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Abstract

Franchising has been present in the 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 the development of entrepreneurship.

This paper examines the micro-franchising situation in Croatia and checks if this model of growing business can help in increasing competitiveness of a company and at the same time enhance 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

1. *Introduction*

Franchising has been present on the global level in different forms for a few hundred years, but its current form was created in the USA in the late 19th century by Isaac Singer, who needed money for financing growth and further business development. He started his franchise network to sell his sewing machines. This growth model was soon accepted and expanded by big car producers (Ford, GM), oil companies and perfected by the food service and hospitality industries (Coca-Cola). The current "version" of franchising was created in the 1960s when Ray Kroc started the McDonalds franchise and established the business format of franchising. Since then franchising has become a means of business expansion and growth, nationally as well as internationally, and a prevalent growth strategy in the business world (Welsh et al., 2006).

Nowadays, franchising is present in almost every country in the world and has a significant impact on the world economy. The main reasons are numerous advantages for franchisor and franchisee, which

are taken together with the growing middle class in many world countries and increasingly homogenized consumption culture (Zeidman, 2014). Based on Fran-Data research[1], franchising accumulates 1.6 trillion USD sales, which is 2.3% of global GDP, has 2.2 million companies involved and employs more than 19 million people. Furthermore, the franchising economic output represents a significant share of national GDP on average of 4%. Since the investment in franchising is usually quite high, a new type of franchising – micro franchising – has emerged in developing countries to enable more people to buy franchises.

This paper looks into micro franchising and will present the status of micro franchising in Croatia and try to determine if it helps in competitiveness of franchisors in Croatia and self-employment. In the first part of the paper we will present micro franchising and provide the main distinction from franchising. The second part of the paper will examine the status of franchising and micro franchising in Croatia. In the third part of the paper two micro franchising case studies from Croatia will be presented. In conclusion, we will summarize our findings and offer suggestions for future research.

2. *Micro franchising*

In most developing countries, there are a lot of poor people who have skills needed to succeed, but don't have enough money to buy a franchise, for instance. Therefore, in the recent years micro franchising emerged as a solution and a tool for entrepreneurs around the globe that want to expand beyond traditional markets and especially into developing countries. The origins of micro franchising can be found in Bangladesh's system of community health promoters (Davis, 2012). Micro franchising can be explained as a business tool and a development model which uses tested methods of conventional franchising toward small and medium sized entrepreneurs in developing countries.[2] Micro franchising is mainly present in the delivery of development-related services in the fields of energy, health care and transportation.

The concept of micro franchising is gaining momentum and has recently been a topic of research.[3, 4, 5] Today there is no common definition of micro franchising. Some authors call it a "scale down franchise" with a price tag small enough so low income people can buy it.[6] Micro franchising is quite similar to the known franchise model, but reduced in investment and in revenue, too. Some call it a franchising variety type which aims to impact poverty by facilitating job creation, economic activity and distribution of goods and services to the base of the pyramid markets.[7] Fairbourne (2007a) gives the best explanation of this term and starts by dividing it into two parts: micro and franchising. Micro stands for more than mini and it refers to grassroots bottom-up initiatives, poverty alleviation, benevolence and for sustainability. The first part of the term is also explained through franchise costs, which can reach up to 250,000 USD on average for franchise while only being up to 25,000 USD for micro franchise (Christensen et al., 2010). Franchise stands for replication to scale and involves standardized operations and everything that is connected to traditional franchising. Connecting those two terms gives micro franchising which is very different from standard franchising because, finally, micro franchising is created to help poor people with starting a sustainable business. Camenzuli and McKague (2015) conclude that micro franchising represents an approach to economic value creation in undeveloped countries and is an important and growing sub-category of social enterprise. Micro franchising can be used for expansion to rural and hard-to-reach consumers that have been ignored by companies because of increased delivery costs and low purchasing power. Runde[8] finds that micro franchising is a very good tool for bridging distribution chain gaps and for creating employment and economic activities.

Terrell[9] finds that micro franchising has enormous promise since it makes sense – it fits to the reality of base of pyramid, has incentive structure and ensures more employment possibilities than the microfinance model which requires entrepreneurial talent. With micro franchising, social entrepreneurs can invest in undeveloped countries and, by doing that, allow them to do well at the same time. Micro franchising is a tool for reducing poverty as well as for building small replicative businesses adaptable to local culture and customs. At the same time, it is a business model that allows a startup of operations under the mentorship of an experienced entrepreneur – the franchisor. The initial capital is often associated with micro financing or grants in order to start a business with leadership, education and training on behalf of the franchisor because inexperience, ignorance, a lack of skills, know-how and often a lack of self-confidence can be obstacles for sustainability of business ventures. Rogers, Fairbourne and Wolcott (2011) found three character-

istics which enable micro franchising – it should be organic, modular and micro-scalable. Micro franchising has several challenges to address and according to Fairbourne (2007a), at the core, they are the following: lack of jobs in communities, lack of business skills among the poor that are needed for starting and growing successful company, and lack of goods and services that are available to the poor. Rogers, Fairbourne and Wolcott (2011) added the fourth challenge micro franchising is facing and that is a lack of multinational companies' understanding or their ability to work successfully in a significantly different environment.

Micro franchises generally require minimal initial costs and provide franchisees with a significant portion of the required start-up capital. Because micro franchising often addresses an urgent societal need, and provides new economic opportunities in economically depressed communities, micro franchises can generate significant revenue. For franchisors, micro franchise competitive advantages include a large population of motivated franchisees, an even larger population of potential consumers, and a critical mass of branches that can share best practices and leverage economies of scale. For franchisees, micro franchise competitive advantages include reasonable start-up costs; the ability to source low-cost, high-quality inventory, and centralized management of political and regulatory issues. Further, franchisees benefit from training, marketing support, technical counsel, and a reputable, trusted brand name. To run a successful micro franchise, several critical elements are required including: uniform branding, systems and training, careful location screening and rigorous quality controls. Fairbourne (2007a) states that the main benefits of micro franchising are risk reduction, special training provision, mentoring and creative burden reduction.

The importance of micro franchising in the world can be given through the following examples: Hewlett Packard started a micro franchise system in Africa – taking wedding photos and printing photos in rural areas; Scojo Vision – spectacles for poor people in developing countries; Grameen phones (Telenor) – poor women operate mobile phones as public call offices in rural areas. These are some examples from developing countries but there are a lot of possibilities for micro franchising in other countries as well. Aiyar[10] concludes that through micro franchising with creating ways of cost reduction and logistic organization, franchisors and multinational companies can create millions of new customers that have never existed. Christensen, Parson and Fairbourne (2010) state that micro franchising creates businesses that have the potential to become larger than a typical microenterprise and provide higher incomes and employment.

There are three formats of micro franchise business model and their main differences are shown in Table 1.

Table 1 Different Micro Franchising Types

Social micro franchising	Sustainable micro franchising	For profit micro franchising
- offers products and services at an affordable price and creates jobs for the poor people - it is not focused on sustainability of the business - relies on the co-financing during the project to achieve the objective - a steady supply of funds during the project is needed - it is relatively easy for micro franchisee to achieve bigger income when a steady stream of funds for maintenance operations is provided - because of this entire process, the final prices of the products are low and thus available to the end user as well. In that case, the social note is ensured.	- creates profits for micro franchisees, but also enough revenue for franchisor to cover the costs. - profit that remains is for the recruitment of new franchisees or to help the existing ones to increase profits through education, training etc. - this model has three objectives: a) creating a profit for micro franchisee b) financial sustainability of the business c) providing products and services at affordable prices to end users	- very much like sustainable micro franchising but with one addition - to ensure enough profit for franchisor so he could ensure the return on investment and profit for investors - demands bigger start capital so breakeven point can be reached faster because sustainability is not probable until the network is big enough to collect royalties; so, the startup capital must be big enough to start enough locations which will generate the profit for investors - can sometimes lose its social character with chasing the profit for investors

Source: Adapted from Burand and Koch, 2010

All the above-stated formats of micro franchising have a social character, but the difference is in the degree of social impact and, as shown, they are distinguished from social franchising as well. Since franchising, in order to succeed, has to be replicable and highly adaptable to local circumstances and be able to exist in a wide range of industries, there is no unilateral definition of that sort of business model in general. The same is applicable to micro franchising as well. Finally, Fairbourne[11] states that micro franchising is gaining momentum since education specialists like it because of knowledge sharing, business likes it for its effective delivery system, microfinance institutions like it for the value-added benefits it brings to borrowers, and micro franchisees may have potential to do big things.

There are few micro franchise networks in the world – currently less than a hundred in 20 world countries (Burand, Koch, 2010). There is also no single repository list with all micro franchises currently in existence. It is important to state that there are more opportunities coming every day and not only in developing countries. Most of the current micro franchising networks are in telecommunication, education, food and health sectors. Although micro franchising is important for undeveloped countries where it is mostly present and where most of population survive on earnings from micro-enterprises, there is no information about the number of self-employed and employed in micro franchising worldwide in recent research studies about micro franchising (Fairbourne 2007a; Burand, Koch, 2010; Rogers et al., 2011; Camenzuli, McKague; 2015).

2.1 *Micro franchising vs. franchising vs. social franchising*

To point out the main difference between traditional franchising and micro franchising, it is necessary to evaluate four dimensions of franchising: the type of franchising, the size of the franchised units, products and services offered and profit objective (Table 2).

Table 2 Four dimensions of franchising

Dimension	Option	Option
Type of franchising	Business Format: Replication of entire business models, extensive franchisee-franchisor relationships; franchisees pay royalties	Traditional format (also known as product franchising): Focused on distribution, less complex relationship between franchisor and franchisee, franchisee pays no royalties (but purchases products under contract)
Size of franchised units	Macro: Fixed infrastructure, high investment costs and significant number of staff members	**Micro: Limited infrastructure and investment; owner is the only employee**
Products and services offered	Public goods: Goods and services traditionally provided or subsidized by the state like healthcare and education	Commercial goods: All other products and services
Profit objective	For-profit: Objective is to create profits for the owners	Non-profit: No direct objective to create profits; primary objective is social impact

Source: Adapted from Dalberg Global Development Advisors, 2009: 4[12]

The main difference can be seen in two dimensions: the size of franchised units and profit objective. Micro franchising usually borrows the traditional franchising concept of network growth but there is a significant difference in its internalization of types that depart from traditional franchising. Another view of the differences between franchising and micro franchising can be seen through different theories to explain both models (Table 3).

Table 3 Theory Overview

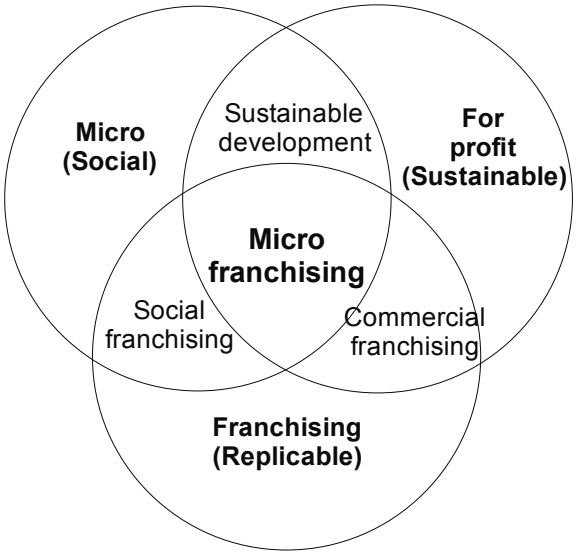
	Franchising theory	Micro franchising theory
Goal of business	Economic considerations: Growth of business/profit	**Economic considerations:** Growth of business/profit **Social considerations:** Poverty alleviation
Why choose franchising	Resource scarcity theory: Franchisee brings either financial or human capital to achieve rapid scale-up.	**Economic considerations:** Provides access to the BOP market
	Agency theory: Savings in monitoring costs by resolving horizontal agency problems.	**Social considerations:** Potential to turn necessity entrepreneurs to self-reliant franchisees, creates jobs, makes goods and services available for the poor
Premises to be met	Franchisee bears entrepreneurial risk	Simplicity of product, business model
		Possibility of subsidies during early stages of micro franchisee life-cycle

Source: Adapted from Rigter et al., 2014: 14[13]

According to Fairbourne,[14] the most important difference between micro franchising and traditional franchising is in the social component. While micro franchising can include a variety of franchise types, it is significant to emphasize that it also impacts poverty through job creation facilitation, distribution of goods and services in the base of the pyramid markets and in the end, it also triggers economic activity. Traditional franchising is on the other hand characterized by a relationship established between a company and a franchisee in which the company has ownership over a product and offers exclusive sales rights (or distribution rights) to the franchisee.

The relationship between franchising, social franchising and micro franchising is shown in Figure 1.

Figure 1 Micro franchising vs. Franchising vs. Social franchising



Source: Adapted from Fairbourne, 2007b: 9[15]

The above presented framework is helpful with the two concepts of micro franchising and social franchising, which are often mistaken for each other. Micro franchising refers primarily to the size of a franchise and it is usually about a single person in a traditional franchise relationship (for instance – one taxi driver / franchisee), whereas social franchising describes franchise systems whose main and usually primary objective is delivering of public goods and services while also most often being subsidized with different grant programs. Social franchising has a purpose to deliver products and services (such as education, health services, etc.) to the poor through the franchise business model. It is not necessary to generate profits, as it does not need to recruit franchisees among the poor population, but it always delivers products and services to the poor as end users (duToit, 2014). On the other hand, micro franchising may or may not provide products and services for the poor, but this is a business model for people at subsistence level for their self-employment in the business they can invest in. It is important to state that micro franchising seeks profit for franchisor and franchisee and social franchising will never be profitable for both franchisor and franchisee.[16]

3. Franchising in Croatia

Franchising first appeared in Croatia during the 1960s when Diners Club International sold the franchise to Diners Club Adriatic which became their franchisee in the former Yugoslavia. In the next two decades, there were several attempts of starting the national franchise systems and Varteks and Kraš were the most famous among them. Those systems were more or less successful. With the arrival of McDonalds in Zagreb in the 1990s, a noteworthy promotion of franchising has started. During the next few months McDonalds made several presentations in cities in which they were looking for potential franchisees and in that way created interest for franchising and started debates on the nature of the franchise contract (Alon et al., 2010). Currently there are around 180 franchise systems operating in Croatia, out of which only 25 are of Croatian origin (Kukec, 2016). These systems operate at almost 1000 locations and have around 16,500 employees. If we examine the current state of franchising in Croatia in relation to other countries in Europe, especially with the so-called countries in transition, we can state that franchising is still in its development stage. Fashion franchises have the largest share in franchising systems. They are followed by fast-food franchises and those two sectors together account for more than 60% of total franchise systems in Croatia. The Hungarian franchise Pek-Snack Fornetti, which is a distribution franchise of frozen bakery products and a business concept of the bakeries, is the largest franchise system currently operating in Croatia. With their approach to franchising they managed to spread their business in the entire region. Domestic franchise systems include the following: Aqua, Surf'n'Fries, Centar energije, Bio-Bio, Galeb, Taxi Cammeo, Mlinar, Diadema, Kraš, Body Creator, Di Caprio and San Francisco Coffee House.

Institutional support proved to be of great importance and influence on the growth of franchising business in Croatia. It all started in 2003 when the first Franchise Center in Osijek was founded and soon after a second Franchise Center was founded in Zagreb. In 2003, the Croatian Franchise Association organized the first franchise exhibition in Zagreb. These three organizations are currently major reference and counseling points for all information about franchising in Croatia as well as places for franchisors and franchisees where franchising demand meets supply. Besides organizing franchising fairs, Croatian Franchise Association is a member of the European Franchise Federation and the World Franchise Council. The importance of the franchising business model can be seen in the fact that some major Croatian companies are considering or even already using franchising for their own geographical expansion (Mlinar, Agrokor, Hrvatska pošta, Ina).

One of the disadvantages for the development of franchising in Croatia is the fact that there is no legal regulation of franchising. This has been recognized in previous research (Alon et al., 2007; Kukec, 2009; Alpeza et al., 2015; Erceg, 2016), where inconsistent legal system and inadequate protection of franchisors' intellectual property rights were recognized as the main obstacles for franchising development. In addition, the lack of legal regulation of franchising as well as insufficient knowledge of franchising as a growth and expansion model has shown itself to be the biggest challenge for the expansion of franchising.

4. Micro franchising in Croatia

Until the last few years there was no micro franchising in Croatia. All existing franchisors were building their networks with traditional franchising and the traditional approach to franchising. Due to the recent economic crisis, which has hit Croatia as well, franchisors in Croatia needed to start adapting

their franchise networks to overcome economic crisis and to continue with building and growing their franchise networks. As an answer to the economic situation, Croatian franchisors started to develop micro franchising. This development should not be seen as a trend, as it has been in developing countries, but as a necessity for further growth of their franchise networks.

Today in Croatia we are witnessing the existence of one sub-format of profit micro franchising. This micro franchise type generates profit for micro franchisees, sustainability for businesses and profit for micro franchisors, which serves for sustainability of a franchise network. Only a few franchisors in Croatia are using micro franchising as their way of further business growth and increase of competitiveness but there are a few in the development phase. Croatian micro franchising networks are in food, beauty and transport sectors but also in very innovative services like: Čuvar sjećanja (services for maintenance of graves) or Fish4Wish ("Fish markets" for fish that make wishes come true). That follows trends in world micro franchising movement.

According to the micro franchising definition, in all cases the range of investment up to 25,000 USD is used, but the average investment in traditional franchise concept is much lower in Croatia than in other countries and is currently around 20,000 EUR. Accordingly, the investment in the micro franchise model is significantly lower than in other countries. Some other Croatian micro franchisors are: Surf'n'Fries, Pek-Snack Fornetti, Body Creator and Taxi Cammeo. All four companies recently started with their micro franchising and have success in expanding of network. Since micro franchising is relatively new in Croatia there is no official research about the influence of micro franchising on self-employment. Regarding to this, it is important to state that Taxi Cammeo with micro franchising has increased its operations in Croatia and currently has more than 50 franchisees. Thus, it is possible to conclude that more than 50 people are self-employed through micro franchising only in this chain.

In the next part of this paper, we will present two of them: Body Creator and Surf'n'Fries. Both presented cases are the result of interviews with franchisors and research conducted by authors.

4.1 Body Creator case study – competitiveness and self-employment possibility

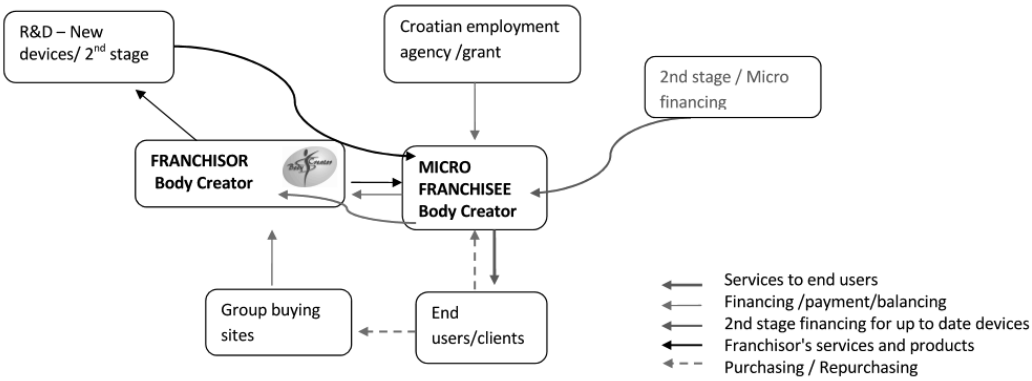
Body Creator is a Croatian brand for the centers for slimming and reshaping of the female body, which started their operations in 2001 and have been building their franchise network since 2005. The foundation of their slimming method is active exercising in special devices called "thermo capsules" at the physiological temperature of 37°C. Exercising in such conditions allows for a faster lipolysis of the adipose tissue thanks to the fact that the body needs a faster cooling down period and, because of that, it melts the isolation (fat) faster. Those devices are produced by the franchisor for the pilot center and franchisees and can't be bought outside the franchise. In the last 12 years, Body Creator has sold 15 franchise units in Croatia, Bosnia and Herzegovina and Slovenia. Nevertheless, it is important to state that although this is a very small franchise network, Body Creator is the first one in Croatia and the wider region to offer a franchise business model and it is the regional leader in that business sector. A specific method in the slimming sector, little direct competition and non-existence of other franchise networks in the same industrial sector in Croatia as well as a very good team which works on this project (not only experts in slimming methods and management but also experts in managing a franchise network, sales and training of the franchisees) are strong advantages that build foundations for the Body Creator business. Before starting with the franchise network, the company created a franchise model which contained the training of franchisees, mentoring, policy and procedures, know-how, a known brand, the follow up of the franchisees, R&D, etc. Due to the huge regional interest in their franchising model, their network grew faster than planned. The growth of the franchise network lasted until 2009 when Body Creator had 15 franchisees. Unfortunately, due to the crisis (franchisee bankruptcy, not renewing the contract, converting to a smaller licensed center) they currently have only 4 franchisees and 5 small licensed centers in Zagreb.

Due to the market situation change and the need to keep their franchise network, they decided to develop a micro franchise model. The new micro franchise model is a turnkey investment in total amount of 15,900 EUR, while the traditional franchise investment ranges from 23,000 to 66,000 EUR, depending on the type of franchise. The Body Creator micro franchise is attractive for the unemployed and the ones with lower income as well as those who wish to become self-employed since the micro franchisee pays only 30% of total contract price after the contract signing. The remaining amount is covered by future business, clients (in partnership with group buying sites) to ensure the payment of the remaining investment.

The difference from the traditional model is also in the contract length, which in a micro franchise lasts for 10 years and there are no royalties and marketing fees. With the elimination of royalties the profit for the franchisor is reduced, but the micro franchisee must purchase an additional device every second year, which creates a steady income for the franchisor. At the same time, this keeps the micro franchisee focused on their business and competitiveness on the market.

Even 30% of investment is still high for some potential micro franchisees, so the franchisor with the help of the Croatian Chamber of Economy and some other franchisees approached the Croatian employment agency for using grants for unemployment. The result is that the initial amount of the investment in the micro franchise (4,770 EUR) can be covered with a grant intended for self-employment of two women (Figure 2).

Figure 2 Body Creator micro franchise model



Source: Authors own work, 2015

In this way, Body Creator started their micro franchise network, regained lost competitiveness and enabled new job creation through self-employment. The Body Creator micro franchise model is accepted on the market and currently there are two potential micro franchisees preparing for opening of their units. Their micro franchise model guarantees return on investment and a sustainable business to micro franchisees as well as profit to the franchisor. This model connected micro franchise and micro financing, which is a very common case in the countries where micro franchising is present.

4.2 Surf'n'Fries case study – from zero to hero

Surf'n'Fries is a Croatian franchisor which started franchising in 2009 when they opened their first store in Rijeka. Soon the company was selling franchises and their first location was opened in December 2009 in Zagreb. After that they started opening locations all over Croatia in order to establish the brand and gain recognition from their consumers. Currently they have 56 franchisees: 33 in Croatia, 3 in Austria, Vietnam and Norway, 2 in Slovenia and Bosnia and Herzegovina, 1 in Hungary, Germany, Macedonia, Montenegro, Romania, Turkey, Sweden, Ireland and Iran.

Due to the economic crisis in 2012 Surf'n'Fries started losing their franchisees which cancelled their franchising contracts but continued to work in the same industrial sector. From the number of about 40 franchisees they were left with only 10 in Croatia at one point in time. This has endangered the Surf'n'Fries franchise network and their competitive status on the market but also encouraged Surf'n'Fries to start the micro franchising program in Croatia. It was first presented in 2011 and started in 2013. At the same time, they continued with their international expansion with the regular franchise format.

Their micro franchise program is called Surf'n'Fries-Mobile and is designed as the perfect way to sell French fries at beaches, tourist locations, fairs, events, etc. While the regular Surf'n'Fries franchise costs range from minimum 25,000 EUR to 60,000

EUR depending on the model and size of location, the micro franchise costs 9,400 EUR and can be paid in 12 monthly instalments without interest or in 60 monthly instalments with 7-12% interest. According to the franchisor, return on investment is possible within one year.

Surf'n'Fries Mobile meets all legal requirements – it is made of stainless steel and its use has been completely approved. The cart is equipped with a 14 kW deep fryer with two 10-liter fry pots and is powered with gas from standard gas containers. Infrared light added to the bain-marie keeps fries warm. The cart complies with sanitary regulation and safety needs – it has a built-in hand washing unit with hot and cold water, a sensor tap and a container for wastewater and after working hours or in the case of rain, the top can be lowered and folded. Finally, the cart has an attractive, well-proven design, and LED lighting makes Surf'n'Fries particularly noticeable in the evening. Franchisees who purchase such a cart and start this micro franchise will gain the right to work under the best-known brand for selling fries. Besides that, they will also receive staff training and a warranty for technical elements as well as distribution, supply of goods and packaging.

The start of the micro franchising program helped Surf'n'Fries in restarting their franchise network, increase their competitiveness through more opened locations in Croatia. Currently Surf'n'Fries has 25 micro franchisees in Croatia but there is a big interest for micro franchising in the other countries they are currently present in as well. Most of the current micro franchisees are situated on the Adriatic coast and work only during the holiday season. They also have several micro franchisees in Croatian bigger cities. With the switch from traditional franchising to micro franchising in Croatia, Surf'n'Fries gained new micro franchisees which would otherwise not have become part of their system due to higher financial investment. Furthermore, the company increased its competitiveness through bigger presence in Croatia. This move also showed creativity and flexibility of the company to adjust to market needs and to challenges which entrepreneurs face every day. The most important impact of the micro franchise model is securing the long-term sustainability of the network and, with that, the competitiveness of the company (franchisor) and micro franchisees.

5. Conclusion

During the last several years micro franchising has emerged as a powerful model and a tool for facing challenges of doing business in undeveloped markets. Micro franchising uses proven operation systems, marketing and growth strategies of so-called traditional franchise and scales it down to smaller businesses. This model creates strategies for big companies and enables them to tackle barriers which undeveloped countries present. Micro franchising usually borrows the traditional franchising concept of network growth but there is a significant difference in its internalization of types that are different from traditional franchising. This franchising model is an approach to poverty alleviation but at the same time represents a business model intended for profit creation.

Micro franchising has been present in Croatia for the last few years. It has been accepted as a replacement for the traditional franchising model by several Croatian franchisors as a reply to crisis which hit the franchise sector in Croatia. It is important to state that the micro franchising model used in Croatia is one sub-format of profit micro franchising used worldwide. In the presented case studies Croatian franchisors used micro franchising to regain competitiveness and to offer self-employment possibilities. This model is an effective means of supporting further franchise network growth in a way which satisfies the needs of the Croatian economy and potential micro franchisees. Both cases showed that switching to the micro franchise model created higher competitiveness for franchisors and gave a chance for starting a sustainable business to people with existential problems.

Since micro franchising is new in Croatia, we recommend further research in following directions:

a) Research on existing traditional franchise models to see if they can adopt micro franchise model for national development

b) Investigate the possible platform of collaboration with the Croatian employment agency where those micro franchise concepts can be financed through their grant program for self- employment. This cooperation can benefit the unemployed and create sustainability and growth of local franchise networks

c) Longitudinal research on current micro franchise networks should be conducted to prove their sustainability over time.

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

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 mogućnost samozapošljavanja korištenjem svih prednosti franšiznoga poslovanja u značajnom manjem obimu nego što je tradicionalna franšiza. Ovaj model pomaže potencijalnim poduzetnicima s niskim prihodom u prevladavanju određenih prepreka, pokretanju posla i stvaranju prilike za novo zapošljavanje pod mentorstvom davatelja franšize. Korištenjem mikro franšize, franšizni sustavi mogu otvoriti lokacije gdje tradicionalna franšiza ne bi imala mogućnost 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