

# The Relationship for Antecedents and Performance of Free Riding in Franchising Industry between Taiwan and Mainland China

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## ABSTRACT

Most people would like to have their business under the high price, workless ratios, and fixed salary. Choosing the franchising which takes low capitals is a popular way for the investors. This is why the franchising industry is a big campaign in the 21st century. Many researchers have discussed about how the franchisees choose a good franchisor and how to keep a good relationships with each other. This study investigated how the franchisors decrease free riding if some franchisees are opportunistic to the brand reputation, and join the franchising. If the franchisors defend the free riders (franchisees) successfully, how will the company performance be affected? We collected data by the questionnaire, and the sample was divided into Taiwan and Mainland China. The findings indicated that the more centralization and formalization the franchisors treat to the franchisees, the more free riding may happen both in Taiwan and in Mainland China. The more interaction is between the franchisors and the franchisees, the more free riding may happen in Taiwan; however, it is opposite to Mainland China. In short, there is free riding, but it is not deleterious effects on franchisee performance and even to company performance.

Keywords : franchisor, franchisee, centralization, formalization, interaction, free riding

## Table of Contents

中文摘要	iii	英文摘要	iii
iv 誌謝辭		v 內容目錄	
vi 表目錄		viii 圖目錄	
ix 第一章 緒論	1	第一節 研究背景動機	1
1 第二節 研究問題與目的	3	第三節 研究流程	3
4 第二章 文獻探討	6	第一節 加盟	6
6 第二節 搭便車	10	第三節	10
集權化	12	第四節 正式化	14
第五節 互動	16	第六節 公司績效	16
18 第三章 研究方法	20	第一節 研究架構	20
20 第二節 研究推論與假設	21	第三節 變數之操作性定義與衡	21
量	21	第五節 問卷設計	21
26 第四節 研究工具	22	第六節 資料分析	22
30 第六節 資料分析法	27	第一節 基本資料之敘述性統計分析	30
33 第一節 基本資料之敘述性統計分析	30	第二節	30
37 第二節 問卷量表信效度之檢定	35	第三節 獨立T檢定分析	35
40 第四節 因素分析	37	第五節 獨立T檢定分析	37
42 第六節 相關分析	42	第七節 實證分析	42
43 第五章 結論與建議	49	第一節 研究結論與意涵	49
49 第二節 實務意涵與建議	50	第三節 研究限制	49
52 第四節 未來研究建議	53	參考文獻	53
54 附錄A 問卷設計版	65	附錄B 問	65
卷發放版	67	表 3-1 集權化之量表	23
正式化之量表	24	表 3-2	23
3-4 搭便車之量表	25	表 3-3 互動之量表	24
表 3-4 搭便車之量表	25	表 3-5 公司績效之量表	26
表 3-6 相關係數的強度大小與意義	29	表 4-1 問卷樣本回收情況	29
30 表 4-2 兩岸基本資料之樣本敘述性統計分析表	32	表 4-3 兩岸樣本之敘述性統計分析表	32
34 表 4-4 兩岸各構面調整前之信效度分析表	35	表 4-5 兩岸各構面調整後之信效度分析表	35
36 表 4-6 台灣之KMO值與Bartlett球形檢定	37	表 4-7 大陸之KMO值與Bartlett球形檢定	37
37 表 4-8 兩岸之因素分析	39	表 4-9 兩岸獨立T檢定結果	39

41 表 4-10 台灣相關分析	42 表 4-11 大陸相關分析
43 表 4-12 台灣迴歸分析	45 表 4-13 台灣搭便車對公司績效迴歸分析
45 表 4-14 大陸迴歸分析	47 表 4-15 大陸搭便車對公司績效迴歸分析
48 表 4-16 研究假設驗證表	48 圖 1-1 研究流程圖
5 圖 2-1 加盟體系之經營型態圖	9 圖 3-1 研究架構圖
20	

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