The determinants of goal realization and the significant role of self-efficacy in the Malaysian franchise industry

Nik Kamariah Nik Mat
Noor Hasmini Abd Ghani
School of Business Management, College of Business (SBMCOB)
Universiti Utara Malaysia, Sintok, Kedah, Malaysia

Fader Abdullah
Universiti Teknologi Mara, Arau Perlis, Malaysia

Rusnifaezah Musa
School of Business Management, College of Business (SBMCOB)
Universiti Utara Malaysia, Sintok, Kedah, Malaysia

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Abstract
The franchising industry in Malaysia is worth more than RM27 billion in 2017 and is rising. However, the local franchisees are still lagging behind their international players in their home country. Hence, the objective of this study is to determine the factors that lead to the innovative goal realization of the local food franchisees. This study utilizes quantitative research design by distributing 400 questionnaires consisting of measurement for seven latent variables. The instruments consist of 45 items adapted to suit the local franchise industry using a 7-point Likert scale. A response rate of 42% (169) was obtained and the data were analyzed using structural equation modeling (SEM) in AMOS. The path model demonstrates that nine relationships are significant out of twelve hypotheses examined. It signifies that to achieve goal realization, a franchisee needs to undergo a process. It started from goal desire and ends with goal realization. Self-efficacy and goal desire significantly affect goal intention which subsequently affect implementation desire. Next, implementation desire influence implementation intention and self-efficacy. Subsequently, implementation intention and self-efficacy influence plan enactment. Finally, implementation desire and plan enactment are the two significant factors influencing innovative goal realization.

Corresponding author: Nik Kamariah Nik Mat
Email addresses for corresponding author: drnikuum@gmail.com
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Introduction
Malaysia has projected the franchise industry to make up 9.4% of the country’s gross domestic products (GDP) by 2020 from 2.2% in 2010, to be supported by four strategic thrusts identified in the National Franchise Development Blueprint (NFDB), 2012-2016. The franchise industry generated a total revenue of RM25.6 billion in 2015, contributed by more than 400 local franchise companies. Despite the importance of franchising business in transforming Malaysian economy, there is still low goal realization among local franchisees which is evidenced from the less than 10% company value of local franchisees as compared to about 23% company value by international counterparts. Top five Malaysian Franchisors operating in Malaysia as at 31 August 2014 are Marrybrown, Secret Recipe, Old town white coffee, Paparich, and The chicken rice shop. The top five international franchisors are KFC, McDonald’s, Pizza Hut, Dominos and Subway (KPDNKK, 2015). Hence this study intends to examine the factors that could lead to a better goal realization of local franchisees by borrowing from the goal realization theory developed by Dholakia, Bagozzi & Gopinath (2007).
Review of Literature

Goal realization (GR) is defined as the attainment of goal previously chosen by the decision maker (Bagozzi, Dholakia, & Basu Roy, 2003). While past studies had tested this model in personal goal realization, very limited studies have explored this model in franchising setting (Sarassina, 2016; Torikka, 2011; Praditbatuga, 2007). This study utilizes the goal realization theory developed by previous researcher (Dholakia, et al., 2007) – hereafter called DBG Model. According to this model, achieving goal realization is a seven-step process whereby it commences with goal desire and perceived self-efficacy, which leads to goal intention, after which it leads to implementation desire, which then leads to implementation intention. From here, the potential decision maker proceeds to plan completeness and plan enactment after which goal realization will be achieved.

Plan enactment (PE) is “the degree of successful enactment of the chosen plan” (Bagozzi, et al., 2003). There are several studies that have empirically examined the direct relationships between plan enactment and goal realization. However, the goals being observed are in non-franchise setting such as health: smoking cessation (DeVries Eggers & Bolman, 2013), personal goals (Bagozzi, et al., 2003), snacking behavior (Tam, 2006), volitionally chosen personal goals (Dholakia, et al., 2007) and assigned goals (Bagozzi, et al., 2003). Although the results were found to be consistently significant and positive, however, there are severe shortages of such study in franchise goal achievement (Sarassina, 2016).

Goal desire (GD) is defined as the motivational state of mind of the decision maker (Bagozzi, et al., 2003). There are very limited studies investigating goal desire and goal realization in the past. The nearest construct name similar to goal desire that have been examined is ‘need for achievement’ (Zhenhua, Li, & Qing, 2007), and goal frame (Lidenberg & Steg, 2007). Their findings show equivocal results in which ‘need of achievement’ significantly predict goal realization while goal frame does not. Goal desire is also related to goal intention. Previous studies have evaluated the relationship between perceived desirability or goal desire and goal intention show positive and significant result (Krueger, Reilly & Carsrud, 2000; Bagozzi, et al., 2003; Dholakia, et al., 2007). However, the majority of the existing studies only uses students as respondent (Krueger, et al., 2000; Dholakia, et al., 2007; Bagozzi, et al., 2003), and mostly focus on personal goal (Dholakia, et al., 2007; Bagozzi, et al., 2003), and the study stop at intention level (Krueger, et al., 2000; Bagozzi, et al., 2003) and in the Western setting. Thus, a study that studies real entrepreneur will be timely (Carsrud & Brännback, 2011), and the different cultural setting of eastern country such as Malaysia might deliver different result (Hampden-Turner & Trompenaars, 2008).

Goal intention (GI) is the intention to perform a specific behavior or a series of behavior (Gollwitzer & Sheeran, 2006). Numerous studies have mostly studied goal intention as antecedents of behavior while only a few studies that uses goal intention as direct antecedent of goal realization (Sarassina, 2016; Dholakia, et al., 2007; Bagozzi, et al., 2003). Previous examination on this linkage has found inconsistent findings (Darmanto & Wahyudi, 2014; DeVries, et al., 2013). Goal intention had been used in very large body of researches and had been proven as a significant and positive direct antecedent of implementation intention. A meta-analysis by (Gollwitzer & Sheeran, 2006), showed that goal intention is indeed the direct antecedent of implementation intention in very diverse field such as collecting coupon (Aarts, Dijksterhuis & Midden, 1999), eating low fat diet (Armitage, 2004), public transportation use (Bamberg, 2000), initiation of vocational training (Brandstätter, Heimbeck, Malzacher & Frese, 2003), prospective memory task (Einstein & McDaniel, 2005), new year resolution (Koestner, et al., 2006) exercise (Lippke, Ziegelmann, & Schwarzer, 2004), testicular self-examination and persistence to boring task (Milne, Orbell, & Sheeran, 2002). Goal intention has consistently predicted implementation intention significantly and positively (Ajzen, Czasch, & Flood, 2009; Bagozzi, et al., 2003; Bamberg, 2000). Previous finding shows the tendency of positive and significant relationship between goal intention and implementation desire (Nadkarni, 2009; Dholakia, et al., 2007; Bagozzi, et al., 2003).

Implementation desire (ID) measures how much an individual is willing to implement certain steps in achieving their desired goals (Richetin, Perugini, Adjali & Hurling, 2008). Several studies that have studied the relationship between implementation desire and implementation intention have found significant positive linkage, but in no-franchise setting (Bagozzi, et al., 2003; Dholakia, et al., 2007; Nadkarni, 2009). However, the existing study of this relationship is still limited to personal goal (Bagozzi, et al., 2003; Dholakia, et al., 2007) health goal (DeVries, et al., 2013) and patient blood glucose (Nadkarni,
Furthermore, all studies were conducted in Western setting. Realizing that cultural differences may influence different result across different cultural setting (Hampden-Turner & Trompenaars, 2008), thus, revisiting this relationship in eastern culture is timely. Hence, we formulated the hypotheses based on above discussion.

H1: Plan enactment is related positively to goal realization.
H2: Goal desire positively influence goal realization
H3: Goal intention positively influence goal realization.
H4: Intention desire positively affect goal realization
H5: Implementation intention positively influence plan enactment.
H6: Self efficacy positively influences plan enactment

Implementation intention (II) refers to the behavior that needs to be performed in order to achieve goal attainment (Gollwitzer & Sheeran, 2006). Previous studies have shown inconsistent finding explaining the linkage between implementation and goal realization. Furthermore, most of the significant positive results were conducted in non-franchise setting such as entrepreneurship, health, education, social psychology, personal goal and self-management (DeVries, et al., 2013; Hechavarria, Renko & Matthews, 2012; Stadler, Oettingen & Gollwitzer, 2010; Adriannse, et al., 2010) while (Dholakia, et al., 2007) found insignificant result. Very limited studies were conducted in franchising. Past studies examining the relationship between implementation intention and plan enactment are scarce and unrelated to franchising setting. Although previous finding shows that there is consistent significant positive relationship between implementation intention and plan enactment, very little study can justify a similar finding in franchising (Bagozzi, et al., 2003; Tam, 2006). Furthermore, most studies only used students as respondents. Hence, the utilization of implementation intention as antecedent of plan enactment is therefore promising.

Self-efficacy (SE) refers to the beliefs in one’s capabilities to organize and execute the course of action required to manage prospective situation (Bandura, 1995). The results of the relationship between self-efficacy and plan enactment are inconsistent (DeVries, et al., 2013; Bagozzi, et al., 2003). DeVries, et al., (2013) finds that the relationship is significant while Bagozzi, et al. (2003) find that it is not significant. The inconsistent result may due to differences in goal domain or maybe due to cultural differences between the Netherlands and USA (Hampden-Turner & Trompenaars, 2008). Therefore, a study with different goal domain and different cultural setting is worth investigating. Several studies in entrepreneurship have found significant positive relationship between self-efficacy and goal intention in different parts of the world: Africa (Katono & Heintze, 2010) Indonesia (Sihombing, 2015) Iran, Poland, Norway & Netherlands (Moriano, et al., 2012) and Finland (Liñán, Urbano, & Guerrero, 2011). However, the entrepreneurial studies mostly investigate students and considered failure to capture real situation of entrepreneurs. Therefore, there is a need to study this linkage with real respondents (Carsrud & Brännback, 2011). Hence, a study that focuses on the influence of self-efficacy on goal intention using real entrepreneurs such as franchisees is timely to fill in the current vacuum. The above discussion leads to the following hypotheses;

H7: Implementation desire influence implementation intention.
H8: Goal intention positively influences implementation intention.
H9: Self efficacy positively influences implementation intention.
H10: Goal intention influence implementation desire.
H11: Goal desire positively influence goal intention.
H12: Self efficacy positively influence goal intention.

Based on the literature discussed, this study develops a research framework as in Figure 1.
The goal realization model is called DBG model in Figure 2 (Dholakia, et al., 2007) were tested to examine the applicability of the BDB model. But in this study, Dholakia, et al. (2007) only utilize variables that were found to be significant in his previous study (Bagozzi, et al., 2003). This study only focuses on the path of goal desire to goal realization with one additional variable: self-efficacy. The finding shed the light of research where the goal that assigned goal have the same desirability to be enacted as volitionally set goal. And in the context of the goal to become franchisee, the previously set goal by the franchisees would not reduce the enactment effort to reach the assigned goal. Besides studying the difference between previously assigned goal and volitionally chosen goal, Dholakia, et al. (2007) also study the influence of plan enactment to Goal realization.

Research Methodology

This study applies the quantitative approach research design, aimed at consolidating new information and relationships between variables about the local franchisees of Malaysia.

Questionnaire design: This study employs a structured questionnaire measuring the seven constructs depicted in the research framework measuring goal realization (5 items); plan enactment (5 items); goal intention (7 items); goal desire (7 items), and implementation desire (5 items) were adopted from (Bagozzi, et al., 2003). Meanwhile, implementation intention (6 items) was adopted from (Webb, Sheeran & Gollwitzer, 2005); and self-efficacy adopted from Farmer, Lines and Hamm (2011)(10 items). All questions utilized the 7-point Likert- type scale.

Sampling Method: The population used for this study is 6000 local food franchisees outlets in Malaysia (Euromonitor Passport, 2014). Based on this population frame, 400 sampling size is targeted based on Krejcie and Morgan formula table (Hair, et al., 1998). Stratified random sampling were chose.
based on strata regions. The location includes main cities in Malaysia stratified according to eight regions (Johore Bharu, Klang Valley, Ipoh, Penang, Kota Bharu, Kuala Terengganu, Kucing and Kota Kinabalu). Each of respondents were randomly selected based on the franchise database acquired from Malaysia Franchise Association.

Analysis methods: This study utilizes structural equation modeling (SEM) analysis using AMOS (Analysis of moment structures). The data were input into SPSS and a rigorous data screening was conducted to ensure data used are normalized using cdfnorm transformation. The hypothesized model is modified to fit in the generated model according to the goodness of fit indices benchmarks such as GFI>0.90; RMSEA<0.08; normed chi-square<2; p-value>0.05. The standardized beta estimates with p-value <0.05 are used to answer the significant hypotheses.

Data Analysis and Discussion

The responses obtained from the collection of data were 169 data sets, representing 42 percent response rate. This is expected because the franchisees are quite reluctant respondents due to interruptions to their business activities. Furthermore, the respondents are owners of franchise and expected to be very busy people. The data collected were subjected to structural equation modeling (SEM) analysis in AMOS. The demographic profile of the respondents shows that 72.5 percent of the franchisees have diploma or high school education while 27.5 percent have degrees or post graduate education. The majority (81%) of the local franchisees are the Malays located in small towns (55%). Besides, the top five brands are Marry Brown, Old town white coffee, Secret Recipe, Cool Blog and Chicken Rice Shop.

Table 1. Parameter Estimates Results of Generated Fit Structural Model

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Exo</th>
<th>Endo</th>
<th>Estimate</th>
<th>S.E.</th>
<th>C.R.</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>PE</td>
<td>GR</td>
<td>0.555</td>
<td>0.12</td>
<td>4.695</td>
<td>***</td>
</tr>
<tr>
<td>H2</td>
<td>GD</td>
<td>GR</td>
<td>0.168</td>
<td>0.117</td>
<td>1.71</td>
<td>0.087</td>
</tr>
<tr>
<td>H3</td>
<td>GI</td>
<td>GR</td>
<td>-0.239</td>
<td>0.119</td>
<td>-1.861</td>
<td>0.063</td>
</tr>
<tr>
<td>H4</td>
<td>ID</td>
<td>GR</td>
<td>0.41</td>
<td>0.091</td>
<td>4.181</td>
<td>***</td>
</tr>
<tr>
<td>H5</td>
<td>II</td>
<td>PE</td>
<td>0.632</td>
<td>0.092</td>
<td>6.383</td>
<td>***</td>
</tr>
<tr>
<td>H6</td>
<td>SE</td>
<td>PE</td>
<td>0.347</td>
<td>0.109</td>
<td>3.646</td>
<td>***</td>
</tr>
<tr>
<td>H7</td>
<td>ID</td>
<td>II</td>
<td>0.678</td>
<td>0.094</td>
<td>7.16</td>
<td>***</td>
</tr>
<tr>
<td>H8</td>
<td>GI</td>
<td>II</td>
<td>-0.012</td>
<td>0.12</td>
<td>-0.102</td>
<td>0.919</td>
</tr>
<tr>
<td>H9</td>
<td>SE</td>
<td>II</td>
<td>0.237</td>
<td>0.131</td>
<td>2.244</td>
<td>0.025*</td>
</tr>
<tr>
<td>H10</td>
<td>GI</td>
<td>ID</td>
<td>0.608</td>
<td>0.085</td>
<td>7.14</td>
<td>***</td>
</tr>
<tr>
<td>H11</td>
<td>GD</td>
<td>GI</td>
<td>0.481</td>
<td>0.115</td>
<td>5.318</td>
<td>***</td>
</tr>
<tr>
<td>H12</td>
<td>SE</td>
<td>GI</td>
<td>0.457</td>
<td>0.112</td>
<td>5.129</td>
<td>***</td>
</tr>
</tbody>
</table>

Note. Square Multiple Correlation (SMC)/R²: goal realization=0.642, *** p value <0.001, **p value<0.01, * p value <0.05. All three levels of p-values are considered as significant in this study.

Figure 3 illustrates the hypothesized structural model as proposed in the research framework. It shows that the hypothesized model fails to achieve model fit since the goodness of fit indices indicates an unfit model p-value=0.001 (<0.05). It appears, the results of hypothesized model could not be used to generalize the population. Ultimately, the hypothesized model was fitted to generate a better fit model in Figure 4, where p-value =0.72 (indicating model fit). The results of standardized regression beta estimates, SE, CR and p-value are presented in Table 1.

The results show that plan enactment positively influence goal realization (B=0.55; CR= 4.695; p<0.001), thus supporting hypothesis H1. Similar finding was found by previous researches (DeVries, et al., 2013; Bagozzi, et al., 2003; Tam, 2006; Dholakia, et al., 2007). Similarly, implementation desire positively influences goal realization (B=0.41; CR=4.181; p<0.001), again supporting hypothesis H4. Goal desire and goal intention do not influence goal realization significantly, thus, H2 and H3 are not supported.
Additionally, both implementation intention and self-efficacy positively influence plan enactment, supporting H5 and H6. Implementation desire and self-efficacy also show a significant positive influence on implementation intention, hence H7 and H9 are supported. Goal desire however, do not influence implementation intention, indicating a non-support for H8.

Furthermore, goal intention is found to have a significant positive influence on implementation desire. Likewise, goal desire and self-efficacy has a positive significant influence on goal intention hence supporting H11 and H12. To summarize, nine linkages are supported while 3 linkages are not supported. The squared multiple correlation or regression squared explained 64.2 percent variance in goal realization.
Conclusion

This study has achieved its objective in investigating the factors that influence the goal realization of incumbent local franchisees. It was found that plan enactment and implementation desire are very important predictors of goal realization of franchisees. For franchisees to succeed in the commencement stage, it is very necessary for the franchisees to have goal desire and self-efficacy. Self-efficacy is an important ingredient for plan enactment, implementation desire and goal intention. Desire to excel and having innovative knowledge (self-efficacy) in the field that they are going into is detrimental for success. Once these two skills are in place, they can effortlessly proceed to the implementation stage. This study implies that self-efficacy is a vital element to progress. Goals of becoming a successful franchise can be realized as proven by the increased of local Malaysian franchisors going abroad into the international arena.

References


