Performance in Distribution Systems:  
What Is the Influence of the Upstream Firm’s Organizational Choices?

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Presented at the 27th Annual  
International Society of Franchising Conference  
Franchise Management School  
Beijing Normal University-Zhuhai  
People’s Republic of China  

March 13-16, 2013
ABSTRACT

This paper studies the performance of distribution networks as the result of a range of organizational choices made by the upstream firm. The analytical part of the paper surveys the vast literature devoted to franchising and to dual distribution. From this framework, several testable propositions are derived, linking the networks performance to the organizational choices. Three complementary criteria of performance are taken into account: the internationalization rate, the expansion rate, the market share. The paper provides evidence that these criteria are empirically related. Thus, a system of simultaneous equations is defined, free of endogeneity relating to the explanatory variables. The estimations on recent French data by means of the three-least squares method provide robust results, and show that the type of distribution network, the number of company-owned units in the network, the type of sector, and the choice to manage several networks simultaneously affect the performance in distribution systems.

Keywords:
Performance. Organizational choices. Endogeneity. Simultaneous Equations

JEL codes: C31; L14.