MICRO FRANCHISING AS A TOOL FOR INCREASING SELF EMPLOYMENT AND COMPETITIVENESS: CROATIAN EXAMPLES

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Franchising has been present in global economy in its current format for more than a hundred years. Companies have used franchising for growing their business and geographical expansion by bridging the distance in partnership with local entrepreneurs. Micro-franchising provides a proven business model and a chance for self-employment by exploiting all advantages of franchising on a far smaller scale than traditional franchising. This model also helps potential entrepreneurs with low income to cross certain barriers, establish a sustainable business and create opportunities for new employment with the mentorship of the franchisor. With micro franchising, franchise systems could open locations where franchising in the traditional format would (could) not work and by doing so it could expand their business and gain competitiveness on the market, while at the same time enhancing employment and development of entrepreneurship.

This paper is examining the micro-franchising situation in Croatia and checking if this model of growing business can help in increasing competitiveness of a company and at the same time enhancing self-employment. Due to their pioneer work in the field of micro franchising in Croatia, Body Creator and Surf’n’Fries were chosen as practical examples.

**Keywords**: Franchising, micro franchising, self-employment, competitiveness, Croatia, Body Creator, Surf’n’Fries

MIKRO FRANŠIZA KAO ALAT ZA POVEĆANJE SAMOZAPOŠLJIVOSTI I KONKURENTNOSTI: PRIMJERI IZ HRVATSKE

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**Sažetak**

Franšiza je prisutna u svjetskoj ekonomiji u svom sadašnjem obliku više od stotinu godina. Tvrtke koriste franšizu za rast svoga poslovanja i geografsko širenje premošćivanjem udaljenosti u partnerstvu s lokalnim poduzetnicima. Mikro franšiza osigurava provjereni poslovnim model i šansu samozapošljavanja korištenjem svih prednosti franšiznog poslovanja u značajnom manjem obimu nego što je tradicionalna franšiza. Ovaj model pomaže potencijalnim poduzetnicima s niskim prihodom u prevazilaženju određenih barijera, pokretanju posla i stvaranju prilike za novo zapošljavanje pod mentorstvom davatelja franšize. Korištenjem mikro franšize, franšizni sistemi mogu otvoriti lokacije gdje tradicionalna franšiza ne bi imala šanse za uspjehom te time mogu proširiti svoje poslovanje i povećati konkurentnost na tržištu i istovremeno povećati zapošljavanje te pomoći u razvitku poduzetništva.

Rad istražuje trenutno stanje mikro franšize u Hrvatskoj i provjerava može li ovaj model širenja poslovanja pomoći u povećanju konkurentnosti tvrtke te u isto vrijeme povećati samozapošljavanje. Zbog svog pionirskog rada na području mikro franšize u Hrvatskoj, Body Creator i Surf’n’Fries su izabrani kao praktični primjeri.

**Ključne riječi**: franšiza, mikro franšiza, samozapošljavanje, konkurentnost, Hrvatska

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**Aleksandar Erceg, PhD** is assistant professor at Faculty of Economics in Osijek J.J. Strossmayer University in Osijek. He has published more than 30 scientific articles in peer-reviewed journals. His research is focused on entrepreneurship, franchising, operations management and lean thinking. He is teaching several courses including Operations management, Franchising Entrepreneurship and Corporate Entrepreneurship at various levels of study programs. In addition to regular education he is committed to continuous learning in the field of entrepreneurship, operations management company, lean thinking and franchising by participating in domestic and international educational programs. He earned his PhD in management from Faculty of Economics in Osijek in 2012. His doctoral thesis was written about franchising and its influence on entrepreneur’s growth strategies. He is a member of the Croatian Association of the purchase activity (HUND).

**Ljiljana Kukec, M.Sc**. Born in 1956 in Zagreb. She obtained Master degree with thesis: The challenges for implementations of franchising in Croatia in 2009. Presently she is doctoral candidate of PhD program Entrepreneurship and Innovation at Faculty of Economics in Osijek. She is the cofounder of Croatian Franchise Association in 2002 where presently is the President. From 2014 she is Vice president of European franchise federation and member of World franchise council from 2007. She is author of numerous articles about franchising and coauthor of book "Guide through entrepreneurship" and editor of UNIDROIT - The guide to Master franchise agreements. Currently, she is lecturing Franchising on University of Luxembourg and University Vern in Zagreb.