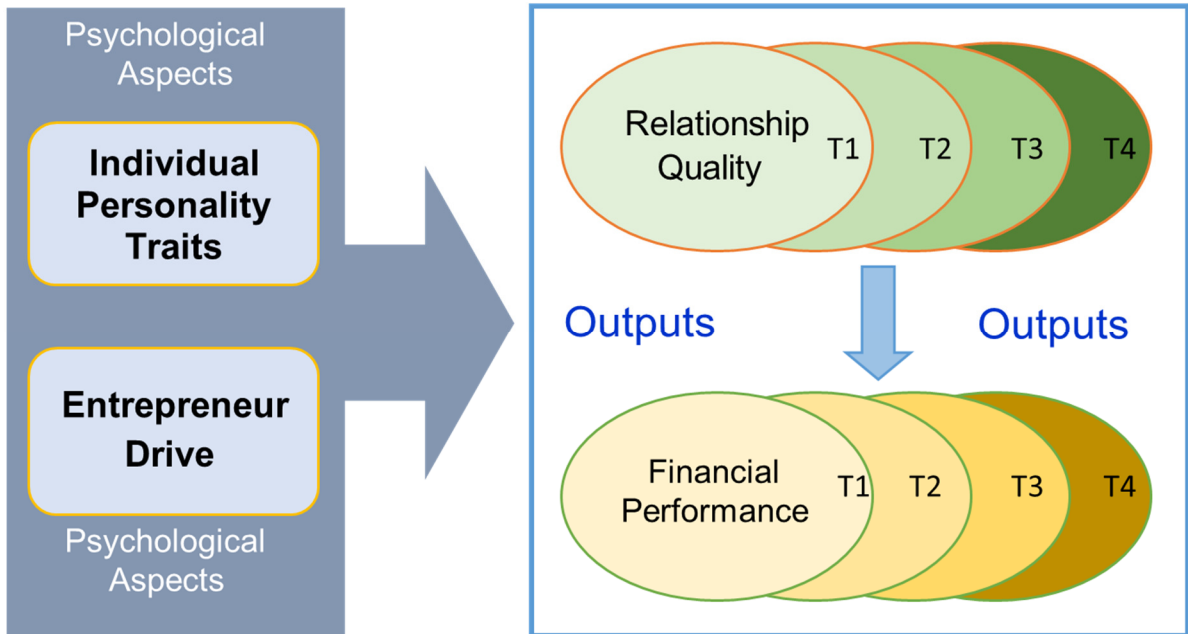


Figure 1.1: Research Framework

Source: Author

This present study is structured in five chapters – introduction, literature review, methodology, analysis of results, and conclusion. The introduction presents the main issues that will be discussed throughout this work, highlighting the research questions, work objectives, and study framework.

The second chapter – *Literature Review* - begins with an examination of relationships in franchising systems, stressing their main theoretical perspectives. Subsequently, the main constructs in relationship marketing are examined, stressing the importance of relationship quality; theories of personality, performance, entrepreneurship profiles, and their measures; as well as the implications of entrepreneurship, relationship quality and performance in the context of franchising. The influence of time of relationship on constructs of relationship quality and performance will also be addressed. Each main topic in the literature review will be followed by its respective hypothesis.

The third chapter - *Methodology* – presents the population definition, sample size, data collection strategy, and data processing techniques.

The fourth chapter will present the research data analysis, presenting the hypotheses associated to four models and influence of time on relationship quality and performance.

The fifth chapter will show the conclusions and final considerations.

## **2 LITERATURE REVIEW AND PROPOSED HYPOTHESES**

Along this chapter it will be presented relevant topics that reference and justify the research hypotheses, in order to respond the work objectives.

Taking into account that the present study aims to investigate the influence of personality and entrepreneurial drive traits on relationship quality and performance between franchisors and franchisees, it thus becomes necessary to review to some key aspects in order to better understand the entire phenomenon under study.

The first topic to be better understood is the relationship within franchises, which highlights the characterization of this system, presenting its strengths and weaknesses, points of conflict, and main aspects of relationships within a franchise. This theme is related to the constructs analyzed in the field of marketing relationships, especially B2B marketing. In this topic, the constructs of trust, commitment, satisfaction, and relationship quality are developed. Subsequently, the study of personality and its main schools of thought are introduced, underscoring the theory of the aforementioned traits and the Big-Five factors, which are justified by the presentation of the first five hypotheses that make the link between personality traits and relationship quality. The next topic analyzed in this study is that of financial performance and its connection with relationship quality and personality traits, along with the presentation of the respective hypotheses related to these constructs. After, a review of entrepreneurship and entrepreneurial behavior are presented, highlighting the measurement of entrepreneurial drive and its influence on relationship quality and financial performance in franchises, together with the respective hypotheses on the issue. Finally, this study presents the topic of the time of relationship and its influence on relationship quality and financial performance in franchises.

### **2.1 Relationship in Franchising Systems**

Initial research into franchises focused on the choice of franchising as an organizational form, grounding its assumptions mostly on either resource scarcity or agency theory. Over time, the focus of research has moved toward understanding the relationship between franchisors and franchisees (Watson & Johnson, 2010). Franchising can be defined as contractual arrangements that represent a form of

relational exchange (Grünhagen & Dorsch, 2003), characterized by a long-term continuous perspective, involved in complex relationships, where the survival of the relationship takes precedence over any single exchange (Strutton, Pelton, & Lumpkin, 1995). A relational exchange presupposes a sharing of benefits and burdens between the partners in order to establish a satisfactory relationship (Grünhagen & Dorsch, 2003). The satisfactory relationship between these two players has long been recognized as critical to the success of a franchise system, where satisfactory relationships specifically mean that franchising provides benefits for its entire network (Watson & Johnson, 2010).

Agency theory, one of the most relevant theories applied to franchising is grounded on the principal-agent relationship, with the information transfer process, the information asymmetry problem, and associated monitoring costs serving as its foundational structure (Quinn & Doherty, 2000). Agency theory explains that one's choice for a franchise system is grounded on the concept of efficiency (Rubin, 1978), where efficiency, under the premises of agency theory, is tied to the control of agency problems. Agency problems arise with the separation between ownership and control, that is, when the decision-making process within the company comes under control of professional managers whose interests are different, and often divergent, from those of residual claimants – separation of ownership and residual risk stemming from control and decision-making functions. According to an agency's view, this problem could be managed through decision-making systems, separating management (initiation and implementation) and control (ratification and monitoring) (Fama & Jensen, 1983). Faced with these divergent interests, the Franchise Principal is obliged to mobilize resources in order to ensure that the Franchise Agent acts in the best interests of the franchise itself (Jensen & Meckling, 1976).

Benefits and burdens shared between franchisor and franchisees can generate cooperation (agreement) or conflict (disagreement) among the partners (Grünhagen & Dorsch, 2003). Franchise Principals can assure the cooperation of Franchise Agents, in two key ways: either through constant monitoring or by giving incentives to the agents' behavior according to the Franchise Principal's interests (Castrogiovanni, Combs, & Justis, 2006; Eisenhardt, 1989). According to this point of view, franchisees,

as the owners of the business, have an added incentive to apply their best efforts to all activities, with less need for monitoring, thus reducing monitoring costs in franchising agreements (Combs, Ketchen, & Hoover, 2004).

Currently, franchising agents and principals engage in franchising relationships under the assumption this system will be beneficial to the entire network; nevertheless, their agency relationship is often the root of key areas of conflict in the relationship. Likewise, both franchisors and franchisees must bear the burden of potential costs, such as the potential risk of free-riding (Watson & Johnson, 2010), which can be either horizontal, when franchisees may be tempted to maximize their store's profits at the detriment of the franchisor's reputation by reducing the quality of the product or service rendered, negatively compromising the franchisor's brand value (Brickley & Dark, 1987; Combs et al., 2004), or vertical, when franchisors increase their gains by reducing the quality of their inputs (Hopkinson & Hogarth-Scott, 1999).

There are also potential key points of conflict in franchisor-franchisee relationships, such as territorial encroachment, geographic scope of advertising campaigns, vertical price restraints, and composition of the product mix (Grünhagen & Dorsch, 2003), as well as in the nature of the services that must be provided by franchisors - normally within a contractual obligation - such as initial and ongoing training, research and development, advertising and marketing support, management assistance, supply provision, royalties and fees, among others (Watson & Johnson, 2010). These services provided by franchisors are a relevant element for the promotion of uniformity and control in the franchise system (Monroy & Alzola, 2005), and the manner in which the franchisees evaluate them – positively or negatively – will impact both satisfaction and dissatisfaction, which could lead to greater trust in the relationship or ensuing conflict, with subsequent effects on the perception of the franchise's relationship quality (Chiou, Hsieh, & Yang, 2004).

The independence and autonomy of franchisees are limited to the confines of their franchise agreement with the franchisor (Huang & Phau, 2009), whose main objective is to maintain uniformity and control over the system in order to promote brand image and protect the system against franchisee free-riding (Kidwell, Nygaard, & Silkoset, 2007). However, a core challenge for franchisors is to balance franchisee expectations

for autonomy with the franchisor's efforts to enforce compliance with operational standards, without curbing franchisee ambition (Davies, Lassar, Manolis, Prince, & Winsor, 2011; Kaufmann & Eroglu, 1998).

Therefore, the franchisor's effort to guarantee standardization and consistency throughout the network is another relevant source of conflict, mainly due to the franchisee's quest for autonomy (Dant & Gundlach, 1999; Gassenheimer, Baucus, & Baucus, 1996). A possible solution to this kind of conflict is suggested by Kaufmann and Eroglu (1998), who make a distinction between core and peripheral components of the franchise system, where the core elements must be enforced, and the peripheral elements that should be adapted to meet local market conditions, allowing room for the franchisees' entrepreneurial characteristics.

The table below shows examples of core and peripheral components suggested by Kaufmann and Eroglu (1998):

Table 2.1: Core and peripheral components in franchise systems

		Format Components			
		Product/Service Deliverables	Benefit Communications	System Identifiers	System Facilitators
Centrality	Core	basic menu  accuracy of work	clean uniforms/aprons  professional certification	system name  trademark  logo	sales reporting procedure operation manuals
	Peripheral	hours of operation parking	mint on pillow  display of professional certificates	color scheme decor of unit	POS equipment local advertising

Source - Kaufmann and Eroglu (1998)

From the vantage point of agency theory, franchise contractual agreements are instruments that permit franchisors to control franchisee behaviors so as to avoid the possibility of free-riding or misguided actions. In fact, franchises are normally based on detailed agreements; however, these tend to be incomplete, as they can never truly



specify all necessary contingencies (Clarkin & Swavely, 2006). Due to the characteristic power asymmetry of franchising agreements, franchisors are in a position to exert their authority over the system by applying a coercive approach (Harmon & Griffiths, 2008), which can include a set of monitoring systems to ensure adherence to franchise agreements as well as the protection of the franchise trademark (Quinn & Doherty, 2000). Nonetheless, the use of coercive power can produce a dysfunctional level of conflict and instability in the system (Stern & Reve, 1980), jeopardizing the quality of the relationship.

A number of researchers have therefore suggested that the use of non-coercive methods to control franchisee actions, such as support activities and management by persuasion and example rather than by threat (Quinn & Doherty, 2000), can be more productive in franchise arrangements (Kidwell et al., 2007; Watson & Johnson, 2010). According to Leblebici and Shalley (1996), the aspects related to the commencement and termination of franchise contracts must be written in discrete terms in which each party's rights and duties are specifically delineated and contingencies specified, while contractual provisions dealing with the ongoing operations and conduct of the parties must be written in relational terms in which each party's rights and obligations are defined in terms of powers and liabilities towards each other rather than in terms of specific duties and rights.

This point of view strengthens the perspective of developing relational norms as a means through which to appease conflict through a combination of flexibility and harmonization of the social matrix norm, which leads to relationship quality (Harmon & Griffiths, 2008), and, consequently, successful relationships (Athanasopoulou, 2009).

Successful franchise partnership insights can be gained, at least in part, by drawing on the relationship marketing literature (Watson & Johnson, 2010). In this light, the next session will treat the main theoretical perspectives in relationship marketing and analyze the most relevant constructs that explain successful relationships in franchise systems.

## 2.2 Relationship Marketing

Relationship marketing is the research area in the marketing field which analyzes the relationships between organizations and customers. It emerged in the marketing field in the late 1970's with researchers interested in industrial marketing and marketing channels and who develop frameworks and theories focused on dyadic relationships between business buyers and sellers (Möller & Halinen, 2000). The emergence of relationship marketing signaled a change in the conventional micro-economic perspective which had previously dominated the marketing field and whose focus was on the interaction between supply and demand, which had ceased to be effective in the new world of the post-industrial era. In this new world, the rise of service-based industries and an overall increasing importance of services as a relevant portion of product offerings led to what some researchers have called a new "paradigm" in marketing (Palmer, Lindgreen, & Vanhamme, 2005), from the marketing of discrete transactions to the marketing of relational transactions (Rocha & Luce, 2006).

The importance of this new field of study in marketing was recognized during the mid-1990's with the publication of special editions on relationship marketing in relevant academic journals (International Journal of Service Industry Management, 1994; Journal of Academic Marketing Science, 1995; Journal of Marketing Management, 1996; European Journal of Marketing, 1996; Industrial Marketing Management, 1997; Journal of Business Research, 1999). Although this new approach to the marketing field was significant, and had contributed to complement the traditional concepts and constructs, relationship marketing failed to become a new discipline, as had been predicted by some researchers (Rocha & Luce, 2006).

Research analyses in relationship marketing focus primarily on buyer-seller relationships (Möller & Halinen, 2000) and can be classified into (1) relationships between organizations and individuals (consumer relationships) and (2) relationships between organizations (interorganizational relationships), including both relationships between members of the distribution channel and those between firms in B2B marketing (Rocha & Luce, 2006). The interdependence between buyer and seller is the factor which differentiates both perspectives. Consumer-relationships are based on a large number of potential partners and several alternatives for substitution, and

rarely develop into strongly interdependent connections. By contrast, interorganizational-relationships are based on fewer potential partners, with mutual interdependence, and more difficult possibilities of switching partners (Möller & Halinen, 2000).

The theoretical sources in relationship marketing find their roots in disciplines such as industrial economy, political science, social psychology, sociology, and anthropology, whose main perspectives are associated with transaction-cost analysis, social exchange theory, and symbolic exchange theory (Rocha & Luce, 2006). These disciplines have given rise to three main independent theoretical approaches in relationship marketing:

1. Buyer-seller relationships – these studies first originated in the U.S. during the early 80's, initially focusing on the distribution channels approach and later on the buyer-supplier relationship. It seeks to explain governance structures and the nature of dyadic behavior in the market-channel context, focusing on business relationships, economic exchanges, and efficiency (Möller & Halinen, 2000). Works in this theoretical stream include Stern and Reve (1980); Dwyer, Schurr, and Oh (1987); Achrol, Reve, and Stern (1983); and Heide and Stump (1995);
2. Networks or related exchange relationships – studies seek to explain relationships in the realm of industrial marketing. Researchers are connected to the International Marketing and Purchasing Group (IMP), mostly from northern Europe, also known as the Nordic School. It seeks to understand and explain exchange behavior between organizations and relationship development at a dyadic level within a network context, how these nets evolve, and how markets function and evolve under a network perspective. Works in this theoretical stream include Metcalf, Frear, and Krishnan (1992); Kalafatis (2002); and Grönroos (1994);
3. Relational Marketing – also known as the Emory School, this approach finds its roots in industrial marketing, more specifically in industrial consumer behavior, and emphasizes interorganizational relationships. This perspective views marketing as being built on quality and service, and its approach is geared

toward delivering increasing levels of value to customers in lasting relationships with the company (Palmer et al., 2005). Works in this theoretical stream include Sheth (1976); Sharma, Tzokas, Saren, and Kyziridis (1999); and Gopalakrishna, Pillai, and Sharma (2003).

Research on relationships between firms and consumers (B2C) were not the focus of these prior theoretical approaches and have been studied in the scope of consumer satisfaction, service quality, and customer relationship management (CRM) (Rocha & Luce, 2006).

According to Rocha and Luce (2006), regardless of the theoretical approach, research on buyer-seller relationships has viewed the concept of relationships from three distinct perspectives: dynamic nature, long-term view, and value creation, which are analyzed through constructs normally associated with the author's theoretical perspective. Palmatier, Dant, Grewal, and Evans (2006), in an influential meta-analytical study that analyzed more than 100 articles on relationship marketing, identified a wide range of different constructs and built a framework in which these dimensions are defined in four categories:

1. antecedents (relationship benefits, dependence on seller, relationship investment, seller expertise, communication, similarity, relationship duration, interaction frequency, and conflict);
2. relational mediators (commitment, trust, relationship satisfaction, and relationship quality);
3. moderators (service versus product-based exchanges, channel versus direct exchanges, business versus consumer markets, and individual versus organizational relationships);
4. outcomes (expectation of continuity, word of mouth, customer loyalty, seller objective performance, and cooperation).

Table 2.2: Review of constructs in relationship marketing

	<b>Constructs</b>	<b>Definitions</b>	<b>Common Aliases</b>	<b>Representative Papers</b>
Relational Mediators	<b>Commitment</b>	An enduring desire to maintain a valued relationship	Affective, behavioral, obligation, and normative commitment	Anderson and Weitz 1992; Jap and Ganesan 2000; Moorman, Zaltman, and Deshpandé 1992; Morgan and Hunt 1994
	<b>Trust</b>	Confidence in an exchange partner's reliability and integrity	Trustworthiness, credibility, benevolence, and honesty	Doney and Cannon 1997; Hibbard et al. 2011; Sirdeshmukh, Singh, and Sabol 2002
	<b>Relationship satisfaction</b>	Customer's affective or emotional state toward a relationship, typically evaluated cumulatively over the history of the exchange	Satisfaction with the relationship, but not overall satisfaction	Crosby, Evans, and Cowles 1990; Reynolds and Beatty 1999
	<b>Relationship quality</b>	Overall assesment of the strenght of a relationship, conceptualized as a compósite or multidimensional construct capturing the different but related facets of a relationship	Relationship closeness and strenght	Crosby, Evans, and Cowles 1990; De Wulf, Odekerken-Schroder, and Iacobucci 2001
Antecedents	<b>Relationship benefits</b>	Benefits received, including time saving, convenience, companionship, and improved decision making	Functional and social benefits and rewards	Hennig-Thurau, Gwinner, and Gremler 2002; Morgand and Hunt 1994; Reynolds and Bealty 1999
	<b>Dependence on seller</b>	Customer's evaluation of the value of seller-provided resources for which few alternatives are available from other sellers	Relative and asymmetric dependence, switching cost, and imbalance of power	Hibbard, Kumar, and Stern 2001; Morgan and Hunt 1994
	<b>Relationship investment</b>	Seller's investment of time, effort, spending, and resources	Support, gifts, resources, investments, and loyalty programs	De Wulf, Odekerken-Schroder, and

		focused on building a stronger relationship		Iacobucci 2001; Ganesan 1994
Antecedents	<b>Seller expertise</b>	Knowledge, experience, and overall competency on seller	competence, skill, knowledge, and ability	Crosby, Evans, and Cowles 1990; Lagace, Dahlstrom, and Gassenheimer 1991
	<b>Communication</b>	Amount, frequency, and quality of information shared between exchange partners	Bilateral or collaborative communication, information exchange, and sharing	Anderson and Weitz 1992; Mohr, Fisher, and Nevin 1996; Morgan and Hunt 1994
	<b>Similarity</b>	Commonality in appearance, lifestyle, and status between individual boundary spanners or similar cultures, values, and goals between buying and selling organizations	Salesperson or cultural similarity, shared values, and compatibility	Crosby, Evans, and Cowles 1990; Doney and Cannon 1997; Morgan and Hunt 1994
	<b>Relationship duration</b>	Length of time that the relationship between the exchange partners has existed	Relationship age or length, continuity, and duration with firm or salesperson	Anderson and Weitz 1992; Doney and Cannon 1997; Kumar, Scheer, and Steenkamp 1995
	<b>Interaction frequency</b>	Number of interactions or number of interactions per unit of time between exchange partners	frequency of business contact and interaction intensity	Crosby, Evans, and Cowles 1990; Doney and Cannon 1997;
	<b>Conflict</b>	Overall level of disagreement between exchange partners	Manifest and perceived conflict or level of conflict, but not functional conflict	Anderson and Weitz 1992; Kumar, Scheer, and Steenkamp 1995
Outcomes	<b>Expectation of continuity</b>	Customer's intention to maintain the relationship in the future, which captures the likelihood of continued purchases from the seller	Purchase intentions, likelihood to leave (reverse), and relationship continuity	Crosby, Evans, and Cowles 1990; Doney and Cannon 1997;

	<b>Word of mouth</b>	Likelihood of a customer positively referring the seller to another potential customer	Referrals and customer referrals	Hennig-Thurau, Gwinner, and Gremler 2002; Reynolds and Beatty 1999
Outcomes	<b>Customer loyalty</b>	Composite or multidimensional construct combining different groupings of intentions, attitudes, and seller performance indicators	Behavioral loyalty and loyalty	De Wulf, Odekerken-Schroder, and Iacobucci 2001; Hennig-Thurau, Gwinner, and Gremler 2002; Sirdeshmukh, Singh, and Sabol 2002
	<b>Seller objective performance</b>	Actual seller performance enhancements including sales, share of wallet, profit performance, and other measurable changes to the seller's business	Sales, share, sales effectiveness, profit, and sales performance	Reynolds and Beatty 1999; Siguaw, Simpson, and Baker 1998
	<b>Cooperation</b>	Coordinated and complementary actions between exchange partners to achieve mutual goals	Coordination and joint actions	Anderson and Narus 1990; Morgan and Hunt 1994

Source - Palmatier, Dant, Grewal, and Evans (2006)

This study also supports relevant findings concerning relationship marketing, such as the fact that strong relationships affect performance and that performance is most commonly influenced by relationship quality. Other findings indicate that strong relationships appear to be more effective for building customer loyalty and improving seller performance for (1) service versus product offerings, (2) channel versus direct exchanges, and (3) business versus consumer markets, which reinforces the belief that the importance of relationship marketing may well be more salient in contexts where relationships are more critical (Palmatier et al., 2006), which seems to be the case in franchisor-franchisee relationships.

Prior literature on this issue offers an array of relational constructs that mediate the effects of relationship marketing on outcomes, the most often cited constructs of which are commitment and trust (Palmatier et al., 2006). By contrast, the most popular

construct in empirical studies is satisfaction (Geyskens, Steenkamp, & Kumar, 1999). According to many researchers, however, relationship quality has been operationalized in various ways (Monroy & Alzola, 2005). In literature concerning relationship marketing, relationship quality is treated as a global or higher-order latent construct that reflects a combination of multiple first-order factors (Palmatier, 2008), whose most cited dimensions in academic research are trust, commitment, and satisfaction (Athanasopoulou, 2009; Palmatier et al., 2006). For this reason, the present study gives special attention to the analysis of these four key relational mediators – commitment, trust, satisfaction, and relationship quality.

### 2.2.1 Commitment

Commitment is one of the main constructs studied in marketing channel relationships, and it is the most widely used dependent variable in studies on buyer-seller relationships. It can be defined as the intention and desire of the parties to maintain a given relationship in the future (Wilson, 1995). In marketing channel literature, commitment is considered a critically relevant element associated with survival and performance (Anderson & Weitz, 1992; Geyskens, Steenkamp, Scheer, & Kumar, 1996; Morgan & Hunt, 1994) and is an essential ingredient for successful long-term relationships (Walter, Mueller, & Helfert, 2000). It has frequently been associated to the partner's intention to continue the relationship (E. Anderson & Weitz, 1992; Dwyer et al., 1987), and its essence is found in stability and sacrifice, with willingness to accept short-term sacrifices in order to maintain the survival and the stability of the relationship (E. Anderson & Weitz, 1992). Commitment, therefore, encourages partners to choose expected long-term benefits that are derived from established relationships, to the detriment of short-term alternatives (Morgan & Hunt, 1994).

Commitment is complex in nature (Bello, Katsikeas, & Robson, 2010) and has been studied under many dimensions. Kim and Frazier (1997) emphasized three dimensions of commitment in channel relationships: (1) affective dimension – related to the individual's involvement and identification with an organization; (2) continuance – related to the need and desire to maintain the relationship; and (3) behavior – related to the supply of help offered to the partner in times of need. Other authors have studied this construct by analyzing a wide range of dimensions, including affective, normative,



and continuance (Randall, Fedor, & Longenecker, 1990); compliance, identification, and internalization (O'Reilly & Chatman, 1986); instrumental, attitudinal, and temporal (Gundlach, Achrol, & Mentzer, 1995); as well as normative and instrumental (Brown, Lusch, & Nicholson, 1995). However, the differentiation between affective and calculative commitment is the most frequent in the literature and seems to be one of the most relevant in interorganizational relationships (Geyskens et al., 1996). Some dimensions of commitment are presented below:

Table 2.3: Dimensions and definitions of commitment

<b>Authors</b>	<b>Dimensions</b>	<b>Definitions</b>
<b>Anderson and Weitz (1992)</b>	Stability	Development and confidence in the stability of the relationship
	Sacrifice	Short-term sacrifices to maintain the relationship
<b>Dwyer et al (1987)</b>	Inputs	Provision of high levels of inputs to the association
	Durability	Common belief in effectiveness of future exchanges
	Consistency	Purposefully engagement of resources to maintain the relationship
<b>Randall et al (1990)</b>	Affective	Emotional attachment to, identification with, and involvement in the organization.
	Normative	Based on feelings of obligation toward the organization
	Continuance	Based on expectations of immediate or future rewards and cost contingencies in comparison to available alternatives.
<b>O'Reilly and Chatman (1986)</b>	Compliance	Attitudes and behaviors are adopted not because of shared beliefs but simply to gain specific rewards.
	Identification	Involvement based on a desire for affiliation
	Internalization	Values of the individual and the group or organization are the same
<b>Gundlach et al (1995)</b>	Instrumental	Affirmative action taken by one party that creates a self-interest stake in the relationship and demonstrates something, more than a mere promise
	Attitudinal	Enduring intention by the parties to develop and maintain an stable long-term relationship
	Temporal	Inputs and attitudes brought to the relationship must reveal consistency over time

<b>Brown et al. (1995)</b>	Normative	Based on identification and involvement with the organization
	Instrumental	Based on compliance
<b>Kim and Frazier (1997)</b>	Affective	Related to the individual's involvement and identification with an organization
	Continuance	Related to the need and desire to maintain the relationship
	Behavior	Related to the supply of help to the partner in times of need

Source: Author

### 2.2.2 Trust

According to the models developed by leading writers such as Morgan and Hunt, (1994), Ganesan (1994), Anderson and Narus (1990), Mohr and Spekman (1994), and Doney and Cannon (1997), trust is one of the most relevant constructs to the study of relationships in the marketing channel. Trust is tied to the belief that one party will act to provide positive results for the partner and will not take unexpected actions that may harm the other party (J. Anderson & Narus, 1990). This concept is related to the belief in the integrity and predictability of the partner (Morgan & Hunt, 1994), which is an key factor to building long-term relationships (Ganesan, 1994).

Anderson and Narus (1990) define trust as the belief that a company will act to provide positive results for the partner and will not take unexpected actions that result in harm to the partner. For these authors, building and maintaining relationships in the channel is an interactive process between communication and trust; therefore, good communication between partners is a necessary antecedent of trust. Likewise, in subsequent periods, the accumulation of trust can lead to better communication.

Morgan and Hunt (1994) define trust as a belief in the integrity and predictability of the partner. These assumptions are associated with qualities such as consistency, competence, honesty, fairness, responsibility, promptness, and benevolence. Trust is also the factor that influences commitment because it entails vulnerability; therefore, parties will always try to establish a relationship with trusted partners. For Ganesan (1994), relationships based on trust are an important factor in building long-term relationships. For this author, trust reflects two distinct components:

- Credibility - This dimension is an individual's expectation that the partner will honor his/her commitments and encompasses consistency, stability, and control in the exhibited pattern of behavior.
- Benevolence – this dimension focuses on the motivations and intentions of a trading partner and includes the qualities, characteristics, and intentions attributed to the partner rather than specific behaviors.

Under this vision, trust affects long-term orientation in three ways:

- Reducing the perception of risk associated with opportunistic behavior;
- Increasing the belief that short-term inequities will be resolved over time;
- Reducing transaction costs in an exchange relationship.

Doney and Cannon (1997), as well as Ganesan (1994), also define trust as perceived credibility and benevolence. Therefore, when trust exists, retailers and vendors believe that long-term idiosyncratic investments can be made with limited risk, given that both parties use their power to avoid renegeing on contracts or using them to their own advantage.

Both retailers and vendors indicate that a long-term orientation is determined by the extent to which a retailer or a salesperson trusts the partner channel. Dependence alone is not enough to explain long-term relationships; trust is necessary for the parties to maintain this relationship. Trust designs relationships towards a future, and the parties believe that even in adverse situations positive outputs will be achieved for both parties. When the relationship is based only on dependence between the parties, a forced cooperation will arise, and the parties will seek to constantly reduce this dependence (Ganesan,1994).

### 2.2.3 Satisfaction

Satisfaction is defined as a positive affective state resulting from the evaluation of all aspects of the relationship of one company with another. This concept is usually positively linked to the continuity of long-term relationships and is negatively related to the existence of conflicts in the relationship (J. Anderson & Narus, 1990). Satisfaction is the most popular construct in empirical studies of channel relationship models

(Geyskens et al., 1999) and is considered by various researchers as a focal consequence of channel relationships (J. Anderson & Narus, 1990), although in more recent years, trust and/or commitment often have replaced satisfaction as the core consequence of channel relationships.

This construct has been seen in both economic and non-economic perspectives, defining it as the perceived discrepancy between prior expectations and actual profits, or defining it as an emotional response to the overall working relationship with the channel partner (Crosby, Evans, & Cowles, 1990; Geyskens et al., 1999). Economic satisfaction is related to general effectiveness and productivity, as well as to the resulting financial outcomes of the relationship with the partner. Thus, it is considered a positive affective response to the economic rewards stemming from the relationship with its partner. Non-economic or social satisfaction (Geyskens & Steenkamp, 2000) is related to the positive affective response of the psychosocial aspects of the relationship, such as the belief that the partner is concerned, respectful, and prone to exchange ideas (Geyskens et al., 1999). Increases in social satisfaction lead to constructive responses, discouraging destructive responses when negative incidents arise (Geyskens & Steenkamp, 2000).

One key construct in the determination of satisfaction in marketing channels is the use of power, which is related to coercive and non-coercive influence strategies. Coercive influence strategies, such as threats and promises, have mostly been tied to negative effects on satisfaction, which is different than non-coercive influence strategies, which have been associated with positive effects on satisfaction.

Within the franchising context, relational satisfaction has been tied to the franchisee's commitment and intention to remain in the relationship, which minimizes the risk of using law enforcement to fulfill contracts (Chiou et al., 2004).

#### 2.2.4 Relationship Quality

Relationship quality is crucial to making the development of long-term and mutually beneficial relationships possible (Athanasopoulou, 2009). Moreover, it describes the overall depth and organizational atmosphere in interfirm relationships (Johnson, 1999), representing, for some authors, the strength and magnitude of a relationship (Dant et

al., 2013; Monroy & Alzola, 2005). The study of relationship quality originated from the work of Dwyer and Oh (1987), which was further defined by Crosby et al. (1990). After 1995, more researchers began to analyze this construct within the relationship marketing area, especially in business-to-business issues. Irrespective of context, the main research question concerns the conceptualization of relationship quality and/or its antecedents and consequences (Athanasopoulou, 2009).

Consequences of relationship quality are mainly analyzed in three major categories (Athanasopoulou, 2009):

- Business, service, or channel performance;
- Relational benefits;
- Satisfaction-related variables.

In terms of antecedents, the focus is centered on the progression of relationships over time, and relationship quality is mainly analyzed within the following categories:

- Characteristics of the two relationship parties (buyer and seller);
- Relationship attributes;
- Characteristics offered ( product or service);
- Role of the environment.

In the present study, relationship quality is analyzed by focusing on relationship attributes as antecedents and business performance as a consequence.

Monroy and Alzola (2005), analyzing the franchise context, introduced the concepts of transactional quality and relationship quality as different, but interdependent, constructs. Transactional quality is linked to functional variables, reflecting business performance in the short term, and considers those aspects that constitute the criteria for starting and managing a business in a correct manner. From the franchisee's perspective, two dimensions of transactional quality are identified – contents and assistance – which include attributes such as training, support, information, supply, financial facilities, management assistance, and accessibility. From the franchisor's

point of view, two key dimensions are also identified – formality and identity – which include business development, training attendance, payment accomplishment, uniformity, and transparency.

Relationship quality, on the other hand, reflects the performance of franchise partners over the long term. It includes variables such as trust, commitment, and relationalism, and it requires time to be developed and consolidated. Thus, transactional quality “guarantees a satisfactory business start-up, constituting the first step in the development of a long-term relationship” (Monroy & Alzola, 2005, p.598).

The present work adopts a long-term perspective in the relationship between franchisors and franchisees in such a way that the construct of transactional quality is not the object of analysis. Therefore, in this study, the construct of relationship quality, following the mainstream academic research, is operationalized as a second-order construct, constituted by the first-order constructs of trust, commitment, and satisfaction. Here, this construct of relationship quality is a dependent variable and this study will therefore measure the influences of different individual’s personality traits, entrepreneurial drive, and time of relationship on the perceived relationship quality between franchisees and franchisors, as well as its influence on franchisee perceived performance.

### **2.3 Personality**

The birth of the psychology of personality dates to the beginning of the twentieth century, but their roots harken back to the origins of human history as a whole. Some aspects of the psychology of personality can be traced back to dramatic art, religion, and Eastern and Western philosophical principles (Friedman & Miriam W. Shustack, 2011). In fact, the roots of this field of study extend back nearly two millennia to Graeco-Roman Physicians, such as Hippocrates and Galenus, who classified individuals according to a typology that linked four elements of the universe – water, air, earth, and fire – and four bodily fluids – blood, yellow bile, black bile, and phlegm – to four personality types – sanguine, choleric, melancholic, and phlegmatic (Lieshout, 2000).

However, the most direct influences on the modern psychology of personality came from the biological sciences during the nineteenth century, mainly under the

Evolutionary Theory of Charles Darwin, who stressed the utility of behavior in the process of adaptation to environment, survival, and consequent reproduction of the most adapted species. Undoubtedly, Darwinist evolutionary biology has exerted a deep influence on the psychology of personality. Scientific advances in personality assessment and intelligence tests have helped to shape, both the theories and the methods of the modern psychology of personality, which began to be formally established in the 1930's, with the studies of Gordon Allport, Kurt Lewin, and Henry Murray. These theorists have shifted the focus of the psychology of personality to the human being, introducing the approach on the integrality of the man, not ignoring the conscious, unconscious, biological, and social forces that, at any given moment, can have a direct impact upon these individuals (Friedman & Miriam W. Shustack, 2011).

Many definitions of personality have been used, both in more abstract or in more concrete terms, and mostly deal with the description of individual interactions with others or what goes on inside an individual (Pervin, 1975). People tend to ascribe certain characteristics to others in an attempt to explain the relative consistency of different behaviors. The determination of these characteristics enables people to understand and predict their own and others' behavior when faced with specific situations. The search to understand a person's characteristics and predict one's behavior were the main interests within personality psychology throughout the twentieth century (Lieshout, 2000).

Indeed, the study of personality considers the individual as an entire unit of analysis, as a unified entity who faces and reacts to the environment. The word "personality" is used to refer to the external aspect of an individual, as well as to the manner in which he/she is perceived and how he/she influences others (Krech & Crutchfield, 1980). However, personality has been studied under varied perspectives. In fact, it is impossible to define personality without a referential theoretical perspective of study, which means that no definition of personality can be generalized (Hall & Lindzey, 1973).

Many theoretical perspectives have sought to explain the origin and characteristics of personality. Although the in-depth study of these distinctions is not the core aim of this

work, the main theoretical perspectives in personality studies will briefly be described, offering a more in-depth analysis of the trait-factor analytical approach, together with the model of the Big Five personality factors that underlie the theoretical model adopted in this thesis.

Friedman and Shustack (2011) present eight main personality perspectives that will briefly be reviewed in this work: psychoanalytic theory, neo-analytical perspective, biological perspective, behavioral approach, cognitive theory, phenomenological theory, interactionist approach, and trait-factor analytical approach.

### 2.3.1 Psychoanalytic approaches

Psychoanalytic theories understand that personality arises from dynamic and unconscious internal struggles within the mind (Hoyer & D.J. MacInnis, 2008). Sigmund Freud is this field's main representative, who proposed that an individual's personality is formed through several developmental stages. According to Freud, the human personality is the output of a conflict between internal physiological impulses (i.e. hunger, sex, aggression) and social pressures (i.e. laws, rules, moral codes). From this point of view, an individual's personality construction follows five stages during childhood (Fadiman & Frager, 1979; Friedman & Miriam W. Shustack, 2011; Pervin, 1975) :

- Oral stage – The mouth is the first main area of excitation, sensitivity, and energy. During this phase, the child is completely dependent and receives oral gratification from sucking, eating, and biting (Pervin, 1975). Adult characteristics associated with this stage are smoking, overeating, and gossiping (Fadiman & Frager, 1979);
- Anal stage – The child has the challenge of toilet training, which brings a natural interest for self-discovery. The physiological control is tied to the perception that this control is a new source of pleasure. Adult characteristics associated with this stage are order, parsimony, and obstinacy (Fadiman & Frager, 1979);
- Phallic stage – The child becomes aware of his or her genitals and must begin to deal with desires for the opposite-sex parent. This is the first phase in which the child becomes aware of sexual differences. These factors lead, according



to Sigmund Freud, to the Oedipus complex and castration anxiety, where the father becomes a rival for the affections of the mother (Fadiman & Frager, 1979; Pervin, 1975);

- Latency stage – This is the period in which the sexual impulses cannot be directly expressed, and sexual energy is geared toward other activities, such as school and friends. During this stage, attitudes, such as shame, disgust, and morality, arise (Fadiman & Frager, 1979; Friedman & Miriam W. Shustack, 2011);
- Genital stage – This is the end of biological and psychological development and the beginning of puberty. At this point, boys and girls are aware of their distinct sexual identities and are seeking for new ways to satisfy their erotic and interpersonal needs (Fadiman & Frager, 1979);

Failures in the process of resolving conflicts during each stage can influence an individual's personality. Although some of Freud's theories have been contested by many researchers, one key point is the role of the subconscious. For Freud, an individual is aware of only a minor portion of the forces that drive one's behavior, much of which is influenced by one's subconscious.

Under this theory, personality results from the clash of three forces:

- Id – this is the basic, central, and original structure of personality (Fadiman & Frager, 1979). It consists of everything that is psychologically inherited and is present at the birth, such as instincts. It is completely unconscious, and it drives the individual to seek instant gratification, acting under the pleasure principle (Hall & Lindzey, 1973);
- Ego – this is developed during childhood and is responsible for reason and good judgment. The ego operates under the principle of reality, and it must control or regulate the impulses of the Id, allowing the individual to search for less immediate and more realistic responses. It controls the Id impulses and helps individuals to live in an efficient manner in the world (Fadiman & Frager, 1979; Friedman & Miriam W. Shustack, 2011; Mowen & Minor, 2003).
- Superego – this is understood as one's conscience and is structured in the middle of one's childhood. For the most part, the superego is unconscious and

is actively and directly opposed to the impulses of the Id. It is the depot of moral laws, models of conduct, and sources of inhibitory structures of personality. It more specifically represents the ideal than the real, and searches more for perfection than for pleasure, having, according to Sigmund Freud, the function of consciousness, self-observation, and formation of ideals (Fadiman & Frager, 1979; Hall & Lindzey, 1973).

The psychoanalytic approach has a holistic perspective and is mainly interpretive. Its emphasis is on the individual, and seeks to assess and understand the individual as a whole. According to Pervin (1975), the constructs used in the psychoanalytic approach are not open to direct observation, and therefore seem not to be the most appropriate means through which to analyze a wide range of individual and group behaviors.

### 2.3.2 Neo-Analytic Perspective

These theory focuses on social explanations of personality, such that individuals act in social situations to meet their needs (Hoyer & D.J. MacInnis, 2008). According to these theorists, also known as Neo-Freudians, social relationships are fundamental in the formation and development of an individual's personality (Schiffman & Kanuk, 1997). Some of the studies developed by researchers under these perspectives are related to individual efforts applied to overcome feelings of inferiority and anxiety. The most relevant representatives of this perspective are Carl G. Jung, Alfred Adler, and Karen Horney.

Carl G. Jung is recognized as one of the great modern thinkers, extending his influence beyond the fields of psychology and psychiatry. Although his theory emphasizes the unconscious process, as well as the psychoanalytic theory of Freud, according his view, the past – as reality – and the future – as potential – are drivers of one's present behavior. Jung sees personality as an output and depository of an ancient past, considering that the foundations of personality are archaic, primitive, innate, unconscious, and universal (Hall & Lindzey, 1973). His theory amplified Freud's view regarding the unconscious, incorporating the concepts of a collective unconsciousness – evolutionary, psychic residue of man, which includes the prehuman ancestors and animals - and archetypes - structural components of the collective unconscious that assumes the form of a universal thinking.

Alfred Adler named his theory *individual psychology*. Like Jung, he is believed to be of great importance in the teleological aspects (goal orientation) of human nature, as well as in the influence of social conditions over personality. For him, the main essence of personality is the struggle for superiority, having developed concepts such as inferiority complex, superiority complex, and the role of birth order. Adler also proposed a personality typology which departed from the classical Greek concept of underlying moods of personality (Friedman & Miriam W. Shustack, 2011)

Table 2.4- Comparison between the typology of Adler and Greek classical typology

Greek Moods	Greek Types	Level of social interest	Level of activity	Types of Adler
Yellow Bile	Choleric	Low	High	Dominant
Phlegm	Phlegmatic	Low	Low	Getting
Black Bile	Melancholic	Very Low	Low	Avoidant
Blood	Sanguinic	High	High	Socially Useful

Source: Friedman & Miriam W. Shustack (2011, p.128)

Karen Horney, another relevant representative of the Neo-Analytic Perspective, established basic anguish as the core concept of her theory. The origin and destiny of this anguish are key to understanding one's individual personality (Krech & Crutchfield, 1980). Horney believed that an individual could be characterized by three main behaviors (Friedman & Miriam W. Shustack, 2011; Hoyer & D.J. MacInnis, 2008; Schiffman & Kanuk, 1997):

- Compliant – humble, trusting and tied to a group; geared toward the other.
- Aggressive – outgoing, assertive, self-confident, and tough-minded; directed against the other.
- Detached – independent and self-sufficient, but suspicious and introverted; moving away from the other.

In this approach, social variables, more than biological instincts, determine personality.

### 2.3.3 Biological perspective

The biological perspective focuses on trends and limits imposed by biological inheritance (genetics, physical health, and physical endowments), whose main theorists include Charles Darwin, Ivan Pavlov, Hans Eysenck, and Francis Galton.

According to this view, behavior is the consequence of biological structures developed in an evolutionary manner, genes, hormones, chemical imbalances, and environmental interactions. This perspective recognizes the effects of biological influences on others' reactions and the environments chosen by individuals (Friedman & Miriam W. Shustack, 2011).

### 2.3.4 Behavioral Approaches

The learning theory, in which behaviorism is the main approach, was established by John B. Watson, whose proposal sought to develop a rigorous science that fully repudiated introspection (Friedman & Miriam W. Shustack, 2011). The studies of Watson were the basis for the work of B.F. Skinner, considered the leading scholar of Behaviorism.

Skinner understood that the environment controls behavior in such a way that the consequences of behavior are highly responsible for behavior itself. In this light, Skinner developed the concept of "operant conditioning", in which behavior is modified by its own consequences.

Skinner's theory does not consider internal personality components or systems such as the id, ego, and superego, nor concepts such as self-realization, traits, needs, and pulsions, considering personality merely as a group of reactions to the environment. Skinner considered personality to be the unification of the operant conditioning (Friedman & Miriam W. Shustack, 2011).

Hence, this approach has two basic assumptions (Pervin, 1975):

- Nearly all behavior is learned; therefore, psychologists should study the processes of learning which lead to newly acquired behaviors;

- The development of research methodologies is necessary, given that objectivity and rigor in the test of clear hypotheses are essential to measuring behavior in precise ways.

Behavioral approaches see differences in personalities as functions of the rewards and punishments in the past. A central concept to this approach is the reinforcement issue, in such a way that individuals are more likely to behave in conformity with behaviors that have produced a positive reinforcement, and less likely to maintain characteristics and behaviors for which they have received punishment (Hoyer & D.J. MacInnis, 2008).

### 2.3.5 Cognitive Theory

The main tenets of cognitive approaches to personality are centered around perception and cognition as the essence of a human being. This theory emphasizes how individuals perceive, interpret, and conceptualize events and their environments. Individuals construct their own systems, through which they can predict events. According to this view, differences in cognitive abilities are essential to one's individuality (Friedman & Miriam W. Shustack, 2011; Pervin, 1975).

Cognitive approach theorists include such scholars as Kurt Lewin, George Kelly, and Albert Bandura. Kurt Lewin is the major exponent of *Gestalt* (word of Germanic origin that means "form" or "shape"). For Gestalt theorists, perception involves the search for meaning, which cannot be found in any single element. The essence of the original is in their complex relations and general configurations, which are lost if the parts are analyzed separately (Friedman & Miriam W. Shustack, 2011); hence, gestalt represents a whole, which is not merely equal to the sum of its parts (Heidbreder, 1981).

### 2.3.6 Phenomenological approaches

Reflective analysis of life-world experience has been the focus of interest of philosophical phenomenology (Rolf, 1998). The phenomenological approach is seen as the focal point of the existentialist perspective, whose philosophical view analyzes the meaning of human existence. According to this view, the world changes when the people change their minds about the world, which means that the individual (self) does

not exist without a world, and that the world cannot exist without an individual who understands this. From this point of view, individual perceptions or subjective realities are valid objects of inquiry (Friedman & Miriam W. Shustack, 2011).

The existentialist perspective witnessed a significant upsurge soon after World War II, with such renowned representatives as the French writers Albert Camus and Jean Paul Sartre. Carl Rogers, Erich Fromm, and Abraham Maslow are representatives of this perspective in the field of Psychology, addressing issues such as love (Fromm), responsibility (Rogers), and self-realization (Maslow).

In Psychology, phenomenological approaches propose that personality is shaped by an individual's interpretations of life events, and its key concept is the locus of control, or the individual's interpretation of why specific things occur (Hoyer & D.J. MacInnis, 2008). The phenomenological approach sees the behavior as it is, with no splitting of it into unconnected parts, or reduction into physiological principles. Therefore, this perspective emphasizes the manners through which individuals perceive and experience themselves and the world around them (Pervin, 1975).

In contrast to the psychoanalytic perspective, which places emphasis on past and hidden meanings, the phenomenological approach emphasizes the present and self-reports or direct sources of information, which also means different assessment techniques and research – verbal self-reports and Q sorts, rather than free-association, dream analysis, and projectives (Pervin, 1975).

### 2.3.7 Interactionist approach

The interactionist approach to personality considers the impact of circumstances or social situations on one's individual personality, emphasizing the importance of interpersonal influences and recognizing that individuals assume different "selves" in different situations. In fact, according to Sullivan, a relevant interactionist theorist, the individual can have as many personalities as interpersonal situations of experience; therefore, personality may change over time (Friedman & Miriam W. Shustack, 2011).

### 2.3.8 Trait Approaches

Trait approaches understand human beings as sets of temperaments, traits, and abilities. Having their roots in ancient Greek concepts, such as temperaments and personality, this approach played a significant role in the 1930's, thanks mainly to the Jungian concepts of introspection and extraversion, statistical analysis, and psychometrical studies, as well as to the theory of Gordon Allport on traits (Friedman & Miriam W. Shustack, 2011; Schultz & Schultz, 2012). In fact, modern approaches adopted Allport's view that traits are invariable aspects that follow an individual throughout his/her life. They are key aspects that define the singularity and consistency of the individual, consisting of predispositions to respond equally or in a similar manner to different types of stimuli (Schultz & Schultz, 2012). Trait approaches emphasize trait measures through tests, commonly by means of self-assessment questionnaires (Cloninger, 2003).

According to Allport and Odbert (1936), traits can be described as:

- real and present in all individuals;
- used to determine or provoke behavior;
- interrelated and may overlap, although they represent different characteristics;
- vary according to the context

Allport developed his theory from terms derived from the natural language that people use to describe themselves and others, called lexical hypothesis. Lexical hypothesis posits that socially relevant and salient personality characteristics are encoded in the language, since attributes people consider important and useful in their daily interactions are present in their language (John & Srivastava, 1999) .

Allport and Odbert (1936) conducted a seminal lexical study on an English dictionary that included almost 18,000 terms that could be used to distinguish the behavior of individuals. They identified four main categories, which provided an initial structure for the personality lexicon:

- Personality traits (e.g., sociable, aggressive, and fearful) – consistent and stable modes of an individual's adjustment to one's environment;

- Temporary states, moods, and activities (e.g., afraid, rejoicing, and elated);
- Highly evaluative judgments of personal conduct and reputation (e.g., excellent, worthy, average, and irritating);
- Physical characteristics, skills, and talents (those not assigned to the other three categories).

Following the views of Allport, trait is the basic unit of personality, and the set of individual traits describes one's personality. These traits can be individual traits (related to only one individual) or common traits (related to many people). Common traits for Allport are only a measurable aspect of complex individual traits; therefore, only individual traits are truly units of personality. This perspective led him to study traits from an idiographic perspective, as compared to the nomothetic view adopted by other relevant trait theorists such as Cattell (Cloninger, 2003; Primi, 2010). The idiographic tradition is geared toward clinical practice and understanding the richness of the individual, whereas the nomothetic – or psychometric - tradition is geared toward research and the discovery of general laws (Primi, 2010).

Raymond B. Cattell (1943) delved further into the lexical approach, as set forth by Allport and Odbert (1936), by developing his multidimensional model of personality structure from the Allport and Odbert list. Cattell, by contrast, grouped, classified, and submitted the subset of 4,500 trait terms to factorial analysis, reducing them to 35 variables. Using this set of variables, Cattell identified 12 personality factors, which would become part of his 16-personality factors questionnaire (16PF) (John & Srivastava, 1999).

In fact, the hallmark of Cattell was his treatment of the data, carried out using the statistical procedure of factor analysis, seeking to assess relationships within a group of subjects in order to determine common factors. Cattell classified such factors as traits, defining them as mental elements of personality. According to Cattell, by merely describing, in precise terms, the pattern of traits that define a person as an individual, it is possible to predict how that person will behave in a given situation (Schultz & Schultz, 2012).



Cattell has defined traits as units of personality with a predictive value, which defines how an individual will react when faced with a given situation (Cloninger, 2003). Clearly, according to John and Srivastava (1999), personality traits can be used to summarize, foresee, and explain the conduct of the individual and his future behavior. Furthermore, traits suggest that the explanation for the behavior is found within each person, not within the situation.

The work of Cattell stimulated other researchers to analyze the dimensional structures of trait ratings, which have led to the discovery and clarification of the Big Five dimensions (John & Srivastava, 1999).

### 2.3.9 The Big Five Model

The Big-Five model is recognized as a relevant model and, since the mid-1980s, has been considered a robust indicator of an individual's personality (Ciavarella, Buchholtz, Riordan, Gatewood, & Stokes, 2004). According to John & Srivastava (1999), the Big Five model arises from the need to create a taxonomy for personality traits due to the profusion of scales with the same name that measure different concepts, or scales with different names that measure similar concepts. The development of such a taxonomy would facilitate the accumulation and disclosure of empirical findings by offering a standard vocabulary.

After years of research, the Big Five model seems to represent a general taxonomy for personality traits. Although the dimensions themselves do not represent a specific theoretical perspective, they do serve as an integrative function that can represent several personality description systems within a common framework.

Cattell's work also stimulated further research, which examined the dimensional structure of trait ratings (Fiske, 1949; Tupes & Christal, 1992) and contributed to the discovery and clarification of the Big Five dimensions. In 1961, Tupes and Christal (1992) conducted a study reanalyzing data relative to the construction of Cattell's 16-PF model and found five relatively strong and recurrent factors. Norman (1963) reanalyzed the data in lists derived from Cattell's 35 variables and also reached a five-factor structure.

Research on the Big Five and issues of personality structure have increased since the mid-1980s, many influenced by the variables selected by Cattell. Goldberg (1990) tested these variables in terms of stability and generalizability, using different methodological procedures and data sources (Goldberg, 1981, 1982, 1996). According to his study, a factor analysis of the adjectives closely replicated the Big Five, showing the consistency of the factors.

Goldberg (1992) eventually developed a 50-item instrument, in which 10 bipolar adjectives scales are presented for each factor. This scale was adopted in the present study, due to its high internal consistency, and the factor structure was easily replicated (John & Srivastava, 1999). This instrument was also adopted by Dant et al. (2013) in their study about the influence of personality traits on perceived relationship quality within the franchise context, which was also the version suggested by the International Personality Item Pool (IPIP – scientific collaboration space for discussion and dissemination of ideas about personality assessment and other individual differences), which offers a public domain repository of inventories and scales (L. Goldberg, 1996).

The big five personality traits model has mainly developed by means of empirical findings. Nevertheless, the model has proven to be consistent and stable, and has been strengthened over time by the evolution of factorial analysis techniques (Nunes, 2000), as explained John and Srivastava (1999):

*“the five-factor structure seems to generalize reliably across different types of samples, raters, and methodological variations when comprehensive sets of variables are factored”* (p.106).

This generalizability also includes other languages and cultures. In this light, the Big Five personality traits are widely recognized as the leading universal, cross-culturally valid, minimal model of personality (Obschonka, 2012). Transcultural studies have been conducted to verify the occurrence of the Big-Five personality traits model in different languages and societies, including German, Portuguese, Hebrew, Chinese, Korean, and Japanese (Birenbaum & Montag, 1986; Bond, Nakazato, & Shiraishi, 1975; Borkenau & Ostendorf, 1990; R. R. McCrae & Costa, 1997; Yang & Bond, 1990). In all of the versions, the Big-Five factor model proved to be adequate in explaining the findings. De Raad (1998) also conducted a study with eight different languages

(American English, Dutch, German, Hungarian, Italian, Polish, Czech, and Tagalog), and the results support the Big-Five model as the “*main working hypotheses*” (p.113). Raad’s study did, however, present discrepancies among the languages, particularly in factor V (imagination or openness). Nonetheless, the Big-Five model is still considered to be the best working hypothesis of a general trait structure (Raad, Perugini, Hrebícková, & Szarota, 1998)

A relevant issue to the present study is that personality theorists believe that an individual’s personality can predict an individual’s behavior (Funder, 1994). Thus, franchisees’ personality traits may well have important implications for the perception of relationship quality, financial performance, and long-term success of franchisee-franchisor relationships.

To delve more deeply into knowledge on this issue, these Big-Five factors, typically labeled as agreeableness, extraversion, emotional stability (or neuroticism), imagination (or openness), and conscientiousness, are presented herein, and the first five hypotheses are subsequently postulated.

## **2.4 Personality Traits and their Respective Research Hypotheses**

### **2.4.1 Agreeableness x Relationship Quality**

Individuals with a high score on agreeableness tend to be friendly, cooperative, courteous, trusting, flexible, altruistic, tolerant, compliant, modest, straightforward, tender-minded, thoughtful, kind, and supportive (M. Barrick, Mount, & Gupta, 2003; Ciavarella et al., 2004; Costa & McCrae, 2008; Graziano & Eisenberg, 1997; John & Srivastava, 1999), which are commonly linked with altruism, nurturance, caring, and emotional support (Weaven, Grace, & Manning, 2009). At the other end of the continuum, individuals with low score on agreeableness are described to be competitive, hostile, indifferent, self-centered, spiteful, cynical, rude, suspicious, manipulative, and jealous (Heinström, 2003; R. McCrae & Costa, 1991; Seibert & Kraimer, 2001)

According to McCrae and Costa (1991), agreeable individuals have greater motivation to achieve interpersonal intimacy, which is positively related to life satisfaction. It seems that this same mechanism exists in the perception of a job as motivating, which

most commonly leads to job satisfaction. In fact, when the individual is willing to conform to group norms, rather than search their own unique and individual concerns, this action can be beneficial to the group as a whole, which in turn takes more efficient actions (Graziano & Eisenberg, 1997). This personality trait therefore facilitates the development of cooperative working relationships, since these individuals are not inclined to drive hard bargains or to manipulate the other for personal gain (Zhao & Seibert, 2006).

Agreeableness was found to be most highly correlated with congenial franchisor relations, which is directly related to franchisees who tend to be sincere, cooperative, and considerate of others and who believe that others are honest and trustworthy. Those with a more manipulative disposition and those who tend to question authority may be less inclined to work productively with the franchisor (Morrison, 1997).

Moreover, agreeableness has been consistently and positively related to most relationship variables (White, Hendrick, & Hendrick, 2004), such as relationship satisfaction (Karney & Bradbury, 1995; Kelly & Conley, 1987; Kwan, Bond, & Singelis, 1997) and marital stability (Karney & Bradbury, 1995). According to literature on marital relationships, agreeableness may be an important personality predictor of marital functioning, as agreeableness seems to have a relevant influence on interpersonal interactions (Graziano & Eisenberg, 1997; Tobin, Graziano, Vanman, & Tassinary, 2000).

This literature suggests that more agreeable individuals are better at regulating their emotions in interactions with other people, which subsequently facilitates smoother interpersonal encounters and seems to be a significant predictor of close relationships (Donnellan, Conger, & Bryant, 2004).

Therefore, it can be hypothesized that:

***H1 – There is a positive relationship between agreeableness and perceived franchisee-franchisor relationship quality.***

#### 2.4.2 Extraversion x Relationship Quality

Extraversion is associated with the quantity and intensity of relationships, which is expressed by characteristics such as sociability, higher energy levels, positive emotionality, excitement seeker, talkative, assertive, and energetic (Ciavarella et al., 2004; John & Srivastava, 1999) and refers to the degree to which individuals are outgoing and physically and verbally active. Individuals scoring highly on this dimension are adventurous, frank, assertive, talkative, energetic, enthusiastic, active, and dominant in social situations (Costa & McCrae, 2008; Heinström, 2003; Peeters, 2006), whereas individuals with low level of extraversion may be described as reserved, sober, aloof, task-oriented, quiet, independent, and introverted (Costa & McCrae, 2008; Heinström, 2003; Seibert & Kraimer, 2001). Extraversion is also linked to impulsive decision-making and the engagement in risk-taking behaviors (Zhao & Seibert, 2006).

Past research suggests that high extraversion may negatively influence social relationships, since individuals with this trait are more likely to be condescending (Buss, 1991, 1992). This may be a function of the dominance feature of this trait which reflects the granting of status to the self while denying status to others. (Morrison, 1997). In addition, individuals who are highly extravertive may strive to achieve dominant leadership positions in their organizational roles, which may unsettle the stability of the network and create conflicts with the franchisor (Dant et al., 2013). If the level of conflict escalates to an excessively high level, it can produce a negative impact on performance (Morrison, 1997). Therefore it can be hypothesized that:

***H2 – There is a negative relationship between extraversion and perceived franchisee-franchisor relationship quality.***

#### 2.4.3 Emotional Stability x Relationship Quality

Emotional Stability is associated with individual differences in adjustment and emotional stability (Weaven et al., 2009), referring to how well an individual responds to stress (Dant et al., 2013). This is associated with a calm, non-neurotic, nature and one who does not easily become upset (John & Srivastava, 1999). Individuals who score high in Emotional Stability are usually described as calm, relaxed, self-confident, and even-tempered (Costa & McCrae, 2008; Zhao & Seibert, 2006). They are more

able to handle stressful situations, resolve conflicts, and deal with negative feedback (Morrison, 1997). These individuals tend to have greater self-efficacy (Gist & Mitchell, 1992) and organizational commitment (Kelly & Conley, 1987), and rarely suffer from mental or physical illness due to stress (Heinström, 2003).

By contrast, individuals who receive a low score in this personality dimension tend to be anxious, worried, prone to depression, self-conscious, impulsive, vulnerable, and susceptible to illness when under stress (Costa & McCrae, 2008; Heinström, 2003; Seibert & Kraimer, 2001). Therefore, emotional stability refers to how well an individual responds to stressful situations (Dant et al., 2013). People with a low level of emotional stability – or neuroticism (antithesis of emotional stability) - seem to confront stressful situations as threats rather than challenges (Endler & Parker, 1990; Jr & McCrae, 1995). Moreover, these individuals experience more negative life events than do other people (Magnus & Diener, 1993). Neuroticism has also been associated with marital instability (Karney & Bradbury, 1995; Kelly & Conley, 1987), shorter relationships (Shaver & Brennan, 1992), and decreased relationship satisfaction (Karney & Bradbury, 1995; Kelly & Conley, 1987).

Neuroticism – and consequently emotional stability – has been considered the strongest and most consistent correlate of job satisfaction and is the Big-Five trait that has most often been studied regarding this issue. Employees who are emotionally stable tend to be happier at work, because they are more likely to minimize work-related conflict (Dant et al., 2013) and achieve satisfying results at work (Judge, Heller, & Mount, 2002). Moreover, self-reports of relationship quality and satisfaction have been consistently associated with emotional stability (Caughlin, Huston, & Houts, 2000) and represent the strongest personality correlation with marital satisfaction (Holland & Roisman, 2008). Therefore, it can be hypothesized that:

***H3 – There is a positive relationship between emotional stability and perceived franchisee-franchisor relationship quality.***

#### 2.4.4 Imagination x Relationship Quality

Traits that are often associated with the imagination dimension include curiosity, open-mindedness, emotional awareness and intellect, whose individuals tend to be

perceptive, knowledgeable, curious, and imaginative (L. R. Goldberg, 1990; John & Srivastava, 1999). Individuals who scores highly in this dimension tend to be interested in sensory and cognitive experiences, like novelty, thrive on complexity, are quite liberal, enjoy ambiguity, and are open to considering new ideas and processes (Heinström, 2003; O'Brien & DeLongis, 1996).

Individuals with low scores in imagination are characterized as conventional, conservative, unartistic, and narrow-minded in interests, showing a preference for familiarity and displaying opposition to change (Heinström, 2003; Seibert & Kraimer, 2001).

Moreover, greater imagination may foster a more intellectual and flexible approach to problem solving, facilitating a proactive and intellectual approach to conflicts in relationships (Donnellan et al., 2004). Thanks to this flexible approach and problem solving, franchisees scoring high in imagination would be better fitted to understand and support franchisor decisions in order to deal with an increasingly competitive environment (Dant et al., 2013). Therefore, it can be hypothesized that:

***H4 – There is a positive relationship between imagination and perceived franchisee-franchisor relationship quality.***

#### 2.4.5 Conscientiousness x Relationship Quality

People that score highly in conscientiousness have a tendency to concentrate on a limited amount of substantive goals, behave dutifully and morally, and display goal-motivated behaviors. They are orderly, competent, responsible, focused, perseverant, organized, and thorough (Heinström, 2003; Hough & Eaton, 1990; Jr, McCrae, & Dye, 1991). They are also hard workers, well organized, and action-oriented, and tend to take responsibility for their actions (L. R. Goldberg, 1990; O'Brien & DeLongis, 1996). Moreover, conscientiousness refers to the degree to which an individual sets high goals, has successful work outcomes, and exhibits goal-oriented behavior. This trait is therefore strongly associated with the will to achieve and achievements (Heinström, 2003), as well as how an individual can be relied on to fulfill one's duties and responsibilities (Zhao & Seibert, 2006).

By contrast, individuals scoring low in conscientiousness are easily distracted and impulsive (Heinström, 2003), and tend to be irresponsible, forgetful, and unreliable (Hogan & Ones, 1997).

Some researchers also relate conscientiousness to job satisfaction, due to both formal (e.g. pay, promotions) and informal (e.g., recognition, respect, feelings of personal accomplishment) satisfying work rewards (Organ & Lingl, 1995) (Judge et al., 2002). Conscientious individuals also create fewer areas of disagreement, because they are generally responsible, dependable, and hard-working (Donnellan et al., 2004)

Moreover, conscientiousness has been related to positive relationship characteristics, such as relationship satisfaction (Karney & Bradbury, 1995; Kwan et al., 1997), relationship stability (Karney & Bradbury, 1995), and relationship length (White et al., 2004). In marital literature, one study involving dating couples showed that conscientiousness and agreeableness were associated with both the male and female satisfaction (Holland & Roisman, 2008). Therefore, it can be hypothesized that:

***H5 - There is a positive relationship between conscientiousness and perceived franchisee-franchisor relationship quality.***

The figure below shows the framework of the hypotheses postulated above:

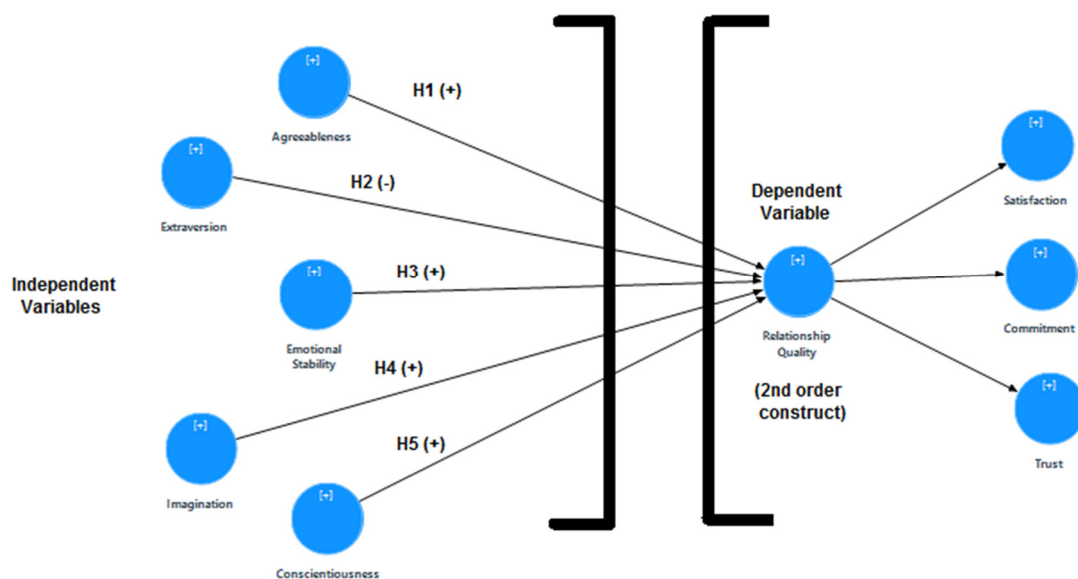


Figure 2.1: Model 1- Framework and hypotheses

Source: Author



## 2.5 Financial Performance

Successful interorganizational relationships are a critical issue in terms of financial performance (R. W. Palmatier, Dant, & Grewal, 2007), since firms with higher levels of cooperation and reduced conflict are more willing to improve innovations, expand markets, and reduce costs (Cannon & Homburg, 2001). In fact, good relationships, trust in partners, and commitment should improve organizational performance, given that, in an environment of this nature, the exchanges will produce greater satisfaction and efficiency (X. Wang & Yang, 2013).

There are many key drivers of interorganizational relationship performance. Palmatier et al. (2007) claims that at least four main theories dominate attempts to understand these drivers – commitment-trust theory (Morgan & Hunt, 1994), the perception of dependence (Bucklin & Sengupta, 1993), transaction cost economics (Williamson, 1979), and the perspective of relational norms (Kaufmann & Dant, 1992).

Therefore, although performance has been measured from various viewpoints, depending on the established research questions, disciplinary focus, and data availability, the main focus has been in business economic performance, which is reflected by dimensions, such as sales growth, net income growth, return on investment, profitability, relative market position, and market share (Venkatraman & Ramanujam, 1987). In franchisee literature, financial performance has been measured mainly by franchise profitability, annual sales, and sales growth (Soontiens & Lacroix, 2009).

As this work aimed to measure the influence of individual personality traits on perceived relationship quality and the influence of this construct on performance, along with other relevant issues, such as entrepreneur drive and time of relationship, the measure of financial performance was operationalized using the informant's perceived performance rather than objective measures of performance. Accordingly, this study also focuses on the franchisee's perception of sales growth and profitability in order to measure the perceived financial performance. In this light, the following hypotheses can be posited:

**H6 – There is a positive relationship between franchisee-franchisor relationship quality and financial performance.**

The figure below shows the framework with this hypothesis:

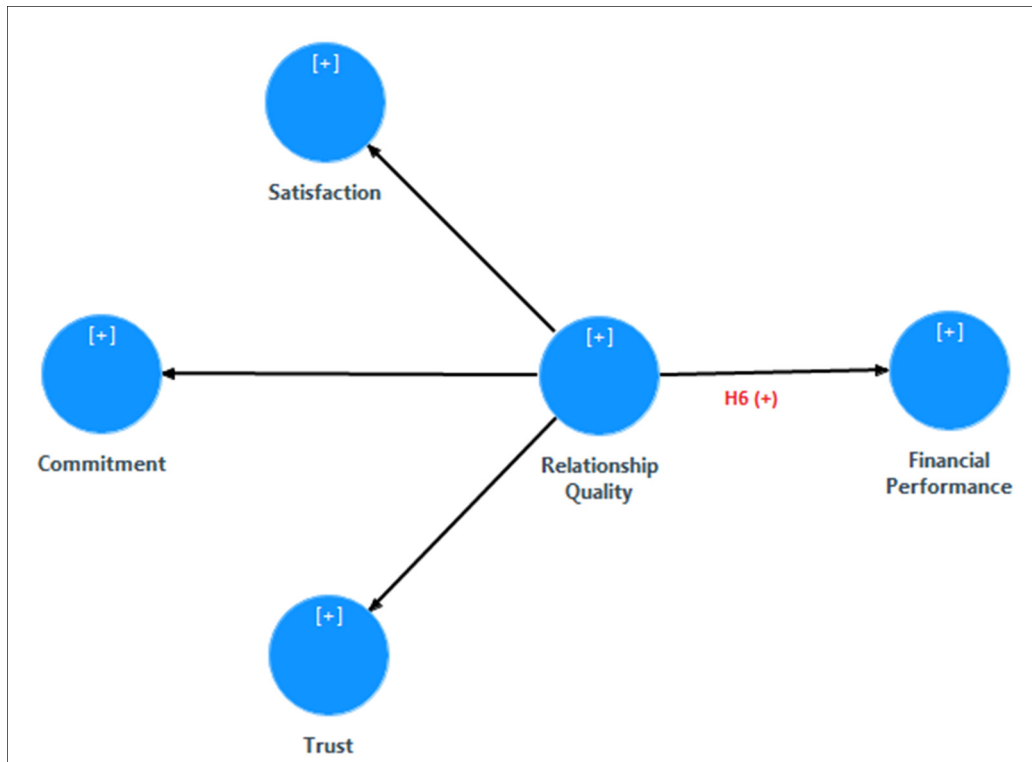


Figure 2.2: Model 2 - Framework and hypothesis

Source: Author

## 2.6 Personality Traits and Performance

The influence of personality traits in the context of the franchisor-franchisee relationship has not been studied in depth (Dant et al., 2013), and even less studies have addressed the relationship between Individual personality traits and enterprise performance within this same context (e.g. Morrison, 1997). Some studies in franchising have addressed individual personality traits as compared to relationship quality (Dant et al., 2013), franchise unit and service classification (Weaven et al., 2009), and independent and franchise entrepreneurs (Mescon & Montanari, 1981). Previous research has also studied psychological characteristics related to person-organization fit (Kristof, 1996), venture survival (Ciavarella et al., 2004), employee job performance (M. Barrick, Mount, & Judge, 2001), and financial performance in entrepreneurial firms and smaller businesses (Begley & Boyd, 1987). However, these concepts have not been studied within the franchise context.

If on one hand the franchising literature does not address this issue, on the other hand entrepreneurship literature has studied this subject. In a meta-analytical review, Zhao and Seibert (2006) performed a comprehensive analysis by using the Big Five Model of personality synthesizing results from studies on personality and entrepreneurial intentions and performance, which showed that entrepreneurs present a higher level of conscientiousness, emotional stability, and openness to experience and present a lower level of agreeableness than do non-entrepreneurial managers.

In a more recent and comprehensive meta-analytical review, Zhao et al. (2010) extended the study to entrepreneurial firm performance, under the assumption that an entrepreneur is likely to have an important influence on firm performance, given that **“considerable theory and empirical research suggest that personality constructs should be viewed as an important determinant of the intention to become an entrepreneur as well as the subsequent performance of the entrepreneurial firm”** (p.384).

Indeed, studies found in entrepreneurship literature commonly link psychological aspects to financial performance, mainly to firm growth (Howard, Cunningham, & Rechnitzer, 1977; Miner, Smith, & Bracker, 1994) and profitability (C. R. Anderson, 1977; Begley & Boyd, 1987). Therefore, given that interpersonal relationships do influence interorganizational relationships (Dant et al., 2013; Heide & Wathne, 2006), it seems plausible that a franchisee's personality traits may also influence franchise relationship performance (Dant et al., 2013).

As posited above, a franchisee's personality traits may have important implications for the perception of relationship quality. In a similar manner, it can also be postulated that franchisee personality traits contain important implications for the perception of performance. This proposal meets Ciavarella et al.'s (2004) call for future studies in the context of entrepreneurship, examining the effects of the Big Five personality variables on measures of financial performance, such as sales and profitability. In this sense, specific hypotheses associated with the elements of each of the Big Five's personality dimensions and the franchisee's perceived performance are defined below:

### 2.6.1 Agreeableness x Financial Performance

No evidence was found to support a relationship between performance and agreeableness (Morrison, 1997), and only weak correlations were found between agreeableness and job satisfaction (Judge et al., 2002) and job performance (M. R. Barrick & Mount, 1991), even though it seemed likely that this personality trait would be positively related to jobs with strong interpersonal components (Seibert & Kraimer, 2001). In fact, according to findings from Barrick, Mount, and Gupta (2003), people who scored high in agreeableness were more likely to show greater interest in social occupations rather than in business.

Although more agreeable individuals may develop better interpersonal interactions and closer relationships (Donnellan et al., 2004; Graziano & Eisenberg, 1997; Tobin et al., 2000), trusting in excess may be negative for an entrepreneur, especially if it leads to naivety (Zhao et al., 2010). Accordingly, entrepreneurial franchisees should be prepared to look out not only for franchisor interests, but also for their own interests. Therefore, it can be hypothesized that:

***H7 – There is a negative relationship between agreeableness and financial performance.***

### 2.6.2 Extraversion x Financial Performance

Extraversion was found to be negatively associated with congenial franchisor relations (Morrison, 1997); however, this trait seems to have a significant correlation with franchisee performance (Dant et al., 2013) and success predictors in jobs that require social skills (e.g. sales and managerial positions) (M. R. Barrick & Mount, 1991). In this light, franchisors may be faced to choose between higher performing franchisees and those who are able to behave in a cooperative manner with the franchisor over the long term (Morrison, 1997). Entrepreneurs are commonly involved in activities that involve high levels of social interaction (building networks, establishing relationships, and dealing negotiations) (Markman & Baron, 2003). A meta-analytical study carried out by Barrick et al. (2001) with managers and salespeople with high levels of social interaction showed extraversion to be positively related to job performance. Therefore, it can be hypothesized that:

***H8 – There is a positive relationship between extraversion and financial performance.***

#### 2.6.3 Emotional Stability x Financial Performance

Emotional stability is consistently and positively related to job performance in occupations (M. Barrick et al., 2001; Judge et al., 2002). Individuals scoring high in emotional stability tend to make better and more well-balanced decisions, and are more likely to cope with highly stressful situations, behaving in a calm and confident manner (Zhao et al., 2010). Furthermore, according to Dant et al. (2013), as emotionally stable individuals tend to be more committed employees (Morrison, 1997), it appears plausible that franchisors are more likely to develop a closer attachment with emotionally stable franchisees. Therefore, it can be hypothesized that:

***H9 – There is a positive relationship between emotional stability and financial performance.***

#### 2.6.4 Imagination x Financial Performance

Imagination is associated with adaptativity in following new procedures and proactivity to develop new work methods, which are increasingly relevant and critical to performance when there is uncertainty in the environment (Neal, Yeo, Koy, & Xiao, 2012). In fact, studies commonly associate imagination with adaptativity and training success (M. R. Barrick & Mount, 1991). Individuals who score high in this trait show an increases skill for flexible thinking, as well as a preference for novel stimuli, which can be a critical factor for performance in certain circumstances (Thoresen, Bradley, Bliese, & Thoresen, 2004). In this line of thinking, Tett, Jackson, and Rothstein (1991) found that imagination predicted performance in a meta-analysis study conducted to assess the overall validity of personality measures as predictors of job performance, which is also related to sales performance for employees who performed non-routine sales tasks (Thoresen et al., 2004) and customer service jobs (Neal et al., 2012). Hence:

***H10 – There is a positive relationship between imagination and financial performance.***

### 2.6.5 Conscientiousness x Financial Performance

Conscientiousness is the personality trait that is most consistently associated with job performance in all types of works and occupations (M. R. Barrick & Mount, 1991). This trait is also associated with detailed and precise work, as well as compliance with rules, deadlines, and quality standards, which is a significant predictor of proficiency (Tett & Burnett, 2003). An individual with a high conscientiousness tends to work diligently and persistently, which makes conscientiousness a stronger predictor of individual task proficiency and leads to a positive prediction of all performance dimensions (Neal et al., 2012). Therefore, it can be postulated that:

***H11 – There is a positive relationship between conscientiousness and financial performance.***

The figure below shows the framework referent to this hypothesis:

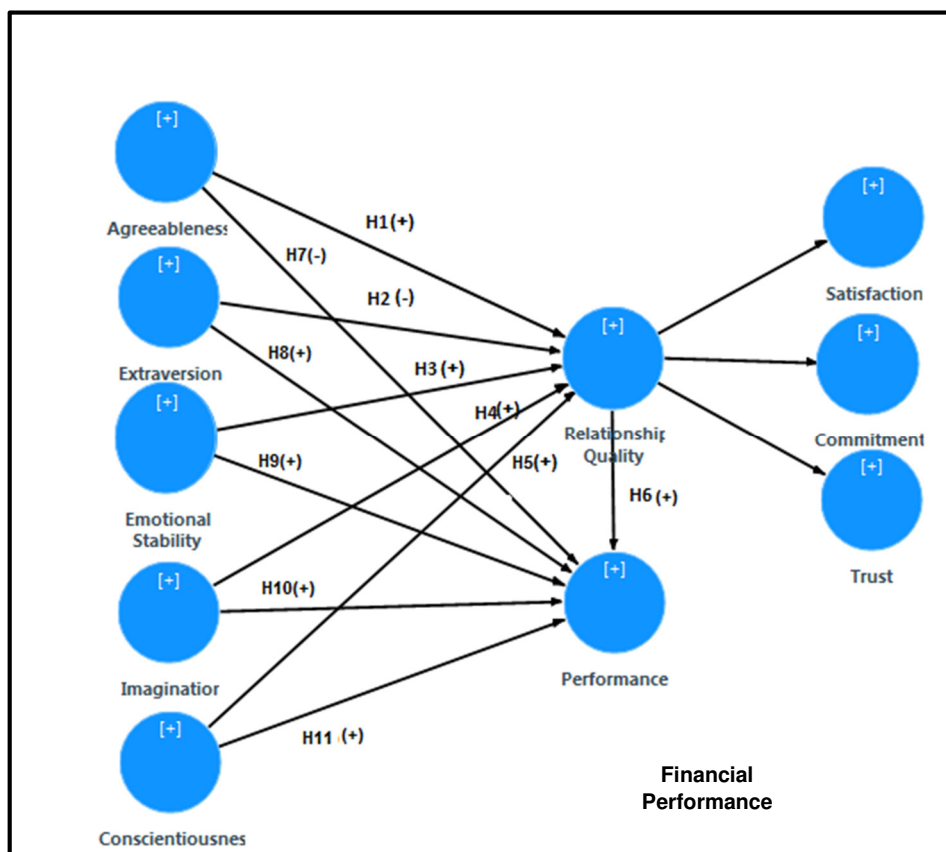


Figure 2.3: Model 3 - Framework and hypotheses

Source: Author

## 2.7 Entrepreneurship

Entrepreneurship is a multifaceted phenomenon disseminated within a wide range of disciplines, with varying concepts, goals, theoretical perspectives, and methodologies employed by researchers, which has formulated a somewhat contradictory set of definitions in the area (Kaufmann & Dant, 1999). Historically, the domain of entrepreneurship research has been focused on the formation of new firms. However, more recently, new definitions for entrepreneurship, such as those that include non-commercial endeavors and that do not include the creation of a new and innovative enterprise (i.e. corporate entrepreneurship), have broken the traditional demarcation between ownership, professional management, and entrepreneurship (Kaufmann & Dant, 1999).

The first works in entrepreneurship find their origins in the field of economics, with pioneers such as Cantillon and Say, who saw entrepreneurs as individuals who risked investing their own money in search of business opportunities and profits from their invested capital (Filion, 1999). By contrast, the modern concept of entrepreneurship stems from Schumpeter's work, "The Theory of Economic Development", for whom the entrepreneur is responsible for the process of creative destruction, which boosts and maintains the capitalist engine. In fact, entrepreneurial activity is one of the most relevant engines of economic growth. It is responsible for the development of new business and job creation and is considered an essential feature of high-performing firms (Lumpkin & Dess, 1996).

As well as the subject, research on entrepreneurship also contains a multidisciplinary characteristic, requiring an understanding of different levels of the activity of creation, such as the individual, team, organization, industry, and community (Gartner, 2001), which are further characterized by multifaceted research questions and issues. Entrepreneurship is described as the result of combinations of environmental, organizational and individual factors which explains the diversity of conceptualizations of entrepreneurship in the literature, being a extremely difficult concept to define precisely (Low & MacMillan, 1988), provoking some to advocate abandoning the pursuit of definitional standardization and to seek to understand how opportunities for

profit are discovered and exploited, by whom, and their consequences (Kaufmann & Dant, 1999).

Lenzi (2008), analyzing the work of Filion (1999), identified 5 schools of thought in entrepreneurship that highlight the diversity of views in this research field. These 5 schools of thought are presented below:

1. Economics School – Schumpeter is the main representative of this school, with Cantillon and Say as the main forerunners. Schumpeter was the first to present the concept of innovation associated with entrepreneurship. The entrepreneur is seen as an individual who takes risks in search of opportunities for profit.
2. Behavioral School – Max Weber, one of the first authors in this group, identified the system of values as a fundamental source to explain entrepreneurial behavior. Nevertheless, David C. McClelland (1961) is considered the most important author. McClelland focused his analyses on concepts such as the need for realization and the need for power, and sought to understand the role and characteristics of the entrepreneur (Filion, 1999). In contrast to the authors from the economics school, who focused their analyses on innovation, the authors of the behavioral school focused on aspects such as the creativity and intuition of the entrepreneur (Lenzi, 2008).
3. Physiological School – This line of thought is derived from research in entrepreneurial behavior, and it sees entrepreneurship as the result of the nature of the individuals who undertake a business venture, and not the result of the surrounding environment. An important author in this school is Wilson Harrel (Lenzi, 2008).
4. Positive Functional School – This movement arose with the decline of the Physiological school. It adopts the view of the entrepreneur as an agent of change, driven to starting new contextually adapted ventures and evolving together with the changes in the surrounding environment. In this line of thought, the individual is the output of the environment (Lenzi, 2008).
5. Cognitive Mapping School – This field is considered a new approach to entrepreneurship research, where entrepreneurs are analyzed according to their business vision and strategies related to their enterprises (Minello, 2010).



In a similar manner, a recent work from Borba et al. (2011) developed a qualitative bibliographical study that analyzed 91 awarded academic articles in entrepreneurship published in the Proceedings of the Academy of Management Meeting between 1954 and 2005. This work identified 10 different research fields geared toward entrepreneurship, with small business management, sociology, and psychology as the main and most commonly studied themes in the area. According to these authors' findings during the 70's, 80's, and beginning of the 90's, the focus of study was on entrepreneurial behavior, seeking to define who the entrepreneurs were and their characteristics. During the beginning of the last decade, the focus of research moved from the actor (entrepreneur) to the action and context and, more recently, it has moved once again to the psychological aspects of entrepreneurship, revealing the need to seek and establish innovative approaches in the field (Borba, Hoeltgebaum, & Silveira, 2011).

Tabela 2.5: Studies in Entrepreneurship – Academy of Management Meeting

Issues of Research	Years						
	1975/79	1980/84	1985/89	1990/94	1995/99	2000/04	2005
	%	%	%	%	%	%	%
History	13						6
Psychology	37	61		44		3	24
Sociology	24	13	8				12
Economic Development			8	11	33	9	5
Education/Entrepreneurship					33	6	5
Methodology startup		13	25			9	12
Risk Capital		13	8	11		6	12
Small Business Management	13		25	33	33	35	12
Corporate Entrepreneurship			8			6	12
Innovation/Entrepreneurship	13		17			26	
	n=8	n=8	n=12	n=9	n=3	n=34	n=17

Source: Borba, Hoeltgebaum, & Silveira, 2011

In the context of franchises, some authors see this system as an antithesis of entrepreneurship. In this sense, franchisees follow a model that is firmly established by the franchisor and have their independence constrained by the franchise contract (Hoy, 2008). Nonetheless, despite being a restrictive agreement, franchise contracts do allow some opportunities for franchisees to act entrepreneurially (Clarkin & Rosa, 2005). Many studies have shown that franchisees play a relevant role in the necessary innovative and entrepreneurial behaviors within the franchise system, but at the same

time, little is known in terms of how to maximize the franchisee's entrepreneurial behaviors without jeopardizing standardization and uniformity (Dada et al., 2011).

In this light, the present study adopts a behavioral approach toward entrepreneurship. The topics developed below will show the main contributions to the field in issues related to the characteristics of the entrepreneurial personality, entrepreneurial behavior, and entrepreneurial drive.

## **2.8 Entrepreneurial Personality**

To date, research has been unable to establish an absolutely scientific profile of an entrepreneur. The main reasons for this impossibility include the broad differences among samples and controversial research regarding the definition of an entrepreneur. However, the characteristics and aptitudes commonly found among entrepreneurs can be identified (Filion, 1999).

Research on the psychology of the entrepreneur was based mainly on McClelland's work, which developed a theory about psychological motivation. According to his theory, individuals are driven by the need for achievement, affiliation, and power. For successful entrepreneurs, the main need is for achievement (Paulino & Rossi, 2003). This need is defined as the desire to do well in competitive situations, where the efforts can be measured objectively (Vries, 1977). In his study, McClelland also found that entrepreneurs wish to taking personal responsibility for decision-making, prefer decisions with a moderate degree of risk, seek to acquire the knowledge resulting from decisions, and dislike routine work (Vries, 1977). McClelland's work was amplified in 1982 through a survey with entrepreneurs from 32 countries. A motivational test – Thematic Apperception Test (T.A.T.) – was used together with problem-solving tests, which confirmed that entrepreneurs have a marked need for achievement (Veit, Filho, Gonçalves, Monteiro, & Souki, 2009).

### **2.8.1 Personality Traits and Entrepreneurship**

Entrepreneurship research normally focuses on the study of personality traits in an attempt to understand entrepreneurial behavior (Andreas & Michael, 2007). In fact, some studies suggest that personality traits explain the engagement in

entrepreneurship (Holland, 1997; McClelland, 1961). Both specific traits, such as need for achievement or risk taking, and broad traits, such as the Big Five (extraversion, openness, conscientiousness, agreeableness, and neuroticism), have supported this line of thought (Obschonka, 2012).

Psychological aspects in entrepreneurship are one of the perennial issues in this research field, seeking to understand entrepreneurial behavior and to define the entrepreneur and their main characteristics (Borba et al., 2011). Despite the diversity of conceptualizations, there is a consensus among researchers that what distinguishes entrepreneurs from others is their ability to perceive changes and to take advantage of opportunities in the business environment (Paulino & Rossi, 2003).

### 2.8.2 Entrepreneurial Drive

The number of studies and research projects on entrepreneurship that aim to understand the psychological and sociological forces that drive successful entrepreneurs are increasing, and the development of attributes, so as to identify similarities and differences among entrepreneurs, contributes to the creation of parameters intended to analyze and interpret entrepreneurial drive (Veit et al., 2009). The importance of developing measures to comprehend the characteristics of entrepreneurs is evident, since entrepreneurial drive can explain differences in the entrepreneurial behavior of individuals, which clearly affects venture performance (Carland & Carland, 1996)

Carland and Carland (1996), based on an extensive review of prior entrepreneurial personality studies and literature on Cognitive Psychology, developed the Carland Entrepreneurship Index (CEI), which is designed to identify the strength of an individual's entrepreneurial drive. These authors concluded that entrepreneurship is mainly a function of four elements, which are of great consensus among researchers in entrepreneurship: personality traits (achievement and creativity), innovation, risk-taking propensity, and strategic attitude (Carland & Carland, 1996; Júnior & Gimenez, 2004). The CEI suggests that entrepreneurial drive can better be explained under a continuum, and the identification of these characteristics to a lesser or greater degree can define the individual's entrepreneurial drive (Carland & Carland, 1996).

### 2.8.3 CEI Index

This instrument has been the foundation of many studies on entrepreneurial drive (Carland & Carland, 1996). It consists of a self-response questionnaire with 33 affirmative answer sentences, in pairs, in a forced choice format. According to this scale, an individual can be positioned in three different ranges:

- 0 -15 – Micro-entrepreneur
- 16-25 – Intermediate entrepreneur
- 26-33 – Macro-entrepreneur

This instrument, according to their creators (Carland & Carland, 1996), aims to measure the strength of an individual's entrepreneurial drive, which is associated with the creation and growth of a business venture, thus making it possible to explain differences in the entrepreneurial behavior of the individuals.

The instrument included 33 forced choice questions dealing with the four constructs evolved from the elements of entrepreneurship espoused in the literature: personality, preference for innovation, risk-taking propensity, and strategic posture. For the construction of the instrument, previously validated instruments were used, such as the Personality Research Form (Jackson, 1974) to measure the need for achievement; the Risk Taking Scale of the Jackson Personality Inventory (Jackson, 1976) to measure risk taking propensity; the Innovation Scale of the Jackson Personality Inventory (Jackson, 1976) to measure preference for innovation; and the Myers-Briggs Type Indicator (MBTI) (Myers & Briggs, 1962) to measure cognitive styles. The MBTI has four dimensions to measure dichotomous preferences derived from Carl Jung's (1923) theory of psychological types (Carland & Carland, 1996).

In the context of the present study, the CEI was adopted to measure the entrepreneurial drive of franchisees, and the influence of this specific characteristic on the perception of relationship quality with franchisors and performance.

## **2.9 Entrepreneurship, Performance, and Relationship Quality**

Firms, to achieve success in their activities may, and should, become involved in entrepreneurial orientation (C. L. Wang, 2008). Entrepreneurial orientation refers to

“the processes, practices, and decision-making activities that lead to new entry” (Lumpkin & Dess, 1996, p.136). Many studies have indicated the positive association between entrepreneurial orientation and new venture performance (J Covin & Miles, 1999; JG Covin & Slevin, 1991; Zahra & Garvis, 2000). Rauch et al. (2009), in a comprehensive meta-analysis study, found a moderately large relationship between entrepreneurial orientation and performance, identifying robustness toward the different operationalizations of key constructs and cultural contexts.

Researchers have agreed that entrepreneurial orientation is a combination of three dimensions: innovativeness, proactiveness, and risk-taking (Wiklund & Shepherd, 2003). In a similar manner, entrepreneurship may be conceived mainly as a function of four elements: personality traits (achievement and creativity), innovation, risk-taking propensity, and strategic attitude (Carland & Carland, 1996; Júnior & Gimenez, 2004). These characteristics provide support for entrepreneurs to anticipate new markets, support innovative ideas, and produce positive impacts on new venture performance (Chen, Tzeng, Ou, & Chang, 2007).

A central challenge for franchisors is related to the balance between franchisees' aspirations regarding entrepreneurial autonomy and their efforts to maintain compliance with operational standards (Davies et al., 2011). Franchising is normally sold as an activity that will grant entrepreneurial autonomy and independence to the franchisee (Kaufmann & Stanworth, 1995) in such a way that the franchisor-franchisee relationship quality will be improved when franchisees perceive the franchisor's support for their entrepreneurial activities and initiatives (Dada & Watson, 2012)

Therefore, it is relevant understand how the entrepreneurial drive in the context of franchises influences organizational outcomes, such as relationship quality and financial performance. In this light, the following hypotheses arise:

***H12 – There is a positive relationship between entrepreneur drive and financial performance.***

***H13 –There is a positive relationship between entrepreneurial drive and perceived franchisor-franchisee relationship quality.***

The figure below shows the framework with the whole set of hypotheses posited until now:

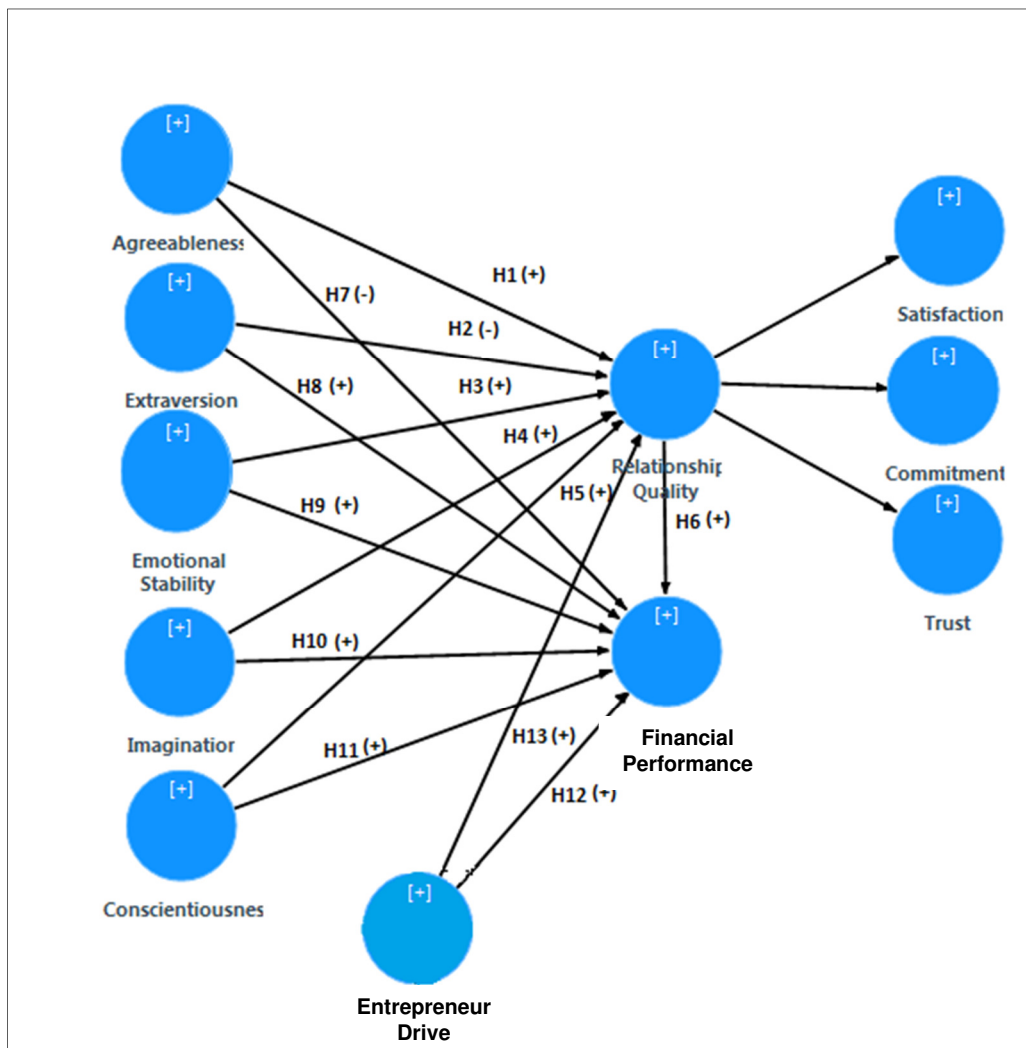


Figure 2.4: Model 4 Framework and Hypotheses

Source: Author

## 2.10 Time of Relationship

Time, as a variable, is included in many studies as relationship duration, and the role of time in relationships can be analyzed from more than one vantage point (Athanasopoulou, 2009). Indeed, the concept of relationship dynamics is explained by a multitude of theories adapted from sociology to explain relationship development in interorganizational contexts (Ring & Ven, 1994).

One of these points of view is the episodic perspective, under which relationships follow a cycle, replete with a construction, development, and likely end

(Athanasopoulou, 2009). Time is seen as a series of phases or periods in which relationship variables change according to time phases (Dwyer et al., 1987; Morgan & Hunt, 1994; Wilson, 1995).

Traditional lifecycle theory sees relationships proceeding through a sequence of phases (Dwyer et al., 1987), typically differentiated as (1) formation, (2) exploration, (3) maturity, and (4) termination stages.

Following this theory, after the first experiences between the parties in the initial relationship phase, relational variables, such as cooperation and dependence, are assessed more favorably over time. As the relationship matures, the ties between the partners strengthen, thus increasing their interdependence (Blut et al., 2011). Although the life-cycle theory has produced many empirical results that suggest that numerous relational variables follow an inverted U-shaped curve (Jap & Anderson, 2007), Blut et al. (2011) found that this life-cycle configuration may not extend to other interorganizational arrangements that differ from those based on traditional buyer-seller relationships, such as franchisor-franchisee relationships. These researchers, in contrast to networks and buyer-seller relationships, suggest that relational constructs in the franchise context may follow a U-shaped curve over time, with a “honeymoon” initial phase, following stages of “routine”, “crossroads”, and “stabilization”

Blut et al. (2011) found evidence of a U-shaped curve in such variables as satisfaction, trust, commitment, and performance.

Therefore, following the perspective of Blut et al. (2011), this study aims to examine if relationship quality and financial performance do in fact follow an “U” shaped curve:

***H14a – The relationship between relationship quality and time displays a U-shaped curve, which is high in the first and fourth phases, and low in the second and third phases.***

***H14b – The relationship between financial performance and time displays a U-shaped curve, which is high in the first and fourth phases, and low in the second and third phases***

Another view concerning the role of time in relationships is the longitudinal perspective. Here, the focus is on the progression of relationships over time, with a continuous perspective (not episodic) under the assumption that, in longer relationships, parties benefit from the mutual experience, and variables, such as trust, commitment, communication, cooperation, and bonds become stronger as time passes and the relationship becomes closer (Athanasopoulou, 2009).

Therefore, during the lifetime of a relationship, relational variables, such as relationship quality, should receive better assessments, as well as financial performance evaluations, by partners in long-term relationships than in short-term relationships. From this point of view, the following hypothesis is also tested in this work:

***H15 – The effect of relationship quality on financial performance will be stronger in long-term relationships than in short-term relationships***

The next chapter will present the design methodology of research, showing the summary of the research hypotheses, the presentation of populations and samples, the research instrument and data collection method, the scales of measurement, and the statistical treatment of data.



### **3 RESEARCH DESIGN METHODOLOGY**

The present study deals with the perception of quality and performance in the relationship between franchisors and franchisees in the Brazilian market. The quality of the relationship and performance are the focus of this research, which aims to analyze the extent to which individual personality traits and entrepreneurial drive influence the franchisee's perception of quality and performance in relationships with franchisors. Concomitantly, this study seeks to analyze if in fact there are different phases of relationships and their subsequent influences on relationship and performance variables.

#### **3.1 Research Methodology**

In the social sciences the appropriate choice of a research method should be associated with the nature of the problem to be studied (Creswell, 2003). In this sense, the present work adopted a quantitative methodological approach that aimed to test objective theories through the examination of the relationships between variables (Creswell, 2010).

Moreover, this research aims to test and verify a theory; therefore, it is based on a deductive approach. From this perspective, the researcher derives testable hypotheses from a general theoretical question (Babbie, 2004).

To answer the research questions and to test the hypotheses, survey research was applied. Data collection was carried out through electronic questionnaires to identify how personality traits and entrepreneurial drive influence the perception of quality and performance in the relationship between franchisors and franchisees. A survey uses a sample of a specific population to offer a numeric or quantitative description of their attitudes, trends, or opinions, which may be generalized or claimed about that population (Creswell, 2003).

The method of data collection for a survey is based on interviewing / communication, in such a way that the questioning of the respondents and the collection of responses is performed by means of a previously formulated and validated questionnaire. This

also represents an *ex post facto* study, meaning that there is no manipulation of the variables (Cooper & Schindler, 2003).

Regarding the temporal dimension, this study takes a transversal approach, that is, it makes a cut in time, through the questionnaire, which represents a snapshot of the time of the study. It has a statistical nature, thus favoring breadth over depth by checking the sample characteristics and formulating logical inferences about the related assumptions (Cooper & Schindler, 2003).

The constructs studied in this research are explained in the theoretical framework, which have been formulated in such a way as to allow for its operation and possible replication in future work. The following section reviews the theoretical model and research hypotheses, as well as explains the population and sampling, survey instrument, data collection, and analysis methods used in this study.

### 3.2 Theoretical Model and Research Hypotheses

The table below resumes the research hypotheses:

Table 3.1: Research Hypotheses

H1	There is a positive relationship between agreeableness and perceived franchisee-franchisor relationship quality
H2	There is a negative relationship between extraversion and perceived franchisee-franchisor relationship quality
H3	There is a positive relationship between emotional stability and perceived franchisee-franchisor relationship quality
H4	There is a positive relationship between imagination and perceived franchisee-franchisor relationship quality
H5	There is a positive relationship between conscientiousness and perceived franchisee-franchisor relationship quality
H6	There is a positive relationship between franchisee-franchisor relationship quality and financial performance
H7	There is a negative relationship between agreeableness and financial performance
H8	There is a positive relationship between extraversion and financial performance
H9	There is a positive relationship between emotional stability and financial performance
H10	There is a positive relationship between imagination and financial performance
H11	There is a positive relationship between conscientiousness and financial performance
H12	There is a positive relationship between entrepreneur drive and financial performance
H13	There is a positive relationship between entrepreneur drive and perceived franchisee-franchisor relationship quality
H14a	The relationship between relationship quality and time displays a U-shaped curve, which is high in the first and fourth phases, and low in the second and third phases.

H14b	The relationship between financial performance and time displays a U-shaped curve, which is high in the first and fourth phases, and low in the second and third phases
H15	The effect of relationship quality on financial performance will be stronger in long-term relationships than in short-term relationships

Source: Author

### 3.3 Population and Sampling

According to Babbie (1999), a sample refers to a segment or part of a population from which it is possible to make estimates about the nature of a given population. The elaboration of a sample begins with the definition of the target population, which can be defined as the totality of elements which share a common set of characteristics (Sekaran, 2000). In the present work, the target population includes the core element (in this case, the respondents) of the owner or the person in the franchisee firm responsible for direct contact with the franchisor, since the object of this study's analysis was the perception of quality and performance within the relationship. When collecting data from the entire population proved impracticable, a representative sample of the population was extracted.

The sample populations involved franchisees from three different franchise systems, operating in two different economic sectors: education and fast-food.

### 3.4 Sample Framework

The purpose of this work was to develop an analysis of the relationship of the Big Five personality traits with the perception of quality in the relationship between franchisees and franchisors, in a design similar to that developed by Dant, Weaven, and Baker (2013), but with the inclusion and testing of variables not analyzed in their study, such as entrepreneurial drive, performance, and time of relationship.

To isolate the potential effect of the market segment on the studied variables, as reported by Dant, Weaven, and Baker (2013), whose sample consisted of franchisees from 80 different segments, this study chose to develop two different segments, analyzing one or two networks in each segment, which would subsequently allow for an analysis with less bias.

From this assumption, and considering the minimum sample size required to apply the model, this study sought to identify franchises with a size network of greater than 150 franchisees within the Brazilian franchising market.

Contacts were made via phone and e-mail with several franchise networks that fit the defined profile, and after long negotiations, 4 networks agreed to participate in the study (1 fashion/accessories segment, 1 educational segment, and 2 fast food segments). These franchises provided the researcher with a list of franchise stores and e-mail addresses of its franchisees, promising to express their full support of the survey to their franchisees, emphasizing the premise of confidentiality and the access of the franchisor to only aggregate data.

The fashion/accessories network provided only part of the contact list of its franchisees; therefore, this participant was used only for the application of the pre-test, and was later removed from the final sample, which therefore consisted of 3 networks from 2 specific market segments.

### **3.5 Research Instrument and Data Collection Method**

For the operationalization of a concept and its measurement, it is necessary to specify the variables that serve as its substitutes. A substitute is a variable that represents a unique component of a broader concept in such a way that various substitutes measure a concept (J. Hair, 2009; Sekaran, 2000).

The operationalization of a concept to make it measurable is performed by seeking behavioral dimensions, facets, or properties denoted by the concept. These are then translated into observable and measurable elements to form an index of measures. They, therefore, represent indicator variables. The operational definition of a concept can be obtained through questions asked to the appropriate persons by means of scales (J. Hair, 2009; Sekaran, 2000).

Therefore, for this study, a questionnaire was structured to measure the constructs of perceived quality in the relationship between franchisees and franchisors (from the perspective of franchisees); the five different individual traits of personality (Big Five): extraversion, agreeableness, conscientiousness, emotional stability, and imagination;

the entrepreneurial drive of franchisees; and a measure of perceived financial performance.

The construct of perceived quality within the relationship, as it was designed as a construct of 2<sup>nd</sup> order, was measured by the constructs of trust, commitment, and satisfaction. The measurement of these variables was performed by applying the scale adopted by Dant et al. (2013), who also developed a similar study in the context of franchising.

The constructs related to extraversion, agreeableness, conscientiousness, emotional stability, and imagination, according to Goldberg's (1992) 50 item scale (IPIP-B5), were incorporated into the data collection instrument.

The construct of entrepreneurship drive was measured by the scale developed and validated by Carland and Carland (1996). This construct is based on four factors: achievement, innovation, risk-taking propensity, and strategic attitude.

Finally, the construct of perceived financial performance was measured by a scale that measures sales growth and profitability. Financial performance was operationalized by means of a 2-item scale derived from Venkatraman and Ramanujam (1987) and Griffith et al. (2006).

In the present study, some characteristics are relevant, such as the franchisee network, years of experience in the franchise, previous experience as an entrepreneur, gender, and single versus multiple unit ownership. Due to their importance, these questions were incorporated into the questionnaire.

## **3.6 Scales**

### **3.6.1 Relationship Quality**

Scales that measure the construct of perceived quality in the relationship are the same as those used by Dant et al. (2013) in a study that measured the perceived quality of the relationship between franchisors and franchisees. Three scales are used, one for each construct, measuring satisfaction, trust and commitment. The scales were originally developed and applied in English. For this reason, the scales were translated

into Portuguese and subsequently validated. All three scales are seven-point Likert-type scales, anchored with a scale of 1 (strongly disagree) to 7 (strongly agree).

### 3.6.2 Individual Personality Traits

Individual Personality Traits were measured through Goldberg's (1992) 50 item scale, known as the IPIP-B5, which measures the Big Five personality traits by describing various temperaments and behaviors. This scale was translated into Portuguese and validated for use in Brazil by Edilson Pontarolo, researcher and lecturer at the Federal Technological University of Paraná. Although it was not necessary to translate the original English version into Portuguese, as the scale had already been translated and validated in Brazil, a new translation was requested in order to confirm the intelligibility of the assertions. This scale consists of a five-point Likert-type scale, anchored with very inaccurate = 1, inaccurate = 2, accurate = 4, very accurate = 5, with a defined neutral point anchored with a response of neither accurate nor inaccurate = 3.

### 3.6.3 Entrepreneur Drive

The CEI, which measures entrepreneurial drive, was originally designed by Carland and Carland (1996) in English. This scale was translated into Portuguese and validated for use in Brazil by Junior and Gimenez (2004). In this case, although it was also unnecessary to translate the original English version into Portuguese, as the scale had already been translated and validated in Brazil, a new translation was requested in order to confirm the intelligibility of the assertions. This scale consists of a self-response questionnaire with 33 affirmative answer sentences, in pair, in a forced choice format, which places the respondents in a continuum from micro-entrepreneur to macro-entrepreneur.

### 3.6.4 Financial Performance

Perceived financial performance was measured by means of a Likert-type scale derived from Venkatraman and Ramanujam (1987) and Griffith et al (2006), which that measured the constructs of franchisee sales growth and franchisee profitability. These scales were originally developed and applied in English. For this reason, the scales were translated into Portuguese and subsequently validated. Both scales consist of a

five-point Likert-type scale, anchored with a scale of 1 (much worse) to 5 (much better), with a defined neutral point anchored with a response of 3 (equal). In these questionnaires, franchisees must provide answers regarding their sales growth and profitability in comparison with similar stores in the same region.

The questionnaires used in this study can be found in Appendix 3

### **3.7 Translation Process**

The construction of a scale does not end with the development and validation of a punctual instrument. To use the same instrument in cultures or conditions other than those in which it was created, there is a subsequent need for a faithful translation of the tool in order to maintain the equivalence of that being measured (Cha, Kim, & Erlen, 2007). The use of instruments with good, previously developed psychometric properties can save time and effort; however, the questionnaire must be culturally acceptable and properly translated to be considered valid.

Brislin (1970) suggests four translation techniques to maintain equivalence:

1. Reverse translation - translation from the original to the new language and then the reverse, comparing the two versions for conceptual equivalence;
2. Bilingual technical – application of the instrument in both languages and comparison of the responses of bilingual participants;
3. Committee approach - using a group of bilingual experts to translate the original to the desired language.
4. Pre-test procedure - use of a pilot study

The present study used the combination of two techniques: reverse translation and the pre-test procedure.

Scales measuring relationship quality (with their constructs of trust, commitment, and satisfaction) and performance were originally formulated and validated in English, and thus required due translation into Portuguese for this study.

The scales that measure personality traits (L. Goldberg, 1992) and entrepreneurial drive (Carland & Carland, 1996) had already been translated and validated in Brazil in

previous studies (Júnior & Gimenez, 2004; Pontarolo, 2008); however, to maintain a conservative approach, the scales were submitted to the same process of translation and validation of content as those scales that had never been previously translated.

In the first step, the original instruments in English were translated into Portuguese by a Brazilian, expert translator, who had lived in the United States. After the translation into Portuguese these versions were again translated into English by an American who currently lives and works in Brazil. The original versions in English and the back-translation were compared and the questions that produced disagreement were again retranslated and analyzed until a standard version was reached.

The versions used by Pontarolo (2008) and Junior and Gimenez (2004) were also compared, and only a few minor adjustments were incorporated into the version applied in the pre-test procedure.

After this first validation of the scales translated into Portuguese, the pre-test questionnaire was applied in an electronic version. Twelve people answered the pre-test questionnaire:

- Eight franchisees from a fashion accessories network;
- The director of a network of laundromat franchises and a former franchisee of the same network;
- The director and an employee of one of the networks involved in the study who deals with franchisees.

All of these participants were instructed to assess the questionnaire which was sent by e-mail with an internet link, assessing the understanding of the issues, degree of difficulty of the questions, ease of filling out the form, and visual aspect of the questionnaire.

Participants did not report any problems of misunderstanding regarding the content of the questions, showing a significant reliability in the translation of the scales. Regarding the questionnaire, the participants reported no access problems or difficulty in filling out the form. One observation regarding the verb tense used, as well as the layout of



the questions in such a way as to facilitate the filling out of the form, was incorporated into the final version.

### **3.8 Data Collection Method**

The questionnaires were administered through the internet, in which the participants filled out the forms online, using the Qualtrics, version 12,018, software. Qualtrics was chosen because it offers an adequate array of resources that allow for a better control and identification of the respondents. Furthermore, the sample contained franchisees from around the country, thus requiring the formulation of a sample containing a large number of people, covering a wide geographic area, and at a specific time. The survey was available between June 2, 2014, and September 30, 2014.

Before sending an e-mail to franchisees with the link to the survey, each network sent an internal memo to its network informing about the research, stressing that the data would not be identified and that the network would only have access to aggregated, not individual data. Appendix 2 presents an example of the memo sent to franchisees, who are not identified for reasons of confidentiality. After the memos were sent to franchisees by their networks, the survey with the link was sent to the e-mail addresses informed by the franchisors.

The links were sent simultaneously to all franchisees after franchisors had issued the memo in order to reduce franchisee response bias. The e-mail and telephone number of the researcher was made available within the message in order to clarify any doubts. After the initial link, three more reminders on how to fill out the form were sent to the remaining non-respondents.

### **3.9 Statistical Treatment of the Data**

Before defining the sample size, it was necessary to identify the most suitable techniques for the type of research proposed. The present case aimed to explore dependency relationships between two dependent variables (perceived quality of relationship and performance) and several independent variables (5 types of personality traits and entrepreneurial drive), with the goal of using the independent variables to predict and explain the value of the dependent variables.

Given the context in which the variables of relationship quality and performance were studied (franchisor-franchisee relationship), and the difficulty and cost to structure a sample with probabilistic characteristics, a non-probabilistic sample of convenience was chosen. In this light, the present study applied the structural equation modeling (SEM) to analyze the relationship among individual personality traits, entrepreneurial drive, perceived relationship quality, and performance in franchisor-franchisee relationships, regression analysis in order to analyze the influence of relationship quality on performance along the time of relationship, and mean analysis in order to investigate the differences at the means of the relationship quality and financial performance variables along the proposed relationship phases.

SEM analysis is a multivariate technique combining aspects of multiple regression (examining dependence relationships) and factorial analysis (representing indirectly measured factors, or latent variables), with the purpose of simultaneously estimating a set of dependent relations. In a simplified form, SEM estimates a series of separate multiple regression equations that are simultaneously interdependent through the specification of the structural model used by the statistics program (Hair Jr., Black, Babin, Anderson, & Tathan, 2009).

According to Bido et al. (2012), SEM can be seen as a research method rather than a data analysis technique. It involves the choice of a theoretical reference, the construction of a structural model measuring the relationship between the constructs, as well as the construction of a measurement model specifying the indicators to measure the relationship between the constructs or latent variables. In some cases, SEM analysis is employed in the construction of instruments used for data collection, the testing of a given model, as well as the analyses and interpretation of the model according to a specific theory.

There are two types of SEM (Hair Jr., Hult, Ringle, & Sarstedt, 2014):

- Covariance-based SEM (CB-SEM) – primarily used to confirm, or reject, theories, determining whether a theoretically proposed model can adequately estimate the covariance matrix for a sample data set;

- PLS Path Modeling (PLS-SEM) – primarily used to develop theories in exploratory research, focusing on explaining variance in the dependent variables.

According to Hair Jr. et al. (2014), the choice between these two methods should focus on their characteristics and objectives. There are situations in applied social and behavioral sciences in which the data do not follow a normal multivariate distribution, the models are more complex or appear in a formative configuration, the data collected is sparse, or the models are less consecrated in terms of theoretical basis (Ringle, Da Silva, & Bido, 2014). In these situations, covariance-based SEM (CB-SEM) are not recommended; the preference is for partial least square SEM models (PLS-SEM) (J. F. Hair, Sarstedt, Ringle, & Mena, 2012), especially if the research's primary objective is the prediction and explanation of target constructs.

A relevant difference between PLS-SEM and CB-SEM is related to the estimation procedure. CB-SEM estimates model parameters in a manner that the discrepancy between the estimated and sample covariance matrices is minimized (maximum likelihood (ML) estimation procedure). By contrast, PLS-SEM maximizes the explained variance of the endogenous latent variables by estimating partial model relationships in an iterative sequence of ordinary least squares (OLS) regressions, with the objective of minimizing the error, or residual variance, maximizing the  $R^2$  of the endogenous constructs (J. F. Hair et al., 2012; Hair Jr. et al., 2014)..

PLS-SEM, differently than CB-SEM, estimates latent variable scores as exact linear combinations of their manifest variables, treating them as perfect substitutes for the manifest variables. In this manner, by estimating models by means of a series of OLS regressions, PLS-SEM diminishes the assumption of multivariate normality needed for models such as CB-SEM, which uses maximum likelihood-based SEM estimations (J. F. Hair et al., 2012).

Another relevant issue regarding the use of PLS-SEM is associated with the sample size demands. Since PLS-SEM is based on a series of OLS regressions, the demands concerning sample sizes are minimized and, at the same time, generally achieve high

levels of statistical power. In contrast, modeling in CB-SEM, when the number of observations and samples have a small size, are generally constrained by biased test statistics, inadmissible solutions, and identification problems (J. F. Hair et al., 2012).

PLS-SEM can be applied in a broad range of research situations, as it works efficiently with small samples sizes and complex models, makes practically no assumptions on the underlying data, can handle reflective and formative measurement models as well as single-item constructs, and can provide high efficiency in parameter estimation due to its great statistical power (greater than that of CB-SEM). However, PLS-SEM cannot be applied in models with causal loops or circular relationships between latent variables (Hair Jr. et al., 2014).

Regression Analysis is a powerful and flexible technique used to analyze associate relationships between a dependent variable and one or more independent variables (Malhotra, 2012). In the present case, regression analysis was used to identify if in fact a relationship between relationship quality and financial performance, as well as the strength of this relationship, could be observed.

Mean Analysis is a statistical technique used to investigate the mean differences between two or more populations (Malhotra, 2012). In the present study, this technique was used to determine if the means of the variables associated with relationship quality and financial performance were significantly different among them within the four proposed phases of relationships. For the purposes of this work, the SmartPLS software package and SPSS 18 were used.

### **3.10 Sample size and data characteristics**

According to Hair Jr. et al. (2014), the most often stated reasons for applying PLS-SEM include minimum sample size, non-normal data, and the use of different scale types in the measurement of the model, which is the case in the present study. In terms of size, the study by Dant et al. (2013), which served as a basis for assembling part of this model, used a sample of 225 elements, although it was developed using a different statistical technique (multivariate regression analysis). However, sample size recommendations in PLS-SEM are based on the properties of OLS regressions, and the minimum sample size for the PLS path model estimation should at least meet 10

times the largest number of structural paths directed at a particular construct (Barclay, Higgins, & Thompson, 1995), which means, in the present study, at least 70 elements. For Hair Jr. et al. (2014), however, sample size should be estimated by means of the power analysis dependent on the part of the model with the largest number of predictors.

Therefore, to estimate the minimum sample size with the appropriate requirements, the free G\*Power Version 3.1.9.2 software was used (<http://www.gpower.hhu.de/en.html>) (Faul, Erdfelder, Buchner, & Lang, 2009).

According to the model proposed in this study, perceived relationship quality and financial performance are both dependent variables, together with another six different independent variables for relationship quality (agreeableness, extraversion, emotional stability, imagination, conscientiousness, and entrepreneurial drive) and seven independent variables for financial performance (agreeableness, extraversion, emotional stability, imagination, conscientiousness, entrepreneurial drive, and relationship quality), which means six and seven arrowheads, respectively, pointing to them.

Therefore, according to the G\*Power 3.1.9.2 software, a minimum sample size of approximately 103 elements should be necessary to achieve a statistical power of 80%, with a 5% probability of error, and an effect size ( $f^2$ ) of 0.15. Although 103 elements were necessary to guarantee the statistical power of the model, the present work has gathered data from 342 elements, which gives more consistency and reliability to the model (Ringle et al., 2014).

The figure below shows in the G\*Power 3.1.9.2 the minimum sample requirements:

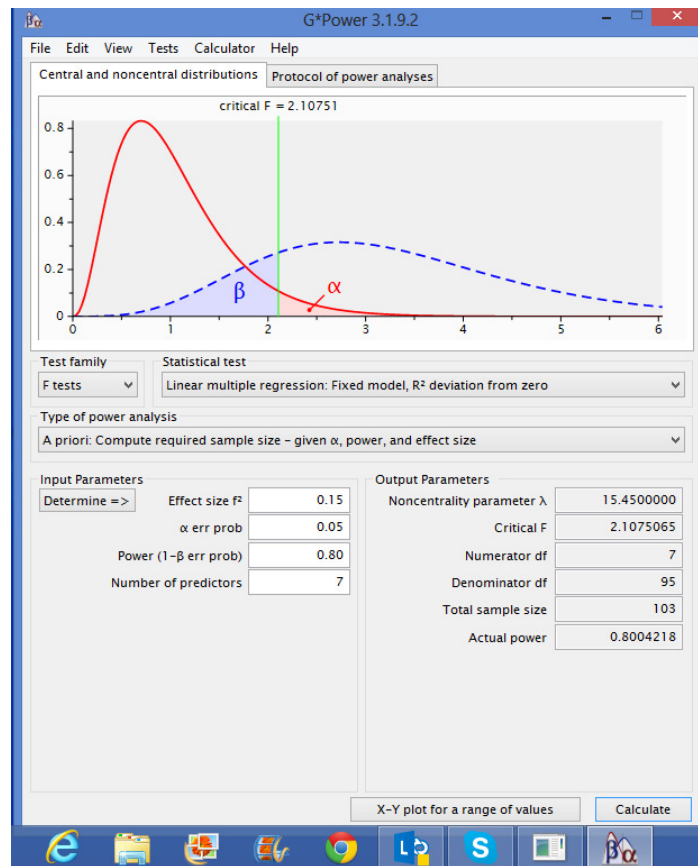


Figure 3.1: Screen of the Software G\*Power 3.1.9.2 with the minimum sample size requirements

Source: G\*Power 3.1.9.2

The next chapter presents the results and analyses of the collected data.

## **4 RESULTS AND ANALYSES**

This chapter is divided into six sections. The first section conducts a descriptive analysis of the data, while the other sections present the tests and analyses of the four models. The first model tests the relationship between personality traits and relationship quality; the second model tests the connection between relationship quality and financial performance; the third model incorporates the performance variable into the first model and tests the relationship between personality traits and financial performance; finally, the fourth model incorporates the variable of entrepreneurial drive and tests its connection with relationship quality and financial performance. The final section presents the results of the influence of the time of relationship on relationship quality and financial performance.

### **4.1 Preliminary Data Analysis and Descriptive Analysis**

According to Hair Jr. et al. (2009), post-data collection should follow a careful analysis, seeking to identify any flaws in the process that could impair data analysis. At this stage, issues such as missing values, suspicious response patterns, and outliers that may be present in the database should be eliminated in order to "clean" the data.

The next step should be to carry out a descriptive analysis of the data, which aims to explore and identify the characteristics of the sample.

### **4.2 Analysis of the Results**

This chapter aims to present the structure, processing, and analysis of the results from the empirical research, conducted with franchisees from three major networks of Brazilian franchises in the education and nutrition sectors, based on the methodological procedures described in the previous chapter. The data were analyzed and the results are presented in the following order: descriptive statistics of the data, analysis of non-parametric Kruskal-Wallis, SEM, regression analysis, and mean analysis.

### **4.3 Descriptive Analysis of Variables**

The analysis was based on the questionnaires answered via internet, from a database provided by the three franchising networks. In total, 387 questionnaires were answered.

The first part of this work consisted of editing the data sheet by identifying and recoding the reversed questions. Variables associated with reversed questions were identified in the spreadsheet and made the necessary inversion scoring. In this step, the calculation of the scores of the variable entrepreneurial drive associated with each respondent was also performed. Appendix 3 shows the reversed questions and the score calculation of the variable entrepreneurial drive.

According to Hair Jr., Babin, Money, and Samouel (2005), before the data of a questionnaire can be used, editing must be performed to verify the integrity and consistency of the data. In the edition of the collected data, some steps were followed in order to "clean up" and make the data consistent for future analysis. The main objective of this analysis is to eliminate the "missing values" and "outliers".

The first step, therefore, was the identification and elimination of missing values. Missing values or missing information has an impact on the validity of the findings, and should, therefore, be discovered and treated (Hair Jr. et al., 2005). In most cases, if the problem is limited, the traditional solution is the elimination of the respondents, or the questions with filling problems. In the case of the reporting database, given that the sample size was large enough to eliminate these respondents without compromising further analysis, the present study opted for a conservative approach, in which all questionnaires presenting missing values were eliminated (39 in total). Consequently, the sample was reduced to 348 elements at this stage.

After having analyzed the missing values, an analysis searching for outliers was performed. To achieve this, the Mahalanobis distribution analysis was employed, using the SPSS software. At this stage, another six elements that presented a difference in behavior were eliminated, leaving a total of 342 questionnaires.



The table below shows the percentage of responses for each of the studied networks:

Table 4.1: Percentage of Responses

Franchise Network	Surveys Sent	Surveys Submitted	Missing Values	Outliers	Usable Surveys	% Usable Surveys
1	697	245	16	6	223	31,9%
2	349	60	17	1	42	12,0%
3	191	82	5	0	77	40,3%
Total	1.237	387	38	7	342	27,6%

Source: Author

The overall percentage of responses relative to the number of questionnaires sent, with the exclusion of missing values and outliers, was 27.6%, which is considered a reasonable response rate (Sivo & Saunders, 2006), and well above the response rate of 11.25% reported by Dant et al. (2013) in a similar study.

Among those who responded to the survey, there was a predominance of female franchisees in the network 1, that belongs to the educational segment, and a predominance of male franchisees in networks 2 and 3, of the fast-food segment. The table below shows this distribution:

Table 4.2: Gender X Franchise Network

			Franchise Network			Total
			1	2	3	
Gender Male	Count	83	25	48	156	
	% of Total	24,3%	7,3%	14,0%	45,6%	
Female	Count	140	17	29	186	
	% of Total	40,9%	5,0%	8,5%	54,4%	
Total	Count	223	42	77	342	
	% of Total	65,2%	12,3%	22,5%	100,0%	

Source: Software SPSS – 18.0

Regarding the number of stores operated by franchisees, one can see that approximately 94% of the franchisees own up to 3 stores, while 70.0% operate only one unit. This profile proved to be similar in the 3 networks:

Table 4.3: Franchise Network X Stores

		Stores				
		1	2	3	4 to up	Total
Franchise Network	1 Count	154	49	9	11	223
	2 Count	25	5	5	7	42
	3 Count	61	8	5	3	77
Total	Count	240	62	19	21	342

Source: Software SPSS – 18.0

Among the franchisees of the network 1, most of them have had previous experience as an entrepreneur (80.7%), while at the networks 2 and 3 this percentage was below 50% (47.6% and 42.9%, respectively).

Table 4.4: Previous Entrepreneurial Experience X Franchise Network

			Franchise Network			Total
			1	2	3	
Previous Experience	Yes	Count	180	20	33	233
		% of Total	80,7%	47,6%	42,9%	68,1%
	No	Count	43	22	44	109
		% of Total	19,3%	52,4%	57,1%	31,9%
Total		Count	223	42	77	342
		% of Total	100,0%	100,0%	100,0%	100,0%

Source: Software SPSS – 18.0

Regarding parallel work in other activities, the majority of franchisees is exclusively dedicated to its franchise, which is more clearly pronounced in network 1 (77.6%):

#### Other Activities X Franchise Network

			Franchise Network			Total
			1	2	3	
Other Activities	Yes	Count	50	17	35	102
		% of Total	22,4%	40,5%	45,5%	29,8%
	No	Count	173	25	42	240
		% of Total	77,6%	59,5%	54,5%	70,2%
Total		Count	223	42	77	342
		% of Total	100,0%	100,0%	100,0%	100,0%

Source: Software SPSS – 18.0

In terms of the geographic distribution of the sample, franchisees from a wide range of regions throughout the country participated in this study, with a higher percentage located in the Southeast, which is in line with the distribution of franchises in Brazil, according to data from the Brazilian Franchise Association (ABF)

Table 4.5: Comparison of Research Sample X ABF

Region		Frequency	Our Sample	ABF - 2013
			Percent	Percent
Valid	Midwest	42	12,3	8,0
	Northeast	41	12,0	14,5
	North	9	2,6	4,3
	Southeast	194	56,7	58,7
	South	56	16,4	14,5
	Total	342	100,0	100,0

Source: Software SPSS – 18.0 and ABF

Another relevant aspect discussed in this study refers to the time of relationship between franchisees and franchisors. Just over a quarter of the respondents (28%) have less than 3 years (35 months) as an owner, and nearly one third of the franchisees (66.9%) have less than 12 years (143 months) of a business relationship with a franchisor. Network 1 presents a higher number of franchisees with a time of relationship of over 12 years (38.6%), which is explained by the age of the network, which is higher than networks 2 (26.2%) and 3 (20.8 %).

Table 4.6: Months of Relationship X Franchise Network

		Franchise Network			Total
		1	2	3	
Months of Relationship	1 to 35 months	56	16	25	97
	36 to 83 months	40	9	25	74
	84 to 143 months	41	6	11	58
	144 to 239 months	34	11	12	57
	240 and more months	52	0	4	56
Total		223	42	77	342

Source: Software SPSS – 18.0

The following tables present the descriptive statistics for the variables of personality constructs (agreeableness, conscientiousness, emotional stability, extraversion, and imagination), relationship quality (trust, commitment, and satisfaction), performance (sales growth and profitability), and entrepreneurial drive.

#### 4.3.1 Variables of Personality Constructs

No significant differences can be observed among the means of factors, with the exception of item PA\_6. Items PA\_1 , PA\_5, and PA\_6 show the highest standard deviations.

Table 4.7: Agreeableness - Questions and Scores

<b>Agreeableness</b>		<b>Total</b>	
		<b>Mean</b>	<b>Std. Dev</b>
PA_1	Feel little concern for others. ( - )	4,41	1,05
PA_2	Am interested in people.	4,64	,59
PA_3	Insult people. ( - )	4,81	,60
PA_4	Sympathize with others' feelings.	4,51	,70
PA_5	Am not interested in other people's problems. ( - )	4,28	1,01
PA_6	Have a soft heart.	3,71	1,15
PA_7	Am not really interested in others. ( - )	4,53	,85
PA_8	Take time out for others.	4,01	,85
PA_9	Feel others' emotions.	4,10	,90
PA_10	Make people feel at ease.	4,44	,70
Total		4,34	

Source: Software SPSS – 18.0

Conscientiousness does not show a large variation in the means of its factors. Items PC\_2 , PC\_4, and PC\_6 show the highest standard deviations.

Table 4.8: Conscientiousness - Questions and Scores

<b>Conscientiousness</b>		Total	
		Mean	Std. Dev
PC_1	Am always prepared.	4,34	,81
PC_2	Leave my belongings around. ( - )	4,35	1,07
PC_3	Pay attention to details.	4,44	,80
PC_4	Make a mess of things. (-)	4,04	1,21
PC_5	Get chores done right away.	4,18	,87
PC_6	Often forget to put things back in their proper place. ( - )	4,07	1,19
PC_7	Like order.	4,51	,81
PC_8	Shirk my duties. ( - )	4,74	,75
PC_9	Follow a schedule.	3,92	1,02
PC_10	Am exacting in my work.	4,18	,87
Total		4,28	

Source: Software SPSS – 18.0

Extraversion has a larger variation when compared to the previous two variables. PE\_4 and PE\_8 factors show a significantly lower average than the other factors.

Table 4.9: Extraversion - Questions and Scores

<b>Extraversion</b>		Total	
		Mean	Std. Dev
PE_1	Am the life of the party.	3,03	1,22
PE_2	Don't talk a lot. ( - )	3,48	1,32
PE_3	Feel comfortable around people.	4,46	,69
PE_4	Keep in the background.(-)	2,52	1,20
PE_5	Start conversations.	4,25	,91
PE_6	Have little to say. ( - )	4,01	1,12
PE_7	Talk to a lot of different people at parties.	4,16	,96
PE_8	Don't like to draw attention to myself. ( - )	2,51	1,19
PE_9	Don't mind being the center of attention.	3,22	1,26
PE_10	Am quiet around strangers.	3,40	1,23
Total		3,50	

Source: Software SPSS – 18.0

For emotional stability, except for factor PES\_3, the average of the factors is quite similar.

Table 4.10: Emotional Stability - Questions and Scores

<b>Emotional Stability</b>		Total	
		Mean	Std. Dev
PES_1	Get stressed out easily. ( - )	3,66	1,26
PES_2	Am relaxed most of the time.	3,37	1,33
PES_3	Worry about things. ( - )	1,32	,65
PES_4	Seldom feel blue.	3,77	1,16
PES_5	Am easily disturbed. ( - )	3,65	1,26
PES_6	Get upset easily. ( - )	4,03	1,13
PES_7	Change my mood a lot. ( - )	4,27	1,04
PES_8	Have frequent mood swings. ( - )	4,25	1,03
PES_9	Get irritated easily. ( - )	4,05	1,11
PES_10	Often feel blue. ( - )	4,25	1,08
Total		3,66	

Source: Software SPSS – 18.0

Imagination has a similar average between the factors, except for items PI\_2, PI\_4, and PI\_8, which also show the highest standard deviations.

Table 4.11: Imagination - Questions and Scores

<b>Imagination</b>		Total	
		Mean	Std. Dev
PI_1	Have a rich vocabulary.	4,20	,76
PI_2	Have difficulty understanding abstract ideas. ( - )	3,72	1,24
PI_3	Have a vivid imagination.	4,30	,78
PI_4	Am not interested in abstract ideas. ( - )	3,43	1,24
PI_5	Have excellent ideas.	4,04	,68
PI_6	Do not have a good imagination. ( - )	4,21	1,11
PI_7	Am quick to understand things.	4,38	,75
PI_8	Use difficult words.	2,19	1,13
PI_9	Spend time reflecting on things.	4,18	,80
PI_10	Am full of ideas.	4,07	,81
Total		3,87	

Source: Software SPSS – 18.0

The table below summarizes the average for each of the personality traits analyzed:

Table 4.12: Personality Traits and Mean Scores

Personality Traits	Mean
Agreeableness	4,34
Conscientiousness	4,28
Extraversion	3,50
Emotional Stability	3,66
Imagination	3,87

Source: Software SPSS – 18.0

#### 4.3.2 Variables of Relationship Quality

Satisfaction has average values that are quite close. Only items ST\_4 and ST\_7 show higher standard deviations.

Table 4.13: Satisfaction - Questions and Scores

Satisfaction		Total	
		Mean	Std. Dev
ST_1	ST1 -Overall we consider our relationship with the franchisor to be: Friendly	6,15	1,007
ST_2	Overall we consider our relationship with the franchisor to be: Cordial	6,25	,922
ST_3	Overall we consider our relationship with the franchisor to be: Fair	5,77	1,347
ST_4	Overall we consider our relationship with the franchisor to be: Supportive	5,55	1,538
ST_5	Overall we consider or relationship with the franchisor to be: Considerate	5,92	1,295
ST_6	Overall we consider our relationship with the franchisor to be: Healthy	6,11	1,102
ST_7	Overall we consider our relationship with the franchisor to be: Satisfying	5,71	1,437
Total		5,92	

Source: Software SPSS – 18.0

Trust has a slightly higher assessment when compared to satisfaction. TR\_3 is the item with the highest standard deviation.

Table 4.14: Trust - Questions and Scores

<b>Trust</b>		Total	
		Mean	Std. Dev
TR_1	I can count on my franchisor to be honest in its dealings with me	6,18	1,108
TR_2	My franchisor is a company that stands by its word	6,09	1,231
TR_3	I can rely on my franchisor to keep the promises they make to me	5,84	1,432
TR_4	My franchisor is sincere in its dealings with me	5,99	1,283
TR_5	My franchisor can be counted on to do what is right	6,13	1,216
TR_6	My franchisor is a company that I have great confidence in	6,15	1,220
Total		6,06	

Source: Software SPSS – 18.0

Commitment also has a very similar average to the preceding variables. Items CO\_5 and CO\_7 show the highest standard deviations.

Table 4.15: Commitment - Questions and Scores

<b>Commitment</b>		Total	
		Mean	Std. Dev
CO_1	We have a mutually beneficial relationship	5,67	1,443
CO_2	The franchisor and I tend to share similar values	5,77	1,331
CO_3	I enjoy working with this franchisor	6,14	1,161
CO_4	We are very committed to the relationship with our franchisor	6,23	1,047
CO_5	It feels like the franchisor and I are constantly doing something for each other	5,32	1,663
CO_6	We intend to continue functioning as a franchisee of our franchisor	6,08	1,444
CO_7	I feel as though the franchisor and I are “in it together”	5,28	1,791
CO_8	We try our best to maintain our relationship with our franchisor	6,42	,783
CO_9	I feel that the values of this franchise system match my own	5,96	1,254
CO_10	We feel proud to belong to this franchise system	6,20	1,244
CO_11	The franchisor and I get along well together	6,07	1,139
Total		5,92	

Source: Software SPSS – 18.0



### 4.3.3 Variables of Performance

Sales growth and profitability also have very similar averages.

Table 4.16: Financial Performance and Scores

Financial Performance	Mean	Std. Deviation
Sales Growth	3,32	,811
Profitability	3,22	,862

Source: Software SPSS – 18.0

The table below shows the distribution of the entrepreneurial drive of the franchisees in each of the networks. It is evident that the vast majority of franchisees belong to the middle range of entrepreneurial drive, with no significant differences among networks.

Table 4.17: Entrepreneurial Drive X Franchise Network

			Franchise Net			Total
			1	2	3	
Entrepreneur Drive	Micro Entrepreneur (0-15)	Count	34	6	16	56
	Intermediated Entrepreneur (16 – 25)	Count	179	36	60	275
	Macro Entrepreneur (26 – 33)	Count	10	0	1	11
Total		Count	223	42	77	342

Source: Software SPSS – 18.0

## 4.4 Data Distribution

PLS-SEM is a nonparametric statistical method, and therefore it does not require the data to be normally distributed; however, extremely non-normal data is problematic when assessing the parameter's significance (Hair Jr. et al., 2014). In the present case, according to the Kolmogorov-Smirnov test, normality of the data was not observed, which strengthens the recommendation for the use of PLS-SEM as an adequate statistical method in this work.

## 4.5 Algorithmic Options and Parameter Settings

To correctly estimate a specified PLS path model, the structural model path weighting method, data metrics, initial values, stop criterion, and the maximum number of interactions should be selected. In terms of a structural model, the path weighting

approach offers the highest  $R^2$  value for endogenous latent variables, and it is the most highly recommended (Hair Jr. et al., 2014). Data should be standardized for the indicators, and equal weights should be used for the initialization of the PLS-SEM algorithm and first iteration. A threshold value of  $1 \times 10^{-5}$  stop criterion should be adopted in order to ensure convergence at reasonably low levels of iterative change in the latent variable scores. Furthermore, a choice of at least 300 iterations is recommended as the maximum number of iterations to ensure that convergence is obtained at the stop criterion of  $1 \times 10^{-5}$  (Hair Jr. et al., 2014).

#### 4.6 Evaluation of the Model

The first model to be evaluated is based on the study by Dant et al. (2013) and assumes that franchisees' personality traits influence their perception of the quality of relationships. Personality traits are measured by means of the Big Five Model, as already shown in the literature review, and relationship quality is measured as a 2<sup>nd</sup> order latent variable, which reflects the constructs of satisfaction, commitment, and trust.

Dant et al. (2013) developed their model in Australia, involving a sample of 225 franchisees from 80 different market segments. The same scales used by Dant et al. (2013) were applied in the present work, precisely to allow for the comparison of the theoretical results between the two studies. The scales were translated into Portuguese and back-translated into English to ensure the content validity of the questions, and have been submitted to experts to measure the understanding, and application of the pre-test.

Dant et al. (2013) used regression analysis to test their hypotheses. The hypotheses tested and the results are shown below:

Table 4.18: Dant et al. (2013) - Hypotheses and Results

Criterion Variables		Predicted Effect	beta	p-value	Substantive Conclusions
Extraversion	<i>H1</i>	Negative	-0,299	0.000	<i>H1 Supported</i>
Agreeableness	<i>H2</i>	Positive	0,229	0.000	<i>H2 Supported</i>
Conscientiousness	<i>H3</i>	Positive	0,175	0.006	<i>H3 Supported</i>
Emotional Estability	<i>H4</i>	Positive	0,122	0.041	<i>H4 Supported</i>
Imagination	<i>H5</i>	Negative	0,047	0.313	<i>H5 not Supported</i>

Source: Dant et al.(2013)

Based on the same assumptions postulated by Dant et al. (2013), the model below was structured under the premises of the PLS-SEM:

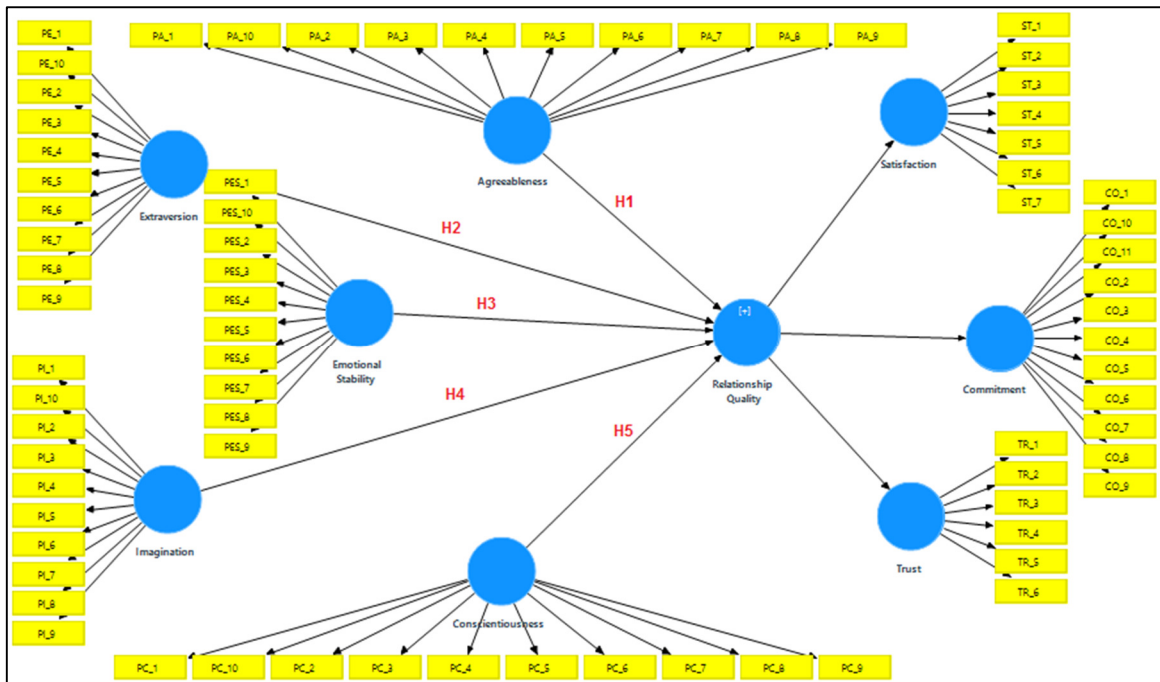


Figure 4.1: Model 1 - Individual Personality Traits as Antecedents of Relationship Quality  
Source: SmartPLS – 3.1.9 (2015)

To determine if the model presented in this study correctly fits the gathered data, it will be necessary to measure the relationships between the indicators and the constructs (measurement model) as well as between the constructs (structural model).

A PLS path model can be validated at three levels (Tenenhaus, Vinzi, Chatelin, & Lauro, 2005):

1. Quality of the measurement model
2. Quality of the structural model
3. Each structural equation

The quality of the measurement model for each block is measured by the degree of communality, while the quality of the structural model for each endogenous block is measured by the index of redundancy.

#### 4.6.1 Evaluation of the measurement model

There are two types of measurement models – reflective or formative – which have specific evaluation criteria. Reflective models can be defined as those in which there is an assumption that the construct causes the measurement (covariation) of the indicator variables (the direction of the arrows is from the construct to the indicator variable). Formative models can be defined as those in which there is an assumption that the indicator variables cause the measurement of the construct (the direction of the arrows is from the indicator variables to the construct)(Hair Jr. et al., 2014). In this study, the proposed model has a reflective measurement model.

The first step in the process of examining the PLS-SEM estimates in reflective measurement models involves the assessment of their internal consistency reliability and the validity of the construct's measures. Reliability refers to the evaluation of the degree of consistency of a measure, in other words, its capacity to produce consistent outcomes under consistent conditions (Hair Jr. et al., 2014; Tenenhaus et al., 2005).

Specific measures of reflective models include:

- Internal consistency (composite reliability);
- Indicator reliability;
- Convergent validity (average variance extracted – AVE);
- Discriminant validity.

Two possibilities may be employed to evaluate internal consistency reliability:

- Measuring the reliability coefficient using the Cronbach's  $\alpha$  test (greater than 0.70);
- Composite reliability, which varies between 0 and 1, with higher values indicating higher levels of reliability (satisfactory between 0.70 and 0.90).

The next step to be followed is to ensure the validity of these measures. The scales should be evaluated under the aspect of convergent and discriminant validity. Convergent validity will assess the degree to which two or more measures are associated with the same concept. The assessment of convergent validity is established by the outer loadings of the indicators (indicator reliability) as well as by the AVE (Hair Jr. et al., 2014).

The measurement model, showing the values of the correlations between the observed variables and the latent variables, is presented below:

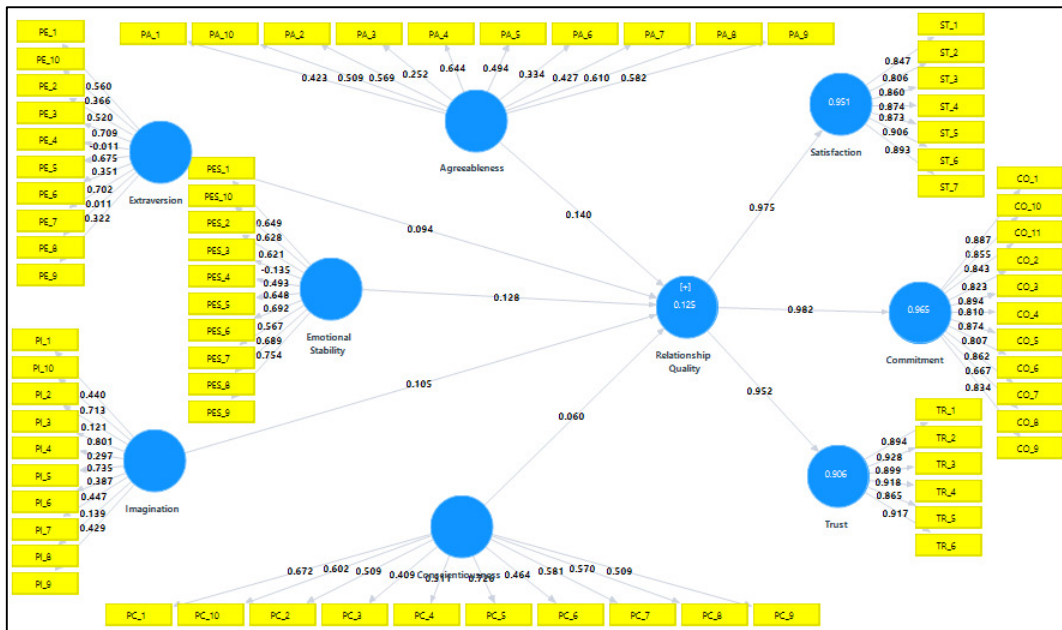


Figure 4.2: Model 1- Evaluation of Measurement

Source: SmartPLS – 3.1.9 (2015)

To generate the model, the Path Weighting Scheme algorithm was used, as it is the most appropriate algorithm for modelling in structural equations (Ringle et al., 2014).

The table below shows the values of the adjustment quality of the initial model:

Table 4.19: Model 1 - Values for Adjustment Quality

	R Square	AVE	Composite Reliability	Cronbachs Alpha
<b>Relationship Quality</b>	0.112	0.701	0.982	0.981
<b>Commitment</b>	0.965	0.696	0.962	0.956
<b>Satisfaction</b>	0.951	0.750	0.955	0.944
<b>Trust</b>	0.906	0.817	0.964	0.955
<b>Agreeableness</b>	-	0.249	0.757	0.658
<b>Conscientiousness</b>	-	0.317	0.819	0.787
<b>Extraversion</b>	-	0.240	0.697	0.746
<b>Emotional Stability</b>	-	0.373	0.834	0.786
<b>Imagination</b>	-	0.254	0.731	0.696

Source: SmartPLS – 3.1.9 (2015)

The first aspect to be observed in the measurement model is convergent validity, which is verified by the Average Variance Extracted (AVE) values, whose values are higher than 0.50 (Henseler, Ringle, & Sinkovics, 2009). The AVE shows, on average, how

much the variables are positively correlated to their respective constructs (Ringle et al., 2014). This model is considered convergent when the AVEs are higher than 0.50.

According to that shown in the table, the PA, PC, PE, PES, and PI variables did not reach the convergent validity value of 0.50. For this reason, the variables that presented factorial loads of lower values had to be removed from this construct.

The following observable variables (OV) were eliminated:

Table 4.20: Model 1 - Observable Variables Eliminated

OV	Load	OV	Load	OV	Load
PA_1	0.423	PC_7	0.581	PE_8	-0.011
PA_10	0.509	PC_9	0.509	PE_9	0.322
PA_2	0.569	PC_10	0.602	PE_10	0.366
PA_3	0.252	PES_3	-0.135	PI_1	0.440
PA_5	0.494	PES_4	0.493	PI_10	0.713
PA_6	0.334	PES_7	0.567	PI_2	0.121
PA_7	0.427	PES_10	0.628	PI_4	0.297
PC_2	0.509	PE_1	0.560	PI_6	0.387
PC_3	0.409	PE_2	0.520	PI_7	0.447
PC_4	0.511	PE_4	-0.011	PI_8	0.139
PC_6	0.464	PE_6	0.351	PI_9	0.429

Source: SmartPLS – 3.1.9 (2015)

After the variables had been removed, the model reached the convergent validity, according to the adjustment quality values of the following model:

Table 4.21: Model 1 - Values for the adjustment quality after the elimination of the OVs with lower values for the factorial loads

	R Square	R Square Adj	AVE	Composite Reliability	Cronbachs Alpha
<b>Relationship Quality</b>	0,965	0,965	0,696	0,962	0,956
<b>Commitment</b>	0,131	0,118	0,701	0,982	0,981
<b>Satisfaction</b>	0,951	0,951	0,750	0,955	0,944
<b>Trust</b>	0,906	0,906	0,817	0,964	0,955
<b>Agreeableness</b>	-	-	0,505	0,751	0,553
<b>Conscientiousness</b>	-	-	0,530	0,770	0,555
<b>Extraversion</b>	-	-	0,563	0,794	0,620
<b>Emotional Stability</b>	-	-	0,503	0,859	0,819
<b>Imagination</b>	-	-	0,599	0,817	0,683

Source: SmartPLS – 3.1.9 (2015)

Next, the values of the internal consistency of the model (Cronbach's alpha) and composite reliability (Dillon-Goldstein's rho). Cronbach's alpha values of above 0.60

and 0.70 are considered adequate for exploratory research, whereas composite reliability values of above 0.70 and 0.90 are considered satisfactory (Hair Jr. et al., 2014).

According to the table of constructs, agreeableness (PA) and conscientiousness (PC) were below the indicated value of 0.60 (respectively, 0.553 and 0.555); however, all of the constructs presented a composite reliability of higher than 0.70. Although the internal consistency values of PA and PC were below the expected levels after the model had been adjusted, the composite reliability values are more appropriate in the case of PLS-PM, as this gives priority to the variables according to their reliability, which is different from Cronbach's alpha, which is highly sensitive to the number of variables in each construct (Ringle et al., 2014).

The next stage consisted of the assessment of the discriminant validity of the model.

Discriminant validity assesses the extent to which two similar concepts are distinct (Malhotra, 2012). Discriminant validity can be assessed by examining the cross loadings of the indicators, where it is expected that an indicator's outer loading on the associated construct is greater than all of its loadings on other constructs (cross loadings). Another test to be performed is the Fornell-Larcker criterion, which compares the square root of the AVE values with the latent variable correlations (Hair Jr. et al., 2014).

The table below shows the cross-loadings of the remaining latent variables after the adjustment of the model:

Table 4.22: Model 1 - Values of the cross loads of the OVs and LVs

	<b>Commit</b>	<b>PA</b>	<b>PC</b>	<b>PES</b>	<b>PE</b>	<b>PI</b>	<b>Satisf</b>	<b>Trust</b>
<b>CO_1</b>	0,887	0,261	0,181	0,173	0,155	0,201	0,841	0,818
<b>CO_10</b>	0,855	0,245	0,203	0,171	0,237	0,214	0,779	0,754
<b>CO_11</b>	0,843	0,229	0,140	0,152	0,216	0,203	0,862	0,796
<b>CO_2</b>	0,823	0,251	0,139	0,155	0,171	0,203	0,755	0,742
<b>CO_3</b>	0,894	0,217	0,183	0,198	0,198	0,252	0,861	0,820
<b>CO_4</b>	0,810	0,198	0,225	0,159	0,179	0,164	0,746	0,696
<b>CO_5</b>	0,874	0,270	0,223	0,192	0,174	0,288	0,836	0,788
<b>CO_6</b>	0,807	0,166	0,100	0,117	0,120	0,205	0,739	0,695
<b>CO_7</b>	0,862	0,218	0,241	0,146	0,137	0,245	0,819	0,740
<b>CO_8</b>	0,667	0,160	0,167	0,090	0,140	0,185	0,617	0,540
<b>CO_9</b>	0,834	0,225	0,158	0,172	0,146	0,193	0,765	0,794

PA_4	0,260	0,827	0,137	0,093	0,250	0,231	0,202	0,215
PA_8	0,161	0,659	0,174	0,114	0,253	0,328	0,142	0,139
PA_9	0,096	0,631	0,057	0,073	0,207	0,107	0,108	0,070
PC_1	0,188	0,148	0,785	0,160	0,373	0,260	0,162	0,140
PC_5	0,152	0,150	0,774	0,052	0,203	0,205	0,145	0,130
PC_8	0,119	0,090	0,611	0,138	0,088	0,103	0,138	0,091
PES_1	0,103	0,018	0,055	0,718	0,024	0,048	0,101	0,083
PES_2	0,221	0,154	0,115	0,709	0,074	0,055	0,221	0,179
PES_5	0,109	0,100	0,151	0,687	0,165	0,075	0,134	0,102
PES_6	0,075	0,098	0,063	0,697	0,108	0,128	0,082	0,065
PES_8	0,077	0,058	0,170	0,671	0,113	0,116	0,095	0,090
PES_9	0,108	0,051	0,117	0,772	0,119	0,122	0,110	0,085
PE_3	0,171	0,308	0,337	0,152	0,801	0,272	0,179	0,168
PE_5	0,117	0,233	0,242	0,047	0,687	0,304	0,103	0,102
PE_7	0,163	0,201	0,153	0,091	0,758	0,171	0,172	0,165
PI_10	0,123	0,224	0,192	0,082	0,205	0,723	0,098	0,089
PI_3	0,241	0,296	0,143	0,070	0,282	0,830	0,242	0,207
PI_5	0,198	0,217	0,310	0,124	0,239	0,765	0,183	0,180
ST_1	0,806	0,205	0,160	0,198	0,203	0,206	0,847	0,747
ST_2	0,728	0,136	0,093	0,123	0,174	0,202	0,806	0,724
ST_3	0,818	0,205	0,133	0,203	0,128	0,209	0,860	0,778
ST_4	0,830	0,214	0,258	0,180	0,175	0,164	0,874	0,801
ST_5	0,803	0,181	0,175	0,141	0,184	0,232	0,873	0,810
ST_6	0,848	0,202	0,151	0,169	0,223	0,226	0,906	0,820
ST_7	0,875	0,211	0,256	0,195	0,179	0,242	0,893	0,770
TR_1	0,796	0,227	0,167	0,143	0,191	0,196	0,802	0,894
TR_2	0,805	0,184	0,084	0,121	0,161	0,185	0,816	0,928
TR_3	0,817	0,191	0,143	0,154	0,197	0,242	0,832	0,899
TR_4	0,838	0,204	0,156	0,140	0,159	0,202	0,841	0,918
TR_5	0,765	0,221	0,168	0,159	0,171	0,193	0,764	0,865
TR_6	0,834	0,174	0,193	0,162	0,200	0,178	0,819	0,917

Source: SmartPLS – 3.1.9 (2015)

According to the table, except for the observed variable of CO\_11, all of the other factorial loads are consistently greater than their respective constructs. In this manner, upon removing this variable from the model, what is achieved is the discriminant validity according to that set forth by Chin (1998). Nonetheless, upon verifying the discriminant validity according to that defined by Fornell-Larcker (1981), it became evident that other adjustments were necessary, especially as regards the Commitment and Satisfaction constructs, according to the following table:



Table 4.23: Model 1 - Values of the correlations between LVs and square roots of the AVE values in the main diagonal (in orange and yellow)

	<b>Committment</b>	<b>Agreeab</b>	<b>Conscient</b>	<b>Extrav</b>	<b>Emot Estab</b>	<b>Imagin</b>	<b>Satisf</b>	<b>Trust</b>
<b>Committment</b>	0,834							
<b>Agreeableness</b>	0,268	0,711						
<b>Conscientiousness</b>	0,214	0,181	0,728					
<b>Extraversion</b>	0,205	0,330	0,324	0,750				
<b>Emotional Stability</b>	0,190	0,130	0,161	0,137	0,710			
<b>Imagination</b>	0,257	0,322	0,271	0,320	0,117	0,774		
<b>Satisfaction</b>	0,943	0,224	0,204	0,209	0,200	0,244	0,866	
<b>Trust</b>	0,896	0,221	0,168	0,199	0,162	0,221	0,900	0,904

Source: SmartPLS – 3.1.9 (2015)

This study therefore proceeded with the removal, one by one, of the variables with the least differences in the factorial cross-loadings – ST\_3, ST\_4, ST\_6, ST\_7, CO\_1, CO\_3, CO\_5, CO\_7, CO\_10, and CO\_11 – meeting the Fornell-Larcker criterion (Fornell & Larcker, 1981), as can be seen below:

Table 4.24: Model 1 - Values and correlations between the LVs and square roots of AVE values in the main diagonal (in yellow) after the removal of new variables in model 1

	<b>Committment</b>	<b>Agreeab</b>	<b>Conscient</b>	<b>Extrav</b>	<b>Emot Estab</b>	<b>Imagin</b>	<b>Satisf</b>	<b>Trust</b>
<b>Committment</b>	0,831							
<b>Agreeab</b>	0,237	0,709						
<b>Conscient</b>	0,191	0,184	0,727					
<b>Extraver</b>	0,185	0,331	0,330	0,749				
<b>Emot Stab</b>	0,157	0,128	0,159	0,140	0,713			
<b>Imaginat</b>	0,228	0,327	0,272	0,319	0,117	0,773		
<b>Satisfact</b>	0,827	0,199	0,163	0,213	0,174	0,243	0,882	
<b>Trust</b>	0,810	0,223	0,168	0,199	0,160	0,222	0,863	0,904

Source: SmartPLS – 3.1.9 (2015)

The table and figure below show the quality of the model adjustment after obtaining discriminant validity:

Table 4.25: Model 1 - Quality adjustment values after eliminating the OVs in order to obtain a discriminant validity

	R Square	R Square Adj	AVE	Composite Reliability	Cronbachs Alpha
<b>Relationship Quality</b>	0,115	0,102	0,688	0,966	0,962
<b>Commitment</b>	0,837	0,837	0,69	0,899	0,85
<b>Satisfaction</b>	0,876	0,876	0,778	0,913	0,857
<b>Trust</b>	0,937	0,937	0,817	0,964	0,955
<b>Agreeableness</b>	-	-	0,503	0,749	0,553
<b>Conscientiousness</b>	-	-	0,529	0,768	0,555
<b>Extraversion</b>	-	-	0,562	0,793	0,62
<b>Emotional Stability</b>	-	-	0,509	0,861	0,819
<b>Imagination</b>	-	-	0,597	0,816	0,683

Source: SmartPLS – 3.1.9 (2015)

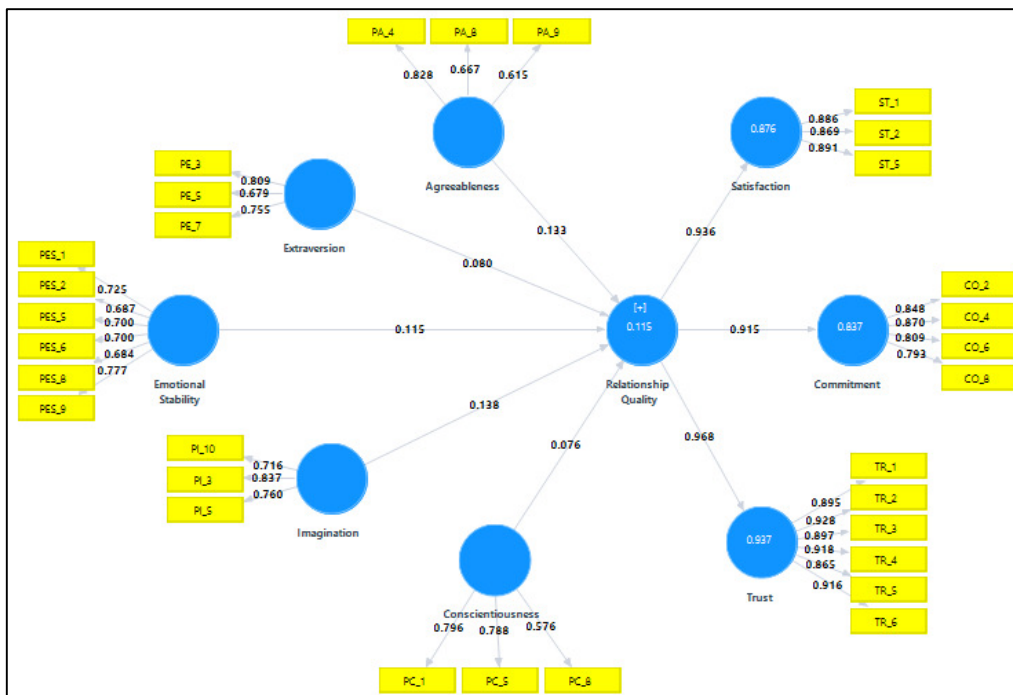


Figure 4.3: Model 1 – Quality of adjustment after obtaining discriminant validity  
Source: SmartPLS – 3.1.9 (2015)

The table below summarizes the criteria to assess the reliability and validity of the construct:

Table 4.26: Criteria to assess the reliability and validity of the construct

<p><b>Internal Consistency Reliability:</b>  <i>Higher than 0.708 ( 0.60 to 0.70 is considered acceptable in exploratory research);  Crombach´s alpha is considered a conservative measure of internal consistency reliability;</i></p>
<p><b>Indicator Reliability:</b>  <i>Higher than 0.708 (between 0.40 and 0.70 should be removed only if the deletion increases composite reliability and AVE above the suggested threshold value;</i></p>
<p><b>Convergent Validity:</b>  <i>AVE higher than 0.50;</i></p>
<p><b>Discriminant Validity:</b>  <i>Indicator´s outer loadings on a construct should be higher than all its cross loadings with other constructs;  AVE square root of each construct should be higher than its highest correlation with any other construct ( Fornell-Larcker criterion).</i></p>

Source: (Hair Jr. et al., 2014)

#### 4.6.2 Evaluation of the Structural Model

After verifying that the construct measures are reliable and valid, the structural model assessment was performed, which involves examining the model's predictive capabilities and the relationships between the constructs. To develop these analyses, the following steps should be performed (Hair Jr. et al., 2014):

- Assess the significance and relevance of the structural model relationships;
- Assess the level of  $R^2$ ;
- Assess the effect sizes ( $f^2$ );
- Assess the predictive relevance ( $Q^2$ ).

The significance of the structural model is based on the estimated coefficient standard errors that stem from the structural model relationships (path coefficients). This represents the hypothesized relationships among the constructs. The standard error is obtained by means of **bootstrapping** (technique of estimation that uses a large

number of subsamples from the original data without relying on distributional assumptions), which allows one to compute the empirical ***t* value**.

When the *t* value is larger than the critical value, this indicates that the coefficient is significant at a certain level, which in the marketing field normally means 5% (Hair Jr. et al., 2014). Significance can also be measured by means of the ***p* value** (probability of erroneously rejecting the null hypothesis) and **confidence interval** (estimated range of values that is likely to include an unknown population parameter). The relevance of the relationships within the structural model can be assessed by the identification of highly relevant path coefficients that explain a specific construct.

The figure below shows the SEM with the values of the Student *t* tests obtained by means of the Bootstrapping module of SmartPLS:

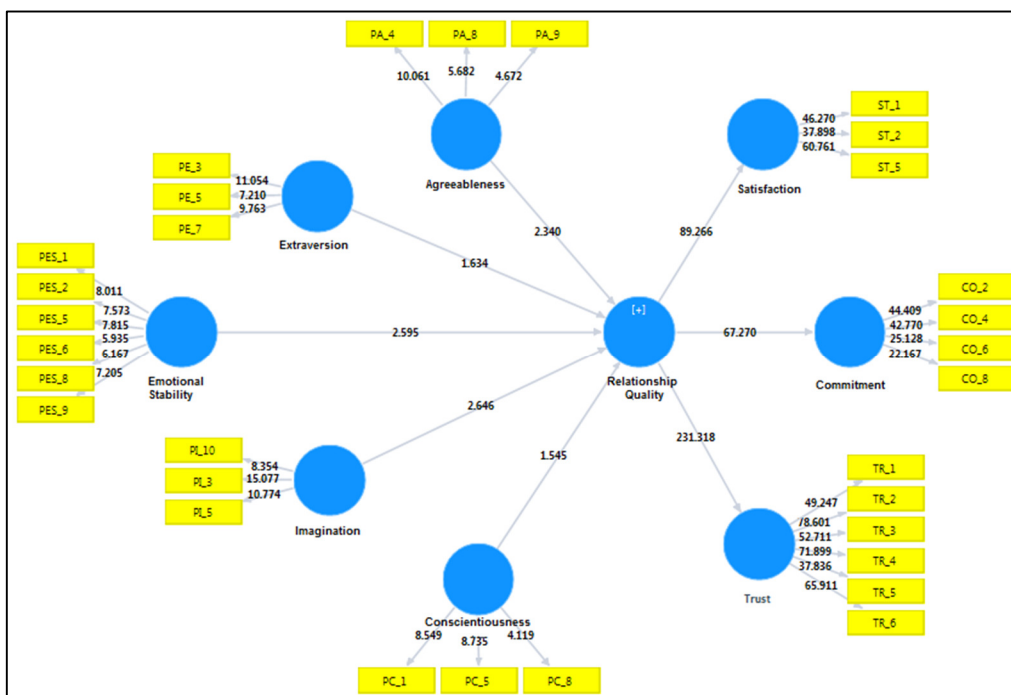


Figure 4.4: Model 1 - Values of the Student *t* tests obtained via Bootstrapping  
Source: SmartPLS – 3.1.9 (2015)

The table below shows significance and relevance of the structural model relationships:

Table 4.27: Model 1- Significance and relevance of the structural model

	<b>Original Sample</b>	<b>Sample Mean</b>	<b>Standard Error</b>	<b>T Statistics</b>	<b>P Values</b>
Agreeab -> Relationship Quality	0.133	0.140	0.057	2.340	0.019
Conscientiousness -> Relationship Quality	0.076	0.087	0.049	1.545	0.122
Extraversion -> Relationship Quality	0.080	0.087	0.049	1.634	0.102
Emotional Stability-> Relationship Quality	0.115	0.131	0.044	2.595	0.009
Imagination -> Relationship Quality	0.138	0.140	0.052	2.646	0.008
Relationship Quality -> Commitment	0.915	0.915	0.014	67.270	0.000
Relationship Quality -> Satisfaction	0.936	0.936	0.010	89.266	0.000
Relationship Quality -> Trust	0.968	0.968	0.004	231.318	0.000

Source: SmartPLS – 3.1.9 (2015)

According to the table and the figure, all of the values of the relationships Observable Variables – Latent Variables and Latent Variables – Latent Variables are above the referenced value of 1.96, except for the relationship between PE-RQ (extraversion – relationship quality) and PC-RQ (conscientiousness – relationship quality), although PE-RQ is very close to the referenced value of 1.65, which means significance with  $p \leq 0,10$ . In all the remaining cases (agreeableness, emotional stability, and imagination to relationship quality)  $H_0$  was rejected and it can be said that the correlations and the coefficients of the regression are significant, as they are different from zero.

#### 4.6.3 Coefficient of Determination – $R^2$ Value

The most common method to measure the accuracy of a structural model is through the coefficient of determination ( $R^2$ ). This is calculated as the squared correlation between the actual and predicted values of a specific endogenous construct, and it represents the combined effects of the exogenous latent variables on the prediction of the endogenous latent variable, ranging from 1 to zero, where higher levels are associated with higher levels of predictive accuracy. This also represents the amount

of variance in the endogenous constructs as explained by the exogenous constructs linked to it (Hair Jr. et al., 2009, 2014).

However, the  $R^2$  value alone is not a reliable approach when selecting a model, given that the addition of further constructs in an attempt to explain an endogenous latent variable will always increase its  $R^2$ . In this situation, the **adjusted  $R^2$  value** can be used to avoid bias toward complex models, as this measure takes the model's complexity and samples sizes into consideration (Hair Jr. et al., 2014).

According to table 4.25, the adjusted  $R^2$  value of the model for Relationship Quality is 10.2%, which in the social and behavioral sciences may be categorized as producing between a small ( $R^2 = 2\%$ ) and medium effect ( $R^2 = 13\%$ ) (Cohen, 1988)

#### 4.6.4 Effect Size $f^2$

The  $f^2$  effect size is a measure that assesses the relative impact of a prediction construct on an endogenous construct (Hair Jr. et al., 2014) and is calculated as follows:

$$f^2 = \frac{R^2_{\text{included}} - R^2_{\text{excluded}}}{1 - R^2_{\text{included}}}$$

Where  $R^2_{\text{included}}$  is the  $R^2$  value of the endogenous latent variable when a selected exogenous variable is included, and  $R^2_{\text{excluded}}$  is the  $R^2$  value of the endogenous latent variable when a selected exogenous variable is excluded from the model.  $F^2$  values of 0.02, 0.15, and 0.35, respectively, represent small, medium, and large effects of the exogenous latent variable (Cohen, 1992; Hair Jr. et al., 2014).

$f^2$  is calculated in the SmartPLS through the Blindfolding module, and the effects of the variables on the general adjustment of the model are presented below:

Table 4.28: Model 1 - effect size  $f^2$

	<b>SSO</b>	<b>SSE</b>	<b>1-SSE/SSO</b>	<b>Effect</b>
Commitment	1,368.000	718.999	0.474	large
Agreeableness	1,026.000	978.278	0.047	small
Conscientiousness	1,026.000	933.545	0.090	small
Extraversion	1,026.000	884.808	0.138	medium
Emotional Stability	2,052.000	1,457.877	0.290	medium
Imagination	1,026.000	819.402	0.201	medium
Relationship Quality	4,446.000	1,616.467	0.636	large
Satisfaction	1,026.000	477.449	0.535	large
Trust	2,052.000	538.904	0.737	large

Source: SmartPLS – 3.1.9 (2015)

#### 4.6.5 Predictive relevance $Q^2$

Stone-Geisser's  $Q^2$  value is an indicator of the model's predictive relevance. It is obtained by using the Blindfolding procedure (sample reuse technique in which part of the data matrix is omitted, and the omitted part is predicted by the model estimates). This value can be calculated by the cross-validated redundancy approach, whose structure is based on the estimates of both the structural model and the measurement model. It represents a measure of the path model's accuracy in predicting the originally observed values. Values of  $Q^2$  greater than zero should be obtained as assessment criteria (HAIR et al., 2014). The table below shows that the values of  $Q^2$  exceed this threshold:

Table 4.29: Model 1 - Predictive Relevance  $Q^2$

	<b>SSO</b>	<b>SSE</b>	<b>1-SSE/SSO</b>
Commitment	1,368.000	583.711	0.573
Agreeableness	1,026.000	1,026.000	
Conscientiousness	1,026.000	1,026.000	
Extraversion	1,026.000	1,026.000	
Emotional Stability	2,052.000	2,052.000	
Imagination	1,026.000	1,026.000	
Relationship Quality	4,446.000	4,099.807	0.078
Satisfaction	1,026.000	327.572	0.681
Trust	2,052.000	485.085	0.764

Source: SmartPLS – 3.1.9 (2015)

For models in which all of the indicators are reflexive, as occurred in the present case, it is possible to verify the general adjustment indicator of the model – GoF or Goodness of Fit - which is the geometric mean (square root of the product of two indicators)

between the median  $R^2$  (goodness of fit of the structural model) and the mean weight of the AVE (goodness of fit for the measuring model) (Tenenhaus et al., 2005). According to Wetzels, Odekerken-Schröder, and van Oppen (2009), for the areas of the social and behavioral sciences, the value of 0.36 is an adequate measure. In the present model, the value of GoF is 0.748, indicating that the model has a good capacity for adjustment.

The table below shows the GoF to the present model:

Table 4.30: Model 1 - Global quality of the adjusted model

	<b>R Square</b>	<b>R Square Adj</b>	<b>AVE</b>	<b>OV</b>	<b>AVE x OV</b>
<b>Commitment</b>	0,837	0,837	0,690	4	2,759
<b>Satisfaction</b>	0,876	0,876	0,778	3	2,334
<b>Trust</b>	0,937	0,937	0,817	6	4,899
<b>Agreeableness</b>	-	-	0,503	3	1,509
<b>Conscientiousness</b>	-	-	0,529	3	1,586
<b>Extraversion</b>	-	-	0,562	3	1,685
<b>Emotional Stability</b>	-	-	0,509	6	3,051
<b>Imagination</b>	-	-	0,597	3	1,791
<b>Mean</b>		0,883		31	0,633
<b>GoF</b>					0,748

Source: SmartPLS – 3.1.9 (2015)

Finally are presented the path coefficients of the adjusted model:

Table 4.31: Model 1 - Path coefficients and evaluation of the causal relations

<b>Causal Relations</b>	<b>Path Coefficients</b>	<b>T Statistics</b>	<b>P Values</b>	<b>Sig.</b>
Agreeab -> Relationship Quality	0.133	2.340	0.019	Significant 5%
Conscientiousness -> Relationship Quality	0.076	1.545	0.122	Not significant
Extraversion -> Relationship Quality	0.080	1.634	0.102	Significant 10%
Emotional Stability-> Relationship Quality	0.115	2.595	0.009	Significant 5%
Imagination -> Relationship Quality	0.138	2.646	0.008	Significant 5%
Relationship Quality -> Commitment	0.915	67.270	0.000	Significant 1%
Relationship Quality -> Satisfaction	0.936	89.266	0.000	Significant 1%
Relationship Quality -> Trust	0.968	231.318	0.000	Significant 1%

Source: SmartPLS – 3.1.9 (2015)



The table below shows the results of the model and the conclusions reached concerning the tested hypotheses:

Table 4.32: Model 1 - Hypotheses and substantive conclusions

Criterion variables		Predicted effect	beta	p-value	Substantive conclusions
Agreeableness	$H_1$	Positive	0.133	0.019	$H_1$ supported
Extraversion	$H_2$	Negative	0.080	0.102	$H_2$ not supported
Emotional stability	$H_3$	Positive	0.115	0.009	$H_3$ supported
Imagination	$H_4$	Positive	0.138	0.008	$H_4$ supported
Conscientiousness	$H_5$	Positive	0.076	0.122	$H_5$ not supported

Source: SmartPLS – 3.1.9 (2015)

#### 4.7 Model 2 – Relationship Quality as Antecedent of Performance

The second model to be assessed tests the relationship between the constructs of relationship quality and performance. According to the model below, the H6 hypothesis was tested, and the following analyses were reached:

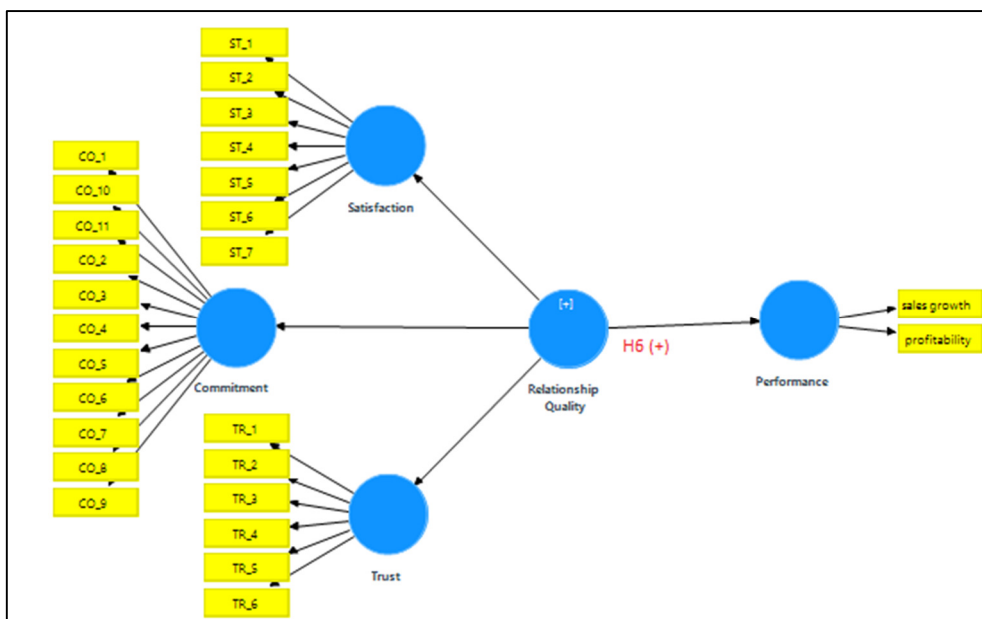


Figure 4.5: Model 2 - Relationship quality as antecedent of performance

Source: SmartPLS – 3.1.9 (2015)

The figure below shows the measurement model with the values of the correlations between the observed variables and the latent variables without adjustments:

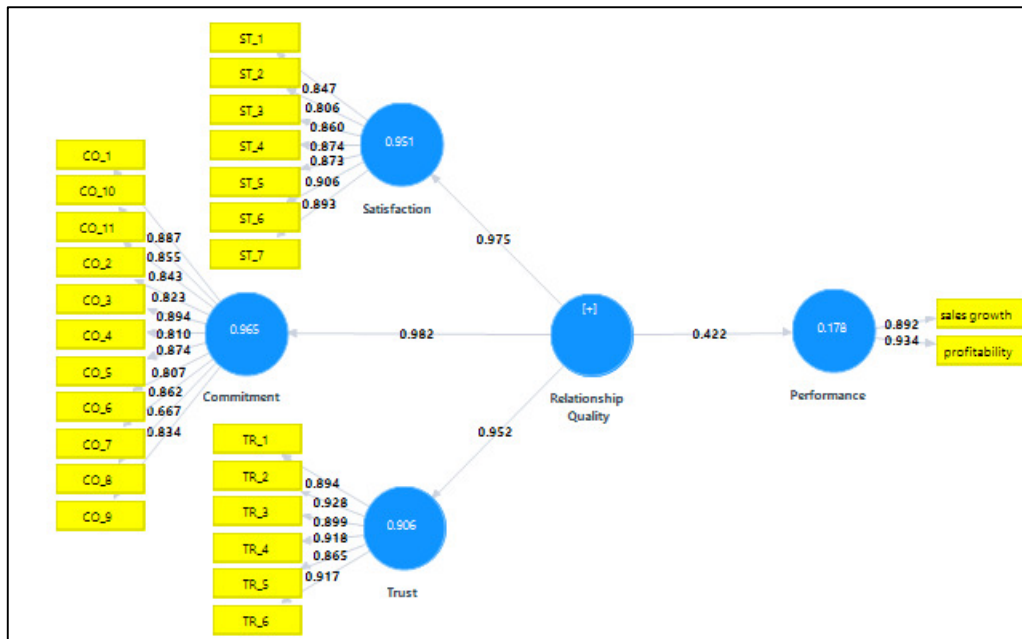


Figure 4.6: Model 2 - Evaluation of Measurement  
Source: SmartPLS – 3.1.9 (2015)

The table below shows the values of the quality adjustment of the initial model:

Table 4.33: Model 2 - Values for the adjustment quality

	<b>R Square</b>	<b>R Square Adj.</b>	<b>AVE</b>	<b>Composite Reliability</b>	<b>Cronbachs Alpha</b>
<b>Relationship Quality</b>			0,701	0,982	0,981
<b>Commitment</b>	0,965	0,965	0,696	0,962	0,956
<b>Satisfaction</b>	0,951	0,951	0,750	0,955	0,944
<b>Trust</b>	0,906	0,906	0,817	0,964	0,955
<b>Performance</b>	0,178	0,176	0,834	0,909	0,803

Source: SmartPLS – 3.1.9 (2015)

Taking into account that all of the variables reached convergent validity values (AVE) of above 0.50, the elimination of factors was deemed unnecessary.

Next, the discriminant analysis is verified by means of cross-loading and the Fornell-Larcker criterion:

Table 4.34: Model 2 - Values of the cross loads of the OVs and LVs

	<b>Commitment</b>	<b>Satisfaction</b>	<b>Trust</b>	<b>Performance</b>
<b>CO_1</b>	0,887	0,841	0,818	0,398
<b>CO_10</b>	0,855	0,779	0,754	0,315
<b>CO_11</b>	0,843	0,862	0,796	0,308
<b>CO_2</b>	0,823	0,755	0,742	0,384
<b>CO_3</b>	0,894	0,861	0,820	0,331
<b>CO_4</b>	0,810	0,746	0,696	0,316
<b>CO_5</b>	0,874	0,836	0,788	0,397
<b>CO_6</b>	0,807	0,739	0,695	0,357
<b>CO_7</b>	0,862	0,819	0,740	0,450
<b>CO_8</b>	0,667	0,617	0,540	0,334
<b>CO_9</b>	0,834	0,765	0,794	0,349
<b>ST_1</b>	0,806	0,847	0,747	0,309
<b>ST_2</b>	0,728	0,806	0,724	0,323
<b>ST_3</b>	0,818	0,860	0,778	0,395
<b>ST_4</b>	0,830	0,874	0,801	0,388
<b>ST_5</b>	0,803	0,873	0,810	0,366
<b>ST_6</b>	0,848	0,906	0,820	0,378
<b>ST_7</b>	0,875	0,893	0,770	0,419
<b>TR_1</b>	0,796	0,802	0,894	0,321
<b>TR_2</b>	0,805	0,816	0,928	0,334
<b>TR_3</b>	0,817	0,832	0,899	0,345
<b>TR_4</b>	0,838	0,841	0,918	0,330
<b>TR_5</b>	0,765	0,764	0,865	0,304
<b>TR_6</b>	0,834	0,819	0,917	0,338
<b>profitability</b>	0,437	0,422	0,367	0,934
<b>sales growth</b>	0,336	0,350	0,291	0,892

Source: SmartPLS – 3.1.9 (2015)

Table 4.35: Model 2 – Values of the correlations between LVs and square roots of the AVE values in the main diagonal ( in orange and yellow)

	<b>Commitment</b>	<b>Performance</b>	<b>Satisfaction</b>	<b>Trust</b>
<b>Commitment</b>	0,834			
<b>Performance</b>	0,429	0,913		
<b>Satisfaction</b>	0,943	0,426	0,866	
<b>Trust</b>	0,896	0,364	0,900	0,904

Source: SmartPLS – 3.1.9 (2015)

This study therefore proceeded with the removal, one by one, of the variables with the least differences in the factorial cross-loads – ST\_3, ST\_4, ST\_6, ST\_7, CO\_1, CO\_3, CO\_5, CO\_7, CO\_10, and CO\_11 – meeting the Fornell-Larcker criterion (Fornell & Larcker, 1981), as can be seen below:

Table 4.36: Model 2 – Values of the correlations between LVs and square roots of the AVE values in the main diagonal ( in yellow) after the removal of new variables

	Commitment	Performance	Satisfaction	Trust
Commitment	0,831			
Performance	0,418	0,913		
Satisfaction	0,827	0,377	0,882	
Trust	0,810	0,363	0,863	0,904

Source: SmartPLS – 3.1.9 (2015)

The figure below shows the quality of the adjustment of the model after having reached the discriminant validity:

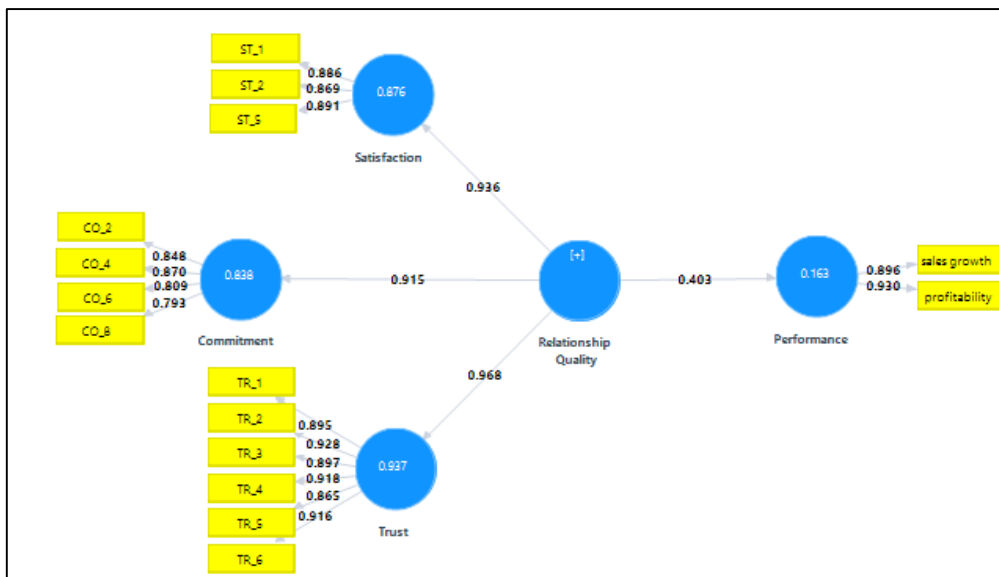


Figure 4.7: Model 2 – Quality of adjustment after obtaining discriminant validity

Source: SmartPLS – 3.1.9 (2015)

Next, the structural model is analyzed, together with the verification of the significance of the pathways. The figure below shows the Student *t* values for the model:

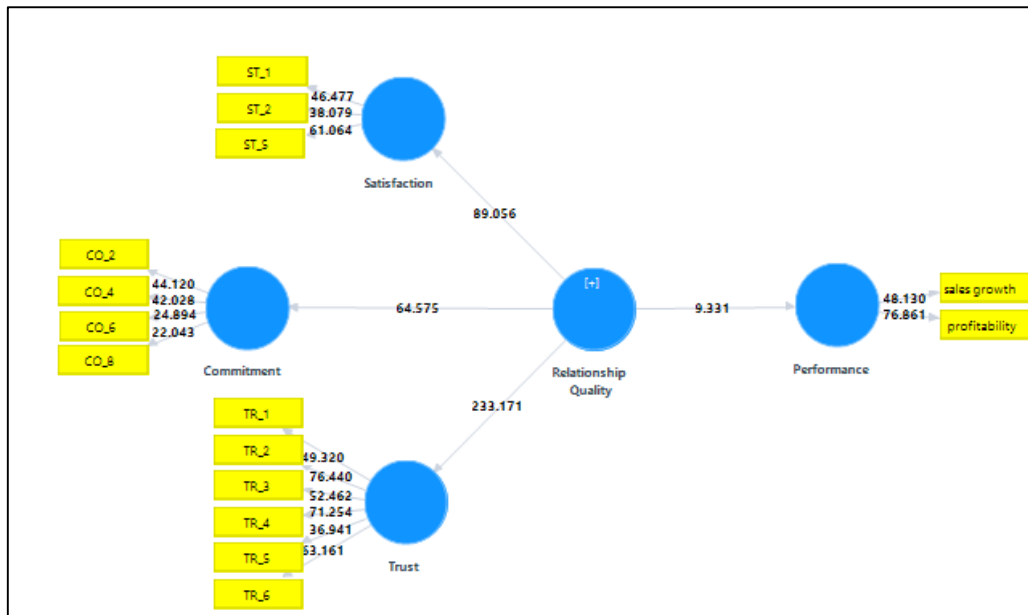


Figure 4.8: Model 2 – Values of the Student *t* tests obtained via Bootstrapping

Source: SmartPLS – 3.1.9 (2015)

The table below shows the significance and the relevance of the structural model relationships:

Table 4.37: Model 2 – Significance and relevance of the structural model

	Original Sample	Sample Mean	Standard Error	T Statistics	P Values
<b>Relationship Quality -&gt; Performance</b>	0,403	0,405	0,043	9,331	0,000
<b>Relationship Quality -&gt; Commitment</b>	0,915	0,915	0,014	64,575	0,000
<b>Relationship Quality -&gt; Satisfaction</b>	0,936	0,936	0,011	89,056	0,000
<b>Relationship Quality -&gt; Trust</b>	0,968	0,968	0,004	233,171	0,000

Source: SmartPLS – 3.1.9 (2015)

According the table and the figure above, all variable values are above the referenced value of 1,96, showing significance with  $p \leq 0,01$

The tables below show respectively  $f^2$  effect size, and the predictive relevance  $Q^2$  of the model:

Table 4.38 – Model 2 - Effect size  $f^2$

	<b>SSO</b>	<b>SSE</b>	<b>1-SSE/SSO</b>	<b>Effect</b>
<b>Commitment</b>	1.368,000	719,016	0,474	Large
<b>Performance</b>	684,000	383,623	0,439	Large
<b>Relationship Quality</b>	4.446,000	1.616,692	0,636	Large
<b>Satisfaction</b>	1.026,000	477,451	0,535	Large
<b>Trust</b>	2.052,000	538,902	0,737	Large

Source: SmartPLS – 3.1.9 (2015)

Table 4.39: Model 2 - Predictive relevance  $Q^2$

	<b>SSO</b>	<b>SSE</b>	<b>1-SSE/SSO</b>
<b>Commitment</b>	1.368,000	583,167	0,574
<b>Performance</b>	684,000	592,384	0,134
<b>Relationship Quality</b>	4.446,000	4.446,000	
<b>Satisfaction</b>	1.026,000	327,609	0,681
<b>Trust</b>	2.052,000	485,595	0,763

Source: SmartPLS – 3.1.9 (2015)

The table below shows the Goodness of Fit of the model, with the value of 0,739, indicating a good adjustment of the model

Table 4.40: Model 2 – Global quality of the adjusted model

	<b>R Square</b>	<b>R Square</b>	<b>AVE</b>	<b>OV</b>	<b>AVE x OV</b>
<b>Commitment</b>	0,838	0,837	0,690	4	2,759
<b>Performance</b>	0,163	0,160	0,834	2	1,668
<b>Satisfaction</b>	0,876	0,876	0,778	3	2,334
<b>Trust</b>	0,937	0,937	0,817	6	4,899
<b>Mean</b>		0,703		15	0,777
<b>GoF</b>					0,739

Source: SmartPLS – 3.1.9 (2015)

Finally are presented the results to hypothesis H<sub>6</sub> and the path coefficients of the adjusted model:

Table 4.41: Model 2 – Hypothesis and substantive conclusions

Hypotheses	Causal Relations	Path Coefficients	T Statistics	P Values	Sig.
<b>H<sub>6</sub> supported</b>	Relationship Quality -> Performance	0,403	9,331	0,000	Significant 1%
	Relationship Quality -> Commitment	0,915	64,575	0,000	Significant 1%
	Relationship Quality -> Satisfaction	0,936	89,056	0,000	Significant 1%
	Relationship Quality -> Trust	0,968	233,171	0,000	Significant 1%

Source: SmartPLS – 3.1.9 (2015)

As presented by the model, there is a positive and significant connection between relationship quality and performance.

#### 4.8 Model 3 - Individual Personality Traits as Antecedentes of Performance

The third model to be assessed adds the relationship between personality traits and performance to the first model. The H7, H8, H9, H10, and H11 hypotheses are tested and the analyses are performed.

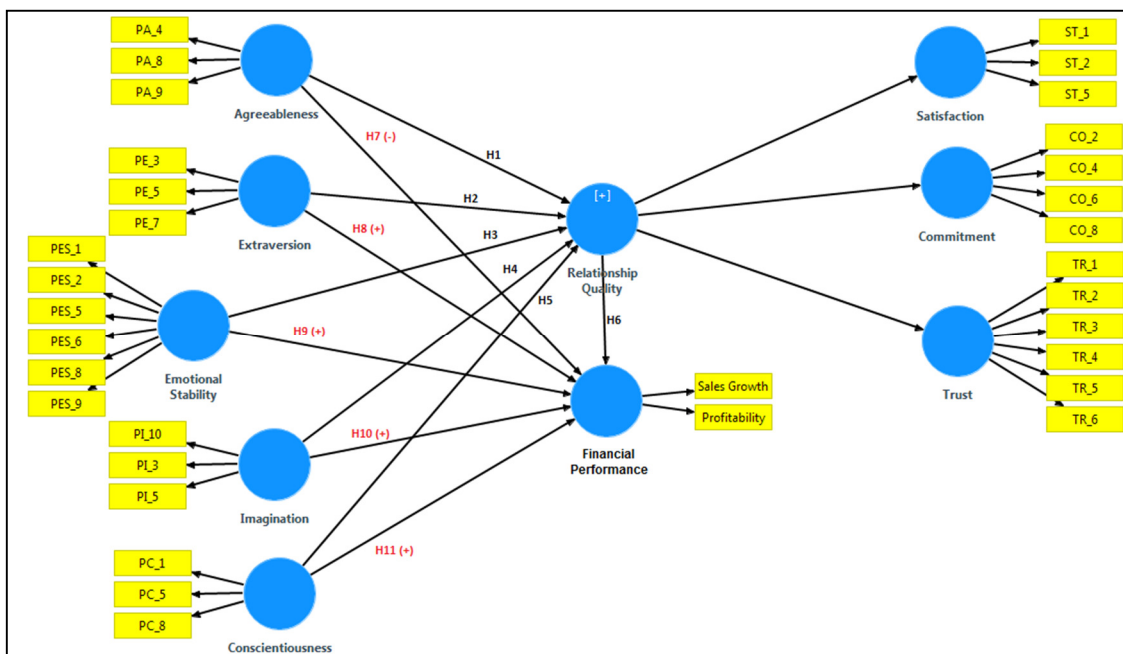


Figure 4.9: Model 3 - Individual Personality Traits as Antecedentes of Performance

Source: SmartPLS – 3.1.9 (2015)

The figure below shows the measurement model with the values of the correlations between the observed variables and the latent variables:

### Model 3 – Measurement Model

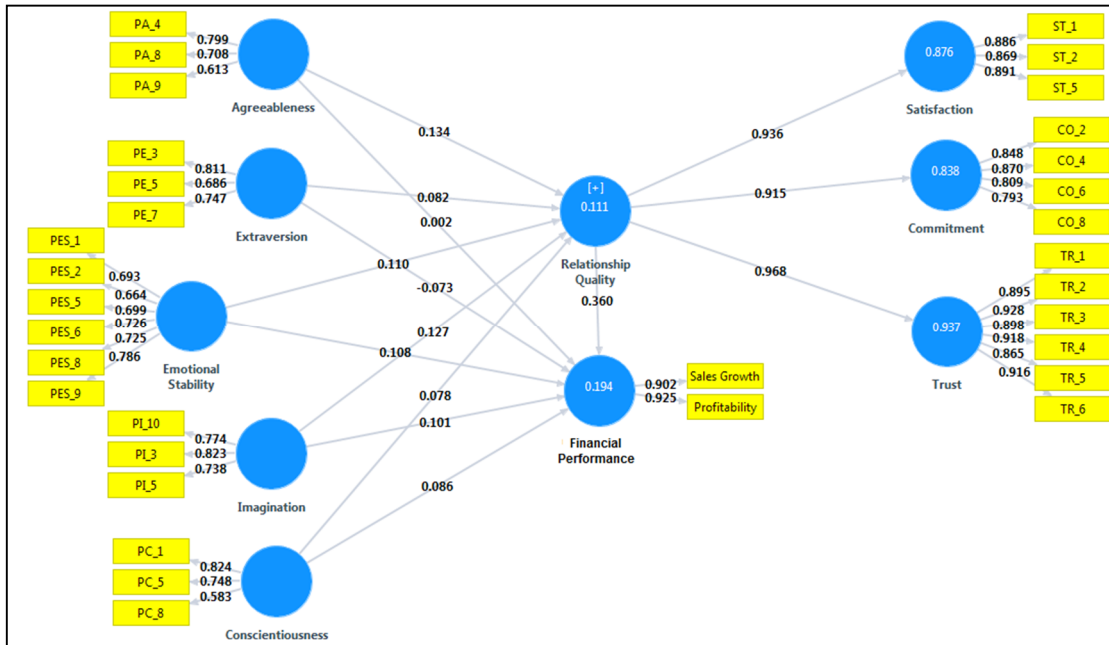


Figure 4.10: Model 3 – Evaluation of Measurement

Source: SmartPLS – 3.1.9 (2015)

The table below shows the values of the quality of the model adjustment:

Table 4.42: Model 3 – Values for the adjustment quality

	R Square	R Square Adj	AVE	Composite Reliability	Cronbachs Alpha
<b>Relationship Quality</b>	0,111	0,097	0,688	0,966	0,962
<b>Commitment</b>	0,838	0,837	0,690	0,899	0,850
<b>Satisfaction</b>	0,876	0,876	0,778	0,913	0,857
<b>Trust</b>	0,937	0,937	0,817	0,964	0,955
<b>Performance</b>	0,194	0,180	0,835	0,910	0,803
<b>Agreeableness</b>	-	-	0,505	0,752	0,553
<b>Conscientiousness</b>	-	-	0,526	0,765	0,555
<b>Emotional Stability</b>	-	-	0,514	0,863	0,819
<b>Extraversion</b>	-	-	0,563	0,793	0,620
<b>Imagination</b>	-	-	0,607	0,822	0,683

Source: SmartPLS – 3.1.9 (2015)

Taking into account that all of the variables reached convergent validity values (AVE) of above 0.50, the elimination of factors was deemed unnecessary.



Next, the discriminant analysis is verified by means of cross-loading and the Fornell-Larcker criterion:

Table 4.43: Model 3 – Values of the cross loads of the OVs and LVs

	Comm it	Agree ab	Consc	Emot Stabil	Extrav	Imagin at	Perfor m	Satisf	Trust
CO_2	0,848	0,250	0,144	0,146	0,171	0,199	0,382	0,714	0,742
CO_4	0,870	0,201	0,223	0,149	0,180	0,159	0,315	0,720	0,696
CO_6	0,809	0,160	0,101	0,112	0,120	0,198	0,354	0,678	0,695
CO_8	0,793	0,162	0,172	0,093	0,140	0,180	0,335	0,627	0,540
PA_4	0,236	0,799	0,140	0,084	0,253	0,224	0,091	0,167	0,216
PA_8	0,138	0,708	0,172	0,118	0,252	0,335	0,120	0,145	0,139
PA_9	0,073	0,613	0,054	0,082	0,207	0,110	0,034	0,094	0,070
PC_1	0,176	0,152	0,824	0,160	0,376	0,259	0,173	0,135	0,140
PC_5	0,136	0,157	0,748	0,057	0,205	0,207	0,090	0,128	0,130
PC_8	0,092	0,091	0,583	0,149	0,088	0,088	0,096	0,086	0,091
PES_1	0,103	0,023	0,053	0,693	0,025	0,046	0,054	0,097	0,082
PES_2	0,175	0,151	0,123	0,664	0,075	0,052	0,182	0,172	0,179
PES_5	0,096	0,104	0,151	0,699	0,166	0,069	0,128	0,142	0,103
PES_6	0,051	0,101	0,065	0,726	0,108	0,129	0,100	0,077	0,065
PES_8	0,073	0,061	0,168	0,725	0,113	0,117	0,150	0,088	0,090
PES_9	0,092	0,055	0,120	0,786	0,118	0,125	0,104	0,099	0,085
PE_3	0,165	0,305	0,346	0,154	0,811	0,265	0,071	0,188	0,168
PE_5	0,100	0,235	0,257	0,052	0,686	0,310	0,052	0,101	0,102
PE_7	0,139	0,206	0,157	0,100	0,747	0,166	0,054	0,172	0,165
PI_10	0,108	0,237	0,196	0,088	0,206	0,774	0,175	0,092	0,089
PI_3	0,225	0,304	0,148	0,075	0,283	0,823	0,171	0,246	0,207
PI_5	0,161	0,225	0,310	0,128	0,240	0,738	0,116	0,175	0,180
S.Grt	0,344	0,076	0,167	0,151	0,066	0,201	0,902	0,321	0,291
Profit	0,415	0,148	0,151	0,185	0,079	0,164	0,925	0,365	0,367
ST_1	0,761	0,202	0,160	0,186	0,204	0,199	0,307	0,886	0,748
ST_2	0,703	0,141	0,093	0,124	0,173	0,193	0,323	0,869	0,724
ST_5	0,722	0,184	0,176	0,142	0,184	0,223	0,365	0,891	0,810
TR_1	0,738	0,226	0,168	0,136	0,192	0,188	0,320	0,785	0,895
TR_2	0,716	0,184	0,083	0,120	0,161	0,176	0,333	0,790	0,928
TR_3	0,717	0,193	0,143	0,148	0,197	0,235	0,342	0,758	0,898
TR_4	0,769	0,204	0,157	0,139	0,159	0,192	0,329	0,816	0,918
TR_5	0,697	0,222	0,168	0,151	0,171	0,189	0,302	0,740	0,865
TR_6	0,750	0,174	0,196	0,158	0,199	0,171	0,337	0,789	0,916

Source: SmartPLS – 3.1.9 (2015)

Table 4.44: Model 3 – Values of the correlations between LVs and square roots of the AVE values in the main diagonal (in yellow)

	Agreeab	Comm it	Consc	Emot Stab	Extrav	Imagin at	Perfor m	Satisf	Trust
Agreeab	0,711								
Comm it	0,235	0,831							
Consc	0,187	0,192	0,725						
Emot Stab	0,131	0,152	0,170	0,717					
Extrav	0,333	0,184	0,339	0,145	0,750				
Imagin at	0,334	0,221	0,270	0,121	0,317	0,779			
Perfor m	0,125	0,417	0,173	0,185	0,080	0,198	0,914		
Satisf	0,200	0,827	0,163	0,171	0,212	0,233	0,376	0,882	
Trust	0,222	0,810	0,168	0,157	0,199	0,212	0,362	0,863	0,904

Source: SmartPLS – 3.1.9 (2015)

Next, the structural model is analyzed, together with the verification of the significance of the pathways. The figure below shows the Student *t* values for the model:

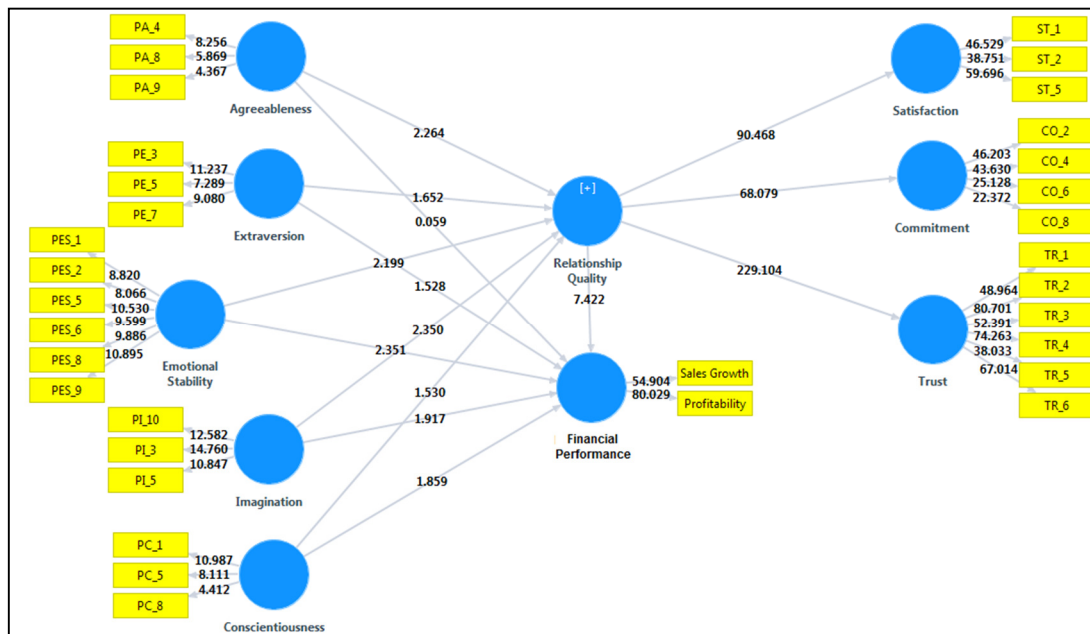


Figure 4.11: Model 3 – Values of the Student *t* tests obtained via Bootstrapping

Source: SmartPLS – 3.1.9 (2015)

The table below shows the significance and the relevance of the structural model relationships:

Table 4.45: Model 3 – Significance and relevance of the structural model

	Original Sample	Sample Mean	Standard Error	T Statistics	P Values
Agreeableness -> Relationship Quality	0,134	0,142	0,059	2,264	0,024
Conscientiousness -> Relationship Quality	0,078	0,087	0,051	1,530	0,126
Emotional Stability -> Relationship Quality	0,110	0,120	0,050	2,199	0,028
Extraversion -> Relationship Quality	0,082	0,091	0,050	1,652	0,099
Imagination -> Relationship Quality	0,127	0,127	0,054	2,350	0,019
Agreeableness -> Performance	0,002	0,046	0,035	0,059	0,953
Conscientiousness -> Performance	0,086	0,090	0,046	1,859	0,063
Emotional Stability -> Performance	0,108	0,115	0,046	2,351	0,019
Extraversion -> Performance	-0,073	-0,077	0,048	1,528	0,127
Imagination -> Performance	0,101	0,104	0,053	1,917	0,055
Relationship Quality -> Commitment	0,915	0,916	0,013	68,079	0,000
Relationship Quality -> Satisfaction	0,936	0,936	0,010	90,468	0,000
Relationship Quality -> Trust	0,968	0,968	0,004	229,104	0,000
Relationship Quality -> Performance	0,360	0,356	0,048	7,422	0,000

Source: SmartPLS – 3.1.9 (2015)

According the table and the figure above, agreeableness and extraversion values related to performance are below the referenced values of 1,96 ( $p \leq 0,05$ ) or 1,65 ( $p \leq 0,10$ ), showing no significance with this construct. Emotional stability and imagination have T statistics values higher than 1,96, and conscientiousness has T statistics value higher than 1,65, which means the values are significant at the 5%, and 10% level of significance, respectively.

The tables below show respectively  $f^2$  effect size, and the predictive relevance  $Q^2$  of the model:

Table 4.46: Model 3 - Effect size  $f^2$

	SSO	SSE	1-SSE/SSO	Effect
<b>Agreeableness</b>	1.026,000	983,178	0,042	Small
<b>Commitment</b>	1.368,000	719,009	0,474	Large
<b>Conscientiousness</b>	1.026,000	943,751	0,080	Small
<b>Emotional Stability</b>	2.052,000	1.445,280	0,296	Medium
<b>Extraversion</b>	1.026,000	883,010	0,139	Small
<b>Imagination</b>	1.026,000	803,922	0,216	Medium
<b>Performance</b>	684,000	382,516	0,441	Large
<b>Relationship Quality</b>	4.446,000	1.616,816	0,636	Large
<b>Satisfaction</b>	1.026,000	477,450	0,535	Large
<b>Trust</b>	2.052,000	538,904	0,737	Large

Source: SmartPLS – 3.1.9 (2015)

Table 4.47: Model 3 - Predictive relevance  $Q^2$

	SSO	SSE	1-SSE/SSO
<b>Agreeableness</b>	1.026,000	1.026,000	
<b>Commitment</b>	1.368,000	582,987	0,574
<b>Conscientiousness</b>	1.026,000	1.026,000	
<b>Emotional Stability</b>	2.052,000	2.052,000	
<b>Extraversion</b>	1.026,000	1.026,000	
<b>Imagination</b>	1.026,000	1.026,000	
<b>Performance</b>	684,000	587,728	0,141
<b>Relationship Quality</b>	4.446,000	4.112,728	0,075
<b>Satisfaction</b>	1.026,000	327,608	0,681
<b>Trust</b>	2.052,000	485,728	0,763

Source: SmartPLS – 3.1.9 (2015)

The table below shows the Goodness of Fit of the model, with the value of 0,676, indicating a good adjustment of the model

Table 4.48: Model 3 – Global quality of the adjusted model

	R Square	R Square Adj	AVE	OV	AVE x OV
<b>Commitment</b>	0,838	0,837	0,690	4	2,759
<b>Satisfaction</b>	0,876	0,876	0,778	3	2,334
<b>Trust</b>	0,937	0,937	0,817	6	4,899
<b>Performance</b>	0,194	0,180	0,835	2	1,670
<b>Agreeableness</b>	-	-	0,505	3	1,515
<b>Conscientiousness</b>	-	-	0,526	3	1,577
<b>Emotional Stability</b>	-	-	0,514	6	3,081
<b>Extraversion</b>	-	-	0,563	3	1,688
<b>Imagination</b>	-	-	0,607	3	1,821
<b>Mean</b>		0,707		33	0,647
<b>GOF</b>					0,676

Source: SmartPLS – 3.1.9 (2015)

Finally are presented the results to hypothesis H<sub>7</sub>, H<sub>8</sub>, H<sub>9</sub>, H<sub>10</sub>, and H<sub>11</sub> and the path coefficients of the adjusted model:

Table 4.49: Model 3 – Hypotheses and substantive conclusions

Hypotheses	Causal Relations	Path Coefficients	T Statistics	P Values	Sig
	Agreeableness -> Relationship Quality	0,134	2,264	0,024	Significant 5%
	Extraversion -> Relationship Quality	0,082	1,652	0,099	Significant 10%
	Emotional Stability -> Relationship Quality	0,110	2,199	0,028	Significant 5%
	Imagination -> Relationship Quality	0,127	2,350	0,019	Significant 5%
	Conscientiousness -> Relationship Quality	0,078	1,530	0,126	Not significant
<b>H<sub>7</sub> - not supported</b>	Agreeableness -> Performance	0,002	0,059	0,953	Not significant
<b>H<sub>8</sub> - not supported</b>	Extraversion -> Performance	-0,073	1,528	0,127	Not significant
<b>H<sub>9</sub> - supported</b>	Emotional Stability -> Performance	0,108	2,351	0,019	Significant 5%
<b>H<sub>10</sub> - supported</b>	Imagination -> Performance	0,101	1,917	0,055	Significant 10%
<b>H<sub>11</sub> - supported</b>	Conscientiousness -> Performance	0,086	1,859	0,063	Significant 10%
	Relationship Quality -> Commitment	0,915	68,079	0,000	Significant 1%
	Relationship Quality -> Satisfaction	0,936	90,468	0,000	Significant 1%
	Relationship Quality -> Trust	0,968	229,104	0,000	Significant 1%
	Relationship Quality -> Performance	0,360	7,422	0,000	Significant 1%

Source: SmartPLS – 3.1.9 (2015)

#### 4.9 Model 4 – Entrepreneur Drive, Relationship Quality, and Performance

The fourth model to be assessed adds the relationship between entrepreneurial drive and performance, as well as entrepreneurial drive and relationship quality, to the third model. Beginning from the already adjusted third model, the H12 and H13 hypotheses are tested and the following analyses are performed:

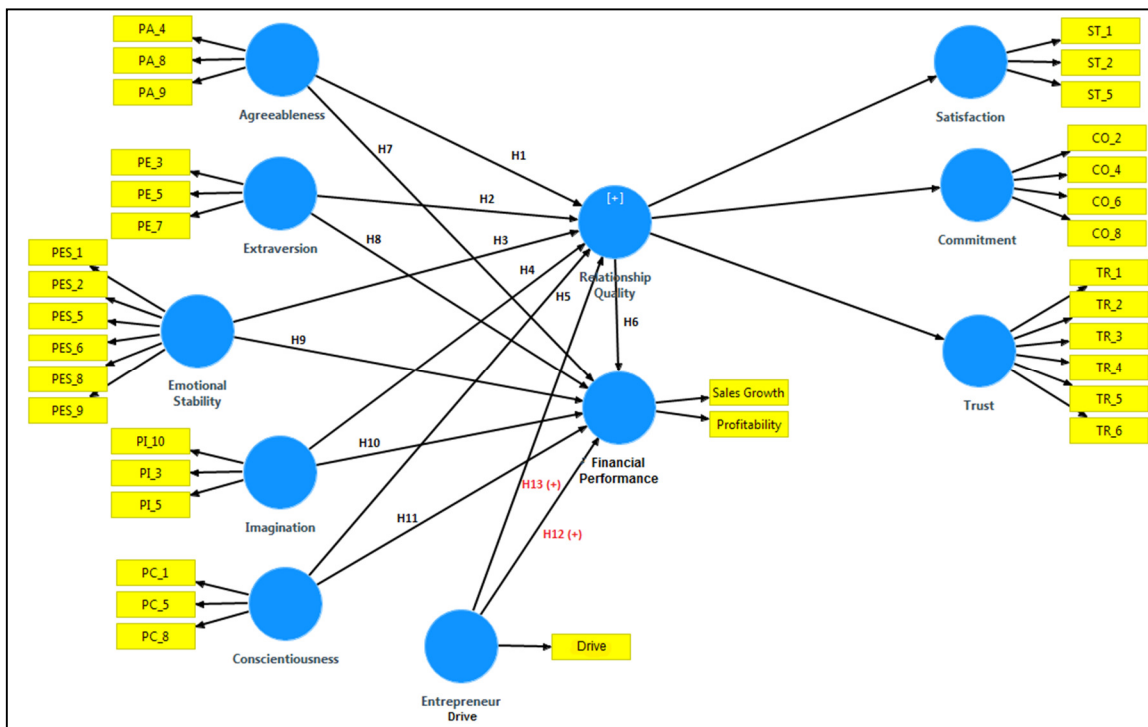


Figure 4.12: Model 4 – Entrepreneur Drive, Relationship Quality, and Performance

Source: SmartPLS – 3.1.9 (2015)

The figure below shows the measurement model with the values of the correlations between the observed variables and the latent variables:

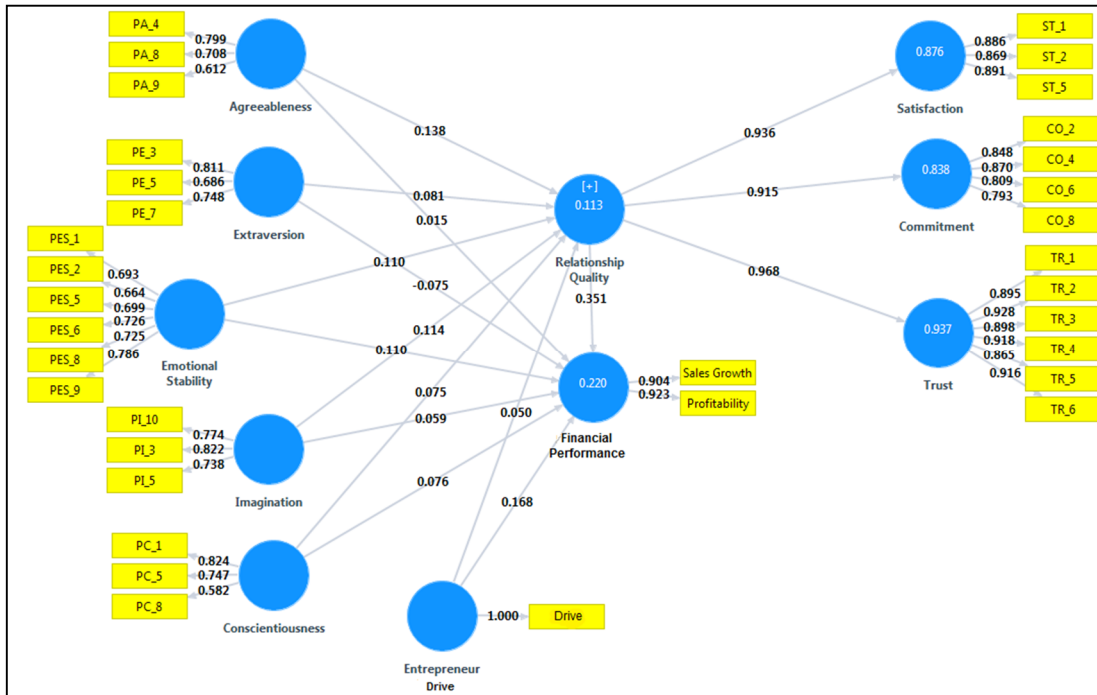


Figure 4.13: Model 4 – Evaluation of measurement  
Source: SmartPLS – 3.1.9 (2015)

The table below shows the values of the quality of the model adjustment:

Table 4.50: Model 4 – Values for the adjustment quality

	<b>R Square</b>	<b>R Square</b>	<b>AVE</b>	<b>Composite Reliability</b>	<b>Cronbachs Alpha</b>
<b>Relationship Quality</b>	0,113	0,097	0,688	0,966	0,962
<b>Commitment</b>	0,838	0,838	0,690	0,899	0,850
<b>Satisfaction</b>	0,876	0,876	0,778	0,913	0,857
<b>Trust</b>	0,937	0,936	0,817	0,964	0,955
<b>Performance</b>	0,220	0,204	0,835	0,910	0,803
<b>Agreeableness</b>	-	-	0,505	0,752	0,553
<b>Conscientiousness</b>	-	-	0,526	0,765	0,555
<b>Emotional Stability</b>	-	-	0,514	0,863	0,819
<b>Extraversion</b>	-	-	0,563	0,793	0,620
<b>Imagination</b>	-	-	0,607	0,822	0,683
<b>Entrepreneur Drive</b>	-	-	1,000	1,000	1,000

Source: SmartPLS – 3.1.9 (2015)

Taking into account that all of the variables reached convergent validity values (AVE) of above 0.50, the elimination of factors was deemed unnecessary.

Next, the discriminant analysis is verified by means of cross-loading and the Fornell-Larcker criterion:

Table 4.51: Model 4 - Values of the cross loads of the OVs and LVs

	Com mit	Agree ab	Consc	Emot Stab	Extrav	Imagi n	Perfor m	Drive	Satisf	Trust
CO_2	0,848	0,250	0,144	0,146	0,171	0,199	0,381	0,119	0,714	0,742
CO_4	0,870	0,201	0,223	0,148	0,180	0,158	0,315	0,110	0,720	0,696
CO_6	0,809	0,160	0,101	0,112	0,120	0,198	0,354	0,099	0,678	0,695
CO_8	0,793	0,162	0,172	0,093	0,140	0,180	0,335	0,127	0,627	0,540
PA_4	0,236	0,799	0,140	0,084	0,253	0,224	0,090	0,007	0,167	0,216
PA_8	0,138	0,708	0,172	0,118	0,252	0,335	0,120	0,087	0,145	0,139
PA_9	0,073	0,612	0,054	0,082	0,207	0,110	0,034	-0,067	0,094	0,070
PC_1	0,176	0,152	0,824	0,160	0,376	0,259	0,173	0,096	0,135	0,140
PC_5	0,136	0,157	0,747	0,057	0,205	0,207	0,090	0,061	0,128	0,130
PC_8	0,092	0,091	0,582	0,149	0,088	0,088	0,096	0,127	0,086	0,091
PES_1	0,103	0,023	0,053	0,693	0,025	0,046	0,054	0,035	0,097	0,082
PES_2	0,175	0,151	0,123	0,664	0,075	0,052	0,182	-0,003	0,172	0,179
PES_5	0,096	0,104	0,151	0,699	0,166	0,069	0,128	0,023	0,142	0,103
PES_6	0,051	0,101	0,065	0,726	0,108	0,129	0,100	0,027	0,077	0,065
PES_8	0,073	0,061	0,168	0,725	0,113	0,117	0,150	0,024	0,088	0,090
PES_9	0,092	0,055	0,120	0,786	0,118	0,125	0,104	0,043	0,099	0,085
PE_3	0,165	0,305	0,347	0,154	0,811	0,265	0,071	0,026	0,188	0,168
PE_5	0,100	0,235	0,257	0,052	0,686	0,310	0,052	0,124	0,101	0,102
PE_7	0,139	0,206	0,157	0,100	0,748	0,166	0,054	0,093	0,172	0,165
PI_10	0,108	0,237	0,196	0,088	0,206	0,774	0,175	0,233	0,092	0,089
PI_3	0,225	0,304	0,148	0,075	0,283	0,822	0,171	0,176	0,246	0,207
PI_5	0,161	0,225	0,310	0,128	0,240	0,738	0,116	0,210	0,175	0,180
Profit	0,415	0,148	0,151	0,185	0,079	0,164	0,923	0,194	0,365	0,367
Sales	0,344	0,076	0,167	0,151	0,066	0,201	0,904	0,221	0,321	0,291
Drive	0,136	0,032	0,126	0,029	0,097	0,258	0,226	1,000	0,083	0,086
ST_1	0,761	0,202	0,160	0,186	0,204	0,199	0,307	0,109	0,886	0,748
ST_2	0,703	0,141	0,093	0,124	0,173	0,193	0,323	0,050	0,869	0,724
ST_5	0,722	0,184	0,176	0,142	0,184	0,223	0,365	0,060	0,891	0,810
TR_1	0,738	0,226	0,168	0,136	0,192	0,188	0,320	0,059	0,785	0,895
TR_2	0,716	0,184	0,083	0,120	0,161	0,176	0,332	0,075	0,790	0,928
TR_3	0,717	0,193	0,143	0,148	0,197	0,235	0,342	0,076	0,758	0,898
TR_4	0,769	0,204	0,157	0,139	0,159	0,191	0,329	0,060	0,816	0,918
TR_5	0,697	0,222	0,168	0,151	0,171	0,189	0,301	0,121	0,740	0,865
TR_6	0,750	0,174	0,196	0,158	0,200	0,171	0,336	0,078	0,789	0,916

Source: SmartPLS – 3.1.9 (2015)



Table 4.52: Values of the correlations between LVs and square roots of the AVE values in the main diagonal (in yellow)

	Agreeab	Com mit	Consc	Emoti Stab	Entre p Drive	Extrav	Imagi n	Perfor m	Satisf	Trust
Agreeab	0,711									
Commit	0,235	0,831								
Consc	0,187	0,192	0,725							
Emot Stab	0,131	0,152	0,170	0,717						
Entrep Drive	0,032	0,136	0,126	0,029	1,000					
Extrav	0,333	0,184	0,339	0,145	0,097	0,750				
Imagin	0,334	0,221	0,270	0,121	0,258	0,317	0,779			
Perform	0,125	0,417	0,174	0,185	0,226	0,080	0,199	0,914		
Satisf	0,200	0,827	0,163	0,171	0,083	0,212	0,233	0,376	0,882	
Trust	0,222	0,810	0,168	0,157	0,086	0,199	0,212	0,362	0,863	0,904

Source: SmartPLS – 3.1.9 (2015)

Next, the structural model is analyzed, together with the verification of the significance of the pathways. The figure below shows the Student *t* values for the model:

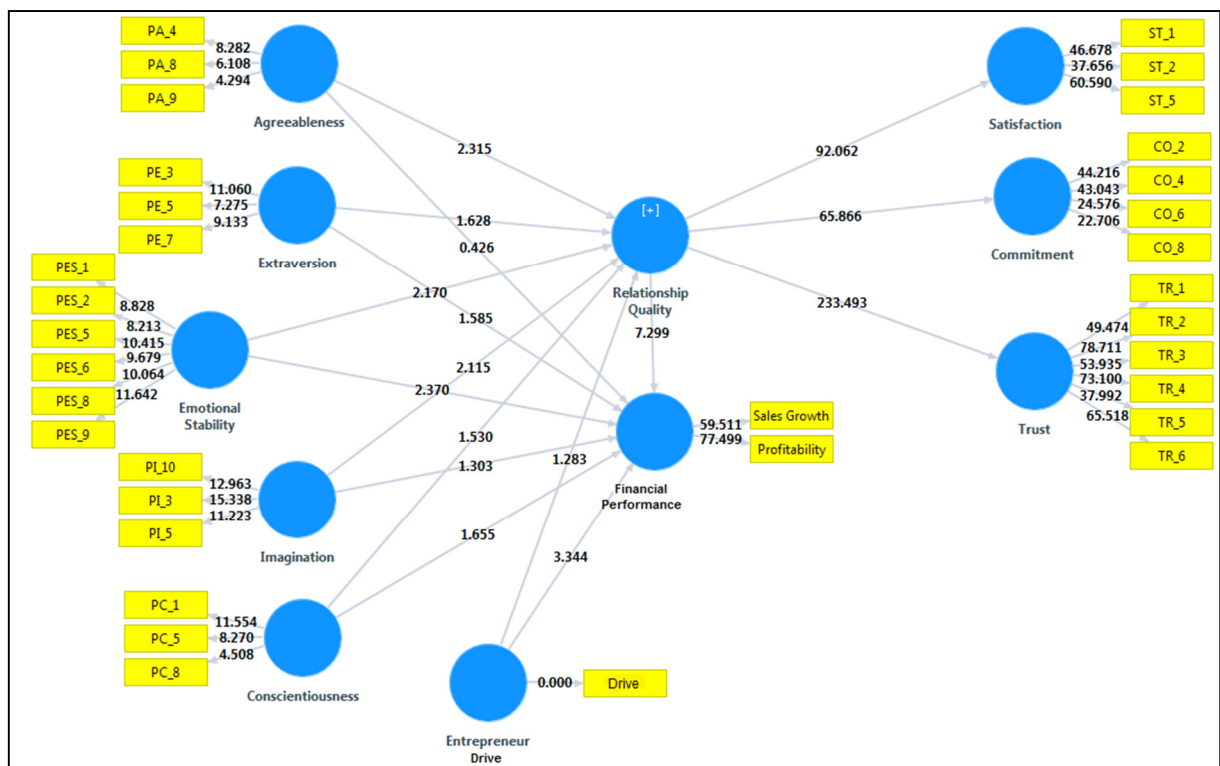


Figure 4.14: Model 4 – Values of the Student *t* tests obtained via Bootstrapping

Source: SmartPLS – 3.1.9 (2015)

The table below shows the significance and the relevance of the structural model relationships:

Table 4.53: Model 4 – Significance and relevance of the structural model

	Original Sample	Sample Mean	Standard Error	T Statistics	P Values
Agreeableness -> Relationship Quality	0,138	0,146	0,059	2,315	0,021
Extraversion -> Relationship Quality	0,081	0,090	0,050	1,628	0,104
Emotional Stability -> Relationship Quality	0,110	0,120	0,051	2,170	0,030
Imagination -> Relationship Quality	0,114	0,118	0,054	2,115	0,035
Conscientiousness -> Relationship Quality	0,075	0,082	0,049	1,530	0,126
Agreeableness -> Performance	0,015	0,046	0,035	0,426	0,670
Extraversion -> Performance	-0,075	-0,079	0,048	1,585	0,113
Emotional Stability -> Performance	0,110	0,116	0,046	2,370	0,018
Imagination -> Performance	0,059	0,066	0,045	1,303	0,193
Conscientiousness -> Performance	0,076	0,081	0,046	1,655	0,098
Entrepreneur Drive -> Performance	0,168	0,166	0,050	3,344	0,001
Entrepreneur Drive -> Relationship Quality	0,050	0,057	0,039	1,283	0,200
Relationship Quality -> Commitment	0,915	0,915	0,014	65,866	0,000
Relationship Quality -> Satisfaction	0,936	0,935	0,010	92,062	0,000
Relationship Quality -> Trust	0,968	0,968	0,004	233,493	0,000
Relationship Quality -> Performance	0,351	0,350	0,048	7,299	0,000

Source: SmartPLS – 3.1.9 (2015)

According the table and the figure above, entrepreneur drive values are below the referenced values of 1,96 ( $p \leq 0,05$ ) or 1,65 ( $p \leq 0,10$ ) for relationship quality, and above those standards for performance. Therefore, Entrepreneur drive show a positive and significant ( $p \leq 0,01$ ) relationship with performance, but a positive and not significant relationship with relationship quality.

The tables below show respectively  $f^2$  effect size, and the predictive relevance  $Q^2$  of the model:

Table 4.54: Model 4 - Effect size  $f^2$

	SSO	SSE	1-SSE/SSO	Effect
Agreeableness	1.026,000	983,263	0,042	Small
Commitment	1.368,000	719,008	0,474	Large
Conscientiousness	1.026,000	943,668	0,080	Small
Emotional Stability	2.052,000	1.445,117	0,296	Medium
Entrepreneur Drive	342,000		1,000	Large
Extraversion	1.026,000	883,022	0,139	Small
Imagination	1.026,000	803,905	0,216	Medium
Performance	684,000	382,470	0,441	Large

<b>Relationship Quality</b>	4.446,000	1.616,836	0,636	Large
<b>Satisfaction</b>	1.026,000	477,450	0,535	Large
<b>Trust</b>	2.052,000	538,904	0,737	Large

Source: SmartPLS – 3.1.9 (2015)

Table 4.55: Model 4 – Predictive relevance  $Q^2$

	<b>SSO</b>	<b>SSE</b>	<b>1- SSE/SSO</b>
<b>Agreeableness</b>	1.026,000	1.026,000	
<b>Commitment</b>	1.368,000	582,900	0,574
<b>Conscientiousness</b>	1.026,000	1.026,000	
<b>Emotional Stability</b>	2.052,000	2.052,000	
<b>Entrepreneur Drive</b>	342,000	342,000	
<b>Extraversion</b>	1.026,000	1.026,000	
<b>Imagination</b>	1.026,000	1.026,000	
<b>Performance</b>	684,000	573,852	0,161
<b>Relationship Quality</b>	4.446,000	4.106,458	0,076
<b>Satisfaction</b>	1.026,000	327,625	0,681
<b>Trust</b>	2.052,000	485,797	0,763

Source: SmartPLS – 3.1.9 (2015)

The table below shows the Goodness of Fit of the model, with the value of 0,627, indicating a good adjustment of the model

Table 4.56: Model 4 – Global quality of the adjusted model

	<b>R Square</b>	<b>R Square</b>	<b>AVE</b>	<b>OV</b>	<b>AVE x OV</b>
<b>Relationship Quality</b>	0,113	0,097	0,688	13	8,940
<b>Commitment</b>	0,838	0,838	0,690	4	2,759
<b>Satisfaction</b>	0,876	0,876	0,778	3	2,334
<b>Trust</b>	0,937	0,936	0,817	6	4,899
<b>Performance</b>	0,220	0,204	0,835	2	1,670
<b>Agreeableness</b>	-	-	0,505	3	1,515
<b>Conscientiousness</b>	-	-	0,526	3	1,577
<b>Emotional Stability</b>	-	-	0,514	6	3,082
<b>Extraversion</b>	-	-	0,563	3	1,688
<b>Imagination</b>	-	-	0,607	3	1,821
<b>Entrepreneur Drive</b>	-	-	1,000	1	1,000
<b>Mean</b>		0,590	0,684	47	0,666
<b>GoF</b>					0,627

Source: SmartPLS – 3.1.9 (2015)

Finally are presented the results to hypothesis H<sub>12</sub> and H<sub>13</sub> and the path coefficients of the adjusted model:

Table 4.57: Model 4 – Hypotheses and substantive conclusions

Hyphoteses	Causal Relations	Path Coefficient s	T Statistics	P Values	Sig.
	Agreeableness -> Relationship Quality	0,138	2,315	0,021	Significant 5%
	Extraversion -> Relationship Quality	0,081	1,628	0,104	Significant 10%
	Emotional Stability -> Relationship Quality	0,110	2,170	0,030	Significant 5%
	Imagination -> Relationship Quality	0,114	2,115	0,035	Significant 5%
	Conscientiousness -> Relationship Quality	0,075	1,530	0,126	Not significant
	Agreeableness -> Performance	0,015	0,426	0,670	Not significant
	Extraversion -> Performance	-0,075	1,585	0,113	Not significant
	Emotional Stability -> Performance	0,110	2,370	0,018	Significant 5%
***	Imagination -> Performance	0,059	1,303	0,193	Not significant
	Conscientiousness -> Performance	0,076	1,655	0,098	Significant 10%
<b>H<sub>12</sub> - Supported</b>	Entrepreneur Drive -> Performance	0,168	3,344	0,001	Significant 1%
<b>H<sub>13</sub> – not supported</b>	Entrepreneur Drive -> Relationship Quality	0,050	1,283	0,200	Not significant
	Relationship Quality -> Commitment	0,915	65,866	0,000	Significant 1%
	Relationship Quality -> Satisfaction	0,936	92,062	0,000	Significant 1%
	Relationship Quality -> Trust	0,968	233,493	0,000	Significant 1%
	Relationship Quality -> Performance	0,351	7,299	0,000	Significant 1%

Source: SmartPLS – 3.1.9 (2015)

The table below presents the summary of the results from causal relationships for models 1, 3, and 4. It could be noted that the relationships between the variables remain stable between the models, reinforcing the robustness of the measurements. Nevertheless, upon augmenting the entrepreneurial drive variable in model 4, the relationship between imagination and performance becomes not significant.

Table 4.58: Causal Relationships – Comparison Models 1, 3, and 4

<b>Hypot</b>	<b>Causal Relations</b>	<b>Model 1</b>	<b>Model 3</b>	<b>Model 4</b>
<i>H<sub>1</sub></i>	Agreeableness -> Relationship Quality	Significant 5%	Significant 5%	Significant t 5%
<i>H<sub>2</sub></i>	Extraversion -> Relationship Quality	Significant 10%	Significant 10%	Significant t 10%
<i>H<sub>3</sub></i>	Emotional Stability -> Relationship Quality	Significant 5%	Significant 5%	Significant t 5%
<i>H<sub>4</sub></i>	Imagination -> Relationship Quality	Significant 5%	Significant 5%	Significant t 5%
<i>H<sub>5</sub></i>	Conscientiousness -> Relationship Quality	Not significant t	Not significant	Not significant
<i>H<sub>6</sub></i>	Relationship Quality -> Performance		Significant 5%	Significant t 5%
<i>H<sub>7</sub></i>	Agreeableness -> Performance		Not significant	Not significant
<i>H<sub>8</sub></i>	Extraversion -> Performance		Not significant	Not significant
<i>H<sub>9</sub></i>	Emotional Stability -> Performance		Significant 5%	Significant t 5%
<i>H<sub>10</sub></i>	Imagination -> Performance		Significant 10%	Not significant
<i>H<sub>11</sub></i>	Conscientiousness -> Performance		Significant 10%	Significant t 10%
<i>H<sub>12</sub></i>	Entrepreneur Drive -> Performance			Significant t 5%
<i>H<sub>13</sub></i>	Entrepreneur Drive -> Relationship Quality			Not significant
	Relationship Quality -> Commitment	Significant 1%	Significant 1%	Significant t 1%
	Relationship Quality -> Satisfaction	Significant 1%	Significant 1%	Significant t 1%
	Relationship Quality -> Trust	Significant 1%	Significant 1%	Significant t 1%

Source: Author

In order to investigate why the inclusion of the entrepreneur drive variable into the model changes the path coefficient and the significance of the relationship between imagination and financial performance, it was done a correlation analysis between

entrepreneurial drive and personality variables (agreeableness, conscientiousness, extraversion, emotional stability, and imagination) to verify eventual colinearity effects.

According the table below, imagination is the only personality variable that has a significant correlation with entrepreneur drive. Although the correlation coefficient is small (0,275), it was significant and sufficient to alter the strength of the path coefficient into the model 4.

Table 4.59: Correlation Analysis – Entrepreneurial drive X personality traits

			Entrepr Drive	Agreeab	Conscient	Extraversion	Emot Stab	Imagin
Spearman's rho	Entrepr Drive	Correlation Coefficient	1	0,038	0,078	0,086	0,052	,275**
		Sig.(2-tailed)	.	0,483	0,151	0,11	0,337	0
		N	342	342	342	342	342	342
	Agreeableness	Correlation Coefficient	0,038	1	,242**	,367**	,154**	,302**
		Sig.(2-tailed)	0,483	.	0	0	0,004	0
		N	342	342	342	342	342	342
	Conscientiousness	Correlation Coefficient	0,078	,242**	1	,314**	,110*	,295**
	Sig.(2-tailed)	0,151	0	.	0	0,042	0	
	N	342	342	342	342	342	342	
Extraversion	Correlation Coefficient	0,086	,367**	,314**	1	,138*	,344**	
	Sig.(2-tailed)	0,11	0	0	.	0,011	0	
	N	342	342	342	342	342	342	
Emotional Stability	Correlation Coefficient	0,052	,154**	,110*	,138*	1	,157**	
	Sig.(2-tailed)	0,337	0,004	0,042	0,011	.	0,004	
	N	342	342	342	342	342	342	
Imagination	Correlation Coefficient	,275**	,302**	,295**	,344**	,157**	1	
	Sig.(2-tailed)	0	0	0	0	0,004	.	
	N	342	342	342	342	342	342	

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

Source: Software SPSS 18.0

The results show that the change in the path coefficient and the significance of the relationship between imagination and financial performance has its origin in a problem of colinearity between imagination and entrepreneurial drive, which, although

undesirable, does not change the direction of the relationship between imagination and financial performance.

#### 4.10 Episodic Influence of time on Relationship Quality and Performance

This stage attempts to identify how the perception of quality and the perception of performance behave over time, from the viewpoint that relationship variables vary according to the different phases of the relationship between the franchisor and the franchisee.

Hypotheses H14a and H14b test the influence of the time of relationship in the variables of relationship quality and performance, throughout four different stages. What is expected is that different assessments will appear over time, according to the time of relationship of the franchisor with the franchisee.

For test operationalization, this study parameter was set forth in findings from Blut et al. (2011), who proposed a theory about lifecycles in franchising, based on the U curve theory. According to that proposed by Blut, the stages of franchise relationships include:

1. Honeymoon – ends after one year
2. Routine – ends after four years
3. Crossroads – ends after eight years
4. Stabilization – begins after eight years

Thus, the present study's sample was distributed in the following manner:

Table 4.60: Groups for phases

	Value	Label	N
Relationship Phases	1,00	Honeymoon	40
	2,00	Routine	87
	3,00	Crossroads	59
	4,00	Stabilization	156

Source: Software SPSS 18.0

The table below shows the average and standard deviations of the Relationship Quality and Performance constructs in the four defined stages of the relationship.

Table 4.61: Relationship Phases – Descriptive Statistics

Relationship Phases		Mean	Std. Deviation	N
Relationship Quality	Honeymoon	5,9551	,81648	40
	Routine	5,7568	1,23233	87
	Crossroads	5,9024	,96704	59
	Stabilization	6,1183	1,04349	156
	Total	5,9700	1,06570	342
Performance	Honeymoon	3,2500	,51887	40
	Routine	3,0977	,71868	87
	Crossroads	3,3220	,78104	59
	Stabilization	3,3526	,82348	156
	Total	3,2705	,76437	342

Source: Software SPSS 18.0

What can be observed from the averages of the relationship quality is that in each of the stages there is apparently a U behavior, with higher averages in the extremes of Honeymoon and Stabilization, and lower averages in the Routine and Crossroads stages, as indicated in the graph below:

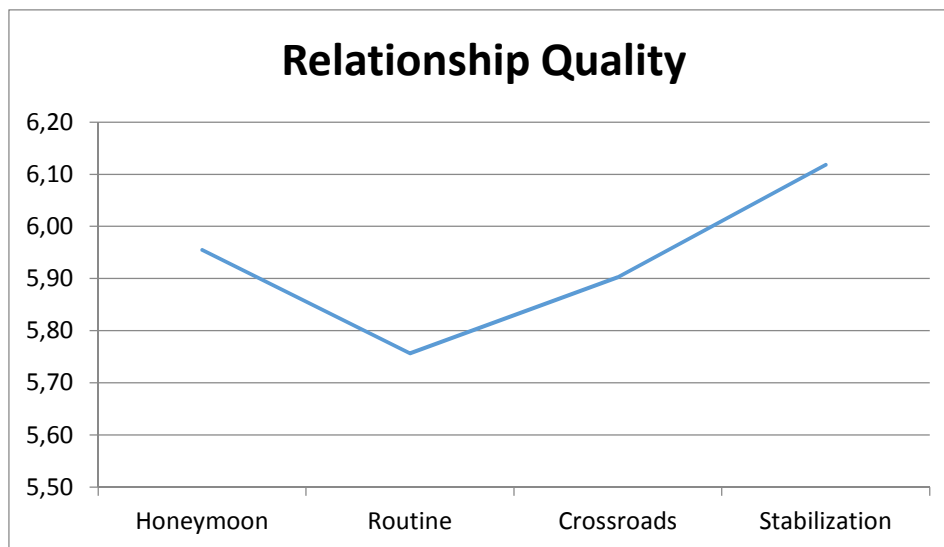


Figure 4.15: Relationship quality x relationship phases

Source: Software SPSS 18.0



In the financial performance variable, this pattern can also be confirmed but in a more accentuated fashion, with a greater rise in the Crossroads stage as compared to the Honeymoon stage, yet once again increasing significantly when the time of relationship with the franchisor increases.

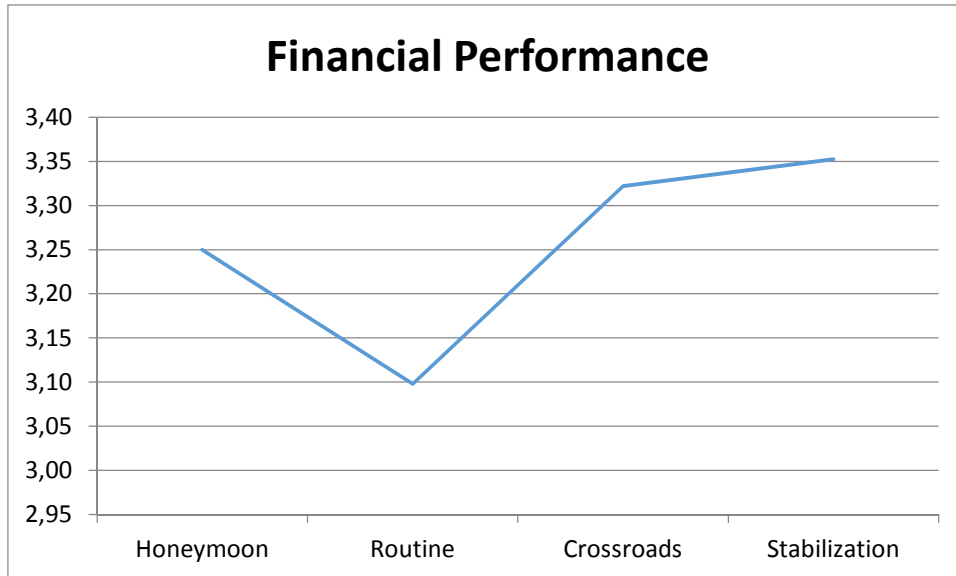


Figure 4.16: Financial performance x relationship phases  
Source: Software SPSS 18.0

In all factors that measure relationship quality and performance variables, the significance levels were below 5% ( $p < 0.05$ ), which indicates the non-normality of the data. Based on this data profile, the Kruskal-Wallis non-parametric test was applied to investigate the null hypothesis, in which the population averages in these two variables are the same for the four stages of the relationship. The table below indicates the average rank for the variables:

Table 4.62: Relationship quality and financial performance mean ranks for relationship phases

<b>Ranks</b>			
	Phases	N	Mean Rank
Relationship Quality	Honeymoon	40	155,00
	Routine	87	153,57
	Crossroads	59	160,03
	Stabilization	156	190,07
	Total	342	
Financial Performance	Honeymoon	40	166,99
	Routine	87	151,94
	Crossroads	59	177,65
	Stabilization	156	181,24
	Total	342	

Source: Software SPSS 18.0

Table 4.63: Kruskal Wallis test for relationship quality and financial performance

**Test Statistics<sup>a,b</sup>**

	Relationship Quality	Performance
Chi-square	10,308	5,505
df	3	3
Asymp. Sig.	,016	,138

a. Kruskal Wallis Test

b. Grouping Variable: Phases

Source: Software SPSS 18.0

According to that verified in the results from the Kruskal-Wallis test,  $H_0$  is not confirmed for the relationship quality variable, indicating that there is in fact a difference between the averages in the stages of relationship. As regards the financial performance variable, it is impossible to deny the presence of  $H_0$ , indicating that no significant difference can be observed between the averages in the stages of relationship.

Next, a Post Hoc test was conducted on the relationship quality variable to verify whether or not the averages among the four stages of the relationship were different. The results are shown in the following table:

Table 4.64: Post Hoc Tests – Multiple Comparisons - Relationship Quality

	(I) Phases	(J) Phases	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Tukey HSD	Honeymoon	Routine	,1983	,20245	,761	-,3244	,7210
		Crossroads	,0526	,21706	,995	-,5078	,6131
		Stabilization	-,1632	,18782	,821	-,6482	,3217
	<b>Routine</b>	Honeymoon	-,1983	,20245	,761	-,7210	,3244
		Crossroads	-,1456	,17873	,848	-,6071	,3159
		<b>Stabilization</b>	-,3615	,14181	<b>,054</b>	-,7276	,0046
	Crossroads	Honeymoon	-,0526	,21706	,995	-,6131	,5078
		Routine	,1456	,17873	,848	-,3159	,6071
		Stabilization	-,2159	,16197	,543	-,6341	,2023
	<b>Stabilization</b>	Honeymoon	,1632	,18782	,821	-,3217	,6482
		<b>Routine</b>	,3615	,14181	<b>,054</b>	-,0046	,7276
		Crossroads	,2159	,16197	,543	-,2023	,6341

Based on observed means.

The error term is Mean Square(Error) = 1,123.

Source: Software SPSS 18.0

As can be seen in the picture above, a significant difference (10% significance level) could be observed between the averages of the routine and stabilization stages, which, at least in part, confirms the curve presented for the relationship quality variable.

As regards the performance variable, bearing in mind that the differences in the averages of the construct show no difference, the analysis of the sales growth and profitability variables were applied separately, by means of the Kruskal-Wallis test, to verify if in fact differences could be observed in the averages of these variables within the relationship stages:

Table 4.65: Sales growth and profitability mean ranks for relationship phases

	Phases	N	Mean Rank
Sales Growth	Honeymoon	40	188,90
	Routine	87	159,15
	Crossroads	59	171,92
	Stabilization	156	173,77
	Total	342	
Profitability	Honeymoon	40	147,06
	Routine	87	147,98
	Crossroads	59	180,68
	Stabilization	156	187,41
	Total	342	

Source: Software SPSS 18.0

Table 4.66: Kruskal Wallis test for sales growth and profitability

**Test Statistics<sup>a,b</sup>**

	Sales Growth	Profitability
Chi-square	3,090	13,553
df	3	3
Asymp. Sig.	,378	<b>,004</b>

a. Kruskal Wallis Test

b. Grouping Variable: Phases

Source: Software SPSS 18.0

According to that verified by the Kruskal-Wallis test, only the profitability variable presents significant differences among the relationship stages. Considering this result, the Post Hoc test was conducted on the profitability variable to verify between which stages of the relationship the averages were different.

The table below indicates the results:

Table 4.67: Post Hoc Tests – Multiple Comparisons - Profitability

Dependent Variable	(I) Phases	(J) Phases	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Profitability Tukey HSD	Honeymoon	Routine	,02	,162	,999	-,39	,44
		Crossroads	-,28	,174	,374	-,73	,17
		Stabilization	-,34	,150	,109	-,73	,05
	<b>Routine</b>	Honeymoon	-,02	,162	,999	-,44	,39
		Crossroads	-,31	,143	,146	-,67	,06
		<b>Stabilization</b>	-,37*	,114	,008	-,66	-,07
	Crossroads	Honeymoon	,28	,174	,374	-,17	,73
		Routine	,31	,143	,146	-,06	,67
		Stabilization	-,06	,130	,967	-,40	,27
	<b>Stabilization</b>	Honeymoon	,34	,150	,109	-,05	,73
		<b>Routine</b>	,37*	,114	,008	,07	,66
		Crossroads	,06	,130	,967	-,27	,40

Based on observed means.

The error term is Mean Square(Error) = ,656.

\*. The mean difference is significant at the ,05 level.

Source: Software SPSS 18.0

As observed in the Relationship Quality variable, a significant difference (10% significance level) could also be observed between the routine and stabilization stages for the profitability variable, which, at least in part, confirms the present study's hypothesis.

The table below shows a comparison of the findings from Blut et al. (2011) and those from the present study:

Table 4.68: Comparison Blut et al. (2011) x present research

	<b>Relational Variables</b>	<b>Honey moon</b>	<b>Routine</b>	<b>Crossroads</b>	<b>Stabilization</b>
<b>Blut et al. (2011)</b>	Satisfaction (7 point likert - scale)	4,65	3,90	3,90	4,61
	Trust (7 point likert - scale)	4,71	4,05	4,15	4,51
	Commitment (7 point likert - scale)	5,49	4,61	4,40	4,95
	Mean of Satisfaction, trust, and commitment	4,95	4,19	4,15	4,69
<b>This study</b>	Relationship Quality (7 point likert - scale)	5,96	5,76	5,90	6,12
<b>Blut et al. (2011)</b>	Performance (7 point likert - scale)	5,00	4,23	4,34	4,93
<b>This study</b>	Performance (5 point likert - scale)	3,25	3,10	3,32	3,35

Source: Software SPSS 18.0

According to that observed in the above table, although significant differences between the routine and stabilization stages were identified, the format of the curves throughout the stages is quite similar to that found by Blut et al. (2011), reinforcing the hypothesis that the relationship in franchises follows a pattern that is different from the traditional lifecycle theory.

#### **4.11 Longitudinal influence of time on Relationship Quality and Performance**

The H15 hypothesis tests the influence of the time of relationship in the link between relationship quality and performance. To test this relationship, a regression analysis was applied, with financial performance as the dependent variable and relationship quality as the independent variable. The sample was divided into two groups, based on the sample's base median – franchisees with less than 84 months (7 years) of relationship and 84 months or more of relationship with the franchisor. Based on this distribution, the databank was divided into two groups:

1. Lesser time of relationship (up to 83 months) – 171 elements
2. Greater time of relationship (above 83 months) – 171 elements

The present study's sample was therefore distributed in the following manner:

The table below shows the summary of the regressions for the two groups (the full output of data for each of the groups found in Appendix 5):

Table 4.69: Regression analysis – Relationship quality and financial performance along the time

<b>Groups</b>	<b>N</b>	<b>R Square Adj</b>	<b>Beta</b>	<b>F</b>	<b>Sig.</b>
<b>Up to 83 months</b>	171	0,138	0,371	27,055	0,000
<b>More than 83 months</b>	171	0,200	0,447	42,215	0,000

Source: Software SPSS 18.0

According to the results presented in the summary table, and due to the magnitudes of  $R^2$  and beta, when comparing the younger stage with the more mature stage of the relationship, it is evident that, during the time of relationship, what occurs is an increase in the strength of the connection between relationship quality and performance.

## **5 FINAL CONSIDERATIONS**

This chapter presents the results of the analysis of the data investigated in this Doctoral Thesis. This chapter is divided into five sections. The first section presents the conclusions reached based on the results, highlighting their connection with the proposed aims and the hypotheses presented throughout the study. The second section presents the theoretical contributions from the work. Third, the managerial contributions are presented. In the last two sections, the limitations of the study are exposed and suggestions for future studies are presented.

### **5.1 General Conclusions**

This study had the overall aim of investigating four important aspects in the franchisor-franchisee relationship. The first aspect investigated here is that of understanding if the franchisee's personality influences his/her relationship quality with the franchisor as well as his/her financial performance. According to the present study's findings, it is reinforced the perception that the franchisee's personality does in fact influence the perception of relationship quality, as already confirmed in findings from Dant et al. (2013) and other theorists (Morrison, 1997; Weaven et al., 2009). It also becomes evident the influence of personality traits upon the franchisee financial performance, shedding light upon an aspect that is rarely explored in studies on franchise relationships.

Not only does this study reveal the influence of personality upon the perception of relationship quality and performance, but also in which direction and to what magnitude these personality traits influence franchisees' relationship quality and financial performance. What is most notable is the importance of traits such as agreeableness, imagination, and emotional stability in the perception of relationship quality and conscientiousness, imagination, and emotional stability in the perception of financial performance.

The second aspect investigated in this study is whether or not there in fact exists a significant relationship between relationship quality and financial performance. The results show the importance of establishing good relationships between franchisors and franchisees as a necessary condition to improve performance both on the part of



franchisees and of the entire network. The results indicate that longer relationships are associated with better assessments of financial performance.

The third aspect analyzed in this study is the role of the franchisee's entrepreneurial drive in his/her relationship quality with the franchisor, as well as in his/her financial performance. In addition to personality traits, this work also emphasizes another important aspect, which is the relationship between the franchisee's entrepreneurial drive and the relationship quality and performance in franchises. These findings help to reinforce the position of franchisees as entrepreneurs. Moreover, this characteristic is important in the generation of good results within franchise networks.

Finally, the fourth investigated aspect treats the issue of how much time influences the relationship quality and financial performance of the franchisees. This study shows that the relationship in franchises seems to follow a different pattern than that of the traditional lifecycle theory (Dwyer & Oh, 1987), in parallel with that proposed by Blut et al. (2011), which posits that the franchise relationship is developed in stages and that the relational constructs follow a U-shaped curve over time.

To analyze these aspects in further detail, it was restated below the five objectives of this work, and discussed how the findings are related to these objectives:

- 1) Evaluate Dant et al. (2013) model of influence of franchisee personality traits on relationship quality within a franchisee-franchisor context in Brazil, identifying in which way (positively or negatively) individual personality traits influence the relationship quality;

The results of this study support the findings from Dant et al. (2013) that individual personality traits do in fact influence one's perception of relationship quality in franchises; however, these findings are not perfectly adaptable to the model tested in Brazil. If on the one hand agreeableness, emotional stability, imagination, and even conscientiousness confirm findings from Dant et al. (2013) as positive antecedents of relationship quality, on the other hand, extraversion showed, with a low significance level (10%), a positive and significant connection with relationship quality, which contradicts that reported by Dant et al. (2013).

It can be inferred that this result can be associated with the difference between the Brazilian cultural pattern, considered collectivist, and the Australian cultural pattern - a more individualist society (Triandis, 1997) - where the study from Dant et al. (2013) was developed.

Schimmack, Radhakrishnan, Oishi, Dzokoto, & Ahadi (2002) examined how extraversion and emotional stability are related to cultural factors when predicting the sensation of subjective well-being, and discovered that one's satisfaction with life is affected by these personality traits in different ways, depending on the culture. According to this model, culture has a moderating effect on this relationship, which tends to be even stronger in individualist cultures – satisfaction with life based on individual perception – than in collectivist cultures – satisfaction with life bolstered by the judgment of well-being at the collective or group level.

Given this characteristic, individuals who are highly extroverted, in individualist countries such as Australia, tend to provide a more negative assessment of the relationship quality with the franchisor. By contrast, in more collectivist societies, such as Brazil, individuals who are highly extroverted are only slightly affected by this individualist tendency in the perception of their relationship with the franchisor. In Brazil and in other collectivist cultures, high value is given to interdependence, to belonging to the group, and to the acceptance of the status quo, in which personal interests are important but subordinate to the interests of the members of the larger group, especially those with a higher status (in this case, the franchisor), which would explain the positive relationship between extraversion and relationship quality in the present study.

In this study, the trait of imagination also presented a positive relationship with the perception of relationship quality, which contradicts findings from Dant et al. (2013). This relationship proved to be significant, which reinforced our perception that this personality trait is an important predictor in relationship quality in franchises. Agreeableness and emotional stability in the present study proved to be similar to findings from Dant et al. (2013).

Conscientiousness, though it repeats the same positive connection with relationship quality from Dant et al. (2013), which runs in line with the theory and hypothesis presented herein, presented no significant connection with this construct in the present study. Considering this result and the non-significance found in the model, the relationship between conscientiousness and relationship quality warrants further evaluation. Studies conducted by LePine, Colquitt, and Erez (2000), which assess the role of environmental stability in the relationship between personality and performance, may well offer an interesting path through which to delve further into the issue concerning the connection between conscientiousness and relationship quality.

The Table below show the results comparing Dant et al. (2013) and this study:

Table 5.1: Comparison of results – Dant et al.(2013) x present study

Criterion Variables	Dant et al. (2013)		Present Study			
	Predicted Effect	Substantive Conclusions	Predicted Effect	Substantive Conclusions		
Extraversion	Negative	beta -0,299 p-value 0.000	<i>Supported</i>	Negative	beta 0,080 p-value 0,102	<i>Not Supported</i>
Agreeableness	Positive	beta 0,229 p-value 0.000	<i>Supported</i>	Positive	beta 0,133 p-value 0,019	<i>Supported</i>
Conscientiousness	Positive	beta 0,175 p-value 0.006	<i>Supported</i>	Positive	beta 0,076 p-value 0,122	<i>Supported</i>
Emotional Estability	Positive	beta 0,122 p-value 0.041	<i>Supported</i>	Positive	beta 0,115 p-value 0,009	<i>Supported</i>
Imagination	Negative	beta 0,047 p-value 0.313	<i>Not Supported</i>	Positive	beta 0,138 p-value 0,008	<i>Supported</i>

Source: Software SPSS 18.0

- 2) Identify whether higher quality relationships are related to higher financial performance;

The results from this study reinforce the findings from relationship marketing that better relationships are associated with better performance. This study support the perception that, in the franchisor-franchisee relationship, the establishment of strong ties translates into improved results, thus revealing a positive and significant relationship between relationship quality and perceived performance. This finding represents an important contribution to franchising research, given that few studies link relationship quality to financial performance.

- 3) Identify which are, and in which ways (positively or negatively) franchisee individual personality traits influence franchisee financial performance;

In the same way that personality traits influence the perception of relationship quality in franchises, personality traits also influence the perception of financial performance. The data from this study show that there is a positive and significant relationship between personality and the perception of financial performance in franchises.

Conscientiousness, emotional stability, and imagination presented a positive and significant connection with financial performance, while agreeableness and extraversion proved to be not significant. The positive and significant relationship among conscientiousness, emotional stability, and imagination corroborate the hypotheses and run in line with the theory proposed herein. Although conscientiousness and imagination have presented a lesser significance than that associated with emotional stability (10% and 5%, respectively), they do reinforce the theoretical pressuppositions that these traits influence performance.

Agreeableness, in contrast with the present study's hypothesis, presented a positive relationship, but not a significant connection with performance, when a negative relationship was expected. However, given the small magnitude of this coefficient (0.002), and the fact that the relationship proved to be not significant, this hypothesis was impossible to confirm. Further study is warranted to delve deeper into the

knowledge surrounding the relationship between agreeableness and performance in franchises.

Extraversion, to the contrary of the present study's proposal, presented a negative, though not significant, relationship with performance, which is also contrary to the findings from other similar studies. Nevertheless, it could be inferred that the cultural question did in fact have an influence on the relationship between extraversion and performance, which was different from that between extraversion and relationship quality. If in the relationship between extraversion and relationship quality a collectivist culture leads the franchisee to give higher value to the questions of belonging and group than to individual aspirations, in relation to financial performance, this relation is not influenced by the group.

In other words, in collectivist cultures, when the analysis unit, even if unconscious, involves relations with the group, even if the individual aspirations are not met but the sense of belonging and of the group is positive, the impact of the relationship would be also positive. However, as the financial performance is not affected by the acceptance or rejection by the group – an analysis on the part of the individual, about one's own performance – a performance which is objectively negative would be assessed negatively.

These findings that connect personality traits to financial performance in franchises are highly relevant and unveil important possibilities for future studies that seek to better comprehend this mechanism, which has received little attention in publications, despite its great theoretical and managerial relevance.

- 4) Identify if, and in which ways , franchisee entrepreneurial drive influence relationship quality and performance;

As predicted, entrepreneurial drive does have a positive connection with relationship quality; however, the relationship proved to be not significant. Considering this result, research that delves deeper into the knowledge surrounding this relationship between franchisees and franchisors should be undertaken. As regards performance, the entrepreneurial drive presented the expected results of a positive and significant

relationship, reinforcing the importance of entrepreneurial franchisees within the good performance of franchise networks. These findings also reinforce the views from theorists, such as Kaufmann and Dant (1999) and Felstead (1991), who recognize franchisees as entrepreneurs.

- 5) Identify if, and in which ways time of relationship between franchisors and franchisees influences relationship quality and performance;

According to the data from the present study, the time of relationship influences the intensity of the connection between relationship quality and financial performance. The intensity of the connection between relationship quality and financial performance, as well as the explicative power of the relationship quality on financial performance, proved to be less for the franchisees with a lesser time of relationship than for those franchisees with a greater time of relationship. This finding reinforces the importance of the strong relationships for the growth and profitability of the companies and that the deepening of this relationship over time is responsible for the long-term success of franchise networks.

Although the averages of the variables of relationship quality and performance confirmed the hypothesis that the relationship in franchises follows a U-shaped curve, passing through four different stages, it was impossible to prove that the measurements are significantly different in all of the stages.

What can be perceived, however, is that there is a variation between the measurements of the constructs of relationship quality and performance throughout the four stages. It is clear that there is an important difference when one compares the initial stages of the relationship (honeymoon, routine, crossroads) and the more advanced stage (stabilization). The averages found for the variables of relationship in the study conducted by Blut et al. (2011) presented no differences that exceeded the magnitude in the same stages of relationship than that identified in the present study. However, in findings from Blut et al., the differences between the averages were considered significant. It is likely that the difference in sample size (2,668 vs. 342) may well explain the fact that this study was unable to identify significant differences of the averages analyzed in the four stages of the proposed relationship.

Nevertheless, the graph configuration of the averages of these variables over time seems to confirm the theoretical proposal of Blut et al. (2011) that the relationship in franchises does not follow the traditional cycle of the inverted “U” found in B2B relationships. Much to the contrary, it appears to follow a U-shaped curve behavior, in which the relationships worsen after the initial stages of positive expectation, and begin to improve and stabilize throughout the time of relationship.

## **5.2 Theoretical Contributions**

Some theoretical contributions stemming from the results of this work can be highlighted. The first of these refers to the fact that individual personality traits do influence the perception of relationship quality and financial performance in franchisor-franchisee relationships, although the direction and the strength of this influence may vary, as showed by the findings of this study and those of Dant et al. (2013).

In this study, it was hypothesized five directional links between each of the Big-Five personality dimensions to the measures of relationship quality and financial performance. Three of the five personality dimensions analyzed (agreeableness, conscientiousness, and emotional stability) have matched positively and significantly to relationship quality, in line with the findings of Dant et al. (2013), what lead us to suggest that this pattern would be recurrent over different cultural and business contexts. Extraversion and imagination, however, in this current study have reported different results (both positive and significant to relationship quality) than those which have been found by Dant et al. (2013) (negative and significant, and positive and not significant to relationship quality, respectively).

Additional findings regarding the relationship between each of the Big-Five personality dimensions to financial performance showed that conscientiousness, emotional stability, and imagination corroborate the hypotheses (these three dimensions were positively and significantly related to financial performance) and run in line with the theory, thus these relationships would expect to remain constant over different cultural and business contexts. Agreeableness and extraversion have showed unexpected results (respectively positive and negative - both not significant - relationship with financial performance), therefore the role of both personality dimensions on

performance, mainly over different contexts (cultures and business segments), should be better investigated in future studies.

As evident from the results of this study and the study of Dant et al (2013), extraversion presents different patterns of influence on relationship quality, and the cultural context, in which the relationship between franchisees and franchisors is developed, seems to play an important role in this process. In fact, in the study of Dant et al. (2013), which was conducted in a cultural context of individualist pattern (Australia), extraversion has a negative and significant relationship with the perception of relationship quality, but in a cultural context of collectivist pattern (Brazil), the relationship between extraversion and relationship quality is positive, although not statistically significant. These findings corroborate the results of Schimmack, Radhakrishnan, Oishi, Dzokoto, & Ahadi (2002) that evaluated the influence of personality traits and cultural factors on the sensation of subjective well-being between individualist and collectivist culture patterns.

Thus, the study of the local culture as moderating variable in franchise relationships is a relevant subject of research to be considered in theoretical models and future empirical research involving relationship in franchise.

In addition to the cultural context, a hypothesis that should be further examined in future researches refers to the influence of business environment stability on conscientiousness and imagination, in line with the studies conducted by Lepine, Colquitt, and Erez (2000). The moderating effect of business environment stability on the perception of financial performance in the relationship between franchisors and franchisees offers relevant opportunities for studies in franchise, especially in emerging markets, where there is greater economic, legal and social volatility. From this perspective, market segments, or even geographical regions, which face greater turbulence or are subject to very rapid and unpredictable changes, individuals high in conscientiousness would tend to evaluate worse and to deliver lower performance than those individuals high in imagination, in contrast to what would occur in stable environments where the performance would be more positively associated with conscientiousness.



An also relevant theoretical contribution from this study was that which showed the relationship between personality and financial performance, as well as that between relationship quality and financial performance in the franchise context, which also significantly reflects upon the managerial environment. A better understanding of this relationship opens important theoretical perspectives for the study of franchise relationships.

Another important contribution refers to the relationship among entrepreneurial drive, relationship quality, and financial performance. The findings show that entrepreneurial drive is an aspect that warrants greater attention and comprehension in studies regarding franchises, and that it more intensely impacts financial performance than relationship quality, which is also highly relevant from the managerial point of view.

The study of the direct and indirect effects of the entrepreneurial drive on relationship quality and financial performance in franchise relationships is also a relevant theoretical perspective that is opened with this study.

In addition, this study highlights the possible role of relationship quality as a mediator of the relationship between personality traits and financial performance. The deepening of theoretical research on this relationship will help to improve the knowledge about the different ways in which the personality of franchisees influences financial performance in franchise systems.

Finally, this study sheds light upon the role of the time of relationship between franchisors and franchisees, and reinforces the perception, in line with that set forth by Blut et al., (2011), that relationships in franchises are not developed in the same manner as in the traditional lifecycle theory (Dwyer et al., 1987).

### **5.3 Managerial Contributions**

From the managerial focus, this study unearths some highly relevant findings. The first of these refers to the franchisee selection process. The study shows that the franchisee's personality significantly influences his/her relationship quality with the franchisor as well as the franchisee's financial performance, which also impacts the performance of the network as a whole. In this manner, in addition to the traditional selection criteria used by franchisors (e.g. prospective financial qualifications, business

experience, formal education, demographic factors), the analysis of the franchisee's personality, as well as the franchisee's level of entrepreneurial drive, provide indicators to help select more suitable franchisees, with better conditions for success.

Along with the strengthening of the selection tools, a better understanding of the personality profile of current franchisees can help franchisors to develop policies and more productive training sessions, as well as to develop communication and to align realistic expectations, in an attempt to produce more long-lasting and successful relationships.

In view of the role of culture in the relationship between personality and relationship quality, as well as personality and financial performance, a careful analysis of this factor cannot be overlooked by franchisors in their development of network strategies. Especially in franchise systems with units scattered throughout many regions with significant cultural diversity, it is important that the franchisor outlines strategies that take into account these differences, preserving the relationship and improving the financial performance of the franchisee and the network.

Similarly, franchisor awareness that franchisee personality traits may influence performance differently according the level of stability of the business segment, it is important for the selection and training of franchisees, which is reflected in better and more productive relationships.

The understanding that franchise relationships follow a cycle, and that each stage of this cycle is associated with different expectations and needs from the franchisees, can help franchisors to develop strategies that are properly adjusted to the specific demands of the franchisees, in turn strengthening relationship quality and boosting the network's overall performance.

#### **5.4 Study Limitations**

The sample used to conduct this analysis was gathered from only three franchise networks that agreed to participate in this study, which limits the generalization of these findings, given the possibility of bias caused by the unique characteristics from these networks

Another such limitation refers to the manner in which the data was collected, which was conducted by sending an electronic link via e-mail, which may have, in some way, limited the participation of respondents or impaired the interpretation of the questionnaire. Specific problems of user access were not detected, but they cannot be fully discarded. Insofar as the questionnaire is concerned, though it was quite simple and relatively easy to fill out, it is a bit long, which may have deterred the proper completion of the questionnaire, in some cases.

The measurement of the entrepreneurial drive variable, as this was carried out using a scoring system, limits the analysis of one's reflections on both relationship quality and performance, given that it does not allow for the separation of the dimensions of entrepreneurial personality. Moreover, the majority of the participants classified themselves within the intermediary category, with few respondents from the other two categories, which in turn limits the power to explain the variable.

Finally, the financial performance variable, though its measurement runs in line with that reported in prior literature (Venkatraman & Ramanujam, 1986, 1987), could have incorporated other facets, which would further support the findings from the present study.

## **5.5 Suggestions for Future Research**

The findings from the present study allow one to consider new possibilities for a more in-depth study of the phenomena presented herein. One of these new possibilities is that of understanding what role is actually played by the culture of a given country or region in the relationship between personality and relationship quality and performance in franchises. The contradictory findings regarding extraversion in individualist culture countries, such as Australia, and collectivist culture countries, such as Brazil, can open the door to important discoveries concerning the moderating role of culture within these relationships.

Another key research opportunity refers to the study of the moderating influence of the franchise sector and of the level of market stability in the relationship between personality and relationship quality in franchises. Studies that conduct a more in-depth investigation of this relationship can show that specific personality traits, normally

associated with good performance and relationship quality, can produce different effects in more dynamic segments or under more turbulent market conditions.

In-depth investigation of the process through which relationships with a higher quality translate into greater financial performance are important future research issues and present a high managerial importance for the franchise sector.

A better understanding of the role of the personality of franchisees in franchise relationships is also quite promising. The role of agreeableness is a perfect example, since, even as it appears to favor the establishment of quality within a relationship, it also presents a negative connection with the franchisee's performance. The study of the possible mediator role of relationship quality in the connection between personality and performance may well shed light on this role. The broadening of the study of franchisee personalities to beyond the Big-Five traits, bringing the different formational facets of the Big-Five factors to the analysis itself, may well improve the comprehension of these relationships and facilitate the understanding of this process in different cultures and market segments.

Finally, the conducting of longitudinal studies, with larger samples, in addition to the incorporation of other variables - such as the influence of gender and prior experience as an entrepreneur - might provide further understanding about how relationship quality and financial performance evolves along the time horizon of the relationship.

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## **APPENDIX 1 – ASSESSMENT OF THE QUESTIONNAIRE (PRE-TEST)**

1. A introdução do questionário está adequada? Caso não, indicar quais termos apresentam dificuldade de compreensão em sua avaliação.
2. a introdução dos blocos de questões (4 blocos) está adequada? Caso não, indicar quais blocos e termos apresentam dificuldade de compreensão em sua avaliação.
3. As questões são de fácil compreensão? Caso não, indicar quais questões apresentam dificuldade de compreensão em sua avaliação.
4. As questões apresentam dupla interpretação? Caso positivo, indicar quais questões apresentam dupla interpretação em sua avaliação.
5. Existem questões repetidas? Caso positivo, indicar quais questões apresentam repetição em sua avaliação.
6. Em relação ao questionário eletrônico, o preenchimento apresenta alguma dificuldade? Caso positivo, indicar quais dificuldades.
7. O layout de apresentação das questões no questionário eletrônico apresenta alguma dificuldade? Caso positivo, indicar quais dificuldades.

## APPENDIX 2 - COVER LETTER

Prezado Franqueado **XXXX**

A **XXXX** está apoiando um estudo patrocinado pela Escola de Administração de Empresas de São Paulo da Fundação Getúlio Vargas – EAESP-FGV que tem por objetivo estudar as características pessoais e a qualidade de relacionamento entre franqueadores e franqueados no Brasil.

Por esse motivo, você estará recebendo em breve, um e-mail com um link, apresentando o estudo e solicitando a sua participação na pesquisa por meio do preenchimento de um questionário.

Reforçamos de que se trata de uma pesquisa estritamente acadêmica, apoiada pela **XXXX**, porém sem qualquer vinculação comercial com o franqueador. Todos os dados obtidos serão mantidos em sigilo e ninguém além do pesquisador da EAESP-FGV – Prof. Luís Fernando Varotto - terá acesso aos dados, cujos resultados somente serão reportados de maneira agregada e nunca individualizados.

Após a conclusão do estudo, caso você tenha interesse, o pesquisador disponibilizará a você os resultados da pesquisa.

Agradecemos a sua atenção e contamos com o seu tradicional e valioso apoio para esta importante iniciativa.

Atenciosamente,

**XXXX**

## APPENDIX 3 - QUESTIONNAIRE – PORTUGUESE

### Part 1 - Presentation

Prezado franqueado XXX, seja bem vindo.

Seu nome foi indicado pela XXX para participar de um estudo que tem por objetivo coletar informações sobre características pessoais e a percepção de qualidade no relacionamento entre franqueados e franqueadores no Brasil.

Trata-se de uma pesquisa estritamente acadêmica, apoiada pela XXX, porém sem qualquer vinculação comercial com o franqueador. Os dados do estudo contribuirão para a construção de uma Tese de Doutorado junto à Escola de Administração de Empresas de São Paulo da Fundação Getúlio Vargas (EAESP-FGV), e para o melhor entendimento sobre o tema de franquias no Brasil.

#### **Preenchimento**

O questionário está dividido em quatro blocos, composto por afirmações diretas e objetivas, cujo preenchimento levará cerca de 20 minutos ou menos. O questionário será conduzido por meio eletrônico, com a utilização do software Qualtrics.

#### **Confidencialidade**

Todos os dados obtidos por meio das respostas dos participantes serão mantidos em sigilo e somente serão divulgados de maneira agregada (somente serão reportados resultados combinados e nunca dados individuais). Todos os questionários serão reservados, e ninguém além do pesquisador terá acesso aos dados.

#### **Questões sobre a Pesquisa**

Caso você tenha alguma dúvida em relação a este estudo, você pode contatar o responsável pela pesquisa:

Prof. Luís Fernando Varotto

tel. 11-97635-0035

tel. 11-2679-3112

Lvarotto@ig.com.br

luis.varotto@gvmail.br

Caso você não se sinta confortável em entrar em contato diretamente com o pesquisador, você pode contatar o orientador do projeto:

Prof. Dr. Juracy G. Parente

Juracy.Parente@fgv.br

Eu li, entendi o formulário acima, e desejo por minha livre e espontânea vontade participar deste estudo.

Sim (1)

Não (2)





**Questionnaire – Part 3 – IPIP-B5 (agreeableness, extraversion, emotional stability, conscientiousness, and imagination)**

A seguir você encontrará uma série de frases que descrevem diversos comportamentos das pessoas. Por favor, avalie cada um dos itens seguintes em relação a você mesmo, selecionando a opção que melhor corresponder a sua resposta na escala à direita de cada frase. Pense em você atualmente. Responda rapidamente sem buscar compreender o sentido exato das questões. Por favor, assegure-se de ter respondido a todas as questões, indicando numa escala de 1 (Discordo Totalmente) a 5 (Concordo Totalmente) qual o seu grau de concordância para cada uma das afirmações seguintes:

	Discor do Total mente (1)	Discor do em Parte (2)	Não conco rdo e nem discor do. (3)	Concor do em Parte (4)	Conco rdo Total mente (5)
Sou a alma da festa	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sinto pouco interesse pelos outros (R)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Estou sempre pronta(o)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Eu me estresso facilmente(R)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Tenho um vocabulário rico	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Não falo muito (R)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Eu me interesso pelas pessoas	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Deixo as minhas coisas em qualquer lugar(R)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sou desestressado a maior parte do tempo	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Tenho dificuldade para entender idéias abstratas(R)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Eu me sinto confortável quando junto das pessoas	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Insulto os outros(R)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Presto atenção aos detalhes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Eu me preocupo com as coisas(R)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Tenho uma imaginação viva	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Não me exponho muito(R)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sou solidária(o) aos sentimentos dos outros	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Bagunço as minhas coisas (R)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Raramente me sinto triste	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Não me interesso por idéias abstratas (R)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Inicio conversas	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Não me interesso pelos problemas dos outros (R)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cumpro minhas tarefas imediatamente	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sinto-me facilmente incomodado(a) (R)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Tenho ideias excelentes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Tenho pouco a dizer(R)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Tenho um coração mole	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Frequentemente me esqueço de recolocar as coisas em seus devidos lugares (R)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Eu me aborreço facilmente(R)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Não tenho uma boa imaginação(R)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Converso com pessoas diferentes em festas ou outras reuniões sociais	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Não estou realmente interessada(o) nos outros(R)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Gosto de ordem	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Tenho variações intensas de humor (R)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sou rápido para entender as coisas	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Não gosto de chamar atenção (R)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Dedico tempo aos outros	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Não cumpro com as minhas obrigações (R)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Tenho mudanças frequentes de humor (R)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Uso palavras difíceis ou incomuns	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Não me sinto incomodado(a) de ser o centro das atenções	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sou sensível às emoções dos outros	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Eu sigo uma agenda, uma rotina	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Eu me irrito facilmente (R)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Dedico tempo para refletir sobre as coisas	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fico quieto(a) ao redor de estranhos (R)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Faço as pessoas se sentirem à vontade	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sou perfeccionista no trabalho	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sinto-me triste com frequência (R)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sou cheio(a) de idéias	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

### Questionnaire – Part 4 – CEI – Entrepreneurial Drive

Finalmente, responda todos os itens abaixo tão honestamente quanto puder, assinalando a alternativa que melhor descreve seu comportamento ou maneira de ser para cada um dos pares de afirmações à seguir:		
1	Objetivos por escrito para este negócio são cruciais	1
	É suficiente saber a direção geral em que você está indo	0
2	Eu gosto de pensar em mim mesmo como uma pessoa habilidosa	0
	Eu gosto de pensar em mim mesmo como uma pessoa criativa	1
3	Eu não teria iniciado este negócio se eu não tivesse certeza de que seria bem sucedido	0
	Eu nunca terei certeza se este negócio dará certo ou não	1
4	Eu quero que este negócio cresça e torne-se poderoso	1
	O real propósito deste negócio é dar suporte a minha família	0
5	A coisa mais importante que eu faço para este negócio é planejar	1
	Sou mais importante no gerenciamento do dia-a-dia deste negócio	0
6	Eu gosto de abordar situações de uma perspectiva otimista	0
	Eu gosto de abordar situações de uma perspectiva analítica	1
7	Meu objetivo primário neste negócio é sobreviver	0
	Eu não descansarei até que nós sejamos os melhores	1
8	Um plano deveria ser escrito para ser efetivo	1
	Um plano não escrito para desenvolvimento é suficiente	0
9	Eu provavelmente gasto muito tempo com este negócio	1
	Eu divido meu tempo entre este negócio, família e amigos	0
10	Eu tendo a deixar meu coração governar minha cabeça	0
	Eu tendo a deixar minha cabeça governar meu coração	1
11	Minhas prioridades incluem um monte de coisas fora este negócio	0
	Uma das coisas mais importantes em minha vida é este negócio	1
12	Eu sou aquele que tem de pensar e planejar	1
	Eu sou aquele que tem que fazer as coisas	0
13	As pessoas que trabalham para mim trabalham duro	1
	As pessoas que trabalham para mim gostam de mim	0
14	Eu anseio pelo dia em que gerenciar este negócio seja simples	0
	Se gerenciar ficar muito simples, eu iniciarei outro negócio	1
15	Eu penso que eu sou uma pessoa prática	0
	Eu penso que sou uma pessoa imaginativa	1
16	O desafio de ser bem sucedido é tão importante quanto o dinheiro	1
	O dinheiro que vem com o sucesso é a coisa mais importante	0
17	Eu sempre procuro por novas maneiras de se fazer as coisas	1
	Eu procuro estabelecer procedimentos padrões para que as coisas sejam feitas certas	0
18	Eu penso que é importante ser otimista	0
	Eu penso que é importante ser lógico	1

19	Eu penso que procedimentos operacionais padrões são cruciais	0
	Eu aprecio o desafio de inventar mais do que qualquer coisa	1
20	Eu gasto tanto tempo planejando quanto gerenciando este negócio	1
	Eu gasto a maior parte do meu tempo gerenciando este negócio	0
21	Eu tenho percebido que gerenciar este negócio cai na rotina	0
	Nada sobre gerenciar este negócio é sempre rotina	1
22	Eu prefiro pessoas que são realistas	0
	Eu prefiro pessoas que são imaginativas	1
23	A diferença entre os concorrentes é a atitude do proprietário	0
	Nós temos alguma coisa que fazemos melhor do que os concorrentes	1
24	Meus objetivos pessoais giram em torno deste negócio	1
	Minha vida real é fora deste negócio, com minha família e amigos	0
25	Eu adoro a idéia de tentar ser mais esperto que os concorrentes	1
	Se você mudar muito, você pode confundir os clientes	0
26	A melhor abordagem é evitar o risco tanto quanto possível	0
	Se você quer exceder a concorrência, você tem que assumir alguns riscos	1
27	Eu odeio a idéia de pegar dinheiro emprestado	0
	Empréstimo é somente outra decisão de negócios	1
28	Qualidade e serviços não são suficientes. Você tem que ter uma boa imagem.	1
	Um preço justo e boa qualidade é tudo o que qualquer cliente realmente deseja	0
29	As pessoas pensam em mim como um trabalhador esforçado	1
	As pessoas pensam em mim como alguém fácil de se relacionar	0
30	Os únicos esforços empreendidos neste negócio são aqueles relativamente seguros	0
	Se você quer que este negócio cresça, você tem que assumir alguns riscos	1
31	A coisa que eu mais sinto falta em trabalhar para alguém é a segurança	0
	Eu realmente não sinto falta de trabalhar para alguém	1
32	Eu me preocupo com os direitos das pessoas que trabalham para mim	0
	Eu me preocupo com os sentimentos das pessoas que trabalham para mim	1
33	É mais importante ver possibilidades nas situações	0
	É mais importante ver as coisas das maneiras que elas são	1

**Questionnaire – Part 5 - General franchisee data**

Há quanto tempo você é franqueado desta rede (em número de meses)?

Quantas unidades você possui desta rede?

Sexo do Respondente

- Masculino (1)
- Feminino (2)

Você exerce outras atividades remuneradas?

- Sim (1)
- Não (2)

Esta é sua primeira experiência como empresário?

- Sim (1)
- Não (2)

Comparado com outras lojas desta região, sua lucratividade é (caso possua mais de uma unidade, avalie pela média):

- Muito Pior (1)
- Pior (2)
- Igual (3)
- Melhor (4)
- Muito Melhor (5)

Comparado com outras lojas desta região, o crescimento de suas vendas é (caso possua mais de uma unidade, avalie pela média):

- Muito Pior (1)
- Pior (2)
- Igual (3)
- Melhor (4)
- Muito Melhor (5)

## APPENDIX 4 – QUESTIONNAIRE – ENGLISH

### Relationship Quality (Trust, commitment, satisfaction)

1	We are very committed to the relationship with our franchisor	CO
2	I enjoy working with this franchisor	CO
3	I feel as though the franchisor and I are “in it together”	CO
4	It feels like the franchisor and I are constantly doing something for each other	CO
5	I feel that the values of this franchise system match my own	CO
6	We try our best to maintain our relationship with our franchisor	CO
7	We feel proud to belong to this franchise system	CO
8	We intend to continue functioning as a franchisee of our franchisor	CO
9	We have a mutually beneficial relationship	CO
10	The franchisor and I get along well together	CO
11	The franchisor and I tend to share similar values	CO
12	Overall we consider our relationship with the franchisor to be: Satisfying	ST
13	Overall we consider our relationship with the franchisor to be: Friendly	ST
14	Overall we consider our relationship with the franchisor to be: Considerate	ST
15	Overall we consider our relationship with the franchisor to be: Cordial	ST
16	Overall we consider our relationship with the franchisor to be: Supportive	ST
17	Overall we consider our relationship with the franchisor to be: Fair	ST
18	Overall we consider our relationship with the franchisor to be: Healthy	ST
19	I can rely on my franchisor to keep the promises they make to me	TR
20	I can count on my franchisor to be honest in its dealings with me	TR
21	My franchisor can be counted on to do what is right	TR
22	My franchisor is sincere in its dealings with me	TR
23	My franchisor is a company that I have great confidence in	TR
24	My franchisor is a company that stands by its word	TR

**IPIP-B5 (agreeableness, extraversion, emotional stability, conscientiousness, and imagination)**

1	Am the life of the party.	(1+)	PE_1
2	Don't talk a lot.	(1-)	PE_2
3	Feel comfortable around people.	(1+)	PE_3
4	Keep in the background.	(1-)	PE_4
5	Start conversations.	(1+)	PE_5
6	Have little to say.	(1-)	PE_6
7	Talk to a lot of different people at parties.	(1+)	PE_7
8	Don't like to draw attention to myself.	(1-)	PE_8
9	Don't mind being the center of attention.	(1+)	PE_9
10	Am quiet around strangers.	(1-)	PE_10
11	Feel little concern for others.	(2-)	PA_1
12	Am interested in people.	(2+)	PA_2
13	Insult people.	(2-)	PA_3
14	Sympathize with others' feelings.	(2+)	PA_4
15	Am not interested in other people's problems.	(2-)	PA_5
16	Have a soft heart.	(2+)	PA_6
17	Am not really interested in others.	(2-)	PA_7
18	Take time out for others.	(2+)	PA_8
19	Feel others' emotions.	(2+)	PA_9
20	Make people feel at ease.	(2+)	PA_10
21	Am always prepared.	(3+)	PC_1
22	Leave my belongings around.	(3-)	PC_2
23	Pay attention to details.	(3+)	PC_3
24	Make a mess of things.	(3-)	PC_4
25	Get chores done right away.	(3+)	PC_5
26	Often forget to put things back in their proper place.	(3-)	PC_6
27	Like order.	(3+)	PC_7
28	Shirk my duties.	(3-)	PC_8
29	Follow a schedule.	(3+)	PC_9
30	Am exacting in my work.	(3+)	PC_10
31	Get stressed out easily.	(4-)	PES_1
32	Am relaxed most of the time.	(4+)	PES_2
33	Worry about things.	(4-)	PES_3
34	Seldom feel blue.	(4+)	PES_4
35	Am easily disturbed.	(4-)	PES_5
36	Get upset easily.	(4-)	PES_6
37	Change my mood a lot.	(4-)	PES_7
38	Have frequent mood swings.	(4-)	PES_8
39	Get irritated easily.	(4-)	PES_9
40	Often feel blue.	(4-)	PES_10
41	Have a rich vocabulary.	(5+)	PI_1
42	Have difficulty understanding abstract ideas.	(5-)	PI_2
43	Have a vivid imagination.	(5+)	PI_3
44	Am not interested in abstract ideas.	(5-)	PI_4
45	Have excellent ideas.	(5+)	PI_5
46	Do not have a good imagination.	(5-)	PI_6
47	Am quick to understand things.	(5+)	PI_7
48	Use difficult words.	(5+)	PI_8
49	Spend time reflecting on things.	(5+)	PI_9
50	Am full of ideas.	(5+)	PI_10



### CEI – Entrepreneurial Drive

1	Written objectives for this business are crucial
	It's enough to know the general direction you are going
2	I like to think of myself as a skillful person
	I like to think of myself as a creative person
3	I wouldn't have started this business if I hadn't been sure that it would go
	I'm never sure whether this business will go or not
4	I want this business to grow and become a major force
	The real purpose of this business is to support my family
5	The most important thing I do for this business is plan
	I am most important in day to day management of this business
6	I like to approach situations from a sympathetic perspective
	I like to approach situations from an analytical perspective
7	My primary purpose here is to survive
	I won't rest until we are the best
8	A plan should be written in order to be effective
	An unwritten plan for development is enough
9	I probably spend too much time with this business
	I balance my time between this business, family and friends
10	I tend to let my heart rule my head
	I tend to let my head rule my heart
11	My priorities include a lot of things outside this business
	One of the most important things in my life is this business
12	I'm the one who has to do the thinking and planning
	I'm the one who has to get things done
13	People who work for me, work hard
	People who work for me, like me
14	I look forward to the day when managing this business is simple
	If managing gets too simple, I'll start another business
15	I think I am a practical person
	I think I am an imaginative person
16	The challenge of being successful is as important as the money
	Money which comes with success is the most important thing
17	I'm always looking for new ways to do things
	I try to establish set procedures to get things done right
18	I think it is important to be sympathetic
	I think it is important to be logical
19	I think that standard operating procedures are crucial
	I enjoy the challenge of invention more than anything else
20	I spend as much time planning as in running this business
	I spend most of my time running this business
21	I have found that managing this business falls into a routine
	Nothing around here is ever routine
22	I prefer people who are realistic
	I prefer people who are imaginative
23	The difference between competitors is the owner's attitude
	We have some things which we do better than the competitors
24	My personal objectives revolve around this business
	My real life is outside this business with family and friends

25	I enjoy the idea of trying to outwit the competition
	If you change too much, you can confuse the customers
26	The best approach is to avoid risky moves whenever possible
	If you want to outdo the competition you have to take some risks
27	I hate the idea of having to borrow money
	Borrowing is just another business decision
28	Quality and service aren't enough. You must have a good image
	A fair price and good quality is all any customer really wants
29	People think of me as a hard worker
	People think of me as easy to get along with
30	The only undertakings this business makes are those that are relatively certain
	If you want the business to grow you have to take some risks
31	The thing I miss most about working for someone else is security
	I don't really miss much about working for someone else
32	I am concerned about the rights of people who work for me
	I am concerned about the feelings of people who work for me
33	It is more important to see possibilities in a situation
	It is more important to see things the way they are

## APPENDIX 5 – REGRESSION ANALYSIS

### Relationship quality and financial performance over time

**Model Summary**

Time	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1,00	1	,371 <sup>a</sup>	,138	,133	,65290
2,00	1	,447 <sup>a</sup>	,200	,195	,73288

a. Predictors: (Constant), Relationship Quality

**ANOVA<sup>b</sup>**

Time	Model		Sum of Squares	df	Mean Square	F	Sig.
1,00	1	Regression	11,533	1	11,533	27,055	,000 <sup>a</sup>
		Residual	72,040	169	,426		
		Total	83,573	170			
2,00	1	Regression	22,675	1	22,675	42,215	,000 <sup>a</sup>
		Residual	90,773	169	,537		
		Total	113,447	170			

a. Predictors: (Constant), Relationship Quality

b. Dependent Variable: Performance

**Coefficients<sup>a</sup>**

Time	Model		Unstandardized Coefficients		Standardized Coefficients
			B	Std. Error	Beta
1,00	1	(Constant)	1,765	,278	
		Relationship Quality	,244	,047	,371
2,00	1	(Constant)	1,233	,331	
		Relationship Quality	,347	,053	,447

a. Dependent Variable: Performance

**Coefficients<sup>a</sup>**

Time	Model		t	Sig.
1,00	1	(Constant)	6,337	,000
		Relationship Quality	5,201	,000
2,00	1	(Constant)	3,726	,000
		Relationship Quality	6,497	,000

a. Dependent Variable: Performance

## APPENDIX 6 – CORRELATION TABLE WITH ALL INDICATORS

Spearman's rho	Entrepreneurial Potential	Sales Growth	Profitability	Financial Performance	PA	PC	PE	PES	PI	Satisfaction	Trust	Commitment	Relationship Quality
Correlation	1	,226**	,163**	,207**	0,072	0,066	,176**	0,045	,263**	0,093	0,08	,115**	0,099
Coefficient													
Sig. (2-tailed)		0	0,003	0	0,186	0,225	0,001	0,408	0	0,087	0,14	0,034	0,069
N	342	342	342	342	342	342	342	342	342	342	342	342	342
Correlation	,226**	1	,662**	,902**	,127*	0,104	0,052	,150**	,164**	,370**	,305**	,375**	,365**
Sig. (2-tailed)	0		0	0	0,019	0,056	0,34	0,005	0,002	0	0	0	0
N	342	342	342	342	342	342	342	342	342	342	342	342	342
Correlation	,163**	,662**	1	,914**	,150**	,158**	0,046	,195**	0,069	,413**	,354**	,436**	,418**
Sig. (2-tailed)	0,003	0		0	0,006	0,003	0,399	0	0,201	0	0	0	0
N	342	342	342	342	342	342	342	342	342	342	342	342	342
Correlation	,207**	,902**	,914**	1	,153**	,148**	0,047	,187**	,116*	,429**	,359**	,445**	,428**
Sig. (2-tailed)	0	0	0		0,005	0,006	0,383	0,001	0,032	0	0	0	0
N	342	342	342	342	342	342	342	342	342	342	342	342	342
Correlation	0,072	,127*	,150**	,153**	1	,247**	,250**	,211**	,313**	,291**	,288**	,303**	,306**
Sig. (2-tailed)	0,186	0,019	0,006	0,005		0	0	0	0	0	0	0	0
N	342	342	342	342	342	342	342	342	342	342	342	342	342
Correlation	0,066	0,104	,158**	,148**	,247**	1	,154**	,171**	,239**	,222**	,192**	,230**	,224**
Sig. (2-tailed)	0,225	0,056	0,003	0,006	0		0,004	0,002	0	0	0	0	0
N	342	342	342	342	342	342	342	342	342	342	342	342	342
Correlation	,176**	0,052	0,046	0,047	,250**	,154**	1	0,098	,444**	0,084	0,085	0,088	0,089
Sig. (2-tailed)	0,001	0,34	0,399	0,383	0	0,004		0,071	0	0,121	0,119	0,105	0,102
N	342	342	342	342	342	342	342	342	342	342	342	342	342
Correlation	0,045	,150**	,195**	,187**	,211**	,171**	0,098	1	,167**	,245**	,230**	,231**	,242**
Sig. (2-tailed)	0,408	0,005	0	0,001	0	0,002	0,071		0,002	0	0	0	0
N	342	342	342	342	342	342	342	342	342	342	342	342	342
Correlation	,263**	,164**	0,069	,116*	,313**	,239**	,444**	,167**	1	,147**	,132*	,144**	,144**
Sig. (2-tailed)	0	0,002	0,201	0,032	0	0	0	0,002		0,006	0,015	0,008	0,008
N	342	342	342	342	342	342	342	342	342	342	342	342	342
Correlation	0,093	,370**	,413**	,429**	,291**	,222**	0,084	,245**	,147**	1	,906**	,948**	,980**
Sig. (2-tailed)	0,087	0	0	0	0	0	0,121	0	0,006		0	0	0
N	342	342	342	342	342	342	342	342	342	342	342	342	342
Correlation	0,08	,305**	,354**	,359**	,288**	,192**	0,085	,230**	,132*	,906**	1	,898**	,949**
Sig. (2-tailed)	0,14	0	0	0	0	0	0,119	0	0,015	0		0	0
N	342	342	342	342	342	342	342	342	342	342	342	342	342
Correlation	,115**	,375**	,436**	,445**	,303**	,230**	0,088	,231**	,144**	,948**	,898**	1	,979**
Sig. (2-tailed)	0,034	0	0	0	0	0	0,105	0	0,008	0	0		0
N	342	342	342	342	342	342	342	342	342	342	342	342	342
Correlation	0,099	,365**	,418**	,428**	,306**	,224**	0,089	,242**	,144**	,980**	,949**	,979**	1
Sig. (2-tailed)	0,069	0	0	0	0	0	0,102	0	0,008	0	0	0	
N	342	342	342	342	342	342	342	342	342	342	342	342	342

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

## APPENDIX 7 – CORRELATION TABLE WITH ADJUSTED INDICATORS

Spearman's rho	Entrepreneurial Potential	Sales Growth	Profitability	Financial Performance	PA_pls	PC_pls	PE_pls	PES_pls	PI_pls	Satisfaction_pls	Trust_pls	Commitment_pls	Relationship Quality_pls
Correlation Coefficient	1	,226**	,163**	,207**	0,038	0,078	0,086	0,052	,275**	0,096	0,08	,109	0,098
Sig. (2-tailed)		0	0,003	0	0,483	0,151	0,11	0,337	0	0,076	0,14	0,045	0,07
N	342	342	342	342	342	342	342	342	342	342	342	342	342
Correlation Coefficient	,226**	1	,662**	,902**	0,064	,129*	0,085	,121*	,210**	,329**	,305**	,355**	,358**
Sig. (2-tailed)	0		0	0	0,239	0,017	0,115	0,025	0	0	0	0	0
N	342	342	342	342	342	342	342	342	342	342	342	342	342
Correlation Coefficient	,163**	,662**	1	,914**	,132*	,132*	0,091	,177**	,174**	,358**	,354**	,394**	,394**
Sig. (2-tailed)	0,003	0		0	0,014	0,014	0,094	0,001	0,001	0	0	0	0
N	342	342	342	342	342	342	342	342	342	342	342	342	342
Correlation Coefficient	0,038	0,064	,132*	,112*	1	,242**	,367**	,154**	,302**	,257**	,270**	,256**	,274**
Sig. (2-tailed)	0,483	0,239	0,014	0,039		0	0	0,004	0	0	0	0	0
N	342	342	342	342	342	342	342	342	342	342	342	342	342
Correlation Coefficient	0,078	,129*	,132*	,147**	,242**	1	,314**	,110*	,295**	,206**	,240**	,232**	,244**
Sig. (2-tailed)	0,151	0,017	0,014	0,007	0		0	0,042	0	0	0	0	0
N	342	342	342	342	342	342	342	342	342	342	342	342	342
Correlation Coefficient	0,086	0,085	0,091	0,092	,367**	,314**	1	,138*	,344**	,243**	,249**	,214**	,245**
Sig. (2-tailed)	0,11	0,115	0,094	0,09	0	0		0,011	0	0	0	0	0
N	342	342	342	342	342	342	342	342	342	342	342	342	342
Correlation Coefficient	0,052	,121*	,177**	,163**	,154**	,110*	,138*	1	,157**	,220**	,215**	,189**	,231**
Sig. (2-tailed)	0,337	0,025	0,001	0,002	0,004	0,042	0,011		0,004	0	0	0	0
N	342	342	342	342	342	342	342	342	342	342	342	342	342
Correlation Coefficient	,275**	,210**	,174**	,204**	,302**	,295**	,344**	,157**	1	,257**	,252**	,223**	,266**
Sig. (2-tailed)	0	0	0,001	0	0	0	0	0,004		0	0	0	0
N	342	342	342	342	342	342	342	342	342	342	342	342	342
Correlation Coefficient	0,096	,329**	,358**	,376**	,257**	,206**	,243**	,220**	,257**	1	,861**	,831**	,944**
Sig. (2-tailed)	0,076	0	0	0	0	0	0	0	0		0	0	0
N	342	342	342	342	342	342	342	342	342	342	342	342	342
Correlation Coefficient	0,08	,305**	,354**	,359**	,270**	,240**	,249**	,215**	,252**	,861**	1	,838**	,944**
Sig. (2-tailed)	0,14	0	0	0	0	0	0	0	0	0		0	0
N	342	342	342	342	342	342	342	342	342	342	342	342	342
Correlation Coefficient	,109	,355**	,394**	,409**	,256**	,232**	,214**	,189**	,223**	,831**	,838**	1	,937**
Sig. (2-tailed)	0,045	0	0	0	0	0	0	0	0	0	0		0
N	342	342	342	342	342	342	342	342	342	342	342	342	342
Correlation Coefficient	0,098	,358**	,394**	,410**	,274**	,244**	,245**	,231**	,266**	,944**	,944**	,937**	1
Sig. (2-tailed)	0,07	0	0	0	0	0	0	0	0	0	0	0	
N	342	342	342	342	342	342	342	342	342	342	342	342	342
Correlation Coefficient	,207**	,902**	,914**	1	,112*	,147**	0,092	,163**	,204**	,376**	,359**	,409**	,410**
Sig. (2-tailed)	0	0	0		0,039	0,007	0,09	0,002	0	0	0	0	0
N	342	342	342	342	342	342	342	342	342	342	342	342	342

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).