

JEL Classification: H11; H19

DOI: https://doi.org/10.31521/modecon.V49(2025)-16

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Actualization of "Smart" Ecological Franchising in the System of International Economic Business Relations

Abstract Introduction. Franchising is currently a popular form of business, especially among small and medium-sized enterprises. For Ukrainian entrepreneurs, this form of business is interesting and valuable in terms of its cost-effectiveness and stability, especially under the conditions of martial law in the country.

The purpose of the article is to highlight the key features of the development of ecological franchising in the context of the digitalization of business relations in post-industrial countries.

Results. The priorities of "smart" ecological franchising in the conditions of economic convergence are considered: sustainability in franchising, energy saving, zero waste, energy efficiency, environmentally friendly packaging, organic gardening, reduction of food waste. The existing forms and types of franchising in the conditions of globalization are presented. The results of the innovations brought about by ecological franchising are substantiated. These include changes in standards for continuous improvement and innovation in environmentally friendly activities; the use of biodegradable packaging options; inventory tracking, portion control and donation of unsold food; a focus on natural lawn care, composting and the use of environmentally friendly products. It was found that the use of environmental franchising opportunities has every chance of achieving socio-economic effects by saving resources for conducting and scaling an environmentally friendly business; strengthening competitive positions in the market; the application of new progressive technologies that will allow producing innovative goods and providing new types of services in the conditions of increased economic convergence and digitalization of business processes.

Conclusions. The further development of ecological franchising in Ukraine is necessary in part to rebuild the economy, but currently it faces a number of challenges, such as obtaining affordable loans, possessing the necessary knowledge in part to conduct ecological e-business, low level of financial literacy, and institutional imperfection of ecological franchising.

Keywords: "smart" ecological franchising, business models, international relations, economic business interactions, franchising e-business, scaling ecological business.

УДК (339.1+334):339.9

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Актуалізація "розумного" екологічного франчайзингу в системі міжнародних економічних бізнес-відносин

Анотація. Франчайзинг є нині популярною формою ведення господарської діяльності, особливо серед представників малого та середнього бізнесу. Для українських підприємців ця форма господарювання є цікавою та цінною з точки зору її економічності та стабільності, особливо зважаючи на умови воєнного стану в країні. Метою статті є зазначити ключові

¹Стаття надійшла до редакції: 05.02.2025

Received: 5 February 2025

особливості розвитку екологічного франчайзингу в умовах цифровізації та віртуалізації бізнес-відносин в деяких постіндустріальних країнах світу. У статті розглянуто пріоритети, що простежуються в "розумному" екологічному франчайзингу в умовах економічної конвергенції: сталість у франчайзингу, екологічно чисте пакування, безвідходність, енергоощадливість, енергоефективність, органічне садівництво, зменшення харчових відходів. форми і види франчайзингу в умовах глобалізації. Обґрунтовано результати новації, що несе з собою екологічний франчайзинг. Мова йде про зміни в стандартах для безперервного вдосконалення та інновацій у екологічно чистій діяльності; використанні біологічно розкладних варіантів упаковки; відстеження запасів, контроль порцій і пожертвування непроданої їжі; зосередження на природному догляді за газонами, компостуванні і використанні екологічно чистих продуктів. З'ясовано, що використання можливостей екологічного франчайзингу має всі шанси дозволити досягнути соціально-економічних ефектів шляхом економії ресурсів для ведення і масштабування екологічного бізнесу; посилення конкурентних позицій на ринку; застосування прогресивних технологій, що дадуть змогу продукувати інноваційні товари та надати нові види послуг в умовах посиленої економічної конвергенції і цифровізації бізнес-процесів. У статті висловлено думку про те, що подальший розвиток екологічного франчайзингу в Україні є необхідним в частині відбудови економіки, але наразі він зіштовхується з низкою викликів та проблем на кшталт отримання доступних кредитів, володіння потрібними знаннями в частині ведення екологічного е-бізнесу, низьким рівнем фінансової грамотності, інституційною недосконалістю екологічного франчайзингу.

Ключові слова: "розумний" екологічний франчайзинг; бізнес-моделі; міжнародні відносини; економічні бізнес-взаємодії; франчайзинговий е-бізнес; масштабування екологічного бізнесу.

JEL Classification: F20; F21; F41; F47.

Statement of the problem. Franchising has long been recognized worldwide as one of the most convenient models for SME development. It allows minimizing risks for entrepreneurs who are just starting their business [13, p. 49]. Franchising is an intellectual property product that is implemented at the expense of national investors and allows you to create a network of enterprises with a single brand inside and outside the European Union [4, p. 132].

Franchising is most widespread in the USA. In Germany, SMEs are an important structural component of the economy and form a reserve for existing and new franchise systems. In the UK, the development of franchising has been facilitated by income growth and the transition from manufacturing to services. Poland and France are the leaders in the number of franchise networks in Europe. In Ukraine, there is a demand for franchises from organizations and shopping centers that are lessors of premises, so successful franchises are always needed [3, p. 91].

Analysis of recent research and publications. The names of N. Andreeva, V. Kozlovtseva [2], A. Babik [16], A. Botti [17], K. Buylova [12], A. Bondarenko [3], G. Volyanyk [15], T. Grigorenko [5], N. Gorin, S. Oginok [4], I. Ilyashenko [6], L. Ivashyna [13], Kh. Konovalova [8], N. Koziy [7], N. Kraus, K. Kraus, O. Marchenko [9], V. Melnyk, L. Skibitska [11], M. Toniuk [14] and others. At the same time, a significant number of problems, such as the priority of the development of "smart" environmental franchising in the context of increased international business cooperation, remain insufficiently addressed.

Formulation of research goals. To identify the main features of the development of ecological franchising in the conditions of digitalization and virtualization of business relations in some post-industrial countries of the world. Pursuing the goal of finding promising and rapid models of reconstruction of the post-war national economy, we set the goal to analyze the scientific vision of domestic researchers, in particular, the development of potential types of ecological franchising in the conditions of martial law in Ukraine. To try to reveal the

content of existing forms and types of franchising in the conditions of globalization. To identify the priorities, which are followed in "smart" ecological franchising in the system of international economic business relations.

Outline of the main research material. It is natural that the share of Ukrainian franchises is growing systematically, since the Ukrainian franchise business model better takes into account local realities. Franchising created in Ukraine is more adaptable to local market requirements. Ukrainian franchises (about 30% of the total number) can already compete with foreign ones. Domestic franchises have a comprehensive business development program and support after the launch of the franchise project: local marketing, accounting, logistics and training. Ukrainian franchisors do everything to ensure that the franchisee buys their franchise and cooperates on a long-term basis [5, p. 148].

For the post-war recovery of the Ukrainian economy and the work of small and medium-sized businesses, ecological franchising can become an effective tool that will contribute to the expansion of small businesses and accelerate their digitalization. Thanks to ecological franchising it is possible to solve a number of problems faced by small businesses in the conditions of martial law. We are talking about increasing investment flows for independent modernization, digitalization of business processes and modernization of equipment necessary for production of goods and provision of services. Ecological franchising provides an opportunity to combine the advantages of small and large business [15, p. 212].

It is worth mentioning the interpretation of ecological franchising by the Ukrainian scientist I. Ilyashenko, who suggests understanding it as "a type of market relations built on a classical scheme, but the activities of franchisees and franchisors are aimed at ecology, environmental protection and healthy lifestyle" [6, p. 122]. Types of environmental franchising through the prism of business activities are presented in Figure 1.

At the same time, there are such types of ecological franchising as marketing, conversion, remote, extended, combined, mixed, and product distribution. Forms of

payment for using the franchise are a lump sum, combined payments and royalties [2, pp. 10-12]. The views of N. Koziy, V. Kizilov, and D. Kizilov are valuable in a scientific sense, as they propose to classify the following areas of franchise: public catering (cafés, coffee shops,

restaurants, bakeries, canteens, pizzerias, street food); services (sports clubs, beauty salons, travel agencies, dance schools, foreign language schools for children and adults, salons, schools, development clubs, etc.); retail trade (online and offline stores selling food and goods) [7, pp. 48–49; 5, p. 146].

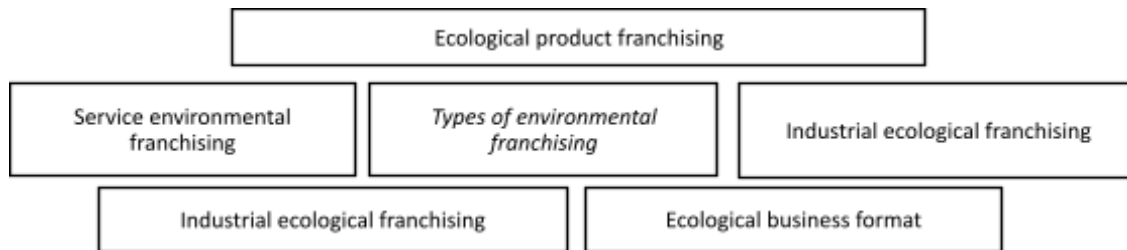


Figure 1 – Types of ecological franchising through the prism of areas of activity in the context of economic convergence according to I. Iliashenko

Source: compiled based on the source [6, p. 123]

At the beginning of 2022, there were 592 franchisor companies operating in Ukraine, with 24,000 franchise outlets. During the first year of the war, at the end of 2022, the status of scaling companies through franchising was: 43% were actively selling franchises, 23% were on pause but updating and planning to sell, 20% were planning to continue scaling after victory, and 14% were on pause. At the end of 2022, the most attractive countries for scaling Ukrainian businesses were: Poland

(57%), Germany (17%), Czech Republic (17%), USA (14%), Kazakhstan (14%), France (12%), Uzbekistan (12%), Spain (9%), Canada (6%)[1].

In 2023, 180 franchise points were opened in EU countries. Poland remained the most popular (78.6%), 5.5% of the total number of franchise points were opened in the Czech Republic, 2.7% in Moldova and 1.6% in Lithuania [8]. The priorities that can be followed in "smart" environmental franchising in the context of economic convergence are presented in Tab. 1.

Table 1 Priorities that can be traced in “smart” environmental franchising in the context of economic convergence

The syllable on which the emphasis is placed	Innovations and changes	Achieving the result
1	2	3
<i>Sustainability in franchising</i>	Changes in standards for continuous improvement and innovation in environmentally friendly activities	Franchising allows you to reduce your carbon footprint and increase your appeal to environmentally conscious customers
<i>Energy-efficient lighting</i>	Involving alternative energy sources in business	Strengthens brand reputation
<i>Eco-franchising in zero-waste retail. Example, American company Litterbox.com</i>	A combination of consumer demand, regulatory pressure, and a growing awareness of the need for businesses to make a positive contribution to the environment	Reducing waste, reducing carbon emissions, promoting eco-products and eco-services
<i>Transition to environmentally friendly packaging</i>	Biodegradable packaging options. Containers and utensils made from plants	Compostable and reusable
<i>Eco-franchise for organic and sustainable gardening services. Example, British company Green Gardener</i>	Focus on natural lawn care, composting, and using eco-friendly products	Gaining a loyal customer base by embracing the concept of sustainability as more homeowners and businesses seek eco-friendly alternatives to their landscape design needs
<i>Reducing food waste is an important component of sustainable practices. Example, Danish company Too Good to Go</i>	Inventory tracking, portion control, and donating unsold food significantly reduces the amount of waste a franchise produces. They offer food at a reduced price	Participating in organic waste composting initiatives transforms potential landfill food into valuable resources for community gardens, reinforcing a commitment to environmentally conscious activities

Source: compiled based on sources [18; 16; 17; 9].

Further development of ecological franchising is partly necessary to rebuild the country's economy, but it currently faces a number of challenges - obtaining affordable loans, possessing some of the knowledge

necessary to conduct ecological business, low level of financial literacy, institutional imperfection of ecological franchising. Modern forms and types of franchising in the context of globalization are presented in Figure 2.

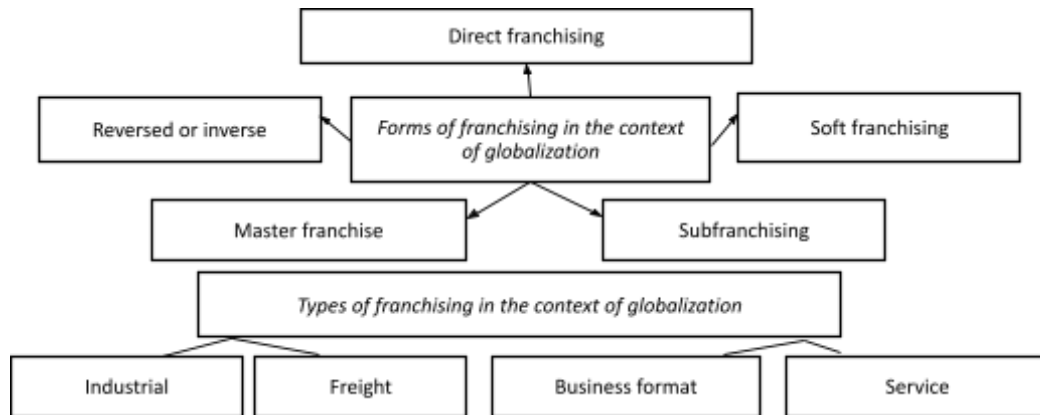


Figure 2 – Modern forms and types of franchising in the context of globalization

Source: grouped by source [3, p. 88; 15, p. 213; 2].

Researchers N. Kryvokulska and Y. Bohach emphasize that ecological franchising provides maximum growth of the quality of life, supports balanced and sustainable development of territories, preserves the environment, promotes the spread of ecologically balanced types of production and defends the issue of environmental safety [10, p. 356]. At present, however, an obstacle to the development of environmental franchising in Ukraine is the imperfect legal mechanism for the formation and implementation of franchise relations [3, p. 92].

"It is advisable to develop franchising in the field of services related to the inspection of technological equipment in production, the choice of the most rational method of its replacement, especially modernization; the health care sector is socially necessary, primarily to provide assistance in areas of environmental disasters and when working in extreme and harmful conditions" [12, p. 63]. Manufacturing franchises for small businesses allow the franchisee-partner to produce the same product under the same brand, using the same technologies, and at the same time with his own profit [3, p. 88].

It is worth noting that there are a number of problems with the environmental franchisor regarding the strict compliance of the environmental franchisee with the standards applicable to its type of activity. Compliance with the standards is monitored by the eco-franchisor through digitalized periodic inspections. In this way, the eco-franchisor monitors the quality of the services/goods offered to the consumer and may sometimes require the eco-franchisee to ensure that his personal characteristics and behavior are in compliance with the institutional rules applicable to the eco-franchisor. The Eco-franchisee must understand that compliance with the standards is important in his own interest. The inefficiency of the eco-franchisee is not only dangerous for him, but also indirectly affects the whole

eco-franchise network, especially the brand and market reputation, which reduces the efficiency and sometimes closes the business [7, p. 49].

"Relations under an ecological franchising agreement presuppose high ethics of business relations, which exclude attempts to transform into pyramid schemes, i.e. to expand and sell distribution networks. The essence of ecological franchising is to run one's own business, the essence of networks is to sell parts of the network and attract as many participants as possible" [6, p. 123]. In order to accelerate the spread of environmental franchising in the domestic market, it is worth developing and strengthening the legislative component that would regulate franchise relations and allow disclosure of real information about the financial condition of the franchisor enterprise, since Ukrainian legislation does not guarantee financial security and profitability of investments in franchise business, which creates an unfavorable investment climate for foreign franchisees [11, p. 93].

Support of environmental franchising by state institutions in the near future can create new jobs and thus reduce unemployment, contribute to the development of new ideas, technologies and methods of running small and medium environmental businesses, make the state's influence on the environmental development of various types of activities in general more effective, and also help attract significant foreign and domestic investments in the development of the national economy [14, p. 689] and accelerate its post-war reconstruction.

Conclusions. Using the opportunities of ecological franchising allows to achieve socio-economic effects by saving resources for conducting and expanding ecological business, strengthening competitive positions in the market of ecological business, applying new advanced technologies that allow to produce innovative goods and

provide new types of services in conditions of increasing economic convergence and digitalization of business processes.

Despite the already existing scientific achievements, it is important to conduct future researches aimed at

finding measures and tools to support ecological franchising aimed at supporting the environment and ecological franchising aimed at supporting and implementing clean and high technologies.

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