

**BUSINESS FORMAT FRANCHISING AND PERFORMANCE OF SAROVA
HOTELS LIMITED IN KENYA**

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**A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF BUSINESS,
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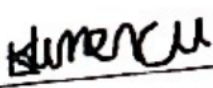
DECLARATION

This research project is my original work and has not been presented to any university or institution for award of degree.

Signature  Date 6/07/2023.

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This research project has been submitted for examination with my approval as Supervisor.

Signature  Date 6th July 2023

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ABSTRACT

Previous trends within the hospitality industry have indicated major brands pursuing business format franchising as a strategy to attain a strategic position thus enhancing their organizational performance. Despite the increasing prevalence of business format franchising in the hospitality industry, there is limited empirical research examining its impact on the performance of individual hotel chains, specifically within the context of Sarova Hotels Limited in Kenya. This study focused on finding out how business format franchising affects organizational performance of Sarova Hotels Limited in Kenya. The general objective was to determine how business format franchising affect performance of Sarova Hotels in Kenya. The specific objectives of this study were to investigate the effects of financing, management expertise, marketing, and standardization on the performance of Sarova Hotels Limited in Kenya. The theories that were used to guide this study included resource-based view, the resource scarcity theory, Agency theory, the contingency theory and the goal-path theory. The research adopted a descriptive exploratory research design. This study used primary which was collected using questionnaires that had open ended and closed ended questions. The primary data was gathered from the management staff from three departments across the hotel including operations, accounting and finance and marketing where stratified random sampling was used to come up with the sample size. The collected data was analyzed using quantitative techniques which included descriptive statistics and inferential statistics which were presented in tables, figures and reports. A multiple regression model was adopted to examine relationships between the variables and make inferences. The findings of this study indicated that business format franchising had a positive effect on the performance of Sarova Hotels Ltd. The study further established that financing ($t=1.155$, $p=0.042$), management expertise ($t=2.398$, $p=0.019$), marketing ($t=3.546$, $p=0.001$) and standardization ($t=2.124$, $p=0.002$) all positively impacted the performance of Sarova Hotels Ltd. From these findings, it was established that the variable that impacted performance the most is marketing followed by management expertise. This is indicated by the highest t-values (3.546 and 2.398) and the low p-values (0.001 and 0.019) respectively. The statistically significant relationship between marketing and organizational performance suggests that marketing efforts and management expertise have a strong positive impact on performance. In light of these findings, the study recommended that more hotels need to consider pursuing business format franchising strategy as a way of entering new markets. Further, the study proposes further research to be conducted to investigate the moderating effects such as hotel size, and how this can influence the performance of hotels that have adopted business format franchising.