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INSTITUTIONAL COMPONENT OF THE FORMATION OF ECOLOGICAL FRANCHISING IN THE CONDITIONS OF ECONOMIC CONVERGENCE¹

Economic convergence, which is observed, sets a new progressive and dynamic impulse for the development of ecological franchising. These processes are also significantly enhanced by globalization and internationalization. The article substantiates that ecological franchising is a progressive form of transfer of modern technologies. Its use in practice has shown a positive solution to a number of environmental issues in different countries of the world. Ecological franchising in the conditions of economic convergence allows for the progressive development of digital business based on ecological values, maintaining high ecological production standards, and improving the quality of services and goods provided. The article identifies promising existing institutional models of cooperation between domestic ecological businesses and well-known global brands. The authors expressed the opinion that franchising should be considered as one of the promising and progressive models of doing business in Ukraine under martial law, because it makes it possible to attract additional foreign investments in industries that need restoration and development, to provide the Ukrainian consumer with the latest goods/services more quickly, and to make technologies more accessible. The paper presents examples of some successful franchises in Ukraine over the past 3 years in terms of industries, investment size, entry fee, payback period, marketing fees, and royalties. Among the progressive companies are the following: Mandra, KIMS dry cleaners, Lviv Chocolate Workshop, EKONOMBUD, Cheese Kingdom, Rozetka, Aroma Kava, Eco Lavka. Some criteria for choosing an ecological franchise in the context of globalization of the world economy are analyzed, which are reinforced by the opinions of well-known scientists in this area of research. The authors take the scientific position that the influence of ecological franchising is felt in the scientific and technical component of the innovative and digital development of post-industrial countries. Ukraine should develop its own mechanism with effective various tools for implementing franchising relations.

Key words: ecological franchising, economic convergence, international business relations, franchising relationships, institutional model, franchise, ecological development of territories, ecological product.

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Statement of the problem. In the conditions of martial law, the issues of resolving the issue of domestic franchising entering foreign markets by attracting foreign investments to “franchise packages” in the more successful branches of franchising in Ukraine become relevant. This can be achieved by introducing a new niche that would interest foreigners for its investment or use of the franchise business [1, p. 39]. This would allow implementing the government’s policy of distributing domestic goods and supporting national producers.

In 2024, the Ukrainian franchise market focused on strengthening the technological component. Thus, this type of business began to use the capabilities of neural networks and AI to create and develop a franchise network. In addition, the business used new technologies and purchased equipment to organize uninterrupted operation of points in conditions of a complete power outage [2].

The ecological franchising market is in a state of turbulence and is only being formed institutionally in Ukraine. In order to accelerate the formation of a high-quality ecological franchising market, the government should be more actively involved in this issue. It makes sense to make changes to the legislative framework, implement state programs to support ecological franchising, in particular, simplify procedures, and introduce benefits.

Analysis of recent research and publications. The names of Yu. Bogach [3], K. Buylova [4], N. Gorin [5], B. Dyka [6], I. Ilyashenko [7], I. Ishchenko [8], O. Zaprudska [4], N. Kraus [8], K. Kraus [8], Yu. Kakhovych [1], N. Kryvokulska [3], A. Lyashok [9], V. Mishura [4], A. Matseruk [9], R. Monyak [10], O. Taranyuk [9], Yu. Tykhonenko [11] are associated with the study of the formation of ecological franchising in the context of the implementation of the concept of sustainable development and the formation of a new quality of the socio-economic mechanism of ecological franchising as a progressive instrument of innovative and digital development in the system of international economic relations. At the same time, a significant number of topical issues, such as working on progressive models of cooperation between ecological businesses, clarifying the factors of successful domestic franchising, and analyzing the criteria for choosing an ecological franchise in the context of globalization of the world economy, require further study. In addition, there is no clear understanding of the practical content of the franchise relationship between the franchisee and the franchisor.

Formulation of the article’s goals (task statement). To present an institutional model of cooperation between domestic environmental businesses and global brands. To indicate examples of some successful franchises in Ukraine over the past 3 years. To analyze the scientific vision of modern researchers on the progressive development of environmental franchising in the context of economic convergence of different countries. To identify relevant criteria for choosing an environmental franchise in the context of the global world economy.

Presentation of the main material. In the conditions of martial law in Ukraine, franchising is becoming

increasingly popular as part of the economic recovery. After all, it allows you to open a business that has already been tested and is profitable. For potential Ukrainian businessmen, this is extremely important, because, after the full-scale invasion of the Russian Federation into the territory of Ukraine, many businesses closed or relocated abroad. Therefore, in order to restart entrepreneurial activity, Ukrainians should focus on the opportunities provided by franchising, in particular environmental ones.

“Franchising is a reliable way to reduce operational risks, as well as increase the duration of the company’s life cycle” [4, p. 60]. We share the opinion of Ukrainian scientists N. Kryvokulska and Y. Bohach in part that to restore the Ukrainian economy, it is worth focusing on the development of ecological franchising of goods (“sale of goods produced by the franchisor and bearing a trademark with ecological labeling”) and ecological franchising of the business format (“along with all rights, the franchisor transfers to the franchisee the technology of organization and business management developed by him. The franchisee is fully identified with the franchisor and becomes part of the general corporate system”) [3, p. 356].

The owner of an ecological business operating under an ecological franchise does not need to create a brand from scratch and spend money on creating and promoting an ecological product or service; the franchisor has done it for him. In many countries, ecological franchising is the driving force of the economy and can become a powerful stimulus for the development of the domestic [11, p. 49] during the war and post-war reconstruction. The institutional model of cooperation between ecological businesses and global brands is presented in Fig. 1.

The popularity of ecological franchising is due to the fact that it creates favorable conditions for the expansion of sales networks of ecological goods both in national and foreign markets. Ecological franchising makes it possible to increase the number of representative offices in a short period of time and at moderate costs. For a country in which the franchising business is developing, this is a good opportunity to attract foreign direct investment, which will meet the needs of enterprises with limited resources and will give them the opportunity to improve the quality characteristics of their products, increase the competitiveness of the country, and improve its environmental component [5, p. 132].

We consider the emergence of franchising in Ukraine under martial law to be promising, as it makes it possible to attract foreign investment in industries that need restoration and development, to provide the Ukrainian consumer with the latest goods / services more quickly, and to make technologies more accessible.

The digital transformation of business interaction, or digitalization in general, has made collecting information much easier and faster about any retail chain or store. Using data from mobile operators, it becomes possible to determine the traffic of potential customers in any place quite accurately. According to experts, in 2024 there was no oversaturation of the franchise market in Ukraine.

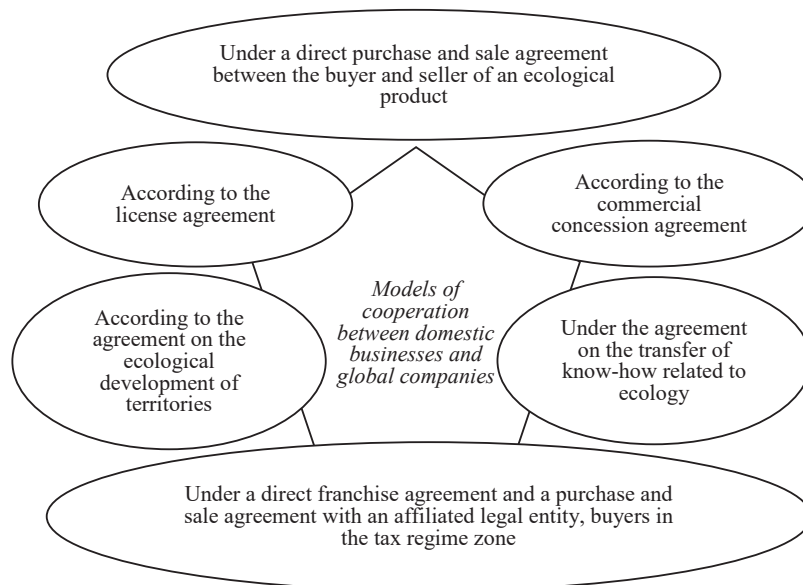


Fig. 1. Institutional model of cooperation between domestic environmental businesses and global brands

Source: grouped based on sources [11, p. 50; 5, p. 133–134; 8; 12] and own observations

Before the COVID-19 pandemic, about 1,000 participants in this field were actively working in Ukraine; in 2024, their number in different half-years ranged from 500 to 600 participants [2]. Examples of some successful franchises in Ukraine as of 01.01.2024 are presented in Table 1.

“Franchise relationships are beneficial both for the franchisee, who is interested in maximum sales volumes at minimum costs, and for the franchisor, who is focused on competition” [4, p. 60]. “A high reputation in one area of activity when using the system of ecological

franchising of the business format in practice can provide opportunities for expanding the activities of both the firm (franchisor) and the enterprise (franchisee), which will use this reputation to organize and develop their business” [7, p. 125]. The criteria for choosing an ecological franchise in the conditions of globalization of the world economy are presented in Fig. 2.

“Ecological franchising contract has an individual character and depends on the conditions of activity, policy carried out by the franchisor, can’t be replicated to other

Table 1

Examples of successful franchises in Ukraine in 2024

Name	Branch	Number of franchises in Ukraine	Investments, US dollars	Entrance fee, US dollars	Royalty and marketing fee, per month	Payback period, months
1	2	3	4	5	6	7
Franchises worth more than 50 thousand US dollars						
Mandra Company	Ecological hotel business	5	200 000	15 000	8% + 20%	18
KIMS Dry Cleaners	Services	49	150 000	8 000	300 US dollars	from 36
Lviv Chocolate Workshop	Catering	45	from 50 000	15 000	8 %	from 6
Domino's	Catering	60	250 000 +	22 000	6% + 1%	from 24
Franchises worth from 20 to 50 thousand US dollars						
EKONOMBUD	Construction services for thermal and waterproofing	6	40 000	0	5% + 1000 US dollars	7–10
Lviv Croissants	Catering	146	from 30 000	10 000	3%	12 – 24
Cheese Kingdom	Grocery retail	48	from 25 000	11 000	4%	12 – 18
Rozetka	Non-product retail	36	from 15 000	5 000	0%	15 – 24
Franchises worth up to 20 thousand US dollars						
Aroma Kava	Catering	more 220	from 6 500	from 2 000	2 %	from 6
New post	Services	7 700	1 500–5 000	0	0,5%	from 8
Eco Lavka	Health food stores	32	20 000	1 500	3%	14– 4

Source: grouped based on sources [2; 13; 14]

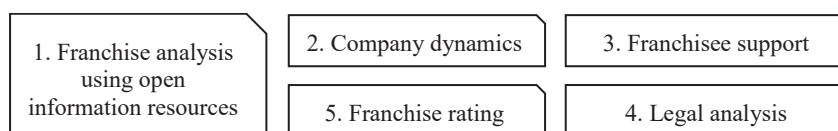


Fig. 2. Some criteria for choosing an ecological franchise in the context of globalization of the world economy

Source: grouped based on sources [9, p. 72] and own observations

systems... Ecological franchising of goods is the sale of goods produced by the franchisor and having a trademark with ecological marking" [7, p. 123].

If we analyze foreign experience, in Germany the environmental franchise agreement is regulated in accordance with the general contract law, which is regulated by the German Civil Code and the German Commercial Code, as well as competition, consumer, and intellectual property laws. From the legislation of Spain and Sweden, it becomes clear that the environmental franchise has the right to use not only intellectual and industrial property objects, but also the right to further assistance from the environmental franchisor, receiving consultations and recommendations from him on the effective conduct of environmental business. In Italy, the regulator of environmental franchising is the Italian Franchising Association. In the UK, there is no separate special legal regulation of environmental franchising, but it is considered as an agreement on the right to conduct environmental entrepreneurial activity, according to which a person receives profit or income by using the right to use a trademark, design or other intellectual property granted to him under the agreement, or the reputation associated with them [10, pp. 183–184].

We share the opinion of Ukrainian researchers B. Dykoi and S. Oginok in that ecological franchising in Ukraine should develop in the areas of ecological recreation; installation of treatment facilities at enterprises; purchase of franchises from companies specializing in ecological consulting and outsourcing; increasing the level of ecological knowledge [6, p. 32]. We share the scientific views of R. Moniak, who claims that when talking about pre-contractual disclosure of information about the composition of the franchise, it is necessary to take into account the principle of good faith, which is based

on honest standards of behavior, and the criterion of legality of actions of business entities, which imposes on the parties the obligation of conscientious cooperation [10, p. 186]. Ecological franchising contributes to the strengthening of economic ties between countries at the current stage of development of world economic relations, penetrates virtually all spheres of economic activity, and is one of the effective and democratic ways of going beyond national markets [5, p. 131].

Economic convergence, which is observed in the world, sets a dynamic impulse for the development of ecological franchising. These processes are strengthened by globalization and internationalization. The influence of ecological franchising is felt in the scientific and technical component of the innovative and digital development of post-industrial countries. Ukraine should develop its own mechanism with effective tools for implementing franchising relations.

Conclusions. Environmental franchising is a progressive form of technology transfer. Its use in practice has proven to be a positive solution to a number of environmental issues in different countries. Environmental franchising in the context of economic convergence allows for the progressive development of digital businesses based on environmental values, maintaining high environmental standards of production, and improving the quality of services and goods provided.

We consider prospective scientific research to be the study of the possibilities of ecological franchising as a factor of scientific and technical exchange, business cooperation, and a progressive form of international business development, in order to highlight the prospects for the internationalization of ecological franchising in European countries on the basis of this knowledge and to analyze the intensity of franchisees' use of the latest technologies.

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ІНСТИТУЦІОНАЛЬНИЙ СКЛАДНИК СТАНОВЛЕННЯ ЕКОЛОГІЧНОГО ФРАНЧАЙЗИНГУ В УМОВАХ ЕКОНОМІЧНОЇ КОНВЕРГЕНЦІЇ

Економічна конвергенція, яка простежується у світі задає нового прогресивного і динамічного імпульсу розвитку екологічного франчайзингу. Ці процеси також суттєво посилюються глобалізацією й інтернаціоналізацією. У статті науково обґрунтовано, що екологічний франчайзинг є прогресивною формою трансферу сучасних технологій. Його використання на практиці засвідчило позитивне вирішення ряду екологічних питань в різних країнах світу. Науковці в ході дослідження дійшли висновку, що екологічний франчайзинг в нинішніх умовах економічної конвергенції дає змогу прогресивно розвивати цифровий бізнес, що заснований на екологічних цінностях, підтримувати високі екологічні стандарти виробництва, покращувати якість наданої послуги й товару. У статті з'ясовано перспективні діючі інституційні моделі співпраці вітчизняних екологічних бізнесів із відомими світовими брендами. Автори висловили думку про те, що франчайзинг варто розглядати як одну з перспективних і прогресивних моделей ведення бізнесу в Україні в умовах воєнного стану, адже це дає змогу залучати додаткові іноземні інвестиції в галузі, що потребують відновлення і розбудови, швидше надавати українському споживачу новітні товари/послуг, зробити доступнішими технології. В роботі представлено приклади деяких успішних франшиз в Україні за останні 3 роки в розрізі галузей, розміру інвестицій, вступного внеску, періоду окупності, маркетингових зборів та роялті. Серед прогресивних компаній названо такі: Mandra, хімчистки KIMS, Львівська майстерня шоколаду, EKONOMBUD, Сирне королівство, Rozetka, Aroma Kava, Еко Лавка. Проаналізовано деякі вагомні критерії вибору екологічної франшизи в умовах глобалізації світової економіки, що підсилені думками знаних науковців даного напрямку дослідження. Автори стоять на науковій позиції того, що вплив екологічного франчайзингу відчувається в науково-технічному складнику інноваційно-цифрового розвитку постіндустріальних країн. Україні варто напрацювати власний механізм з дієвими різноманітними інструментами здійснення франчайзингових відносин.

Ключові слова: екологічний франчайзинг, економічна конвергенція, міжнародні бізнес-відносини, франчайзингові взаємовідносини, інституційна модель, франшиза, екологічний розвиток території, екологічний товар.