

## **Strategic CSR and the Competitive Advantage of Franchise Firms**

### **Abstract**

Although corporate social responsibility (CSR) is a widely researched topic, there is a lack of its application in the franchise literature. The integration of social issues management into the franchise business model is particularly vital as it affects the franchise firm's most critical strategic assets, which are its brand name and reputation. Based on resource-based and organizational capabilities theory, our study explains how a superior CSR strategy enables franchise firms to create intangible assets, such as brand name value, reputation and image, which can become the source of sustainable competitive advantage. Using data from Austrian franchise firms, we test the impact of the strategic CSR construct on the exploration of intangible CSR-related assets. Our study shows that by diversifying the CSR strategy, franchise firms can influence the exploration of different intangible CSR-related assets. Overall, this is the first study in franchising which explains the strategic role of CSR.

**Key words:** CSR construct, corporate strategy, franchising, intangible assets, competitive advantage.

