RISK FACTORS AND PERFORMANCE OF SAMPLED FRANCHISING BUSINESS IN NOVALICHES QUEZON CITY: BASIS FOR DEVELOPING RISK MITIGATION STRATEGIES

ABSTRACT

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DISCIPLINE
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KEYWORDS
risk mitigation; franchise performance; business sustainability; novaliches; big brew; employee training

ARTICLE ID
AASGBCPJMRA-B96603

This study examines the risk factors affecting the performance of franchising businesses, with a focus on selected Big Brew branches in Novaliches, Quezon City. As franchising continues to thrive in the Philippines—particularly in urban areas—it becomes increasingly important to understand the challenges and risks that franchisees face to maintain business viability and growth. Grounded in Agency Theory and the Resource-Based View (RBV), the research explores how capital, market, operational, and legal/regulatory risks influence franchise performance. Key performance indicators assessed include trust and communication between franchisors and franchisees, compliance with operational support, brand perception, and the effectiveness of training programs. The findings aim to contribute to a deeper understanding of the franchise business landscape and provide practical insights for improving risk management and performance in similar franchise operations. The study utilized a descriptive-correlational research design to assess the relationship between key risk factors and the performance of selected Big Brew franchise branches in Novaliches, Quezon City. Data collection was conducted through a survey questionnaire distributed to 8 franchise owners and 16 employees, totaling 24 respondents. Participants were selected using a cluster sampling method to ensure representation from various branches. The gathered data were processed and analyzed using frequency counts, percentages, weighted means, Pearson-r correlation, and ranking techniques to evaluate the degree of influence each risk factor had on the identified performance indicators. The findings indicate that Big Brew franchise branches are generally effective in managing capital and operational risks, supported by strategic financial planning, consistent employee training, and efficient production systems. However, challenges persist in the optimal use of resources and in ensuring that corporate support aligns with the operational needs of individual branches. Respondents rated legal compliance and market risk awareness highly, suggesting that franchises take proactive steps to adhere to regulations and respond to shifting customer demands. In terms of performance, there were strong levels of trust and communication reported among stakeholders, though areas for improvement include managerial transparency and service consistency. A moderate but significant positive correlation was found between risk factors and overall business performance, highlighting the importance of comprehensive risk management strategies. Major challenges identified include managing customer expectations, the increasing cost of raw materials, and inconsistent operational support, all of which may negatively impact both performance and growth if not addressed effectively. To improve the performance and resilience of Big Brew franchise branches in Novaliches, Quezon City, the following recommendations are proposed: (1) Provide financial literacy training to franchise owners to enhance decision-making and risk management. (2) Adopt dynamic pricing and inventory control systems to address rising material costs and increase operational efficiency. (3) Offer ongoing employee development to ensure consistent service quality and compliance with standards. (4) Strengthen internal communication to foster better collaboration between franchisees and franchisors. (5) Enforce legal and regulatory compliance through clear, standardized operational guidelines. (6) Ensure brand consistency across all branches to build customer trust and loyalty.

RECOMMENDED CITATION

Baldeviso, J., Bie, A., Esteves, P., Jiao, S. K., & Lascuna, H. M. (2025). Risk Factors and Performance of Sampled Franchising Business in Novaliches Quezon City: Basis for Developing Risk Mitigation Strategies. *Ascendens Asia Singapore – Bestlink College of the Philippines Journal of Multidisciplinary Research Abstracts, 7*(2), 92.