Social Franchising Formation: A Systems Approach that Enhances Formation to Resolve Issues Created by the Financial Crises

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Abstract

This paper is a conceptual paper investigating motives of formation that lead to the development of social franchises from a systems approach, this research is part of a project that has been undertaken by the author for the creation of the social economy sector on behalf of the Municipality of the City of Athens and with the support of the Social Business Initiative of the European Commission. Social Franchises emerge as a possible solution to tackle the issues created by the recent financial crises; such as unemployment and the alleviation of poverty, the unmet needs of the social welfare state, the need of governments to reduce fiscal deficits, the need of NGOs to raise revenue, and the need of small-medium enterprises to survive. We explore the issue of social franchising formation through case study analyses of the first three social franchises that are being formed in the Greek market and of 102 social enterprises that are active in the Greek market. The data collected is then contrasted with the data that was published by Zafeiropoulou & Koufopoulos (2013, 2012) and Zafeiropoulou & Woods (2012) from a study of four social franchises that were found to be active in 2011 in the UK. Three systems are seen to influence more the formation of social franchises. Primarily the system of relational and structural embeddedness where sentiments of solidarity, information deriving from the so called “tertius iungens” and networks enhance formation. Then the second system is that of social entrepreneurship and social innovation dynamics and the third system is the institutional framework of each state and of the European Commission which act as an incubator, facilitator and enhancer of social franchise formation. These systems are influenced by the wider environment in which a social franchise is operating and by the operations system of each social franchise.

Keywords

Social franchising, relational embeddedness, social entrepreneurship, social innovation, social network theory, systems theory, institutional framework, formation