

Competitive Advantage through Corporate Social Responsibility in Franchising

Abstract

The organizational structure in franchising is different as compared with other firms and has strong implications for implementation of corporate social responsibility initiatives. The objective of this study is to investigate the effect of corporate social responsibility on brand competitiveness in franchise networks. We measure corporate social responsibility on two dimensions: proactive corporate social responsibility and partner preference. We use a two-step analysis approach to analyse the empirical data collected from the Austrian franchise systems. In the first stage, we run the cluster analysis and two clusters of franchise firms emerged. We find that the franchise firms with a more balanced approach toward corporate responsibility have higher brand competitiveness. In the second stage, we employ regression analysis and find that both dimensions of corporate social responsibility (proactive CSR and partner preference) have positive effect on brand competitiveness of franchise firms.

Keywords: Corporate Social Responsibility; Franchising; Brand Competitiveness; Empirical Analysis; Austria