RECONCEPTUALISING FRANCHISEE PERFORMANCE: A CONFIGURATIONAL APPROACH IN A BASE-OF-THE-PYRAMID CONTEXT

Robert Newbery
Northumbria University
Newcastle Upon Tyne, NE1 8ST
United Kingdom
robert.newbery@northumbria.ac.uk

Kevin McKague
University of Cape Breton
1250 Grand Lake Rd, Sydney, NS B1P 6L2
Canada
Kevin_McKague@cbu.ca

Pablo Muñoz
University of Durham
Millhill Ln, Durham DH1 3LB, UK.
United Kingdom
pablo.munoz-roman@durham.ac.uk
&
Universidad del Desarrollo
Chile

Jonathan Kimmitt
University of Durham
Millhill Ln, Durham DH1 3LB, UK.
United Kingdom
jonathan.kimmitt@durham.ac.uk

* *Corresponding author*

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Abstract

This paper proposes and tests a new conceptual framing for franchisee performance that draws on institutional complexity to explore the interaction of corporate, market and relational logics of performance. Extant research draws on corporate and market logics to explain performance, however, this does not explain individual franchisee performance in complex institutional environments such as Base-of-the-Pyramid (BoP) markets where relational logics may be more important, limiting explanations of how franchisee outlets perform. Drawing on data from a network of 58 franchise outlets in the context of Kenya, we conduct a configurational analysis related to sales outcomes. We leverage fsQCA to map out the conditions under which franchisees exhibit higher sales performance. Results show that three different configurations can lead to increased sales performance. Our results paint a nuanced picture of combinations of factors that result in franchisee success with relevance to the BoP context and beyond.

1 Introduction

Franchising is a way to scale a successful business model by leveraging the resources of a network of franchisees to optimise performance (Combs et al., 2011). Consequently, the franchise format has been explored as a key organisational form through ongoing research debates (Friesl & Larty, 2018). From an institutional perspective, research explores what makes an organisation a legitimate player in its industry (DiMaggio & Powell, 1983). Within franchising research institutional theory has been used to demonstrate how franchisors follow a 'sharply bounded rationality' informed by institutions (Combs et al., 2009, p. 1287), theorising how prevailing social logics prescribe organisational behaviour (Pahnke et al., 2015), where organisations construct logic prescriptions (Smets et al., 2015) to achieve performance goals, by drawing on institutional 'ideal types' of logic (Friedland & Alford, 1991).

However, despite the relevance of institutional theory in understanding how franchises operate (Combs et al., 2009), there remains a limited understanding of what this might look like in a Base of the Pyramid (BoP) context. Whilst in Western contexts we may expect to see institutional complexity, where different logics interact, corporate and market logics are likely to be foregrounded due to mature and well-functioning socio-economic institutions (Aliouche & Schlentrich, 2011). In BoP environments, with well documented weaknesses in supportive institutions (Doh et al., 2017; Mair & Marti, 2009), we are likely to see a disruption to market logic. As a consequence, we may see a more dominant role of relational logics as a core feature of franchisee behaviour to compensate for institutional weaknesses (Christensen et al., 2010). Thus, whilst institutional complexity is inevitable in any franchising arrangement, the BoP provides a context where the institutional mix may be significantly different to that of mature markets. Building on institutional complexity theory (Greenwood et al., 2010), this paper reassesses the franchise literature, proposing and testing

a framing that predicts a complex set of prescriptions for performance, as such it asks: *in a BoP context, what are the prevalent institutional logics of franchising and how do they interact to explain performance?*

We use data from a network of 58-franchise outlets operating in Kenya to conduct a configurational analysis related to sales outcomes. Aiming to capture the drivers of franchisee success, we leverage fsQCA to map out the conditions under which franchisees exhibit higher sales performance. Results show that 3 different configurations can lead to increased sales performance.

The paper offers two key contributions. First, the paper draws on institutional complexity to propose and test a configurational approach that predicts franchisee performance through hybrid logics. To our knowledge, this is the first time such an approach has been used to explain the complex performance pathways of franchisees. Second, we contribute to theoretical discussion regarding franchising in low-income settings by showing how institutional logics prevalent in BoP markets interact with those predicted by traditional franchise research.

2 Theoretical background

2.1 Logics of franchise performance and institutional mix

Institutional logics refer to socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organise time and space, and provide meaning to their social reality (Thornton & Ocasio, 1999). The 'ideal types' of institutional logic have been identified to include corporate, market, professional and state logics (Fisher et al., 2017; Pahnke et al., 2015), as well as relational logics such as family and community (Drencheva &

Au, 2023; Fisher et al., 2017). Organisations are exposed to competing logic prescriptions for action which can be a source of tension.

In settings where competing logics exist, organisations are said to be experiencing institutional complexity. In response, research demonstrates the multiple strategies adopted to cope and thrive in such environments: through workforce socialisation processes that are challenged by social and economic logics (Battilana & Dorado, 2010); collaboration to counteract logics of medical care and business-like behaviour (Reay & Hinings, 2009); or selective coupling where a logic of welfare is combined with a logic of commerce through formal structures (Pache & Santos, 2013). In this regard, research has shown how one logic can dominate because of formal changes to regulations, emerging industry norms, newly introduced innovations and/or changes to management teams (Siwale et al., 2021). These hybrid logics may overlay each other and new complexities (Empson et al., 2013).

Corporate and market behaviours dominate Western-oriented franchising research, where corporate behaviours are evident through a literature focused on: compliance to a standard operating format (Nijmeijer et al., 2014); aligning the strategic goals of the franchise unit with the franchisor (Combs et al., 2004); and following formal and informal contracts to enforce behaviour (Kidwell et al., 2007). In contrast, and based on an implicit understanding of market functions, market behaviours are evident through a focus on autonomous entrepreneurial behaviour to maximise local market conditions (Kaufmann & Eroglu, 1999), including choice of outlet location (Ackermann, 2019), where individual competence is key to a franchisees ability to embrace free-market solutions (Zhao & Lounsbury, 2016).

However, franchising research has begun to explore markets that are outside a traditional Western-orientation (Kistruck et al., 2011) and these point to different combinations of institutional logics. For instance, research into franchising in BoP markets, recognises the value of franchising as a market-based solution that can generate social

benefits (Christensen et al., 2010). Concerns have been raised as to the effectiveness of traditional franchise performance factors where weak institutions undermine the fundamental balance between principal and agency behaviours (Kistruck et al., 2011; Semrau & Biemann, 2022). BoP markets are missing the full set of rules and institutions necessary to properly function as an efficient exchange mechanism (Mair & Marti, 2009). Consequently, institutional voids diminish effective market functioning and mean that franchisees may not be able to fully participate as understood in mature economies (Bustamante et al., 2021). To compensate, this literature suggests the importance of relational logics where family and community behaviours are emphasised to overcome institutional weaknesses. This emphasis explains how franchisees may perform in a context where market and corporate driven behaviours are insufficient, through compensating relational behaviours (Khavul et al., 2009; Kistruck et al., 2011).

Table 1 Institutional Logic and organisational logics of franchising and micro-franchising

Institutional Logic	**Attributes**				**Organisational Field level logics**	
	Legitimacy	***Identity***	***Authority***	***Norm***	***'Western' Franchise***	***'BoP' Franchise***
Corporate logic	*Franchise brand*	*Franchise role and SoP*	*Franchisor HQ*	*Franchise network*	●	●
Market Logic	*Individual skill and wealth*	*Individual reputation*	*Autonomy*	*Self-interest*	●	•
Relational logic(s)	*Relational position*	*By association*	*Hierarchical*	*Trust and reciprocity*	-	●

**Logics derived from* (Drencheva & Au, 2023; Fisher et al., 2017; Kistruck et al., 2011; Pahnke et al., 2015)

To illustrate this, Table 1 draws on instances where institutional logics have been used to describe behaviour at the organisational level (Fisher et al., 2017; Pahnke et al., 2015). This sets out how ideal types of institutional logic relate to franchising. In doing so, we speculate on how logics may be relevant at the field level to both the Western-oriented

franchising literature and franchising in BoP markets. Specifically, we note those areas that the literature would regard as being crucial to both forms of franchising (through large circles), those that may have a less central role (smaller circles) or are absent (denoted by a dash). We explore our thinking in the following review where we frame extant franchising literature through the lens of institutional logics, and explore the influence of corporate, market and relational logics.

2.2 Corporate Logics and performance

Corporate logics are present in institutional fields where managerial capitalism represents the dominant approach. In this context, the hierarchy of the firm is important as senior management position the firm to be a legitimate market actor and manage strategy and investments with competitiveness in mind (Fisher et al., 2017). In this regard, franchises are shaped by a similar corporate logic shaping franchisor and franchisee dynamics. The franchise business model is underpinned by compliance to a standardized franchise format and contractual agreement (Chiou & Droge, 2015; Watson et al., 2020). Through such a corporate logic, franchisees must comply with this format and legal agreements. A key aspect of franchising theory relates to how the organisational form addresses agency problems (Barthélemy, 2011), where the franchisee can act more like an employee or an entrepreneur (Semrau & Biemann, 2022). From a corporate logic, the franchisee behaves more like an employee in following franchise rules, and this has been argued to be particularly common in BoP markets (Kistruck et al., 2011). Whilst this may support compliance, it may also degrade performance through agency issues and shirking (Semrau & Biemann, 2022).

The franchisor requires the network of franchisees to replicate their model. Such compliance is the foundation of relative advantage in the franchise format and a key factor in performance (Chirico et al., 2011). Standardisation of uniform, goods, organisational

routines, and brand bring benefits in quality, purchasing power and efficiency to the network (Kaufmann & Eroglu, 1999). Conversely, format non-compliance has been found to be a severe impediment to performance, being a key factor in franchise failure (Dada, 2021). This uniformity across the network promotes a favourable brand that may be necessary to scale (Kaufmann & Eroglu, 1999) and, as the network grows, compliance to the format may become increasingly important, as franchisees gain experience and confidence (Stanworth, 1995), and become more independent (Davies et al., 2011) with associated agency problems (Castrogiovanni et al., 2006).

Consequently, franchisor contracts are formally encoded through franchise agreements, centralized accounting, sales recording systems and quality audits (Davies et al., 2011; Falbe & Dandridge, 1992). Contracts commit franchisees to the specified corporate norms and standard operating procedures of the franchise format and are important in survival (Combs et al., 2009). This means that, at a macro-institutional level, the franchisor needs to have confidence in strong contract law and regulatory and reporting compliance to maintain standards in franchisee behaviour (Dada, 2021; Lahiri et al., 2021). We term this *institutional compliance* and strong legal systems are attractive to international franchisors as they allow them to enforce franchise format compliance to national standards (Aliouche & Schlentrich, 2011). In the weak legal environments inherent in BoP markets, there may be a failure to accurately report inventory and performance data due to concerns over appropriation of profits through taxes or graft (Kistruck et al., 2011). There is therefore an expectation during selection of franchisees that they will need the basic skills, characteristics, and resources to meet their contractual obligations to the franchisor (Jambulingam & Nevin, 1999), with financial skills or qualifications an important part of the onboarding criteria (Clarkin & Swavely, 2006). Failure to follow standard accounting practices, and lack of institutional enforcement, make it difficult to monitor contracts and may allow a franchisee to

appropriate profits that should be shared with the franchisor (Kistruck et al., 2011). In summary, *format compliance* and *institutional compliance* are regarded as key conditions for franchise performance within a corporate logic.

2.3 Market Logics and performance

Market logics refer to those field level dynamics that emphasise the competence of the entrepreneur and free-market solutions (Zhao & Lounsbury, 2016). In this context, the successful exploitation of market conditions is attributed to entrepreneurial action and self-interest (Fisher et al., 2017). Higher performance may be expected from a franchisee with suitable managerial or entrepreneurial capabilities that operates in a functioning market. Personal attributes have been highlighted as more important than other capabilities (Jambulingam & Nevin, 1999) and franchising gives franchisors access to intellectual capital, such as managerial expertise that allow growth in well managed outlets (Ketchen et al., 2006). However, the level of education and prior management experience have not consistently been found to have a positive relationship to performance in franchisees (Alon, 2006; Fenwick & Strombom, 1998). Indeed, prior managerial experience may be a liability, bringing old management habits (Clarkin & Swavely, 2006) that lead to poor performance (Dada, 2021; Fenwick & Strombom, 1998). Training in franchise routines and specific management competencies may be more important for performance (Gillis et al., 2011). Under this logic, the franchisee behaves more like an entrepreneur (Semrau & Biemann, 2022), something that is less common in BoP markets (Kistruck et al., 2011). This may encourage opportunistic behaviour and degrade compliance, but may align the goals of the franchisee and franchisor to achieve higher performance (Barthélemy, 2011).

To provide a franchisee with liberty to pursue their economic goals, a functioning free-market is necessary (Zhao & Lounsbury, 2016). For a franchisee, market characteristics

have an important influence on performance (Ackermann, 2019). However, BoP markets do not function as mature markets (Mair & Marti, 2009), and franchisees may not be confident in their ability to fully participate as entrepreneurs (Bustamante et al., 2021; Marano et al., 2017), performing instead as employees (Kistruck et al., 2011).

In summary, market logics help shape what is expected of a successful franchisee because of the emphasis on individual ability and market features. First, *market functioning* is important because the lack of supportive institutions will stunt a franchisee's opportunity seeking behaviour. This may be amplified in a BoP market, where customers have significantly lower spending power (Pralahad & Hart, 2002) and franchisees have low confidence in a fair free-market (Doh et al., 2017; Kistruck et al., 2015). Second, their *competence* is also likely critical to franchisee's success. In the absence of the appropriate skills, expertise, and talent to operate the business, franchisees are unlikely to be able to function well even in munificent free markets.

2.4 Relational logic and performance

Relational logic refers to institutional fields where social ties and networks are emphasised. In this context, personal relationships and social embeddedness are important enablers of franchise success (Eneqvist, 2023). They may be particularly important in BoP markets, where they act as 'cross-bracing' mechanisms to substitute for weak institutions (Ciambotti et al., 2023). Family logics refer to the values of familiness that reflect nurturing, generativity, and loyalty to one another to serve family needs (Kariyapperuma & Collins, 2021). Family-owned franchises have been found to have a unique relative advantage (Chirico et al., 2011), leading to higher performance (Patel et al., 2018) and family ties have been shown to have a positive influence on success in the entrepreneurship literature (Zahra et al., 2004). This may be due to their long-term orientation, consideration of legacy

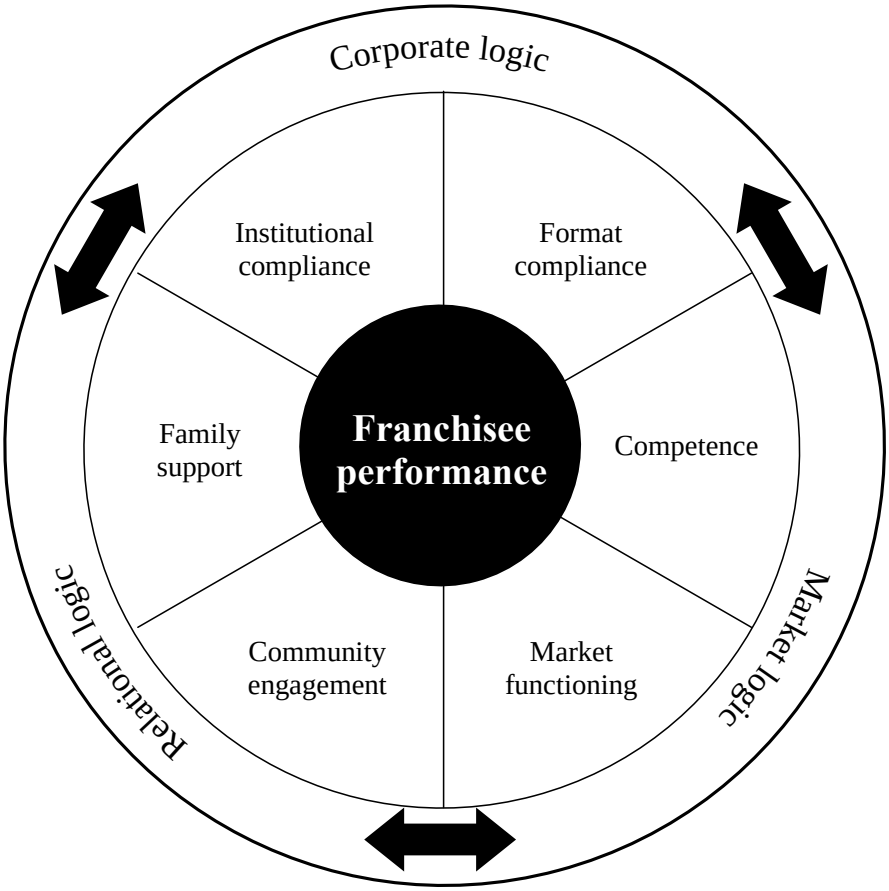
(Howorth & Assaraf Ali, 2001) and 'bonds of love' (Fitzgerald & Muske, 2002). Enduring high-trust interactions between family and business provide behaviour that bypass free-rider problems (Chirico et al., 2011; Werbel & Danes, 2010). Thus, family-oriented business are likely to have reduced agency problems where the goals of principal and agent align, reducing the monitoring costs through reliance on trust (Zahra et al., 2004). They may inherit a long-term, multigenerational perspective and a greater commitment to cultivating relationships that mitigate agency issues (Chirico et al., 2011). Within BoP contexts, f*amily support* allows greater access to trusted actors with a range of free, or discounted, capabilities (Chirico et al., 2011; Kistruck et al., 2011).

Community logics refer to those field level dynamics where community values and ideology are viewed as critical, whereby ventures are primarily developed for community advancement and with a connection to place (Fisher et al., 2017). Social status and community reputation impact on performance (Olm et al., 1988; Shane & Foo, 1999). Community cannot be regarded as exogenous to franchising, rather a relational network that a business embeds in (Lumpkin et al., 2018). The higher the level of community orientation and embeddedness, the higher the entitlement of members to social benefits, such as support and patronage (Peredo & Chrisman, 2006). This returns to Granovetter's (1985) theory of embeddedness, where organisations exist as socially embedded in ongoing concrete personal relationships that can be mobilised for economic performance. This embeddedness has been regarded as important for social franchising (Zafeiropoulou & Koufopoulos, 2013) and has been regarded as a feature of BoP markets (Khavul et al., 2009)

Relational norms around trust and commitment impact performance and these are processed and reproduced through social relations. Such embeddedness offers informational advantages through access to local community resources (Zafeiropoulou and Koufopoulos, 2013) but may also constrain activity through delegitimising profitable behaviour and

imposing social expectations (Newbery et al., 2013). Within BoP markets, given poor communications and transport infrastructures, *community engagement* is regarded as important for word-of-mouth promotion, brand awareness and patronage (Khavul et al., 2009; Kistruck et al., 2011). In summary, *family support* and *community engagement* are important conditions for franchise performance within a relational logic.

Figure 1 Plural logics of franchisee performance



2.5 Interacting Logic Prescriptions for Franchisee Performance

Exploring franchisee performance across institutional contexts suggests that these belief systems interact simultaneously in causally complex ways to produce sales performance. We set out this plural logic in Figure 1. Following a corporate logic through

complying to the franchise model and institutional norms, leads to performance by replicating the successful template of the franchisor. Following a market logic by making locally relevant and autonomous decisions based on individual competence, and a functioning free market, leads to performance through the exploitation of specific opportunities. Whilst the corporate and market logics identified in the Western-oriented literature remain relevant, there is a lack of holistic understanding of how these interact with the relational logics emphasised in the BoP context to shape franchisee performance. In non-western settings, where family and community institutions often substitute for other formal institutions and confidence in functioning markets may be low, we believe such logics are likely to be crucial for franchisees. Following a relational logic, franchisees draw on family behaviour and draw on community legitimacy to achieve performance by compensating for corporate and market logic deficits. Taken together, there are heterogeneous factors operating at different institutional levels, with varying degrees of embedded agency which are likely to produce an institutionally complex mix of performance outcomes.

3 Research methods

3.1 Configurational approach

The research questions require an alternative analytical approach capable of tackling causal complexity and multiple conjunctural causation, i.e. the fact that alternative combinations of conditions can lead to one single outcome. As Muñoz and Dimov (2015) explain ‘it is necessary to go beyond the logic of decomposability associated with linear modeling, in which an outcome of interest is explained as the sum of the effects of the individual predictors.’ (p.644). To examine how these factors combine to produce strong franchisee performance, we use Fuzzy-Set Qualitative Comparative Analysis (fsQCA). fsQCA is a set-theoretic method that uses Boolean algebra, counterfactual analysis and

logical minimization to analyze causal complexity (Furnari et al., 2021). As such, fsQCA constitutes the best method available to observe the causal complexity behind franchisee performance and overcome the limitations of linear methods (e.g. HLM). It allows for comparing cases as configurations of factors (Ragin 2008), observing complex causal relationships in a parsimonious way and subsequently making causal inferences based on the notions of causal necessity and sufficiency. This method is well-suited for addressing research questions dealing with multi-dimensional models and complex causal relationships (Misangyi et al., 2017), as in the examination of the complex set of pathways for franchisee performance, where plural prescriptions for performance may be present and logics compete. It has been used to understand institutions (Beynon et al., 2021), family firms (Hughes et al., 2018), venture capital backed firm growth (Standaert et al., 2022) and varieties of entrepreneurship in developing countries (Kimmitt et al., 2020).

3.2 Research context and sample selection

The research centred on a single franchise network operating in Kenya that provided agricultural inputs to farmers. Kenya provides a representative BoP market for the research, being a lower-middle income economy (Kistruck et al., 2011) with 50% of its 57million population below the poverty line (CIA, 2023). Formal market institutions and key infrastructure are undeveloped (Bunyasi et al., 2014; CIA, 2023) and relationships within the extended family and local community have been recognised as especially important for socio-economic support (Khavul et al., 2009). The franchisees had been in operation between one and three-years at the time of auditing. The franchise was founded in 2012 and by 2018, the operation had grown to a franchise network of 58 shops serving 30,000 farmers. The franchisor generates revenue on the margins it earns between purchasing agricultural inputs from suppliers and selling them to franchisees.

3.3 Data collection

Two of the authors were involved in projects with the franchise over several years. The data in this research stems from regular external auditing of franchisees aimed at improving shop tracking and management by creating performance categories based on a standard set of simple metrics. Data are collected in a monthly basis during franchisee meetings. Each franchisee is assessed across five areas (sales, customers, franchisee performance, shop appearance and record keeping) using a 100-point scale and ranked accordingly. In addition, an expert external auditor assesses, also monthly, three contextual factors (community engagement, family support and market functioning) and two different types of business skills (active-management and cash-management). The auditor was an experienced and permanent employee of the franchisor team. We calculated the average score obtained by the franchisees over a 7-month auditing period. To further contextualise the research, we drew on interview data with franchise managers. For this research we identified franchisee cases that uniquely belonged to each solution and searched the data for supporting quotes.

3.4 Measures and calibration

Outcome condition

We capture franchisee performance using monthly sales from the standardised auditing questionnaire. Sales are commonly used in the literature to assess franchise performance. Watson et al. (2020) for example, included sales-growth and market share in their assessment of the financial performance of franchise units in the United States, the United Kingdom, France and Spain. Similarly, Holmberg and Morgan (2003), Combs et al. (2004) and Kidwell et al. (2007) used turnover, sales-growth and sales-revenue as key

measures of performance. As a proxy, sales offer a simple comparable mechanism to assess performance and it is not affected by biases, common in self-reported measures. To assess monthly sales, the instrument uses four anchors in a 20-point scale. Franchisees with more than 500,000 Kenyan shillings in sales obtain 20 points, between 250,000 and 500,000 15 points, between 100,000 and 250,000 10 points and 5 points if sales are 100,000 or less. We calculated the average scores for this performance measure for the 7-month auditing period. The median performance score for the 58 cases was 9 points, with a maximum of 20 and a minimum of 5 points. The standard deviation was 5.25 points.

Causal conditions

In line with our configurational model, our measures of causal conditions are grouped around the three logics outlined above, two conditions per logic. Corporate logic is captured through *format compliance* and *institutional compliance*. Market logic is represented by two factors *competence* and *market functioning*. Relational Logic is captured through *family support* and *community engagement.* These conditions are theoretically derived, and Table 2 illustrates how these concepts have been used in franchise performance research. In the following, we present our measures in detail.

Format compliance refers to the franchisee's compliance with franchise standards. Rules and operating procedures can be a core element of franchisee success (Combs et al., 2009; Davies et al., 2011), as they allow a franchisee to follow the business model and strategy. We therefore use this as a key marker of corporate logic. We calculated franchise format compliance looking at three operating procedures that effectively capture routines, quality and practice as key aspects of franchise standardisation (Kaufmann & Eroglu, 1999): business model compliance (L) (Kaufmann & Eroglu, 1999), uniform standards (M) and cleanliness standards (K) (Chiou & Droge, 2015). Compliance is assessed monthly as part of the standardised questionnaire.

Table 2 Use of conditions in franchise performance research

Authors	Research focus	Corporate logic condition		Market logic condition		Relational logic condition	
		Institutional compliance	Format compliance	Competence	Market functioning	Family Support	Community Engagement
Combs et al., 2009	Franchisors follow institutional trends with bounded rationality	X	X				
Aliouche & Schlentrich, 2011	Foreign franchisors are attracted by strong political, economic, legal, and regulatory institutions	X			X		
Chiou & Droge, 2015	Compliance with franchise system standards is critical to benefits of scale		X				
Kaufmann & Eroglu, 1999	Standardization of format is the central tenet of franchising scale economies		X				
Davies et al., 2011	Trust and compliance in franchise relationships	X	X				
Ketchen et al., 2006	Intellectual resources as a key franchisee success factor			X			
Clarkin & Swavely, 2006	Management capability, experience and personal attributes most valued by franchisors in selection	X		X			
Fenwick & Strombom, 1998	Managerial competence a determinant of performance			X			
Kistruck et al., 2011	Franchisees in BoP markets experience institutional constraints	X			X	X	
Alon, 2006	International franchising more likely when functioning market with low level of corruption	X			X		
Rangaswamy, 2007	Immigrant family franchises draw on family for informal finance and cheap labour for high performance			X		X	
Chirico et al., 2011	Suggests that family run franchises have unique relative advantage					X	
Patel et al., 2018	Family owned franchises have higher performance					X	
Shane & Foo, 1999	Legitimacy in the community has an impact on franchise survival	X					X
Olm et al., 1988	Franchisee's community reputation important for perf						X
Zafeiropoulou & Koufopoulos, 2013	Community embeddedness positively related to social franchise performance						X

For each of these areas, the instrument asks whether shop/product cleanliness, display and uniforms meet franchisor standards. To assess these three areas of compliance, the instrument uses three anchors in a 5-point scale, with 5 for Yes it complies with standards, 2 for mostly complies with standards and 0 for it does not comply with standards. We calculated the average scores for the three measures for the 7-month auditing period, which we then aggregated into a 15-point compliance scale.

Institutional compliance is defined as timely and accurate reporting of relevant financial information to the franchisor and related regular communication of information (Combs et al., 2009; Davies et al., 2011). We use this as a marker of corporate logic. In weaker legal environments, the lack of institutional enforcement may make it difficult for franchisors to monitor contracts and enforce any disputes (Aliouche & Schlentrich, 2011; Alon, 2006; Clarkin & Swavely, 2006; Shane & Foo, 1999). This measure is part of the standardised questionnaire applied monthly and uses an 8-point scale to assess whether the outlet keeps records accurately. As with the previous measures, we calculated the average scores for the 7-month auditing period.

Franchisee competence is defined as managerial skills (Fenwick & Strombom, 1998). Managerial skills and experience are extensively cited in the franchising literature as important for franchisees to have (Clarkin & Swavely, 2006). We use this as a marker of market logic, given its importance as an agency variable in the literature (Ketchen et al., 2006). Following Gillis et al. (2011), we selected specific management competencies that are highlighted as important for franchisees: Cash-Management (AA) (Rangaswamy, 2007) and Active-Management (AB) (Clarkin et al., 2002). These are assessed in a monthly basis as part of the subjective evaluation conducted by external expert auditor. Cash-Management refers to the managerial skill of understanding and monitoring cash inflows and outflows, revenues and expenses, and managing business operations to make a profit. Active-Management refers

to the application of a franchisee's managerial skills to the day-to-day operations of the business unit. The expert auditor makes an informed judgment of the application of business skilfulness using a 10-point scale. We calculated the average scores for the two measures for the 7-month auditing period, which we then aggregated into a 20-point competence scale.

Market functioning refers to perceptions of how well the local market is able to properly function as an exchange mechanism (Doh et al., 2017; Mair & Marti, 2009). Whilst franchisors are attracted by strong institutions (Aliouche & Schlentrich, 2011), BoP markets suffer from institutional deficits that may undermine franchisee confidence in frictionless exchange (Alon, 2006; Kistruck et al., 2011). We use this as a contextual marker of market logic. Market functioning is also assessed by the external expert auditor during the monthly visits. The auditor makes an informed judgment on the importance of market factors influencing performance using a 10-point scale, ranging from excellent (10) to poor (0) vibrancy. We calculated the average scores for the 7-month auditing period.

Family Support. A franchised business is often run by a family unit (Rangaswamy, 2007) which can include adult spouses and children, providing a relative advantage (Chirico et al., 2011) and higher performance (Patel et al., 2018). We use this as a marker of relational logic. Family support (X) is assessed during the monthly visits as part of the subjective evaluation conducted by external expert auditor, who makes an informed judgment of the level of partner and family support using a 10-point scale, ranging from excellent (10) to no (0) support. We calculated the average scores for the 7-month auditing period.

Community Engagement. Olm et al. (1988) recognized the importance of a franchisee's community reputation as an important criterion for success. The literature on BoP markets recognizes the importance of social embeddedness and collaborative interdependence (London, 2016) to building a business in an emerging market context. Similarly, legitimacy and embeddedness in the community has an impact on franchise

survival (Shane & Foo, 1999) and performance (Zafeiropoulou & Koufopoulos, 2013). We use this a marker of relational logic. As with family support, community engagement (Z) is also captured during the monthly visits as part of the subjective evaluation conducted by external expert auditor. The auditor makes an informed judgment of the level of support and commitment of the local community using a 10-point scale, ranging from excellent (10) to no (0) engagement. We calculated the average scores for the 7-month auditing period.

Calibration of measures

Calibration in configurational studies is essential as it enables systematic comparison, ensuring that each of the measures conform to dependably known standards. During the calibration procedure, the research team is required to specify the score that would qualify a case for full membership in the sets of franchisees with strong performance, as well as in the set of each causal condition (e.g. franchisees strongly committed to their communities) and also the score that would completely exclude it from each of the sets (e.g. franchisees with no managerial skills and experience). This is done using a simple estimation technique, automated in fs/QCA 4.0, that transforms variable raw scores into set measures (Ragin 2007), rescaling the original measure into scores ranging from 0.0 to 1.0.

In the definition of set memberships, calibration requires the definition of three thresholds: full-in, full-out and a crossover point. For the calibration of the outcome condition, we used both theoretical and substantive information. Our measure for performance focuses on sales, using a 20-point scale. We set the threshold that distinguishes high from low performance in the middle of the scale, which we then adjusted down by 1 point in consideration of the median score (9). We observed the distribution of raw scores against the thresholds set by the external evaluators. We set the threshold for full inclusion at 15, at which a franchisee is likely to be achieving relative high performance, i.e., making

between 250,000 and 500,000 Kenyan shillings in sales. At the other end, we set 5 as the threshold for full exclusion, at which a franchisee is likely to be at the bottom of the ranking, i.e., making less than 100,000 Kenyan shillings in sales.

Due to the lack of theoretical knowledge, for community engagement, family support, competence, and market functioning, we observed the distribution of scores and set thresholds for full inclusion and exclusion in line with the maximum and minimum scores observed, which were individually adjusted based the standard deviations of each measure (common standard deviation rule). For these four conditions, mean, median and standard deviations were considered in the definition of the cross-over point.

Finally, for institutional compliance and format compliance, we used theoretical knowledge and the instruments qualitative anchors. For format compliance we set the threshold for full inclusion at 15 points, representing full compliance regarding franchisee cleanliness standards, business model, and uniform standards. The theoretical point of maximum ambiguity for format compliance is 6 where a franchisee would have mostly met all three compliance criteria. Because the data shows a slightly skewed distribution of scores (median at 10 points), we adjusted the cross-over point up by three points representing situations where a franchisee would have met one criterion, and mostly met two criteria. Full exclusion was set at 3 points to reflect that 'almost meeting only one criterion' is insufficient to be considered even as meeting the lowest level of format compliance. For institutional compliance, we set the threshold for full inclusion at 8 points, level at which a franchisee would be deemed as consistently keeping records accurately. The theoretical point of maximum ambiguity was set at 4 points, representing cases where a franchisee would have 'mostly kept records accurately'. Exclusion was set at 1 point.

Table 3 shows descriptives, calibration thresholds and rationale. Appendix A shows the resulting calibrated scores for the 58 cases and we provide correlations for the calibrated

measures. We also report results of a VIF test with calibrated measures through which we were able to discard potential multicollinearity issues.

Table 3 Score distribution and thresholds

	Format Compliance	Institutional Compliance	Competence	Market functioning	Family support	Community engagement	Franchisee performance
Max	15.00	8.00	20.00	10.00	10.00	10.00	20.33
mean	10.33	5.95	14.60	6.80	7.96	6.42	9.81
median	10.00	7.20	14.00	6.00	8.00	5.00	9.0
Min	0.00	0.00	9.00	4.00	5.00	4.00	5.00
SD	4.01	2.58	3.29	2.01	1.43	2.08	5.25
In	15	8	20	9	10	9	15
COP	9	4	14	6	7	6	9
Out	3	1	10	4	5	3	5

4 Data analysis and results

For our analyses and interpretation of findings, we follow Furnari et al.'s (2021) configurational theorizing process. The authors indicate that to build robust configurational explanations, fsQCA studies should follow three iterative stages: scoping, linking, and naming. In a first stage, we conducted an analysis of necessity to identify relevant conditions that may form configurations. This helped us set an "anchor" for theorizing around core conditions and their connected attributes. In a second stage, we used sufficiency analysis to visualize and understand how the conditions connect with one another. Here, we leverage the anchors identified in Stage 1 to think about the specific types of interdependencies among core and peripheral attributes. In a final stage, we created higher-level concepts that give meaning to the interdependencies between conditions within each of the configurations. This final stage not only allows us to label each individual configuration to evoke its orchestrating theme, but also construct an overarching narrative across configurations.

4.1 Identifying necessary conditions for franchisee performance

First, we conducted an analysis of necessity to assess whether the conditions are individual enough to produce franchisee performance. Results are shown in Table 4. In our data, two conditions surpass the required 0.85 threshold for causal quasi-necessity (Thomann & Maggetti, 2020) - institutional compliance and family support (see scatterplots in Appendix B). Because it integrates parameters of fit and degrees of set membership, fsQCA can model quasi-necessity relationships (Thomas et al. 2014; Cooper & Glaesser, 2016), which refer to the identification of clear patterns of necessity, but without the requisite levels of consistency and coverage to be deemed as fully necessary (i.e. every time the outcome is present, the condition is present, for all cases). In this sense, the high consistency scores (0.93 and 0.87 respectively) suggest that to achieve high performance a franchisee can benefit greatly from strong family support and compliance to institutional norms. Yet, coverage scores (0.62 and 0.65 respectively) are not high enough to conclude that full necessity relationships exist between conditions and performance. Some authors (e,g, Greckhamer 2016), have used lower coverage thresholds as evidence behind full necessity claims. We prefer to err on the side of caution and limit our claims to what fsQCA allows us to do; make quasi-necessity claims. As explained above, the identification of these two conditions helps us set an "anchor" for theorizing around core conditions and their connected attributes.

Table 4 Necessary conditions

Conditions tested	Consistency	Coverage
Format compliance (Corporate)	0.814681	0.646194
Institutional compliance (Corporate	0.926720	0.625246
Competence (Market)	0.797153	0.771576
Market functioning (Market)	0.764077	0.712249
Family Support (Relational)	0.877944	0.652769
Community Engagement (Relational)	0.660533	0.640645

4.2 Identifying sufficient solutions for franchisee performance

Following the identification of necessary conditions, in a second stage we conducted an analysis of sufficiency using fsQCA's truth table analysis. For this analysis, fsQCA constructs a *truth table* listing all logically possible combinations of causal conditions along with the cases conforming to each combination. We did not find evidence for all 64 possible combinations. Based on a frequency of 1, which specifies the minimum number of cases to be considered in the analysis, and a PRI consistency threshold[1] of 0.61 (equivalent to a raw consistency of 0.82), fsQCA applies a Boolean algorithm and counterfactual analysis to logically reduce the truth table rows to a set of simplified combinations of conditions (Schneider & Wagemann, 2012). A frequency threshold of one observation is acceptable with small samples of around 50 cases (Muñoz & Dimov, 2015). This procedure derives three types of solutions: parsimonious, intermediate, and complex (Ragin, 2008). It does so primarily to deal with limited diversity in the empirical world. Given that the former solution normally leads to results that are unrealistically parsimonious and the latter to needlessly complex results (Ragin, 2008), fsQCA uses easy counterfactuals to produce an intermediate solution that allows for balancing parsimony and complexity (Ragin & Sommet, 2005). Intermediate solutions thus constitute subsets of the most parsimonious solution and supersets of the most complex solution (Schneider & Wagemann, 2012). Following common practice in fsQCA research (e.g., Ragin, 2008; Fiss, 2011; Muñoz & Dimov, 2015), we used the intermediate solution to derive Table 5 *Solutions for franchisee performance* and distinguish core from peripheral conditions[2].

[1] In fuzzy set analysis, it is important to consider PRI (proportional reduction in inconsistency) scores to avoid simultaneous subset relations of configurations in both the outcome and its absence (Greckhamer et al. 2018)

[2] The distinction between core and peripheral conditions is based on how causal components are causally connected to the outcome. Core conditions are present in both parsimonious and intermediate solutions and exhibit a strong causal relationship with the outcome, whereas peripheral conditions are present only in the intermediate solution and exhibit a weak causal relationship with the outcome (Fiss, 2011).

The results highlight that performance is explained by the configural paths previously set out, and the solutions are empirically relevant. The findings confirm that the relation between configurations of conditions and the outcome is highly consistent, with individual results above 86, and an overall consistency of .86. The total coverage of the solution is .73. In Table 5, we distinguish between core and peripheral conditions. Core conditions are highlighted by larger circles, whereas peripheral conditions are indicated by smaller circles. Where black circles are shown this indicates the presence of that condition, white circles marked with an X indicate the absence of that condition. This means that that condition must be absent for the outcome to occur whereas a dash indicates that the condition was not relevant for the outcome.

Table 5 Solutions for franchisee performance

	Types		
Configurations	**1**	**2**	**3**
Format compliance (Corporate)	-	●	●
Institutional compliance (Corporate)	●	●	●
Competence (Market)	●	●	-
Market Functioning (Market)	●	-	●
Family Support (Relational)	●	●	●
Community Engagement (Relational)	-	⊗	⊗
Consistency	0.92	0.86	0.86
Raw coverage	0.63	0.35	0.35
Unique coverage	0.32	0.047	0.049
Overall consistency	0.86		
Overall coverage	0.73		

4.3 Robustness checks

In line with prior research (Kimmitt et al. 2020) we conducted three robustness tests. For the first tests we assessed the sensitivity of our results by readjusting the calibration and

frequency thresholds. Calibration is adjusted by squaring and taking the root square of membership scores (Ragin, 2000), the aim of this analysis is to observe causal relationships under higher and lower degree of membership in the set of each relevant condition. Squaring fuzzy set membership scores shifts causal conditions in a downward direction creating very strong causal conditions, whereas taking the square root of membership scores shifts causal conditions in an upward direction creating less strong causal conditions.

The sensitivity tests show that the results are robust and remain stable to the use of alternative calibration thresholds. As expected, the analysis with a lower degree of membership maintained solutions 1 to 3 and core conditions remain stable. Although consistency improves to 0.9, parsimony decreases with a larger number of solutions, leading to solution atomisation with lower empirical relevance (coverage score drops to 0.62). Also as expected, the analysis with higher degree of membership reduced the number of solutions, maintaining solution 1 and merging solutions 2 and 3 from the main analysis. Core conditions remain stable.

We then replicated the analysis with the same consistency threshold but a frequency threshold of 3. By eliminating configurations with a lesser number of empirical instances, this test allowed us to reduce the heterogeneity of the associated causal relationships, corroborating the solutions with higher explanatory power that emerged from the configurational analysis. As expected, the analysis retains solutions with higher coverage and the two combinations of core conditions: *competence*institutional compliance* and *institutional compliance*market functioning*.

Finally, following practice in reporting (Huang et al., 2023), we conducted a negate test to eliminate alternative explanations regarding possible causal relationships between conditions and absence of the outcome, particularly where the presence of a condition (or combination thereof) leads to both the presence and absence of an outcome. This involves

assessing the conditions or configurations of conditions leading to the absence of franchisee performance. As shown in Table 6, we did not observe any overlaps between the negate and the main analysis, confirming the robustness of our results. Our results show that the absence of franchisee performance is produced in most cases by absence of competence, absence of institutional compliance and absence of market functioning.

Table 6 Negate analysis - Solutions for absence of franchisee performance

	Types		
Configurations	**1**	**2**	**3**
Format compliance (Corporate)	⊗	●	●
Institutional compliance (Corporate)	⊗	●	⊗
Competence (Market)	⊗	⊗	●
Market Functioning (Market)	⊗	⊗	●
Family Support (Relational)	●	●	●
Community Engagement (Relational)	⊗	⊗	●
Consistency	0.94	0.82	0.89
Raw coverage	0.20	0.32	0.21
Unique coverage	0.089	0.216	0.095
Overall consistency	0.86		
Overall coverage	0.52		

5 Discussion

Drawing from an institutional complexity perspective and through a data set comprised of franchisees in a BoP market, we embrace a complexity informed approach and conjunctural thinking to understand how different logics work in tandem to enable franchisee performance. We collected monthly audit data from 58 outlets operating within a franchise network in Kenya that provided agricultural inputs to farmers. We explored alternative institutional logics that can be understood to influence franchisee performance: corporate, market and relational logics.

In Table 7, we summarise the presence/absence of conditions across 3 named solutions, summarise the implication of the configuration and illustrate with a grounding quote from a franchise manager. For each solution, we summarise our conceptualisation and highlight the conditions. Following previous fsQCA research, this provides a characterisation of franchisee performance (Kimmitt et al., 2020) that supports franchisee performance in practice. These solutions evidence institutional complexity in franchisees, where no logic dominates at the outlet level.

Table 7 Theoretical statements

Soln.	Soln. name	Conditions	Conceptualization	Franchise manager quote
1	*Skilled agent*	Present: Competence, Institutional compliance, Market functioning, Family support	Franchisee performance emerges through competent and active management, timely and accurate reporting as well as a functioning market, complemented by the support of family.	*[the franchisee] had a vision for seeing his business grow. Being a vet doctor was an added advantage as he brought his skill sets to his business. His shop was centrally located in a busy upcoming town. He had a great support system, including his family and the shop attendants, who were qualified personnel. The systems he used to manage his business allowed him to see what was happening even when he was not physically at the shop.*
2	*Skilled franchisee*	Present: Competence, Institutional compliance, Format compliance, Family support *Absent: Community engagement*	Franchisee performance emerges through timely and accurate reporting by competent and active management, that is highly compliant. This is required within less supportive community contexts.	*[this shop] was always one of the neatest shops, with everything clean and meticulously organized with detailed attention to branding and providing the best possible customer experience for the farmers that the shop served.*
3	*Reliant franchisee*	Present: Institutional compliance, Market functioning, Format compliance, Family support *Absent: Community engagement*	Franchisee performance emerges through timely and accurate reporting in a functioning market, with high levels of compliance, which is supported by family.	*[the franchisee] was someone we would go to pilot new systems and products. She felt that because she benefitted so much from [the franchise] systems, that she was very open to helping us experiment with new improvements to the existing franchise system.*

We term solution 1 *the skilled agent solution.* In terms of corporate logic, *institutional compliance* is a core condition, and *format compliance* is not relevant for franchisee performance. For market logic, *competence* and *market functioning* are core conditions. For relational logics, *family support* is a peripheral condition. Excellent market conditions enhance the franchisee's performance, but this requires *institutional compliance* to maintain

accurate accounts and allow full support from the franchisor. This shows how organisational level logics sediment (Empson et al., 2013) and, in this solution, complement each other – demonstrating that complexity is not simply about conflicting behaviours.

We term solution 2, *the skilled franchise* solution. For corporate logic, *institutional compliance* is core and *format compliance* peripheral. For market logic, *market functioning* is irrelevant, but *competence* is core. For relational logics, *family support* is core, however *community engagement* has a constraining effect. This solution shows a more typical set of conditions, where a corporate logic is complemented by a market logic. Relational logics are mixed, with *family support* critical and, potentially, substituting for a lack of community engagement. This highlights that, at a franchisee level, an instantiation of logics may include conflicts that are not present in all solutions (Mountford & Cai, 2022). Whilst relational logics may substitute for institutional weaknesses in BoP markets, community may not always be supportive, and may delegitimise profitable behaviour (Hall et al., 2012).

We term Solution 3 *the reliant franchisee* solution. This is similar to conditions in solution 2, however for market logic, the conditions are switched, with *competence* irrelevant and *market functioning* core. Where the market works as it should, franchisees adhere closely to the franchise model and the family supports deficits in competence. This confirms the heterogeneity of franchisee level prescriptions, showing how complementary and conflicting performance prescriptions may coexist (Smets & Jarzabkowski, 2013).

Looking across the solutions, *institutional compliance* and *family support* were consistent features across all solutions. As a component in corporate logic, *institutional compliance* is important in the BoP context where accurate reporting of performance is necessary to alleviate concerns over profit appropriation (Kistruck et al., 2011). Similarly, as a component in relational logics, *family support* appears a critical remediation strategy, providing an accessible toolbox of resources for a constrained franchisee (Sutter et al., 2019).

5.1 Contribution to theory

This paper offers two key theoretical contributions. First, this provides a holistic explanation for franchisee performance, where no single logic is sufficient. For instance, in solution 1, the *skilled agent* that proactively manages the outlet, does not need to comply to franchise standards and this corresponds to market logic expectations, where the self-interested agent gains profit in a functioning market at the expense of the principal (Combs & Ketchen, 1999). In contrast, in solutions 2 and 3, the franchisees demonstrate the importance of compliance to model replication, as expected in a corporate logic, where a tried and tested model is followed by franchisees at the expense of entrepreneurial autonomy, e.g. they act as employees (Kistruck et al., 2011). However, they both require strong family support to enable performance in situations where community engagement is lacking (Combs et al., 2009).

Second, we contribute to theoretical discussion at the intersection of entrepreneurship and contexts of poverty, specifically through the examination of a BoP context. Literature has demonstrated that franchising is a potential avenue for stimulating entrepreneurship and income generation in such resource constrained contexts (Kistruck et al., 2011). Given our empirical context of Kenya we demonstrate how the 'remediation' and 'reform' perspectives of entrepreneurship and development work together (Sutter et al., 2019).

In the former, the remediation perspective poses development and poverty in the BoP as an issue of resource scarcity. Thus, franchises help to remediate the situation by providing tools and structures for entrepreneurs to progress – these tools, we argue, mainly reflect a corporate logic that emphasises compliance with this model. This aligns with research into other market interventions in developing economies designed to stimulate entrepreneurial activity. For example, microfinance initiatives work on the premise of remediating resource scarcity by providing financial resources to income poor entrepreneurs, requiring entrepreneurs to be compliant with investment and repayment expectations. By bridging

principal-agent issues, an increase in resource provision to entrepreneurs is argued to enable greater productivity and social outcomes (Chliova et al., 2015).

In the latter, environmental contexts are viewed as being the critical ingredient and thus must be addressed to reform the situation for entrepreneurs. This aligns with a more contextualised view where entrepreneurial development requires an overhaul of the institutional context (Mair et al., 2012) and an inclusive view of markets (Sutter et al., 2019). Through the presence of market and relational logics that emphasise the value of the immediate context, our configurational approach adopted in this paper shows that analysing both remediation and reform perspectives together is required to holistically understand the relationship between franchisees and development.

5.2 Contribution to practice

The ability to efficiently replicate one business model is a key feature of how a franchising arrangement operates and thrives. Our findings demonstrate that there is not only one pathway to success. This complexity implies that franchisors should consider and assess franchisees within their local market context as an initial criterion for franchisee selection. Whilst findings do not predict that these combinations are inevitable and other combinations may exist, it does inform franchisors that some franchisees will comply better, depending on their family, market, and community context.

Our findings provide guidance for franchisors regarding the screening, onboarding, and training process for franchisees anywhere, but particularly in BoP markets. In selecting potential franchisees, franchisors should look for evidence of record keeping in previous business activities. Franchisors should select franchisees that are intending to participate actively in day-to-day management. In screening franchisees, franchisors should consider evidence of family support as a supplementary factor to active management. Finally, if free

riders are identified in the franchise system, even if profitable in the short-term, such behaviour is likely to diminish the franchisee network in the long term.

6 Conclusion

The key contribution of this paper is in proposing and testing an institutional complexity framing of franchisee level performance. Within the empirical setting of an agricultural franchise network operating in the BoP market context of Kenya, we explored franchisee performance factors drawn from the quality audits of 58 franchise outlets. From the institutional logics' literature, we used fsQCA to map out 3 discrete configurations of factors where franchisees show higher sales performance.

The findings of this paper should be considered in the context of its limitations. First, the paper relies on data from franchisees in the BoP market of Kenya. Whilst this allows us to answer our research question, it raises the question as to how relevant certain conditions may be in less resource constrained contexts. For example, greater franchise format compliance in contexts where compliance may be legally easier to enforce by franchisors. Similarly, prior research has identified the effects of supportive family environments which can be more prevalent in BoP markets where alternative support mechanisms are harder to come by.

Future research would benefit from testing the boundary conditions of our theoretical approach by assessing franchises in developed and developing economy settings, as well as in non-agricultural settings. It would be interesting to see if these findings can be replicated in Western markets with high levels of immigrant franchisees. More concretely, future research should test the relationships and tentative propositions we develop in Table 7. Whilst our fsQCA approach helps to understand configurations of franchisee performance across several cases, this is limited to a single franchise network and we lack a more generalized understanding of these relationships that would require a larger data collection effort.

Acknowledgments

Part funded by Comic Relief. Grant ID 227334: ‘Scaling innovative rural distribution for farmer inputs.’

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Appendix A. Measurement

Table A1. Calibration Table

Case	Competence	Institutional compliance	Format compliance	Community Engagement	Family Support	Market Functioning	Performance
case1	0.95	0.93	0.89	0.98	0.95	0.95	0.97
case2	0.88	0.95	0.95	0.98	0.501	0.68	0.99
case3	0.95	0.95	0.94	0.88	0.95	0.95	1
case4	0.88	0.92	0.88	0.27	0.95	0.82	0.99
case5	0.95	0.82	0.62	0.98	0.95	0.95	0.85
case6	0.95	0.95	0.95	0.98	0.95	0.95	1
case7	0.73	0.85	0.71	0.27	0.73	0.68	0.85
case8	0.88	0.9	0.501	0.27	0.95	0.82	0.85
case9	0.501	0.95	0.6	0.27	0.95	0.82	0.99
case10	0.82	0.95	0.87	0.27	0.95	0.68	0.99
case11	0.501	0.95	0.75	0.27	0.18	0.18	0.85
case12	0.95	0.95	0.95	0.98	0.73	0.18	0.501
case13	0.95	0.95	0.93	0.98	0.95	0.95	1
case14	0.501	0.92	0.92	0.27	0.501	0.18	0.95
case15	0.18	0.95	0.95	0.27	0.501	0.18	0.62
case16	0.62	0.82	0.38	0.27	0.95	0.68	0.62
case17	0.18	0.88	0.18	0.27	0.501	0.18	0.15
case18	0.32	0.95	0.88	0.88	0.501	0.18	0.3
case19	0.05	0.95	0.95	0.27	0.18	0.18	0.18
case20	0.32	0.95	0.95	0.27	0.95	0.501	0.501
case21	0.32	0.9	0.501	0.27	0.501	0.68	0.91
case22	0.18	0.95	0.62	0.27	0.73	0.18	0.05
case23	0.18	0.04	0.13	0.27	0.501	0.18	0.05
case24	0.62	0.92	0.95	0.27	0.73	0.18	0.62
case25	0.02	0.95	0.62	0.501	0.501	0.95	0
case26	0.18	0.88	0.79	0.27	0.501	0.18	0.38
case27	0.501	0.92	0.501	0.27	0.501	0.18	0.32
case28	0.1	0.86	0.63	0.27	0.73	0.68	0.501
case29	0.88	0.21	0.95	0.88	0.73	0.82	0
case30	0.501	0.05	0.32	0.27	0.501	0.18	0.05
case31	0.1	0.02	0.12	0.27	0.501	0.18	0.05
case32	0.501	0.36	0.501	0.98	0.73	0.82	0.1
case33	0.88	0.501	0.38	0.98	0.73	0.95	0.62
case34	0.95	0.73	0.04	0.98	0.95	0.95	0.79
case35	0.501	0.95	0.92	0.27	0.501	0.18	0.05
case36	0.32	0.95	0.85	0.27	0.73	0.05	0.1
case37	0.501	0.65	0.43	0.88	0.73	0.501	0.05
case38	0.18	0.08	0.07	0.501	0.73	0.501	0.1
case39	0.73	0.12	0.501	0.88	0.73	0.95	0.62

case40	0.1	0.501	0.08	0.27	0.05	0.18	0.05
case41	0.05	0.02	0.01	0.27	0.501	0.18	0.05
case42	0.32	0.34	0.24	0.12	0.05	0.9	0.05
case43	0.73	0.12	0.05	0.88	0.73	0.82	0.501
case44	0.1	0.95	0.95	0.27	0.501	0.18	0.62
case45	0.05	0.95	0.62	0.27	0.501	0.18	0.05

Table A2. Correlation table for calibrated measures

		Mean	SD	**1**	**2**	**3**	**4**	**5**	**6**
1	Competence	0.50129	0.326261						
2	Institutional compliance	0.71916	0.336583	0.14					
3	Format compliance	0.61167	0.319839	0.276	.703**				
4	Community Engagement	0.50027	0.320252	.645**	-0.077	0.107			
5	Family Support	0.65258	0.246794	.635**	0.188	0.206	.421**		
6	Market functioning	0.52051	0.334408	.626**	-0.033	-0.016	.556**	.557**	
7	Performance	0.4852	0.377469	.660**	.484**	.420**	0.252	.514**	.486**

** 0.01 level (2-tailed).

Table A3. Collinearity Statistics

	Tolerance	**VIF**
Competence	0.365	2.737
Institutional compliance	0.468	2.135
Format compliance	0.446	2.24
Community engagement	0.517	1.935
Family support	0.537	1.863
Market functioning	0.491	2.035

Appendix B. Scatterplots necessity analyses

Table B1. Necessity relationship between institutional compliance and performance

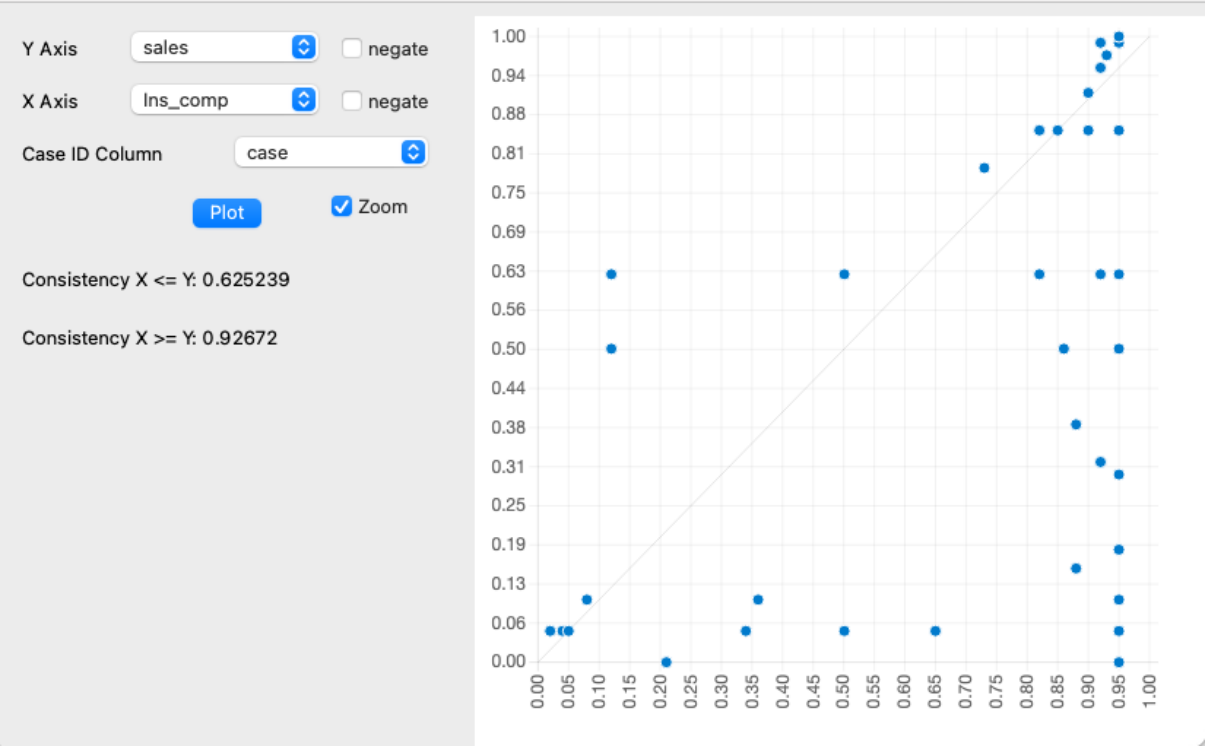

Table B2. Necessity relationship between family support and performance