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The Influence of Franchising on Competitiveness of Hospitality Firms in the Hotel Industry in Kenya. A Survey of Selected Hotels and Restaurants in Mombasa County

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Abstract
Franchising is a system whereby a franchisor organization distributes products and services while involving a franchisee organization which uses the name of its brand and the concept of business in return they pay a fee.It is a strategy that has been implemented to enter into alien markets among other strategies. This study focused on the influence of franchising on competitiveness of hospitality firms in the hospitality and hotel industry in Kenya. Specific objectives in this study was to examine the influence of brand power on competitiveness of hospitality firms in the hotel industry in Kenya and to find out the influence of innovation on competitive of hospitality firms in the hotel industry in Kenya. The Astroff matrix and Schumpeter's theory on innovation are the theories in which this study was based. They explain product development and innovation in business. The researcher used case study as the research design and collected of data so as to obtain information on the respondents in this study and consequently addressing the variables within this particular study. The population targeted in this study was all franchise holders in the Hotel and Service Industry operating in Kenya. However due to limited time the researcher chose Mombasa County to represent target population. This research used simple random sampling so as to obtain a samples. A pilot study was done on 4 hotels which weren't admitted into the actual sample for validation of the questionnaires. The study was contingent on primary data collected with the aid of the questionnaire method. The reliability test was conducted using Cronbanch Alpha Test at 0.7 minimum level and the lowest level achieved was 0.679. The collected data was analysed and interpreted through use of SPSS Version 20. The descriptive statistics were utilized in the description of the characteristics of the population in the study in the data summary. The influence of franchising on competitiveness in hospitality firms in the hotel industry in Kenya was examined by regression analysis. The results showed that the correlation between overall brand power and competitiveness was positive (r = .391; p= .000; N=100) . Innovation and competitiveness also had a positive significant correlation (r = .268; p = .007; N = 100). Principally, the study concluded that franchising highly influences competitiveness of hotels. This showed significantly positive influence of franchising on the competitiveness of the hospitality firms in the hotel industry in Kenya. Consequently, its recommended that firms in hotel industry invest in franchising with strong brands as one of the strategies of enhancing their competitiveness.
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Background Of The Study
From the 5th to the 15th Century. Landowners granted rights to peasants to conduct businesses and also collaborated with tax collectors in franchise like agreements .The tax collectors and peasants used the land for business purposes and retained some of the money they collected while turning over the rest to the landowners (Webster 1996). The Singer Company implemented a franchising plan for distributing sewing machines in the 1850s. This plan failed as the returns from the businesses were not enough to sustain it as they were absorbed by deep discounts and outselling of the company by competitors (Cunningham 2004).

In Africa, franchising began in South Africa in the 1960s when George Halamandaris opened the first Steers Stake house in Bellevue, Johannesburg. Among other franchises that were opened in South Africa include: Shoprite supermarket in 1983, Chicken Liken fast food joint in 1982, Debonairs Pizza in 1991 and Mug and Bean in 1996.

Restaurants and hotels are popular franchises. This is because it is easy to gain recognition of the restaurant brand and trust from the potential customers. This is convenient as the franchisee can use this strategy to fast track market penetration and also accelerate growth of the business. The risks related to starting a restaurant franchise is low for the franchisee as the franchisor has already taken the risks. Restaurants have a higher rate of return on the invested capital and when run successfully, lodging and restaurant franchises also have a potential to generate high profits for the franchisee and franchisor.

The franchising strategy application in Kenyan businesses has grown extensively. There are various franchises in Kenya their placements are in most industries available in the country. The Franchise companies in Kenya are mostly found in the Hospitality industry.Due to Kenya's free market policy, many local franchising businesses in the past were rendered obsolete as there were no laws directly addressing Franchising in the country and thus foreign markets would make a killing. However today, Kenya has laws regulating franchise arrangements. A local Franchise initiative known as KEFRA Kenya Franchise Association has been created so as to regulate the franchise market in Kenya.

Franchise businesses outlets are mostly established within major shopping malls around the and recreational facilities in Nairobi, Eldoret, Kisumu, Mombasa, Nyeri, Nakuru and Machakos. This is a pivotal recommendation to investors aspiring to begin business in different localities within Kenya.

Nairobi is the hub for business travelers both locally and internationally. Therefore local and international businesses in the hospitality industry are frantically searching for acreage surrounding the airport area and in the region of the central business district and it's outskirts, including Westlands and Upper Hill. Various hotels like, Radisson, Park Inn by Radisson, Ole Sereni, Wydham Hotel Group, Villa Rosa Kempinski, Marriott Hotel,Four Points by Sheraton and Mövenpick Hotel and Residences just to mention a few have sprung up in the Country's capital as there is an increasing potential for franchising in the market in Nairobi.

Mombasa is a popular island which is also a hub for tourism in Kenya. Therefore,there are various firms and hotels in the service industry that are franchises and others are not. We have, Voyager Resort, Travellers Beach Hotel, Bahari Beach Hotel, Hotel Englishpoint, CityBlue Creekside Hotel &Suites, Sunrise Apartment Resort &Spa, Mei Place Apartmets, Royal Court Hotel, Eden Palms Resort, Reef Hotel Mombasa, Pride Inn Hotel Mombasa, Sentrim Castle Royal Hotel, Jambo Paradise Hotel Mombasa, Hotel Radian ace, just to mention A few.

Statement of Problem

Kenya has a market-based economy. It has the strongest industrial base in East Africa which has made it possible to successfully attract business assets and substantial private working and venture capital. More U.S. companies are venturing into setting up local and regional operations in Kenya to capitalize on it's strategic location, comprehensive air routes, and status as a regional financial center. This has led to opening of various franchise outlets in the country and thus creating a new competitive edge toward provision of goods and services to the public as now Kenya has been opened up to Global standards. Due to Kenya's policy as a free enterprise system, franchises are allowed to access the market without inhibition and independently. Hence, the foreign investments have entered Kenya for purposes of trade. This has had an impact on the economy of Kenya and also has influenced the local investments in Kenya with regards to competition. . This is because the foreign franchise investments have an advantage of exposure and better resources given they mostly come from first world countries. Thus, there was need to find out how this fair new wind of change in the market brought about by franchising, affects competition within the Hospitality and service industry in Kenya's restaurants and hotels.

Purpose Of The Study

The General purpose of the study was to determine the influence of franchising on competitiveness of hospitality firms in the hotel industry in Kenya

Research Objectives

The Specific Objectives of this study are:

i. To examine the influence of brand power on competitiveness of hospitality firms in the hotel industry in Kenya.
ii. To find out the influence of innovation on competitiveness of hospitality firms in the hotel industry in Kenya

Research Questions

a) What is the influence of brand power on competitiveness of hospitality firms in the hotel industry in Kenya?
b) What is the influence of innovation on competitiveness of hospitality firms in the hotel industry in Kenya?

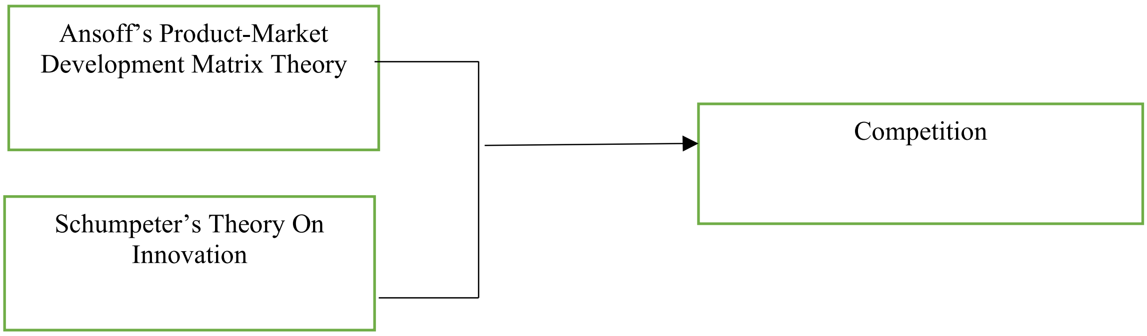
Scope Of The Study

The study strives to deduce the influence of franchising on competitiveness of firms in the hotel and service industry will be conducted in Mombasa County. The study focused on selected hotels and restaurants in Mombasa particularly the Voyager Resort and Reef Hotel Mombasa which represents franchised hotels, and among the franchised restaurants to consider will be Java, Big Square Pizza Inn Outlets. This study took approximately two years.

Limitations Of The Study.

In the research process there were some limitations encountered. Mombasa, being a tourist based town, the number of hotels, restaurants and firms in the hospitality industry are quite many, therefore the sample size represented a small population of the study. The questionnaires that were administered were not entirely filled by the respondents who were quite busy and engaged in their work. This prompted the researcher to conduct impromptu interviews with the hotel staffs so as to fill the questionnaires. Time dedicated to the study was quite limited as there was a rush to meet the academic deadlines set. Financial limitations were also faced as there was need for travels for collection of data, rewards for participation of study of the participants.

Theoretical Framework



Franchising is a strategy that businesses use for getting and keeping customers. Franchising has different forms and is categorized into Product franchising, Manufacturing franchising and Business-Fromat franchising.

Ansoff's Product-Market Development Matrix Theory

This theory was developed by Igor Ansoff. Additionally, it is recognized as the Ansoff product and market growth matrix. It is a core strategic planning mechanism that is utilized in businesses globally and it aids a business in creating a framework that determines its growth in the future. Ansoff Theory suggested effective approaches to enable an organization to grow in the long term while putting into consideration the risks that are involved. Through varying what is sold which is the product growth and to who it is sold which is market growth the four alternatives of marketing strategies were developed and they are: Market Penetration, product development, market development and diversification.

Schumpeter's Theory On Innovation.

This theory supports the element of innovation in the franchising strategy. Schumpeter's theory of innovation shows that innovations come in many shapes and forms. Schumpeter classified innovations by their newness and distinguished five types of innovations; new products, new manufacturing techniques, new supply vendors, new markets and new business organization strategies (Schumpeter, 1939). Based on Schumpeter's work another approach to classify innovations emerged, which is to determine how radical innovations are in comparison with the existing organization or environment.

Other studies on innovation categorised innovations based on their functionality or the domain of focus (Adams, 2003). Daft (2010) for instance made the distinction between technical and administrative innovations. While technical innovations concentrate on innovating products, processes and services, administrative innovations pertain to policies, resource allocations and structuring of tasks (Daft, 2010). Subsequently, technical innovations make an organization more competitive and administrative innovations will ultimately lead to higher levels of organizational efficiency (Djati, Benarto&Sudibjo, 2020).

It is also important to recognize that there is a variation on innovation adoption and innovation diffusion. Diffusion has mostly to do with marketing, distribution and transfer to individual end users of innovations. While adoption of Innovation in franchise systems is the ideal way of promoting the introduction and adoption of innovations, innovation is about the process by which recipient user organizations select, adjust and implement innovations in their organization (Ven et al., 2000)

Empirical Review

Several studies have been a carried out by different scholars on Franchising. Banerjee&Duflo (2008), studied on franchises wor ldwide and concluded that Franchises have obtained popularity and precedence in the 21st century as a result of people's enterprising morale and simplicity of establishing a franchise. (Mughal& Hayat,

2018) studied the factors affecting food franchises in the United States. He concluded that government directives, regulations and legislations are the major obstacles faced by the franchises. Alon &MC Kee (1999) focused on impact of the economic and cultural environment and agrees that they are critical factors for survival of an international franchise.

Locally, the concept of franchising has attracted the attention of many researchers. Achola (2016) researched on franchising as a strategy to enter foreign markets by KFC into Kenya. She focused on the appropriateness of this entry mode for KFC and concluded that it is the most appropriate for the firm. Mumbua (2016) researched on factors that affect franchisees in the hospitality industry in Kenya. He focused on the factors internal to the firm as well as external factors. The conclusion of this study is that the three external factors that firms should concentrate more on are the country, risk and intensity of competition and market size in order to perform well in this industry.

Gikonyo, Berndt & Wadawi (2015) studied on the critical success factors for franchised restaurants entering the Kenyan market from the franchisor's perspective. The study sought to determine how franchisors define, identify and evaluate success and use these factors to expand their businesses using franchises. The study revealed that the critical success factors for a franchise in hospitality to be successful in Kenya they should have a strong brand, have a strategy to manage the competitive environment, study the government policies and apply them where needed, have an excellent distance management of the franchisees , have an appeal to the local people by including local cultural cuisine, ensure an excellent selection of franchisees, have a favorable selection of the franchise location, maintain a good relationship with franchisees and manage the terms agreed upon in the contract.

Conceptual Framework.

Independent Variables(IV) **Dependent Variable(DV)**

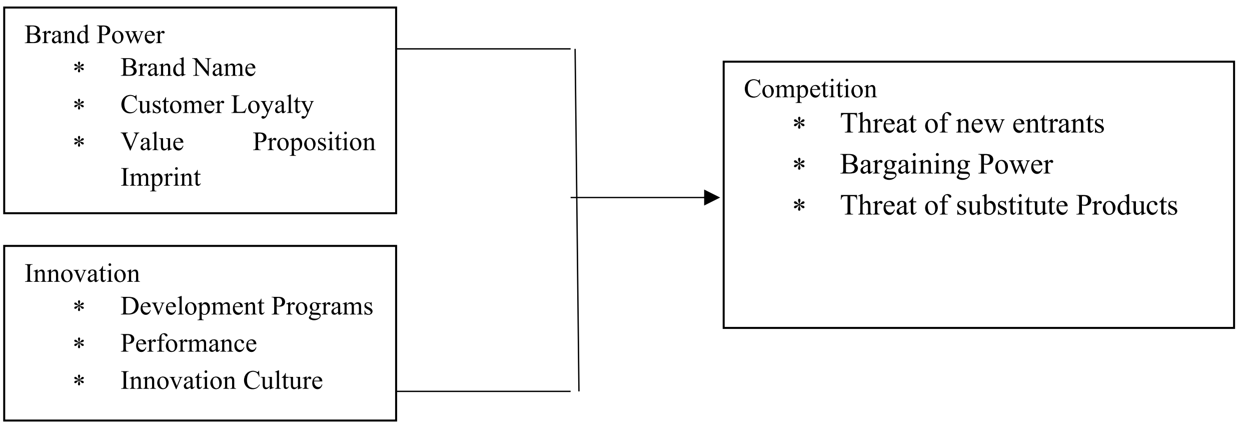


Figure 1: Author,2023

RESEARCH METHODOLOGY

This covers the processes and techniques that were utilized in the execution of this study so as to achieve the set objectives.

Research Design

Research design is an appropriate and essential structure used to carry out the research. It is the master plan that provides a specific viewpoint on the orchestration of the research study. It functions in the way of making interrelated choices and decisions in the processes to ensure that all the vital sections of the research study namely, the samples and groups, measures, treatments or programs etc, work in conjunction with each other with the intent of finding the answers to the research questions effectively and unambiguously. (Kilei 2017) It is the blueprint for the collection, measurement and analysis of data (Kothari, 2004). Research design of this study is descriptive.

Descriptive research is mainly done through gathering of data that describes events. The data is organized by tabulation, depicting and describing the data collected through visual aids, line charts and graphs to aid in understanding and interpretation of the data distribution by the reader. These patterns help to decipher a qualitative study and its ramifications and has helped to provide important recommendations of the study.

Target Population

Population is the larger group where the researcher draws a sample from. A population should capture variability so as to allow more reliability to the study, (Kombo&Tromp 2006). The population of this study was heterogeneous. It consisted of firms from different parts of the globe whose operations in Kenya are different from local and self-owned firms in a significant way. However it is estimated that Kenya has roughly 1,914 hotels according to Jovago Travel Agencies. In this study the target population comprises of all the franchise holders for the Hotel and Service Industry operating in Kenya. The aim of the researcher was to collect data from the whole population across the country. However, due to the short timeline within which the study had to be carried out, this was not possible. Therefore, the researcher chose to focus on Mombasa County as a representation of the country. According to Mombasa County Integrated Development plan (CIDP) for 2018 to 2022 there are an estimated 201 registered hotels and restaurants in the Northern coastline, however the researcher sought to access 8 selected hotels and restaurants in Mombasa County. Therefore, the dynamics of competition were captured in the outcome of the study.

Sampling Frames.

A sampling frame is a series of elements or population that form a source from which the researcher can take a sample. Sampling is the practice of taking a sub-group from a sampling frame or a whole population to take part in the study; this sample is then used to make general conclusions regarding a specific study (Ogula, 2005). In this study, data was collected from hotel or restaurant managers and two employees each from the sampled hotels and restaurants.

Table 1: Sampling Frame

	Restaurant/Hotel	**Estimated Population**	**Sample size**	**Percentage**
1	Voyager	400	40	40%
2	Hotel English Point Marina	200	20	20%
3	Reef Hotel Mombasa	200	20	20%
4	Ziwa Beach Report	100	10	10%
5	Java	30	3	3%
6	Pizza Inn	30	3	3%
7	Tarboush Restaurant	25	3	2.5%
8	Barka Restaurant	15	2	1.5%
	Total	1000	100	100%

The estimated population figures were given by the receptionists at the hotels and restaurants highlighted in the table above.

Sampling Techniques.

The primary sampling unit was the Franchised hotel or restaurant and the elementary sampling unit will be the individual employee/manager. The hotels and restaurants were be listed and a franchised hotel and restaurant was selected through simple random sampling. The researcher will ensure an equal number of both franchised and unfranchised hotels and restaurants to reduce biasness.

The next degree of sampling was the individual employees and the managers. These respondents were selected through simple random sampling whereby every two employees on shift and the manager were picked in each of the sampled hotels and restaurants as respondents to the employees' questionnaire until the appropriate sample size was attained.

Sample Size Determination

The sample size for the staff of the franchised and self- owned hotels and restaurants was determined using the proportionate sample determination method. sample size for the hotel and restaurant staff was therefore estimated to be 101. However, the researcher adjusted the estimated number to 100 so as to cover for the rounding error and the unforeseen errors in data collection, accessibility of the sampled hotels and availability of respondents.

Data Collection Instruments

An instrument is a tool or device that is used for measurement or for precision work. Data collection instruments are therefore tools used to collect data. Researchers choose a research instrument for collecting data based on the research question.(Denzin &Lincoln 2005)

Data collection instruments include questionnaires, tests, structured interview schedules and checklists. This research will utilize a self-administered quantitative survey questionnaire. (Seaman 1991:42). (Polit & Beck 2013) define a questionnaire as "a method of gathering information from respondents about attitudes, knowledge, beliefs and feelings". For the purposes of this study, the researcher combined two instruments where applicable. These tools are namely, questionnaires and interviews (Winchester, 1999; Sarantakos, 2013; Silverman, 2004; Greenfield, 2002). The questionnaire enables the researcher to obtain statistically significant data and is structured to ensure privacy of the respondents and the validity of the results when fully answered by the respondents. Questionnaires were distributed among managers as well as among sampled employees of the selected hotels and restaurants. As a complementary method, the researcher interviewed a representative in the selected hotels and restaurants who were unable to fill in the questionnaires due to the nature of their job which was quite busy.

The questions were grouped into six sections. The first section captured the bio-data or the overview of the generic information of the Organization, whereas the subsequent sections two to six captured the independent and dependent variables in this research. Each variable had a section of its own. Each section consisted of at least 5 questions for purposes of assessment and ensuring reliability and consistency of the result. There was use of the likert scale with an example of 5 indicating 'Strongly Agree', 4 indicating 'Agree', 3 indicating 'Neutral', 2 indicating 'Disagree' and 1 indicating 'Strongly Disagree'. Each question was specific and straight forward and had multiple choice answers based on the likert scale so as to accurately measure the collected data.

Data Collection

Primary data was collected using the questionnaire. Interviews involve asking questions exchanging opinions and perspectives so as to obtain data from people (Kvale 1996). The interviews were done as a complimentary method with a formulated questionnaire at the stipulated time of visit. Secondary data was derived from secondary sources, like the various real-time operating data accessible in various hotels records departments. They included Audited accounts, financial performance records, journals and documentary materials. The repository also included past performance records of selected Hotels and their branches.

DATA ANALYSIS AND PRESENTATION

After successful collection of data, the collected data was verified, corrected and modified for completeness and uniformity. The data collected from the study was both quantitative and qualitative. The researcher used Statistical Package for Social Sciences (SPSS Version 20) software to analyse quantative data and content analysis to analyze qualitative data.

Data was entered into computer through spreadsheets from MS Excel.This data was examined for completeness, edited and coded. The researcher used CSPro to enter data for data processing and flagging for errors in the event of invalid values entered. SPSS statistical tool was employed to perform analysis tasks efficiently. The researcher also used regression analysis to find out how the variables linearly relate to one another and extent of the impact of each independent variable on the dependent variable. Results were exhibited using charts, graphs and tables.

The relation of Independent Variables to Dependent variables was presented using the following regression model:-

$$\mathbf{Y} = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$$

Where

Y = Dependent Variable

β_0**….** =Constant Term

β_1- β_4---Represent Change

X_1.... Brand Power

x_2 ......Innovation

ε = error term

Data was collected from selected hotels and restaurants in the North Coast, Mombasa County, Kenya. A total of eight (8) hotels participated in the survey where there were managers and carefully selected employees as respondents in each hotel. Collection of data was done from a cross-section of the hotels to ensure that the hotel population was well represented in the survey.

Results of Descriptive analysis of the Measurement Scales.

The descriptive results of the measurement scales of individual components of the research model are shown in this section. The components consist of Brand Power, Innovation, Franchisee Training, Business Systems and Competitiveness as the dependent variable. The items, questions, means and standard deviations are described in detail in table form in the sub categories below. The discourse is centered on the mean scores for each individual components and elements.

Brand Power Measurement Sub- Scale

Brand Power scale shows 6 items which seek to reflect the strength of the Hotel Brand and its impact on the competitiveness of the Hospitality firm according the hotel staff and management. The results were shown in table 4.4 below. The brand was to be clear and concise enough so that customers who interact with it physically or virtually will not have trouble in differentiating it from the competition (Kahn, 2013). The response was to be measured on a five point likert scale varying from 1 (Strongly disagree) to 5(Strongly agree). Based on the responses, the mean scores on each item reveals that the respondents agreed that the hospitality firms had strong brand presence (M=4.04: S D =0.72) they also agreed on effective branding being instrumental in increasing awareness of their products and services to customers (M=4.08: S D= 0.677). The respondents also believe according to (Aaker, 2011) that their strong brand resulted in loyal customers and enticing potential franchisees to join the organization (M=3.91: S D=0.74). According to the responses the strong franchise brand has made the hospitality firms stand out (M=3.84: S D=0.907). The research participants also conceded to the fact that the improvement of consistency levels has improved recognition speed and led to more sales (M=4.00: S D=0.921).

Means and Standard Deviations of the Brand Power Subscale Items

		This organization has a strong brand presence	Effective branding has been instrumental in increasing awareness of your products and services to customers	Due to strong presence of the brand, this organization's standards have improved and customers expect and appreciate it oftenly.	Your strong brand has resulted in loyal customers, enticing potential franhisees to join the organization due to low start up risk.	A strong franchise brand has made the organization stand out through imprinting upon the consumer your selling points and value proposition.	By improving the level of consistency, your company improved the speed with which consumers recognized and identified with the brand, which led to higher Conversions and more sales
N	Valid	100	100	100	100	100	100
	Missing	0	0	0	0	0	0
Mean		4.04	4.08	3.91	3.94	3.84	4.00
Std. Deviation		.724	.677	.740	.763	.907	.921
Variance		.524	.458	.547	.582	.823	.848

Innovation Sub-scale

In the tertiary sector innovation pertains to modern and original ways to satisfying customers (Lashely &Morrison, 2007) According to table 4.5 below, the results of the descriptive statistics of Innovation subscale are shown. Six (6) Items were utilized in measurement of innovation on a five-point likert scale. The measurement scale is used to evaluate how the study participants agree or disagree on how innovation affects competitiveness in their hospitality firm. According to the mean scores, the respondents agreed that the hospitality firms had suitable innovation cultures that motivated and rewarded the staff and were organized to innovate on a regular basis (M=3.79: S D=0.872) the respondents also agreed that innovation has led to growth in the organization with achieved targets (M=3.72, S D= 1.006). They agreed that the Product/Service and Market segments had been differentiated to favour winning value propositions (M=3.77: S D= 0.92). According to the responses the hospitality firms creates new business models to grow profits sustainably and regularly (M=3.95: S D=0.833). The respondents also agreed that the organizations develop and launch new innovations quickly in the right scale so as to beat competition (M= 3.82: S D=0.833). There was agreement that the hospitality firms had invested in balancing time and risks initiatives with resources and external networks so as to be more competitive (M=3.86, S D=0.841).

Means and Standard Deviations of the Innovation Subscale Items.

		Your company has a suitable innovation culture that ensures people are motivated, rewarded and organized to innovate on a constant basis.	Innovation led growth in your company is critical and your company has set targets that reflect on this	The Product/Service/Market segment is differentiated in a manner that translates to winning value propositions.	Your company creates new business models that provide sustainable and growing profits on a regular basis	Your company beats competition by developing and launching new innovations quickly in the right scale and innovatively.	Your company has invested in time and risk balanced portfolio of initiatives with resources and capitalizing on creating external networks so as to become more competitive
N	Valid	100	100	100	100	100	100
	Missing	0	0	0	0	0	0
Mean		3.79	3.72	3.77	3.95	3.82	3.86
Std. Deviation		.832	1.006	.920	.833	.833	.841
Variance		.693	1.012	.846	.694	.695	.707

FINDINGS

The data for this study was collected from from selected hotels and restaurants in the North Coast, Mombasa County, Kenya. A total of eight (8) hotels participated in the survey where there were managers and carefully selected employees as respondents in each hotel. The data was collected from a cross-section of the hotels to ensure that the hotel population was well represented in the survey. The survey was conducted on 100 respondents and 100 questionnaires were returned indicating 100% response rate.

The results from the final sample shows that 11 Respondents had worked in the hotel industry for less than a year constituting 11% of the population. The duration of 1-5 Years worked in the organization was represented by 36 respondents making up 36% of the population. 36 research participants had been in the organization from between 5-10 years making up 36% of the population. The respondents been employed for a duration of more than 10 years were 17 and represented 17% of the population.

The Influence of Brand Power on Competitiveness

The first objective of the research study was to investigate the influence of Brand Power on competitiveness of the hospitality firms in Kenya. In this study in accordance with (Aaker, 2011) we had a measurement scale of 6 items to determine the strength of the brand and its influence on the firms competitiveness. The items captured showed that relatively strong relationship competitiveness as the staff in the hospitality firms seemed to agree that effective branding has led to increase in competitiveness of their firms, The relationship between composite brand power and competitiveness was positive and significant ($r = .391$; $p = .000$). These outcomes show that the alternative hypothesis (Ha_1) that brand power was a positive correlate of competitiveness was accepted and as a result, the null hypothesis (Ha_0), that brand power has a statistically insignificant influence on competitiveness was rejected.

The Influence of Innovation on Competitiveness

The second objective of this research study was to investigate the influence of Innovation on competitiveness. In line with (Lashely &Morrison, 2007), system integrity, innovation and the eventual organization renewal contributes to the stability and competitive advantage of the firm over its lifetime.Therefore the innovation scale of the hospitality firms in Kenya sought to analyse the innovation culture of the hospitality firms and consequently find how this culture shaped the competitiveness of the firm and also how competitiveness influenced the innovation trends of the hospitality firms. Using 6 items of the questionnaire, the elements of innovations were encapsulated. The results showed that Innovation had statistically significant relationship with Competitiveness ($r = .283$; $p = .004$). The correlation between innovation and competitiveness is relatively weak showing that hospitality firms in Kenya have a growing innovation culture but may not emphasise on innovation as a way to be competitive in the market**.**

CONCLUSIONS

The purpose of this study was to determine the influence of franchising on the competitiveness of hospitality firms in Kenya. The elements of franchising comprised of Brand Power and Innovation. Therefore the following conclusions were drawn from the study.

A strong brand presence and effective branding and increased consistency in branding were strong features of brand power that enabled the improvement of competitiveness of the hospitality firms. Franchise brands are steadily growing in Kenya and this has led to an increasing number of customers and also created a platform for potential franchisees to be aboard the franchising hospitality industry. Strong brand power had led to high increase in competitiveness of the hospitality firms in Kenya.

Hospitality firms in Kenya create new business models that aid in providing sustainable and growing profits on a regular basis. Investment in time and risk balanced initiatives with resources and capitalizing on creating external networks is another effective feature of innovation that hospitality firms have utilized so as to be more competitive in the hospitality industry. Creation and implementation of innovation in the Product/Service/Market sector is however slow in development according to the results of the study. Kenya's hospitality firms are taking up innovation and openness to change at a slower rate as compared to other elements of franchising. The results of this study show that the competitiveness levels of the hospitality firms analyzed are high. This forms a basis for conclusion that there is a positive influence of franchising on competitiveness of hospitality firms in Kenya.

RECOMMENDATIONS

The research study has highlighted the role of franchising on the competitiveness of the hospitality industry in Kenya and through the data analysis using SPSS tool the relationship between franchising and competitiveness in the hospitality industry is seen to be relatively positive and significant. The levels of competitiveness within the franchised firms are quite high and this means that there is significance of the franchising models in improving the level of competition in the hotel industry. From the results of the study, the following recommendations are provided.

In the highly competitive hotel industry, there is need for increase in brand awareness that is a feature of brand power. The hospitality industry should seek to ensure their customers are able to understand their reputation, culture and values and also recognize their signature brands. There is need to also invest in brand trust that –

is built through awareness of the hotel brands which would lead to more sales and increase the competitiveness of the hospitality firms.

The results of the study show slow uptake in innovation as a tool used in enhancing competitiveness within the hospitality firms in Kenya. There is a challenge in accelerating change within a franchise and this is because the systems are already set for the different outlets hence innovation is quite slow in progress within the franchised firms hence growth and increase in competitiveness may be limited as a result. Therefore there is need for increase in collaboration within the franchised firms to pilot the funding and implementation of innovative ideas and document operational business models to accompany the innovative idea. The innovative ideas should also be customer centric and seek to improve the customer value in the firms which will lead to improvement in the competitiveness of the hospitality firms.

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