LOST IN TRANSLATION?
THE PREVALENCE AND PERFORMANCE IMPACT
OF CORPORATE SOCIAL RESPONSIBILITY IN FRANCHISING

Thomas Ehrmann
Professor
Westfälische Wilhelms-Universität Münster
Institute of Strategic Management
48149 Münster
Germany
Tel: +49-251-8331959 Fax: +49-251-8338333
E-mail: ehrmann@ism.uni-muenster.de

Brinja Meiseberg
Research Assistant
Westfälische Wilhelms-Universität Münster
Institute of Strategic Management
48149 Münster
Germany
Tel: +49-251-8331959 Fax: +49-251-8338333
E-mail: meiseberg@ism.uni-muenster.de

Presented at the 25th Annual
International Society of Franchising Conference
Boston University
Boston, Massachusetts, U.S.A.
June 16-18, 2011

25th Anniversary
Corporate social responsibility (CSR) is much discussed by researchers and executives and often occupies a prominent position on corporate Internet sites. Yet, little systematic is known about the prevalence and the performance impact of CSR *in franchising*, although there are significant organizational differences between wholly-owned firms and franchised chains due to the dispersed structure of ownership in franchising. First, while a wholly-owned chain can centrally fund and implement CSR initiatives according to the management’s preferences, in franchised chains, the system center needs to secure franchisee cooperation for funding and implementing such initiatives. Second, initiatives can either be designed as system-wide standardized projects, or build on franchisees’ decentralized knowledge and support local projects, which may have varying implications for potential gains from CSR activities. Using data from 76 franchise systems, this study explores the degree to which franchise systems behave socially responsible and tests performance effects of CSR initiatives in franchising.

JEL: L14, M14, L26, D85, D83

Corporate social responsibility, strategic CSR, chain performance, stakeholder theory, organizational structure