

ПІДПРИЄМНИЦТВО

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INVESTMENT DIMENSION OF FRANCHISING

Introduction. The franchise business model is developing in the conditions of insufficient financial support, ambiguity of the legal framework and insurance.

Problem. This requires improvement of the investment model, based on the proven advantages of such a business format, taking into account the peculiarities of the external environment of Ukraine under the pressure of the factors of the COVID-19 pandemic and the introduction

ІНВЕСТИЦІЙНИЙ ВИМІР ФРАНЧАЙЗИНГУ

Вступ. Франчайзингова бізнес-модель розвивається в умовах дефіцитного фінансового забезпечення, неоднозначності нормативно-правової бази та страхування.

Проблема. Це потребує вдосконалення інвестиційної моделі, виходячи з доведених переваг такого формату бізнесу з урахуванням особливостей зовнішнього середовища України під тиском факторів пандемії COVID-19 і введення воєнного стану, обґрунтування

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of martial law, substantiation of modern tools for assessing the effectiveness of investments in such business objects.

The aim of the article is to substantiate the modern model of evaluating the effectiveness of investments in franchise projects in Ukraine, taking into account the factors of force majeure and the main trends of its development, correlation of the features of the parameters of the formation of investment capital and the assessment of its value.

Methods. General scientific methods such as formalization, historical, abstraction, generally logical (analysis, synthesis, induction, deduction), generalization and convergence, introduction from the abstract to the concrete; specific socio-economic methods based on a dialectical approach to knowledge of the essence and development of the corresponding object and subject were applied in the paper.

Results. Franchising has had a positive effect on the relative stability of the business landscape during the period of martial law. It has caused the expansion of the boundaries of the entrepreneurial activity of national business entities, with their inclusion in a ready-made business with a formed client base and the potential for profit with lower risks. In the business environment, a systematic approach to the formation of new formats is acquired, where franchising is considered as a strategic decision.

Conclusions. The current state of franchising development is aimed at creating a competitive business environment. Trends in the franchising market during the period of martial law are a target tool for achieving the necessary level of economic and national security as a whole. In the system of anti-crisis measures, franchising is one of the most investment-attractive tools.

Keywords: franchising, franchising activity, franchise agreement, investment, royalty, martial law factors, capital investment, cost of investment capital, discount rate, investment risks, equity capital, loan capital, integrated present value.

JEL Classification: D21

Introduction. The development of the franchise business model in the conditions of conducting economic activity takes place with insufficient financial support, ambiguity of the legal framework and insurance of franchise activities.

Problem. There is a need to improve the franchising investment model, based on the advantages of this business format, taking into account the peculiarities of the external environment of Ukraine under the pressure of

сучасного інструментарію оцінки ефективності вкладень у такі об'єкти бізнесу.

Метою статті є обґрунтування сучасної моделі оцінки ефективності інвестицій у проекти франчайзингу в Україні з урахуванням факторів форс-мажорного впливу та основних тенденцій його розвитку, кореляції особливостей параметрів формування інвестиційного капіталу та оцінки його вартості.

Методи. Використано: загальнонаукові методи дослідження – формалізації, історичний, абстрагування, загальнологічні, узагальнення і сходження від абстрактного до конкретного; специфічні соціально-економічні на базі діалектичного підходу до пізнання сутності і процесу розвитку відповідного об'єкта і предмета.

Результати дослідження. Навіть у період воєнного стану франчайзинг позитивно вплинув на відносну стійкість бізнес-ландшафту, адже певною мірою обумовив розширення меж підприємницької активності національних суб'єктів господарювання, з включенням їх у вже готовий бізнес зі сформованою клієнтською базою і потенціалом отримання прибутку з меншими ризиками. У підприємницькому середовищі набувається системний підхід до формування нових форматів, де франчайзинг розглядається як стратегічне рішення.

Висновки. Сучасний стан розвитку франчайзингу спрямований на створення конкурентного бізнес-середовища. Тенденції на ринку франчайзингу в період воєнного стану є цільовим інструментом досягнення необхідного рівня економічної і національної безпеки в цілому. У системі антикризових заходів франчайзинг – один з найбільш інвестиційно привабливих інструментів реалізації такої настанови.

Ключові слова: франчайзинг, франчайзингова діяльність, франчайзингова угода, інвестиції, роялті, фактори воєнного стану, вкладення капіталу, вартість інвестиційного капіталу, ставка дисконтування, інвестиційні ризики, власний капітал, позиковий капітал, інтегральна приведена вартість.

the factors of the COVID-19 pandemic and the introduction of martial law, substantiation of modern tools for assessing the effectiveness of investments in such business objects.

Analysis of researches and publications. The problems of the development of franchising in Ukraine, the functioning of enterprises in this format, the general provisions and specific aspects of the development of contractual relations under the terms of franchising have been studied by such scientists as N. Bondarenko [1], L. Davidiuk [2], O. Zaitsev, A. Kordas [3], I. Steltsiv [4], O. Kucherenko [5] and others. A new emphasis in the study of the functioning of the economic mechanism of investment attractiveness is the unexplored conditions of war, which changes the management model and criteria for the effectiveness of investing in such objects, taking into account new risks.

The aim of the article is to justify the modern model of assessing the effectiveness of investments in franchise projects in Ukraine, taking into account the factors of force majeure (the COVID-19 pandemic, the introduction of martial law) and the main trends of its development in Ukraine and abroad, the correlation of features parameters of investment capital formation and estimation of its value.

Methods. General scientific methods such as formalization, historical, abstraction, generally logical (analysis, synthesis, induction, deduction), generalization and convergence, introduction from the abstract to the concrete; specific socio-economic methods based on a dialectical approach to knowledge of the essence and development of the corresponding object and subject were applied in the paper.

Results. Franchising as a form (system) of economic relations between legally and financially independent enterprises that operate in association according to the same concept of direction and profiling of one of them – the enterprise-owner of intellectual values that build signs of its awareness in the business environment (on the market). This is a means of forming the well-being of its founders and the market value of business, it has a long history of formation and scientific understanding, evolutionary improvement of the mechanism of practical implementation.

According to various scientific definitions, franchising is considered as a special type of licensing; form of vertical integration of large and small enterprises; method of promotion and sale of goods; form of business organization; type of business cooperation [1–4; 6; 7].

The terms "*franchising*" and "*franchise*" were first given in the Oxford English Dictionary as an official source in 1559 with the interpretation of the meaning in the sense of granting rights and freedoms to relevant subjects in the field of trade organization. Moreover, it was about granting them privileges and exclusive rights. This format of business organization was widely used by the system of guilds of the City of London; it was formed and developed in England. In the middle of the 19th century, a practical model and mechanism was formed for granting franchises to taverns, shops and beer producers in Germany, in the field of railway construction and banking in the USA [7].

At the end of the 19th – at the beginning of the 20th centuries this experience was used by the owners of the company "Zinger", "General Motors", "Coca-cola", "Pepsi", "7-Up", in the wholesale and retail interaction of trade participants, as well as oil refining companies with their gas stations (franchise units) etc. [2; 7].

In scientific literature, the 40s and 50s of the 20th century stand out as a classic stage in the development of franchising, when the legal framework for regulating such relations was formed in the USA, the adoption of the Law "On Trademarks", which became the impetus for the rapid reformatting of small and medium-sized businesses in the country according to this model, and its implementation in other countries [7].

The distribution of franchising at the current stage covers almost all countries of the global economic space, including Ukraine. A change in the content of the franchise from a tool for granting privileges and exclusive rights to use the business interface of the franchisor enterprise, as well as a method of distributing products and services, forming a new type of business model to a form of business expansion and business organization in general, can be traced. The range of forms of business activity used in franchising schemes has significantly increased; such modern functions as outsourcing, leasing (subleasing), branding, vending, benchmarking, engineering, and venture business have been added.

The studies of the formation and development of this system of economic relations, where the legal aspects of their formation are a component of the foundation on a par with the economic ones, made it possible to scientifically substantiate the nature of motivation, methodological principles, the main tools of organization and management, to organize them and build a coherent theoretical model according to the modern paradigm strategic business management. The taxonomic approach to creating a specific profile of franchising provided an opportunity at any stage of development to form an objective characterization of these processes in accordance with the real spectrum of objects and subjects of relations, to analyze their parameters, the potential for change, and to forecast future trajectories.

Five main types of franchising are presented in the *Table*.

Table

Classification of franchising

Classification feature	Type
According to the degree of readiness of the products that the franchisee receives for a sale	Commodity, production, business
By the number of franchise enterprises with one franchisee	Single-element, multi-element, combinational
By the presence and role of intermediaries between the franchisor and the franchisee	Direct, indirect, regional or sub-franchising
By location and residency status of the subjects of relations	Domestic, national, international
The franchisee has the right to engage in other types of activities (except those specified in the agreement)	Restrictive, non-restrictive

Source: [2; 3].

The detalization of the given classification is derived from the content of economic relations in the contour of franchising interaction and depends on the degree of identification of its features and suitability for generalization [7; 8].

According to current estimates, franchising occupies a leading place in business formatting. This is evidenced not only by the statistics of the parameters of such processes, but also by the efforts of the entrepreneurial environment to institutionalize their regulation and development promotion. International, German, and British franchising associations, the European Franchise Federation, the Federation of Franchise Development in Ukraine, and the Franchise Association of Ukraine [9–14] were established and operated successfully.

Their recommendations have a significant impact on the formation of semantic unambiguity of the conceptual apparatus, standardization of the content of tools and mechanisms for the implementation of the franchising model of interaction, evaluation of its effectiveness and economic security; they provide an information base for analysis, diagnostics and decision-making, contribute to the improvement of the legal basis of regulation based on the principle of protection of all types of ownership of the resources involved and the results of their use. Therefore, the presence of modern special legislation in active franchising countries is the norm.

At the same time, despite the active introduction of franchising (since the mid-90s of the 20th century), there are no special legislative acts in Ukraine. Legal regulation is provided by such acts as the Civil, Economic and Tax Codes of Ukraine [6; 15]. There is no terminological identity in relation to foreign acts in the formulation of provisions on the same processes that are given in the Civil Code of Ukraine in Book 5 "Obligation Law", Chapter 3 "Individual Types of Obligations", Chapter 75 "Commercial concession", Article 1115 "Commercial Concession Agreement" [16]. This legal vacuum restrains entrepreneurial activity based on the franchising model in Ukraine, and also eliminates the attractiveness of such an object of capital investment, especially for foreign businesses.

Franchising entered the Ukrainian market in the mid-90s of the 20th century, but it was actively implemented in 2004. Since 1997, Ukraine has become the 102nd country where *McDonalds* restaurants have opened. Around this period, "Fast Food System" restaurants opened under the "*Pizza Celenano*" brand, etc. [2; 7].

As experience has shown, domestic business recognized this format of capital investment within the limits of the relevant business idea as the least risky and safe in the long run due to the sufficient sophistication of the business model with a virtually prepared audience of consumers in the scope of the formed brand. The share of Ukrainian franchise structures began to grow dynamically. Moreover, the intensity of their creation significantly exceeded this indicator for the establishment of individual business objects. The number of franchisors on the Ukrainian market increased from 247 units in 2009 to 592 units, i.e. in 2.4 times in 2022. For the period from 2017 to 2021, the number of franchise enterprises almost doubled about directly

created objects, while the growth in the number of individual enterprises, although at the same rate (1.98 times), was almost three times lower in number [8; 9; 17].

According to *Franchise Group* [8], the sectoral structure of franchise facilities in Ukraine was characterized by the following ratios: the service sector was 11%, restaurants accounted for 34.8%, retail was 54.2% (in 2017); service sector was 15.4%, restaurant industry accounted for 39.4%, retail was 45.2% (in 2018), the service sector was 20.1%, restaurant industry accounted for 23.3%, retail was 56.6% (by the end of 2020). In 2021, the service sector was 25%, the restaurant industry accounted for 15%, retail was 59% and another 1% fell on the production franchise [3; 8; 17].

Moreover, there is a steady trend of a significant predominance of franchise facilities under domestic brands compared to foreign brands. In 2017, this ratio was equal 2.9 to 1, in 2018 was equal 3.2 to 1, in 2019 – 3.4 to 1, in 2020 – 4 to 1, in 2021 – 4.2 to 1 [1; 3; 8].

The scale and pace of franchising development are illogically correlated with indicators of the dynamics of the development of small and medium-sized businesses in the country as a whole. These processes are powerful and productive where the franchising share is large (80% is in the USA, 67% is in Europe). Therefore, the state supports and stimulates this part of the entrepreneurial environment [3; 9].

In fact, the argumentation refers to the normal state of business functioning under constant conditions of the flow of economic processes, taking into account the national specifics of their formation and regulation. However, Ukraine has been in a state of emergency for the third year, which is qualified as a systemic force majeure in the economic environment (in 2019 there was the COVID-19 pandemic, martial law was introduced from February 24, 2022).

The consequences of pandemic upheavals in the global dimension were a significant fall in economic activity, instability of business processes, narrowing of the business landscape in general. The crisis pressure on franchising cooperation schemes was affected by the drop in franchise sales and by the loss of the cash flows rhythm, its lack, which franchisors in a chain felt due to a decrease in royalties, a reduction of the effectiveness of the entire business structure. For example, according to the Federation of Franchise Development in Ukraine, about 600 stores of such global brands as *Starbucks* have been closed in the USA and Canada. The network of the German brand *Hugoboss* has been reduced by almost 50%. The multinational pizza company *Domino's Pizza* temporarily closed about 900 restaurants during this period. The flexibility of the company's management made it possible to quickly renew business activity and even reach a positive financial result thanks to the transition of the entire franchise network to 100% contactless delivery of its products [1; 3; 14].

The initiative to search for new commercial principles of franchisor-franchisee relations in the crisis external environment belongs to the franchisor – the introduction of flexible royalty scales, their minimization or

temporary cancellation, reduction or temporary cancellation of rent (or facilitating it in negotiations with third-party landlords), expansion of franchisees' rights regarding the rationalization of supply chains of commodity resources, as well as their distribution and implementation channels, provision of marketing support, activation of coaching opportunities based on basic quality management models.

According to *Franchise Direct*, the predominance of domestic brands in the sectoral structure of franchising was recorded in 2021 in Ukraine, which ensured higher viability in case of force majeure compared to foreign franchise networks [1; 14]. The native entrepreneurs applied a more flexible management policy in the network and a more operative system of control and feedback between the units of execution and decision-making.

Despite the obvious imperfections, and in fact the absence of special legislative support for franchising and guarantees of franchise security in Ukraine, such powerful domestic franchise networks as "Nova poshta", *Happy Time*, "Hotdozhna", "Kebab Chef", *Gastro Oma*, *G.BAR*, "Lviv Croissants", "Aroma Kava", "AtletiKo", "Eko-lavka", "Ua silver" and others continued to function in 2022 [8; 17]. The change of production models in all networks, sales and supply technologies of the entire commercial block made it possible to preserve the center of the network, develop channels for the formation of success and, by the beginning of 2022, practically maintain the quantitative position in the market. Thus, at the beginning of 2021 there were 513 franchise chains registered in Ukraine, then at the beginning of 2022 there were 592 [8; 17].

A new era of political and economic life began on February 24, 2022 with the large-scale invasion of the territory of Ukraine by the Russian army, which changed not only the outlook of every citizen of Ukraine, but also the paradigm of managing the national economy in general and each economic unit in particular. In the first months after the introduction of martial law, Ukrainian business lost more than in two years of the pandemic.

According to the estimates of the National Bank of Ukraine, during this period, the country's economy loses 50% of its "unproduced" GDP which is more than UAH 50 billion per week, without taking into account direct losses from the destruction. Only in the first month, almost every third company stopped working [18; 19].

The mass departure of the population from their places of permanent residence by spontaneous and organized evacuation routes, in addition to safety, also deprived businesses of labor resources. Destroyed logistics routes and established commercial business operation circuits, lost business locations in the occupied territories.

The agrarian and metallurgical sectors of the national economy faced the most shocks, the national IT sector was less sensitive.

Due to the loss of territories, the destruction of infrastructure, the destruction of the equipment and organization of operational activities, etc., the transport industry and the logistics model of business support require an almost radical restructuring [18; 19].

The instability of the insurance sector, which is a component of the construction of the commercial model of any business, became a significant factor in slowing down business activity in the field of franchising. Almost 10% of insurance companies stopped working, about 60% of them remained on the market, but significantly changed the cooperation terms, tariff plans and principles of security interaction [19].

Martial law in the country has changed the usual order of doing business due to the strengthening of standards for the protection of objects of state importance, critical infrastructure and transport, changes in the regulations for ensuring labor relations, movement of citizens, restrictions on the sale of certain goods (weapons, alcoholic beverages, some medicines), alienation of private property at the indisputable need of the Armed Forces of Ukraine, etc. Special provisions have also been introduced into the banking system of Ukraine dated February 24, 2022 No. 18 "On the operation of the banking system during the introduction of martial law" [20], which contain certain restrictions to guarantee the smooth operation of banking institutions: the operation of the currency market of Ukraine has been suspended, in addition to the operations of selling foreign currency by clients, fixing the exchange rate, regarding the withdrawal of cash from the client's account, except for those with separate permits of the National Bank. A moratorium was introduced on making cross-border currency payments for business, the circulation of electronic money was suspended, etc. [20].

The restrictions related to deepening the population protection from the consequences of military aggression, ensuring the completeness of resources of the Armed Forces of Ukraine, the economic security of the country, and the formation of the potential for economic recovery and the current ability of business to function, support the internal market, ensure employment, and form state and local budgets for the implementation of the main functions of the citizens social protection.

Although even in the pre-crisis period, the country's top management formed a policy of supporting and promoting business development, creating a "national investment magnet", especially for small and medium-sized enterprises, helping during lockdowns and countering the challenges of the COVID-19 pandemic. A cardinal model of business stimulation to other forms of organization of activity or reformation of the established layout was adopted under martial law, and it focused on small and medium-sized businesses. During the period of hostilities, amendments were made to the Tax Code of Ukraine in terms of changes to the value-added tax on fuel up to 7%, the abolition of the excise tax, the payment of a single tax at new rates and the expansion of the list of economic entities (its payers), increasing the annual income limit for group 3 single tax payers to UAH 10 billion without limiting the number of employees at the rate of 2% of turnover, regardless of the type of activity (except for activities related to excise goods, gambling business, currency exchange, mining and sale of minerals, banking, insurance, lombard, etc.) without charging VAT for this period, as well as the

voluntary payment of a single tax was introduced for sole traders of groups 1 and 2, benefits and clarifications were provided regarding the payment of land tax, provision of charity, environmental tax, licensing procedure, imposition of sanctions, state control of tax discipline and quality in accordance with NACE Code, calculation of military tax. Preferential business lending has been preserved, especially in the case of forced relocation, despite the increase in the refinancing rate by the National Bank of Ukraine to 25% [18].

The patriotism and high vitality of Ukrainian entrepreneurs was manifested in their active reformatting of business, relocation to safer places, revival of sources of filling the State and local budgets, and creation of the main resources of the country's defense potential [19].

The number of new enterprises established during the full-scale war in Ukraine amounted to 14.420 units, 12.255 of which were sole traders and 2.165 were legal entities, and 480 companies were profitable. However, this period is characterized by the intensive creation of such non-profit legal entities as charitable foundations, public organizations, departments of local authorities, numbering 78%.

For newly registered profitable legal entities, the following types of activities are the most popular (according to NACE Code): art, sports, entertainment, recreation (61.2%); repair of computers, household products, personal items (15%); cultivation of grain crops (except rice), legumes and oilseeds (2.17%); non-specialized wholesale trade (1.7%); computer programming (1.24%). According to the regional characteristics, the following regions were selected for placement of new profitable businesses: Dnipropetrovsk (1.89%), Ivano-Frankivsk (1.61%), Khmelnytskyi (1.52%), Odesa (1.24%), Lviv (2.49%), Kyiv (4.29%) and others (9%) [18].

The main emphasis of the Government is on the support and stimulation of small and medium-sized businesses under martial law, such as franchising. Basically, the following franchise chains have kept their operating system – *Aroma Kava*, *BuduSushi*, *Dragon Wok*, *Grill Pub*, *IQ Pizza Lviv*, *Croissants*, *Merry Berry*, *Persha Pekarnia Tvoho Mista*, *Pizza & Grill Magnum*. This is especially noticeable in the sphere of restaurant business, where food is provided to territorial defenders and refugees, socially vulnerable categories. Such brands as *Glovo*, "Ekspres stryzhka", *Bilyi Nalyv*, *Nova Poshta*, *STEM* school *INVENTOR* appeared or strengthened their positions [3; 8; 9].

Franchising business concepts do not leave the Ukrainian business environment; for example, coaching events on the topic "How to open a business during the war?" are popular. Such seminars have already been held twice on the "Diia" application platform, but Ukrainian franchisors don't actively participate in international events organized by the world community, which publicly supports Ukraine and invites to partnership. They did not participate in *off-line* franchise exhibitions in Paris, New York, Dubai (in March-April 2022). Ukrainian franchisors do not increase their presence in global franchise portals [9].

Despite the pressure of the tragic events of the war on the consciousness of every citizen of Ukraine, resilience and the desire for revival are in the business code of society. The emigration of business is not the working model for domestic franchisors, but the export of their product by strengthening the authority and reputation of their own brand, which is a reflection of originality, national identity, high quality, uniqueness in the consumption area. For example, there are grant programs on the initiative of the Franchising Association of Ukraine and with the assistance of the European Business Development Association and the *International Business Academy Consortium* (Great Britain) about the opening of Ukrainian educational businesses under their own brands [9–11].

A prominent place in the program developments for the recovery and modernization of the economy of Ukraine, the Anti-crisis plan of Ukrainian business are the proposals of the business community about the development of franchise schemes, which are attractive for investments in a format with relatively lower risks compared to investing capital in an original business idea.

The obvious advantages for entrepreneurs of joining the franchise network automatically contribute to the reduction of investment risks because a ready-made business, that meets the requirements of the law, is acquired; the franchisor also consults how to gain professional knowledge and skills according to quality standards, use the trademark recognized by the consumer, style and image of the franchisor, its know-how and other objects of intellectual property, unified logistics chains and terms of resources supply, technologies, financial and credit assistance, information support, systems of forming commercial relations, advertising publicity, and as well as the reduction of competitive pressure in the region of operation, inclusion in the joint policy of material and technical support of the entire system, etc.

There are certain peculiarities in evaluating the effectiveness of investments in a separate franchise unit that may be taken into account when developing a business plan. When a new enterprise is included in the network, there are some specifics of franchise relations such as:

- fee-based nature of the relationship between the franchisor and the franchisee, when in favor of the former, a specified fee is provided for granting the latter the right to use a certain object of intellectual property, as well as for the services rendered and sometimes material values;
- the term of franchise relations, which limits the investment period;
- the dependence of the volume of capital investments on the franchisor's organization and business standards.

The establishment of a franchise unit is usually formalized as an investment project, the feasibility of which must be substantiated by a business plan based on a standard content structure and parameter calculation methodology. It is necessary to take into account the lump-sum payment, which is often (but not necessarily) required by the franchisor for the right to use its brand resource without changing the methodical approaches to determining the amount of investment capital [3; 14]. According to *On-Line-Media* of the *In Venture* publishing house, domestic franchisors have certain

standards for a lump-sum contribution and the amount of initial investment for a potential franchisee, e.g. *Lviv Croissants* with investments from \$30,000 to \$70,000, the lump sum is \$10,000. In the USA, for the *Mafia* network, with an investment of € 600/m², it is € 90,000, in the *Dream Hostel* system, for an investment of UAH 350,000, the payment is 75,000 UAH, etc. There is no mandatory payment to the franchise of language courses network *English University*, "Syrne Korolivstvo", "Novus", *Lukas-kids*, etc. [4; 14; 21].

Additional components of cash flows from investments in the franchising enterprise are royalties and marketing deductions, which are fixed by the franchisor as constant payments calculated as a percentage of turnover or as a fixed amount. By analyzing the data from *In Venture*, it is important note the absence of a categorical requirement for mandatory payment. For example, it is not provided at all for the enterprises of the networks *Dream Hostel*, *English University*, *Helen Doron English*, *Woman Insight*, *Novus*, and *Daevoo Power Products*. The royalty payment rate ranges from 1 to 5% for other domestic franchise networks [4; 14; 21].

The methodical model for evaluating the effectiveness of an investment project – the creation of a franchise unit – does not differ from the standard form and content of evaluating real investments of the enterprise. Using statistical and discount methods, *NPV* (net reduced income), *ARR/MARR* (accounting rate of return/modified), *PP/MPP* (payback period/modified), *IRR* (internal rate of return), *PI/MPI* (profitability index/ modified) should be calculated. The acceptance criteria of the project are unchanged: $NPV > 0$, $ARR > 1$, $PI > 1$, $IRR > WACC$ (weighted average cost of investment capital) and $PP <$ the marginal payback period determined by the owner-franchisor.

However, taking into account the basic principles of the enterprise's inclusion in the franchise network and exit from it, the terms and duration of the franchise agreement, an indicator of the integrated present value of such an investment object has been formed:

$$Bn = \sum_{t=1}^T \frac{Pr_t + A_t - Bi_t}{(1+r)^{t-1}} + \frac{Влл_T - Вллт_T}{(1+r)^{T-1}}, \quad (1)$$

where Bn – is the integrated value of the project to create a franchise object, monetary unit;

Pr_t – is the net income of the franchise object in the t year, monetary unit;

A_t – depreciation deductions on the assets of the franchise object in the t year, monetary unit;

Bi_t – investment costs for the establishment and development of a franchise object in the t year, monetary unit;

$Влл_T$ – liquidation value of net assets of the franchise object at the time of expiration of the franchise agreement, monetary unit;

$Вллт_T$ – liquidation value of an intangible asset (franchisor's right to use intellectual property) at the time of termination of the contract, monetary unit;

r – the discount rate adopted in investment calculations for the project, a decimal fraction;

t – is the number of the period in the investment cycle, $t = 1, \dots, T$;

T – is the term of the franchise agreement, year.

The Bn indicator quantitatively characterizes the absolute value of the economic effect of investments in the establishment of a franchise unit and its size is considered one of the most important criteria for the implementation of the decision. However, this indicator is ambiguous, as it is a function of the duration of the franchise agreement and of the choice of the discount rate r .

The correctness of the choice of the rate r actually determines the objectivity of the calculation of the economic effect of investments. Practitioners often use the weighted average cost of capital $WACC$ indicator for this, assuming the equality of operational and investment risks of the project. Despite the conditionality of observing all assumptions when using the $CAMP$ model with a certain (permissible) error, the value of equity capital involved in the investment financing scheme is calculated in this way:

$$k_{Bi} = k_{RF} + (k_p - k_{RF}) \beta_i, \quad (2)$$

where k_{RF} – is the return without risk investment instruments in the period, %;

k_p – is the average return on the investment market in the period, %;

β_i – is the beta coefficient for the chosen capital investment instrument.

Coefficient β_i can be accepted (calculated) for the franchisor and introduced into the evaluation procedures for the franchisee's projects in the establishment of a franchise enterprise.

The cost of the loan component of investment capital for such an object is usually lower compared to the terms of investment lending for individual objects, where investment risks are more significant. The franchisor often affects the cost of lending to the project both directly and indirectly; it may contribute to the rate lowering, including in the zone of preferential lending due to its own first-class credit history, through the provision of guarantees, creating conditions for economic resource ensuring the operation of the design object thanks to the achieved possibilities of rational supply, the procedure for carrying out calculation operations, etc.

Therefore, if the discount rate r is accepted in investment calculations at the $WACC$ level, which is determined by the formula

$$WACC = k_{\beta i} d_{\beta i} + k_{\text{поз}} d_{\text{поз}}, \quad (3)$$

where $k_{\beta i}$ – is the value of the own component of investment capital, %;

$k_{\text{поз}}$ – is the cost of loan component of investment capital, %;

$d_{\beta i}$ – is the share of own capital in investment financing, decimal fraction;

$d_{\text{поз}}$ – is the share of loan capital in investment financing, in decimals,

then the calculation of the integral present value of the project of establishing a franchise object will reflect the specific properties of the investment mechanism according to such schemes of business organization, where the component of the franchisor's influence on the level of capital investment risks and the synergistic effect of combining the object with an effectively operating network must be assessed [7].

In addition, the value of the integrated present value of the project compared to other schemes for the implementation of the business idea increases the generation of income, cost savings, which is suitable for such a business model. This is the inclusion of a new franchise unit in the scope of the effect of scale in terms of commercial relations and preferential terms of payments, provision of optimal solutions for renting premises and information from marketing research, assistance in the formation of the franchisee's product policy and the consumers' target audience in the influence segment, implementation of a powerful advertising campaign with insignificant contributions of the franchisee to the franchisor's centralized advertising fund (or for free) [7].

Taking into account the destructive processes generated by the war and the obvious signs of courage not only of the Armed Forces of Ukraine, but also stability of the national business, scientific support is necessary in choosing optimal forms and tools for its development, substantiating project decisions on the state platform of special provisions for stimulating the business environment in extraordinary conditions, where the high investment attractiveness of the franchising model stands out in comparison with other configurations of the organization of entrepreneurial activity.

Conclusions. Franchising as a specific system of economic relations and a format of business organization developed simultaneously with the transformation of the small and medium-sized businesses, in terms of types of activity and geographical coverage; it is gaining a global scale. The creation of a scientific basis for the design of such systems contributed to the evolutionary improvement of the mechanisms of practical implementation, legal support for the realization of the interests of all participants in the interaction, and a certain institutionalization of this segment of the business environment.

In Ukraine, where this business entered in the mid-90s of the last century, a certain legal vacuum was formed due to the lack of special legislation and even the semantic identity of the current provisions with foreign standards of definitions and concepts (Chapter 75 "Commercial Concession" of the Civil Code of Ukraine), although it did not stop the rapid development of franchising in Ukraine. From the 1990s to the end of 2021, the establishment of franchise enterprises was significantly ahead of the quantitative indicators of the opening of new individual companies. New business units actively open in domestic franchise networks compared to foreign brands and, taking into account the state's current policy of supporting small and medium-sized businesses, the prospects for the development of these processes in Ukraine are encouraging.

However, such systemic shocks as the COVID-19 pandemic and the large-scale invasion of the Russian Federation strongly influence the entrepreneurial environment of Ukraine. According to official statistics and real observations, franchise networks that implement a flexible product, regional

and management policy, find new forms of implementation of the main business idea, maintain positions on the market have shown the greatest persistence in the economic and organizational sense. Such franchise chains as "Frans.ua", "Pizza Celentano", "Salateira", "Fornetti", "Lviv Croissants", "Aroma Kava", "AtletiKo", "Eko-lavka", "Nova poshta", "Ua silver", ect. Continue to work under new conditions, the possibilities of their business export are studied.

Radical measures adopted by the state to stimulate small and medium-sized businesses increase the motivation to search for the most successful and least risky investment areas, where the franchise format is the most attractive.

When justifying the economic expediency of the franchising format of conducting business, it is advisable to create a new economic unit, formed by such an indicator as the integral reduced cost, which reflects the peculiarities of the economic mechanism of franchising and the calculation algorithm of which does not fall out of the general system of evaluating the effectiveness of investment projects.

Considering the franchise project as a function of the duration of the franchise agreement and the discount rate, analysts introduce into the evaluation mechanism the factors limiting the effect of such relations and the risks of their formation. Moreover, compared to investment projects in individual enterprises, the effect of these factors is significantly neutralized by the mechanism of the franchise networks functioning due to the synergy of organizational and economic common resources, which makes it possible to substantiate the modern tools for assessing the effectiveness of investments in such business objects.

In the conditions of a state of emergency in the country, when the factor of stability and recovery is not only military, but also economic stability, the speed of national business output to at least pre-pandemic capacity is the goal of ensuring the necessary level of economic and national security. In this system of anti-crisis measures, franchising is one of the most investment attractive tools for the implementation of such instruction.

Based on the proven advantages of this business format, taking into account the peculiarities of the external environment of Ukraine under the pressure of the factors of the COVID-19 pandemic and armed aggression, the modern model of evaluating the effectiveness of investments in franchise projects in Ukraine is attractive.

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