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## **Evaluating the Influence of Franchising Trends on the Success of Fast Food Restaurants within Nairobi City County**

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### **Abstract**

Franchising concept is a multidimensional structure that controls a tiny proportion of the global business. This study assessed influences of franchising on success of fast food restaurants within Nairobi City County. The objective for this study was to establish the influences of franchising trends on the success of fast food restaurants. The significance of this study was to provide a framework for the development, adoption and, implementation of franchising concept in Kenya. The study adopted a cross-sectional descriptive research design and target population of 438 participants drawn from 27 franchised fast food restaurants. A sample 404 respondents were considered where purposive sampling was applied for managers and supervisors and convenient sampling technique for customers. A total of three hundred and two (302) usable responses were obtained yielding an 86.29% response rate which was considered sufficient to manage generalization on the subject under study. Multiple regression analysis was applied in evaluating the impacts of predictors on the study's dependent variable. The findings also established that trends in franchising and success of fast food restaurants had a statistically-significant correlation ( $p=0.000<0.05$ ). The R-value obtained at 0.829 denoted a high correlation degree between predictors and the adjusted R<sup>2</sup> was 0.615. This indicated that trends in franchising explained 61.5% of success of franchised fast food restaurants. The study recommended that the policy makers develop, adopt and implement the franchising to reap its' benefits in fast food restaurants. The study also recommended further research on the remaining proportion of factors (38.5%) that accounts for other variables not studied.

**Keywords:** Franchising, Restaurants, Significance, Success, Trends

### **1.0 Introduction**

Globalization denotes an emerging trend focused on a single-integrated and, interdependent world economy. This concept has prompted various economists to rethink about the world as one-market, with common needs across and within societies (Alon, Apriliyanti, & Parodi, 2020).

There is a higher degree of conformity in purchasing practices across nations as a result of increased connectivity (Quinn, 2019). This perspective proposes the implementation of more uniform marketing methods all over the world. The product, pricing, distribution, and promotion campaigns would all be uniform if firms were to standardize their marketing tactics (Alon *et al.*, 2020). Successful multinational corporations such as McDonald's, KFC and the Body Shop have shed light on the prospects on available prospects.

Franchising makes it possible to grow quickly within a short-term using franchisee's capital, this appeals to small businesses with limited capital as a form of business growth. Franchising makes it possible to grow rapidly within a short period of time (Achola, 2016). In the Kenyan economy and specifically the the industry, there is local and international franchise systems entrance into the market even though there is closure of business afterwards (Gachuru, 2017).

Furthermore, the franchised fast food restaurant brands are beneficial to Kenya because of the significant growth in consumption of large-portioned, economical, and quick meals (Wingrove & Urban, 2017). Due to service investment to meets the basic needs, these ventures are lucrative hence franchising concept growth (Gikonyo, et. Al., 2014).

The unfranchised fast food restaurants ought to critically investigate the underlying circumstances that have made the competitor successful. Mwangi (2018) highlighted that firms must identify their target markets and tailor their products according to interests and preferences to succeed in a competitive environment. According to Achola (2016), elements such as consistent procedures, restricted menus, and value enhancement, as well as quick and efficient services were accelerators for fast food franchises expansion.

## **2.0 Methods**

### *2.1 Research Design*

This study employed crosssectional survey with qualitative and quantitative approaches. This is informed by the researcher's belief that it was critical to incorporate quantitative data and methodologies into a qualitative research strategy. It captured attitudes, patterns, and opinions of the fast food restaurant managers regarding the sustainability of franchising on the success of the respective restaurants (Kubde, et.al., 2016).

### *2.1 Sample Procedures and Data Collection Instruments*

The study utilized census sampling since the number of franchised fast food restaurants was small, homogenous and reachable. Managers and supervisors were sampled using purposive technique. According to Kothari, (2004) this purposive sampling strategy is designed to target a group of persons who are thought to be key study's informants. The sample population for this study was 404 respondents. From each premise a total of 14 respondents ( $\frac{384}{27}$ ) both customers and management staff were selected from each sampled premise (fast food restaurant). A total of two (2) manager, two (2) supervisor and, 30 customers were sampled from two restaurants.

Table 1: Sampling Distribution

Respondents Categories	Population (N)	Sample (n)	Pre-Test
Manager	27	25	2
Supervisor	27	25	2
Customers	384	354	30
<b>Total</b>	<b>438</b>	<b>404</b>	<b>34</b>

*2.3 Pre-testing, validity and reliability*

Two Fast Food restaurants that had been set-aside for the purposes of assuring quality. Perneger, et. al (2015) stated that a sample size of about 1%-10% of respondents for reliability test is acceptable and can would give 80% power to the research under study at a significance level of 0.005. Presser *et al* (2004) further observed that in order to flush out all errors, a sample size of 1% to 10% of the respondents should be considered for pre-testing exercise. Pretesting exercise utilized two restaurants where 2 managers, 2 supervisors and 30 customers from the establishments out of 404 respondents accounting for 8.415%. The pretesting exercise enabled changes to be made on the tools prior to release to respondents (Kothari, 2004). To avoid biasness, the two selected restaurants were excluded in the final data collection.

To guarantee content validity, the questions in the data collection tools were guided by the study’s specific objectives and conceptual framework. The researcher further bench marked with other related studies, incorporated industrial experts’ views and valuable supervisors’ guidance. From the researcher’s point of view, reliable tools for data collection should have a coefficient of 0.7 and above (Kothari, 2004). Pretesting exercise produced a 0.753 reliability coefficient, indicating that the data collection tools were consistent to give output as alpha coefficient of 0.70 and above is recommended as per Mugenda and Mugenda (2013). The summary of reliability test was presented on Table 3.2

Table 2: Instruments Reliability-Test Summary

**Reliability Test**

Constructs	Obtained Cronbach’s Alpha	Cronbach’s Alpha- (Standardized)	Items
Trend in Franchising	0.741	0.739	5
Success Indicators	0.765	0.768	12
<b>Overall Reliability</b>	<b>0.753</b>	<b>0.754</b>	<b>17</b>

**3.0 Results**

The study focused on evaluating the trends in franchising on fast-food restaurants’ success.

*3.1 Trends in Franchising on the Success of Fast food Restaurants*

This second study specific objective focused on determining the effects of trends in franchising on the success of fast food restaurants. In a quest to determine these effects of trends in

franchising the study respondents were requested to indicate the extent to which they agreed or disagreed with the statements summarized as shown in Table 3.

Table 3: Trends in Franchising

Trends in Franchised	1 Strongly Agree		2 Agree		3 (Not sure)		4 (Disagree)		5 (Strongly Disagree)		Mean $\bar{x}$	Standard Deviation SD
	f	%	f	%	f	%	f	%	f	%		
	Women at work trend in franchised fast food restaurants' success	167	64	77	29	10	3.8	9	3.4	0		
Lifestyle choices are a trend in franchising in fast food restaurants' success	111	42	11	4	3	11	1	3.8	0	0	1.77	0.798
Economic trends influence franchising in fast food restaurants' success	117	45	14	5	6	0	0	0	0	0	1.56	0.498
Cultural trends influence franchising in fast food restaurants' success	98	37	11	4	3	9	15	2	4.6	0	1.87	0.83
Higher-income influences franchising in fast food restaurants' success	120	46	13	5	2	9	3.4	2	0.8	0	1.59	0.597
Dial-a-delivery influences in fast food restaurants' success	84	32	14	5	5	4	13	0	0	0	1.81	0.644
Decreased leisure time influences fast food restaurants' success	81	31	12	4	2	9	2	8	14	5.3	2.1	1.092
<b>Aggregate Score</b>											<b>1.74</b>	<b>0.741</b>

A higher standard deviation indicated that the responses were clustered around clustered around mean of 1.0, indicating significant number of respondents were in agreement. The findings showed that (63.5%) strongly agreed and another 29.3% agreed with that “women at work is a trend in franchising in fast food restaurants' success” while 3.8% were not sure and only 3.4% disagreed with the statement as backed by a mean of 1.47 and standard deviation of 0.730 meant that obtained response were gathered around the mean (1) hence the respondents strongly-agreed with the statement. The findings agreed with Weaven, et. al. (2019) study where corporations in sectors such as fast food restaurants were attempting to attract women and minority franchisees.

These efforts are being made by a variety of businesses as posited by Weber (2015) on the elements that were essential to project successful.

Based on the responses obtained it was observed that 42.6% and another 42.2% of the sampled customers agreed and, strongly- agreed that “lifestyle choices are a trend in franchising in fast food restaurants' success”, a few (11.4%) were not sure while (3.8%) disagreed. From these statistics, it was evident that the majority of the respondents agreed and strongly agreed as cited by mean of 1.47 and standard deviation of 0.730. According to observations made by Mwangi (2018) Kenyan lifestyle trends were clearly discernible from the people's choice of restaurants and cafes where they choose to dine and drink as evidenced in a study by Gikonyo (2016).

The respondents were also asked to state whether economic trends influence franchised fast food restaurants' success. It was observed that (55.5%) agreed while 44.5% strongly-agreed as indicated by a mean of 1.56 and standard deviation of 0.498. About (43.3%) of the respondents agreed that “cultural trends influenced franchised fast food restaurants' success” while 37.3% agreed and 14.8% were not sure while 4.6% disagreed as indicated by a mean of 1.87 and standard deviation of 0.830. The findings were consistent with Michael and Combs(2018) study in that economic and cultural context are significant variables in franchises. Influence of higher income revealed that (50.2%) strongly agreed, 45.6% strongly agreed and 12.9% were unsure as indicated by mean of 1.59 with standard deviation of 0.597. These findings were further reinforced by responses from Manager number 17 as follow;

*“Major factors have largely contributed to franchised business success. In Kenya for example, many customers identify themselves with a brand. Also, disposable income, cultural factors and lifestyle especially in this urban set up has resulted to the increase in customer base hence business growth.”*

According to Mwangi (2018) the fast food business is one of the most rapidly expanding industries in Kenya in relationship to the availability of franchise opportunities. This is especially exacerbated by the Kenyans’ spending habits on alcoholic beverages and food as a consequence of their increasing discretionary proceeds. Ishak, Zakaria, and Ishak(2018) noted that the rise in disposable income meant more money to spend on food and beverages. Additionally, Iddy(2020) noted that people were visiting restaurants during their lunch breaks, evidenced through critical success factors for franchisees study by Gikonyo (2016).

The majority (55.1%) and some (45.6%) of customers agreed and strongly agreed that “dial-a-delivery influenced franchised fast food restaurants' success” respectively and only 12.9% were not sure about as indicated by mean of 1.81 with standard deviation of 0.644. Respondents further cited (46.8%) that increased leisure time influenced franchised fast food restaurants' success, (30.8%) strongly agreed, 9.1% were not sure, 8.0% disagreed and 5.3 strongly disagreed as indicated by mean of 2.1 and standard deviation of 1.092. Manager number 1 indicated that fast food outlets were attractive to franchises due to their income generation.

*“In my view, fast food outlets are the most sought-after establishments to venture into by many franchisors. The low investments and high return figures make it almost certain that any franchisor will be attracted.”*

Ishak et.al. (2018) noted that the largest firms in the fast food sector were active in franchising business due to their great economic viability and favourable cash flow.

3.2 Testing Hypotheses ( $H_{02}$  and  $H_{a2}$ ) using Pearson Correlation

To establish the degree to which Trends in franchising influenced fast food restaurants success, analyses were conducted from formulated alternative and null hypotheses as follow:

$H_{02}:-\beta_2=0$ : There is no significant relationship between franchising trends and the success of fast food restaurants.

$H_{a2}:-\beta_2\neq 0$ : There is a significant relationship between franchising trends and the success of fast food restaurants.

A Pearson correlation analysis at a5% significance therefore was conducted on the study variables and results displayed as shown in Table 4.

Table 4: Correlation on the Trends in Franchising and the Success of the franchised fast food restaurants

		Trends in Franchising	Success of fast food restaurants
Trends in Franchising	Pearson Correlation	1	0.759*
	Sig. (2-tailed)		0.000
	N	302	302
Success of fast food restaurants	Pearson Correlation	0.759*	1
	Sig. (2-tailed)	0.000	
	N	302	302

Results gave a Pearson correlation coefficient of 0.759 indicating that there was a strong positive-correlation between Trends in Franchising and the Success of fast food restaurants with the significance level (p-Value) obtained as 0.000. Null hypothesis, therefore was rejected and conclusion given that there was a positive significant relationship between the Trends in franchising model and the Success of fast food restaurants variables ( $P=0.000<0.05$ ). This further implied that Success of fast food restaurants was highly linked with trends in franchising, which was applicable in the selected classified franchised fast food restaurants. These findings were consistent with Ishak et.al. (2018) study which established that trends in franchising were responsible for the success of fast food restaurants.

3.3 The Model Summary of relationships between the Variables of Study

Multiple regression analyses were conducted to determine influences of franchising on the success of selected fast food restaurants. Table 5 provided the findings' summary.

Table 5: The Model Summary of relationships between Trends in Franchising and Fast food Restaurants’ Success

Model R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
				R Square Change	F Change	Df1	Df2	Sig.
1	.5628	.615	.773	.128	4.142	.001	.558	.628

- a. Predictors: (Constant), Trends in franchising.
- b. Dependent Variable: Success of Fast Food Restaurants

Based on the results in Table 5, it was observed that the Adjusted R<sup>2</sup> was 0.615 translating to 61.5% indicating the level of success among selected fast food restaurants is determined by the trends in franchising. Therefore, the remaining proportion (38.5%) accounts for other variables not studied. The findings were consisted Bourkheili (2015) study which found that trends in franchising hugely influenced the success of fast food restaurants. The findings also agreed with Rosenbaum,(2019) who posited that "Positive features" had significant impacts on franchised success of fast food restaurants

**4.0 Discussion**

*4.1 Summary of Findings*

This study findings showed that women at work was a trend in franchising in fast food restaurants' success and that many companies in industries such as fast food restaurants are trying at gaining women and minority franchisees. Lifestyle choices are a trend in franchising in fast food restaurants' success and lifestyle trends could easily be observed from the choices of recreational actions from where they wined and dined. The findings showed that 63.5% of the participants strongly-agreed and 29.3% agreed that “women at work is a trend in franchising in fast food restaurants' success”. According to Weaven et.al (2019), numerous corporations in sectors such as fast food restaurants are attempting to attract women and minority franchisees. Based on the responses 42.6% and 42.2% of the customers agreed and strongly-agreed that “lifestyle choices are a trend in franchising in fast food restaurants' success”. According to Meeme (2018) Kenyan lifestyle trends are clearly discernible from the people's choice of leisure activities, such as the restaurants and cafes where they choose to dine and drink. Further, it was observed that economic trends influenced fast food restaurants' success however franchisees had little control over country’s economic stability and, this greatly impacted businesses success. Further, cultural trends influenced franchised fast food restaurants' success; the cultural environment was a crucial factor in survival of international franchises. Results produced 0.759 as Pearson correlation coefficient indicating a strong-positive correlation between trends in franchising and Success of fast food restaurants with significant level (p-

Value) as 0.000. Therefore, null hypothesis was rejected and conclusion posited that there were positive-significant relationships between the Trends in franchising model and the Success of fast food restaurants variables ( $P=0.000<0.05$ ). The findings also implied that Success of fast food restaurants was highly related with trends in franchising and this was applicable in the selected franchised fast food restaurants within Nairobi City County.

Higher-income influences franchising among fast food restaurants' success was also assessed, particularly fuelled by Kenyans' spending patterns on food, drinks, and, clothes due to higher disposable income. The increase in income amongst urban population has led to spike in consumers' expenditure with extra money being spent to on drinks, foods and, shopping. Among other influencing trends is dial-a-delivery that as significantly influences franchising in fast food restaurants' success.

#### *4.2 Conclusion and Recommendation*

Regarding effects of Trends in Franchising on the Success of Fast food Restaurants, a Pearson correlation coefficient (0.759) and a p-Value (0.000) indicated a strong-positive correlation between Trends in Franchising and fast food restaurants' success. This study concluded that fast food restaurants' success was highly associated with trends in franchising and this was applicable in franchised fast food restaurants. The findings were in line with Daszkowski, (2019) study which posited that trends in franchising had a profound effect on the success of fast food ventures. According to Quinn and Alexander (2017) large fast food industry players were active in franchising, therefore an indicator that franchisors were attracted to the fastfood restaurants due to the great economic viability. The study recommended that the policy makers develop, adopt and implement the franchising models and create awareness its benefits for the success of fast food restaurants. The study also recommended further research on the remaining proportion of factors (38.5%) that accounts for other variables not studied.

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