

**DETERMINANTS OF PERFORMANCE OF SMALL AND
MEDIUM LIQUOR ENTERPRISES IN KENYA: A CASE OF
TIGANIA EAST SUB- COUNTY, MERU COUNTY**

HELLEN KANARIO MUTEGI

**A Research Project Report Submitted In Partial Fulfillment Of The
Requirement Of The Award Of Degree Of Master Of Arts In Project Planning
And Management Of The University Of Nairobi**

2017

DECLARATION

This research report is my original work and has not been presented for award of a degree in any other University.

Signature.....

Date.....

HELLEN KANARIO MUTEGI

L50/82985/2015

This research report has been presented for examination with my approval as University supervisor.

Signature.....

Date

.....

Dr. Stephen Wanyonyi Luketero

Senior Lecturer

School of Mathematics

University of Nairobi

DEDICATION

I dedicate this project report to beloved son Emmanuel Murithi. To my brothers Hon. Peter Munya, Robert Mwingirwa, Bonface Mwiti and my sister Janet Karumani thank you for your continued encouragement, endless support, love, understanding and sacrifice. You are my inspiration.

ACKNOWLEDGEMENT

I am highly indebted to my research project report supervisor Dr. Stephen Wanyonyi Luketero for encouragement, valuable suggestions, scientific guidance and brotherly advices during the writing process. I acknowledge all the lecturers who gave unreserved support during the entire period of project report writing.

TABLE OF CONTENTS

DETERMINANTS OF PERFORMANCE OF SMALL AND MEDIUM LIQUOR ENTERPRISES IN KENYA. A CASE OF TIGANIA EAST SUB- COUNTY, MERU COUNTY	i
DECLARATION.....	ii
DEDICATION.....	iii
ACKNOWLEDGEMENT.....	iv
TABLE OF CONTENTS	v
LIST OF FIGURES	ix
LIST OF TABLES	x
ABBREVIATIONS AND ACCRONYMS.....	xi
ABSTRACT	xii
CHAPTER ONE	1
INTRODUCTION.....	1
1.1 Background to the study	1
1.2 Statement of the Problem.....	1
1.3 Purpose of Study	2
1.4 Objectives of Study.....	3
1.5 Research Questions	3
1.6 Significance of study.....	3
1.7 Delimitation of the Study	4
1.8 Limitations of the Study.....	4
1.9 Assumptions of the Study	4
1.10 Definition of Significant Terms	5
1.11 Organization of study.....	Error! Bookmark not defined.

CHAPTER TWO	7
LITERATURE REVIEW	7
2.1 Introduction.....	7
2.2 Performance of Small and Medium Liquor Enterprises	7
2.3 Determinants of Performance of Liquor Enterprises	7
2.3.1 Business Location and Performance of Liquor Enterprises.....	8
2.3.2 Internal Capacity and Performance of Liquor Enterprises	8
2.3.3 Owner Demographics and Performance of Liquor Enterprises	9
2.3.4 Competition and Performance of Liquor Enterprises	10
2.4 Theoretical Review	11
2.4.1 Social Network Theory (Barnes, 1954)	11
2.4.2 Schumpeterian Theory on Innovations	Error! Bookmark not defined.
2.5 Conceptual framework.....	13
CHAPTER THREE	14
RESEARCH METHODOLOGY	15
3.1 Introduction.....	15
3.2 Research design	15
3.3 Target Population.....	15
3.4 Sample Size and Sampling procedures for liquor enterprises.	16
3.5 Data collection instruments and procedure.....	16
3.6 Pilot Test	17
3.6.1 Validity Research Instruments.....	17
3.6.2 Reliability of Research Instruments.....	17
3.6.2 Reliability Analysis.....	Error! Bookmark not defined.

3.7 Data analysis procedure	18
3.7 Ethical Considerations	18
3.8 Operational Table of Variables	19
CHAPTER FOUR.....	21
DATA ANALYSIS, PRESENTATION AND INTERPRETATION OF FINDINGS.....	21
4.1 Introduction.....	Error! Bookmark not defined.
4.2 Response Rate.....	21
4.3 Demographic Information.....	21
4.3.1 Gender.....	21
4.3.2 Age Bracket	22
4.3.3 Highest Level of Education	22
4.3.4 Period liquor Business has been in Operation	23
4.3.5 Number of Staff in the Business	24
4.3.6 Period of operating liquor Business.....	24
4.4 Business Location and Performance.....	25
4.4.1 Influence of Aspects of Business Location on Performance	25
4.5 Internal Capacity.....	25
4.5.1 Influence of Aspects of Internal Capacity on Performance	26
4.6 Owner Demographics	26
4.6.1 Effect of Aspects of Owner Demographics on Performance.....	26
4.7 Competition.....	27
4.7.1 Influence of Aspects of Competition on Performance.....	27
4.8 Business Performance.....	27
4.9 Summary of the Regression Results	28

CHAPTER FIVE	31
SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS.....	31
5.1 Introduction.....	31
5.2 Summary of the Findings.....	31
5.2.1 Business Location and Performance of small and medium liquor enterprises. ..	31
5.2.2 Internal Capacity and performance of small and medium liquor enterprises.	31
5.2.3 Owner Demographics and performance of small and medium liquor enterprises.	32
5.2.4 Competition and performance of small and medium liquor enterprises.....	32
5.3 Discussions	32
5.3.1 Business Location and Performance performance of small and medium liquor enterprises.	32
5.3.2 Internal Capacity performance of small and medium liquor enterprises.....	32
5.3.3 Owner Demographics performance of small and medium liquor enterprises. ...	33
5.2.4 Competition and performance of small and medium liquor enterprises.....	33
5.4 Conclusion.	33
5.5 Recommendations.....	34
5.6 Suggestions for Further Research	35
REFERENCES.....	36
APPENDICES	36
Appendix I: Questionnaire.....	41

LIST OF FIGURES

Figure1: Conceptual framework.	13
-------------------------------------	----

LIST OF TABLES

Table 3. 1: Target Population.....	15
Table 3.2: Sampling Frame.....	16
Table 3.3 Reliability Analysis.....	Error! Bookmark not defined.
Table 3.4 Operationalization Table.....	19
Table 4.1: Response Rate.....	21
Table 4.2: Gender.....	22
Table 4.3: Age Bracket of the Respondent	22
Table 4.4: Highest Level of Education	23
Table 4.5: Period in which Business has been in Operation.....	23
Table 4.6: Work Experience	24
Table 4.7: Period of operating liquor Business.....	24
Table 4.8: Effect of Aspects of Business Location on Performance	25
Table 4.9: Influence of Aspects of Internal Capacity on Performance.....	26
Table 4.10: Effect of Aspects of Owner Demographics on Performance.....	26
Table 4.11: Influence of Aspects of Competition on Performance	27
Table 4.12: Trend of the Various Aspects of Performance	28
Table 4.13: Model Summary	28
Table 4.14: ANOVA.....	28
Table 4.15: Regression Coefficients	29

ABBREVIATIONS AND ACCRONYMS

ASDS	Agricultural Sector Development Strategy
CEO	Company Executive Officer
GDP	Gross Domestic Product
FAO	Food and Agriculture Organization
GEM	Global Entrepreneurship Monitor
GVC	Global Value Chains
NSCDC	National Development Skill Corporation
OECD	Organization for Economic Co-operation and development
PRSP	Poverty Reduction Strategy Paper
RoK	Republic of Kenya
SC	Structural Capital
SME	Small and Medium-Sized Enterprise
SMEs	Small and Medium-Sized Enterprises
SMU	Singapore Management University
UNCTAD	United Nations Conference on Trade and Development
WB	World Bank

ABSTRACT

The purpose of this study was to investigate determinants of performance of small and medium liquor enterprises in Meru County and specifically Tigania East Sub-County. The study was guided by the following objectives; to find out the influence of business location on performance of liquor business, to examine the influence of internal capacity on performance of liquor business, to establish influence of owner demographics on performance of liquor business and lastly to determine the influence of competition on the performance of small and medium liquor enterprises in Meru County. The study employed descriptive survey research design. Target population was 487 respondents where the sample size of 215 was drawn. Stratified random sampling was used to pick the respondents. Questionnaires were used to collect data in the study location. Data was analyzed using correlation approach using descriptive survey design was used in this study. The qualitative data from interview schedule was analyzed thematically and reported in narrative and direct quotes. The statistical package for social sciences computer programme version 24.0 was used as a tool to generate both descriptive and inferential statistics. Specifically, percentages, means, standard deviation was used. Regression models were used to examine the relationship between determinants and performance of liquor enterprises. The study discovered that business location, internal capacity, owner demographics and competition had a positive and significant contribution to the performance of liquor business in the study area. On business location, the study unearthed that accessibility by customers influenced performance of business. The study also indicated that availability of Infrastructure, access to markets, social structures and that distance from the town Centre influenced performance of liquor business. On internal capacity, the study showed that size of the premises, social network, stock levels and customers/end user influence performance of liquor business. Aspects analyzes on owner demographics indicated that, age, team work, work experience and education level affect the performance their business greatly. The study also revealed that gender influence performance of liquor business. Lastly on competition the, existing competitors, new markets and illicit brews influence the performance of liquor business. The study also discovered that new products and new entrants influence the performance liquor business. The study recommended that the government improve transport infrastructure review tariff in favor of Small and medium enterprises for efficient business operation. Small and medium enterprises should be trained to acquire entrepreneurial knowledge and skills. Small and medium enterprises should train and develop their employees in order to build take advantage of developments in information and telecommunications technology and other technological areas. The government should through its business development services provide support in the areas of capacity building and skills upgrade, identification of sources of funds with attractive interest rates.

CHAPTER ONE

INTRODUCTION

1.1 Background to the study

The alcoholic beverage marketplace has witnessed significant shifts in business and is radically changing due to a combination of factors including advances in technology, globalization, urbanization and general deregulation, with these forces causing shifts in consumer behaviour while at the same time presenting new challenges. According to Kotler (2000), consumers are increasingly demanding premium products, services and also a level of customization of the different products and services that a company is offering to them. Furthermore, these customers show less brand loyalty and making them susceptible to switching products or service providers easily when they feel dissatisfied. They can also easily obtain detailed information on competing for brands, including pricing, features, quality and customer feedback information without referring to manufacturers or the distributors, but instead get the information from their friends or through the internet, which allows them to make informed purchases based on the information that they have gathered about the product or service provider (Kotler, 2000).

Price sensitivity is also a characteristic of the modern customer in their quest to get value for their money, and in some instances, the customer being able to dictate the price they want to pay, with the most enthusiastic sellers making a sale if the price is acceptable to them. This has led to a shift in power from companies manufacturing various alcoholic beverages to the end consumers. The companies also have to contend with cutthroat competition from the new entrants, both domestic and foreign some with formidable balance sheets and economies of scale that allows them to leverage economies of scale to lower production costs thus lowering the cost of the final product, resulting in increased promotion costs and reduced profit margins (Oliver, 1995). It is thus paramount to be aware that the retail sector is ever changing at breakneck speed and those lacking new innovative ways to remain in business will ultimately fall behind. In a study carried out by Jaworski&Kohli (1993), they concluded that a firm's ability to react appropriately to emerging market challenges, including new entrants, or new laws and regulations, or the

ever-changing purchasing behaviour of customers is the difference between success or failure of the enterprise.

Sternquist (1999) has argued that alcoholic beverage companies have been forced to expand their reach outside their traditional markets due to a number of factors that include the desire to tap into new markets outside their home market which has matured and cannot grow anymore, diversify their revenue streams and other investments, heated local competition and also slow economic growth in their area of operations. Marketers have therefore been forced to rethink their methodologies and philosophies that have driven them for so long in order to adapt to the new realities of the marketplace. Enterprises have been forced to shift from focusing on one time transactions and instead focus on building long-term customer relationships that are profitable, from being obsessed with market share but instead focus on consolidating their positions by the same product with a hint of individualization, and customization and treating them as partners and not intermediaries. The enterprise has had to shift from traditional media for advertisements and instead, have had to venture into new areas of marketing such as social media and acknowledging that instead of burdening the marketing teams to deliver, now every employee is also a marketer and must be customer oriented (Kotler, 2000).

1.2 Statement of the Problem

According to the GoK (2012), Small and Medium-size Enterprises contributed roughly seventy percent of the Gross Domestic Product (GDP) in 2012. Companies manufacturing alcoholic beverages continue to play a critical role in growing the country's economy, significantly contributing to government coffers through various taxes, providing jobs to the locals including those who package and distribute and also the final retailers of their products. The number of alcohol beverage companies has increased tremendously in the country, with over 9 alcoholic beverage companies to date, and an unknown number of regional and local alcoholic beverage companies also operating. This has led to a reduced market share for the players, which has reduced profitability for most if not all the firms. As a result, enterprises have had to come up with new strategies such as venturing into new territories, development of new products, which are all aimed at maintaining their existing

market share and profitability, while keeping their operational costs low (Oliver, 1995). There is little information regarding how SME liquor enterprises in Tigania East Sub-County are performing and thus it was necessary to carry out a research to identify the determinants of performance of the enterprises.

1.3 Purpose of Study

The purpose of this study was to investigate performance determinants of SME liquor enterprises in Tigania East Sub-County.

1.4 Objectives of Study

The study was guided by the following objectives:

- i. To determine the influence of business location on SME liquor enterprises in Tigania East Sub-County, Meru County.
- ii. To examine the effect that internal capacity has on SME performance liquor enterprises in Tigania East Sub-County, Meru County.
- iii. To establish the influence of owner demographics on the performance of SME liquor enterprises in Tigania East Sub-County, Meru County
- iv. To determine the influence of competition on the performance of SME liquor enterprises in Tigania East Sub-County, Meru County.

1.5 Research Questions

- i. To what extent does business location influence performance of SME liquor enterprises in Tigania East Sub-County, Meru County?
- ii. How does internal capacity influence performance of SME liquor enterprises in Tigania East Sub-County, Meru County?
- iii. To what extent do owner demographics influence performance of SME liquor enterprises in Tigania East Sub-County, Meru County?

- iv. To what extent does Competition influence performance of SME liquor enterprises in Tigania East Sub-County, Meru County?

1.6 Significance of study

The study will benefit the companies involved in the production and distribution to have empirical evidence regarding the consumer trends. It is further anticipated that the study would assist managers to develop appropriate strategies aimed at gaining and maintaining customers. The study would also add additional to the knowledge that already exists and at the same time highlight some of the factors, such as location, capacity, that need to be taken into consideration to in order to have a competitive advantage.

1.7 Delimitation of the Study

The scope of the study would be all the liquor businesses in Tigania East, Meru County, Kenya. The respondents would be the employees, marketing personnel and business owners in all liquor businesses in the study locale. The findings of the study will be generalized to other counties in Kenya.

1.8 Limitations of the Study

The predominant limitation is that the topic of study is socio-political in nature and information related to it may be considered sensitive by the intended respondents resulting to their unwillingness to discuss openly. To address this, the research will use questionnaires to ensure confidentiality and anonymity. The study is also limited to four primary variables; business location, internal capacity, owner demographics and competition; how these influence the performance of the enterprise. The performance of liquor enterprises could also be influenced by a multiplicity of other factors not covered by the study.

1.9 Assumptions of the Study

The researcher assumed that the sample population would be a representative of the general population; the researcher would assume that employees would not be barred by their employers from participating in the study. To pragmatically discuss the topic of study; the researcher would assume that respondents in the study locale are aware of determinants of performance of the enterprises in the location.

1.10 Definition of Significant Terms

Small and Medium Enterprises: SMEs will be defined as per the Session Paper No.2 of 1992 and National Baseline Survey of 1999 which cluster Kenyan enterprises in the following categories: Micro Enterprises (1-9 employees), Small Enterprises (10-49 employees), Medium Enterprises (50-99employees); Large Enterprises which includes 100 and above employees (RoK, 1992).

Liquor enterprise; this refers to the company which is the main subject of interest in the research. It presents a prototype industrial player responding to the challenges of the internal environmental conditions and the resultant competition.

Competitive forces; this refers to the forces that drive competition in an industry. They include bargaining of suppliers' buyers, Threat of entrants and substitute products, rivalry among existing firms.

Internal Capacity; Refers to the organization's strength. They include structure, strategic planning real time response, management of strategic business units and its human resource policy.

Alcoholic Beverages; these are drinks containing alcohol classified as alcoholic beverages.

Industry products; These are products that have an impact on the beer industry such as beers, fruit juices, soft drinks, hot drinks; tea, coffee, milk, opaque alcoholic drinks and beverages.

Industry forces; These forces are the ones identified by Porter (1998) and include substitute products, new in the industry, bargaining powers of suppliers and buyers.

Owner demographics; A statistical view of population generally including age,gender, income ,schooling ,occupation and so on.

Business location; Business location is the place where a business decides to site its operations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter consists of a review of past and current studies on the determinants of performance of small and medium enterprises. The determinants discussed include the location of the business, the internal capacity of the business, the demographics of the owners and also competition, which affect the overall performance of the business.

2.2 Performance of Small and Medium Liquor Enterprises

The global market today can be referred to as the “age of diversity” whereby customer demands and expectations are inclined towards having a wide variety of services and products that they may require (David & Albert 2006). Market segmentation may be the main force driving this diversity, with customers in each segment portraying different tastes and sets of expectations. Unlike resources that are tangible, intangible resources include the technical know-how, reputation of a product, and culture are heterogeneous and immobile in nature have received a lot of attention regarding their significance on the performance of an enterprise (Connor,2010). In Africa, companies manufacturing alcoholic beverages see the market as a collage of different types of customers, with each representing a separate and distinct set desire or expectation. In Kenya, the story is the same though companies in Kenya are faced with consumers who have common expectations with regards to retail liquor stores, and they respond more favorably to a combination of value offers, consisting of the different attributes of physical products and also the customer service, and the general atmosphere of the establishment (Davidson *et al.*,2000).

Lewinson & Dolozier (1982) argue that one of the biggest challenges for the alcoholic beverage companies is face is getting their products in retail stores. This problem revolves around the control of inventory whereby overstocking increases carrying costs while stock outs cause the loss of sales. The alcoholic beverage enterprises must critically consider the handling and logistical costs, schedules for delivery when planning the logistics of moving

their while at the same time taking into account the location and delivery practices of suppliers together with the possibility of having logistics facilities within their area of operations. The firms must take into account the competition that exists from other players in the industry when carrying out market analysis to gauge if the market is worthwhile. This can be done through analysis of the different advertising mediums available to each market area and the characteristics of the competing alcohol beverage firms. A few companies have divided their different markets in a regional manner, which consists of identifying the profitable regions within the country so that they dedicate additional resources to profitable areas to increase sales.

2.3 Determinants of Performance of Liquor Enterprises

That SME's are an important factor to the economic health of any country is a widely discussed subject, and determining the factors or determinants that directly impact their performance is important. There are various determinants of performance of liquor enterprises which include business location, internal capacity, owner demographics and competition are discussed.

2.3.1 Business Location and Performance of Liquor Enterprises

Selecting the right locations is key to the success of a business. If an enterprise selects the wrong location, it may not have enough foot traffic from their customers, transportation, materials, workers, etc. The strategy for selecting locations should focus on getting the best possible location that is in line with the enterprise's locational needs and objectives. Generally, this means the firm will attempt to maximize opportunity while minimizing costs and risks (Talley-Seijn, 2004). An enterprises location strategy should conform with, and be part of, the enterprise's overall corporate strategy. The owner or managers of enterprises need to develop location strategies themselves or can choose to engage consultants to undertake the job of developing strategies for locations, or at least to assist in the process, especially if they have little experience in selecting locations.

The initial plan for locations should take into account factors such as the size of the company, the amount of traffic, whether foot or vehicular, the cost of the location in terms of what they enterprise can pay a maximum amount, and available infrastructure. Other factors include the availability of labour within the location and suppliers of raw materials that should be within easy access of the location. Apart from the aforementioned factors, the companies need to incorporate their unique requirements and if they align with their strategy and goals, together with the industry they operate in. For liquor enterprises in the country, this fact cannot be overemphasized due to the fact that customers want to access the liquor products within the shortest distance possible, and in some cases demand delivery of the same to their location (Talley-Seijn, 2004). This has made many enterprises to be located strategically within highly populated areas that act as central areas for the majority of the customers who may want the liquor products.

2.3.2 Internal Capacity and Performance of Liquor Enterprises

Internal capacity to the general ability or manufacturing capacity of an enterprise in their day to day operations. The basic premise of internal capacity approach is that managers gather scarce resources from other material resources, which also includes information, ideas, customers, suppliers among others (Shane & Venkataraman, 2000). This capacity is then deployed in order to meet specific demands, either in production, advertising or logistics and distribution of their products. For many enterprises with strong internal capacity, they are able to adequately meet the demands of their customers while also keeping their competitors at bay. This may be evident in their physical infrastructure, vehicles, personnel, access to financing on favourable terms among other factors (Premaratne, 2002).

Putnam (1993) has further stated that internal capacity that is superior does not just mean relying on available resources, but also on social relations among them. He has also defined social relations as the relationships that exist between external actors and the company's managers, which have an impact on the internal capacity of the enterprise and thus networking, cannot be underestimated when it comes to growing internal capacity.

Building the right type of capacities is important for any enterprise to succeed and the major challenge for effective capacity building understanding what competencies, skills, materials or equipment required. These include also functional capacities that cut across the enterprise and are not limited to any particular sector or company. They are the management capacities needed to formulate, implement, and review business strategies of the enterprise. Technical capacities refer to those capacities associated with particular areas of expertise and practice in specific thematic areas or sectors. Finally, behavioural capacities have to do with cultural shifts and changes in attitude. All these factors come together to ensure that the enterprise has adequate internal capacity in order to fend off competition, weather market shocks and conquer new markets with ease (Braun, 2010).

2.3.3 Owner Demographics and Performance of Liquor Enterprises

The human capital theory states that as individuals increase their cognitive abilities through the increased acquisition of knowledge, they become more efficient and productive in their activities (Schultz, 1959; Becker, 2002). Human capital is the stock of knowledge, competencies, personal attributes, including creativity, and social attributes that are embodied in the ability to produce economic value through the input of labour. Therefore, when opportunities that are considered profitable present themselves, those with higher human capital will be in a unique position to grab the opportunity with gusto as they understand the opportunity better than those with lower human capital.

Formal education is one of the components of human capital that may assist in the acquisition of explicit knowledge that can provide skills and competencies that are useful to the managers. Business owners who have had a minimum of post-primary education are more likely to succeed than those without. This is due to the fact that they are more likely to identify and seize a business opportunity faster than an individual without post-primary education, though this is not always the case (Reynolds, 2004). It must also be noted that more than half of the owners of liquor enterprises are male, and this may be part of the aggressive nature of the business especially for the smaller enterprises that are competing against each other instead of concentrating on taming the bigger players in the

market (Renart, 2007). The age of the business owner is also an important demographic that can influence the performance of the enterprise, with owners tending to be more mature and have accumulated adequate capital to start or expand the business. While younger entrepreneurs may have the backing of wealthy relatives or direct family backing, they tend to not have adequate knowledge of the sector, especially in terms of regulations and licensing requirements and in many instances tend to take shortcuts that eventually cost them dearly and few can recover from the various fines and levies imposed on them and simply close shop due to the fact they do not have any more additional capital to put in to the business (Reynolds, 2004).

2.3.4 Competition and Performance of Liquor Enterprises

Competition occurs when two or more organisations try to compete to supply homogenous products to the same group of consumers. The competition may be direct or indirect, but the end effect is that profits for the enterprises take a nosedive due to the multiplicity of players in the market. Direct competition exists when two or more enterprises are producing products that are similarly aimed at the same cluster or segment of customers. Indirect competition, on the other hand, is whereby different enterprises produce or market items which are not in direct competition but are still competing for the same consumer's disposable income e.g a nightclub may be in indirect competition with a cinema as they try to ensure customers spend in their premises. In both cases, pricing is determined by the level of competition within the market, the range of services and the nature of the product they sell is influenced by the level of competition (Lewinson & Delozier, 1982). Increased competition will lead the enterprise choose and focus on a particular strategy, whether cost leadership, focus on a market niche and product differentiation (Porter, 1990).

2.4 Theoretical Review

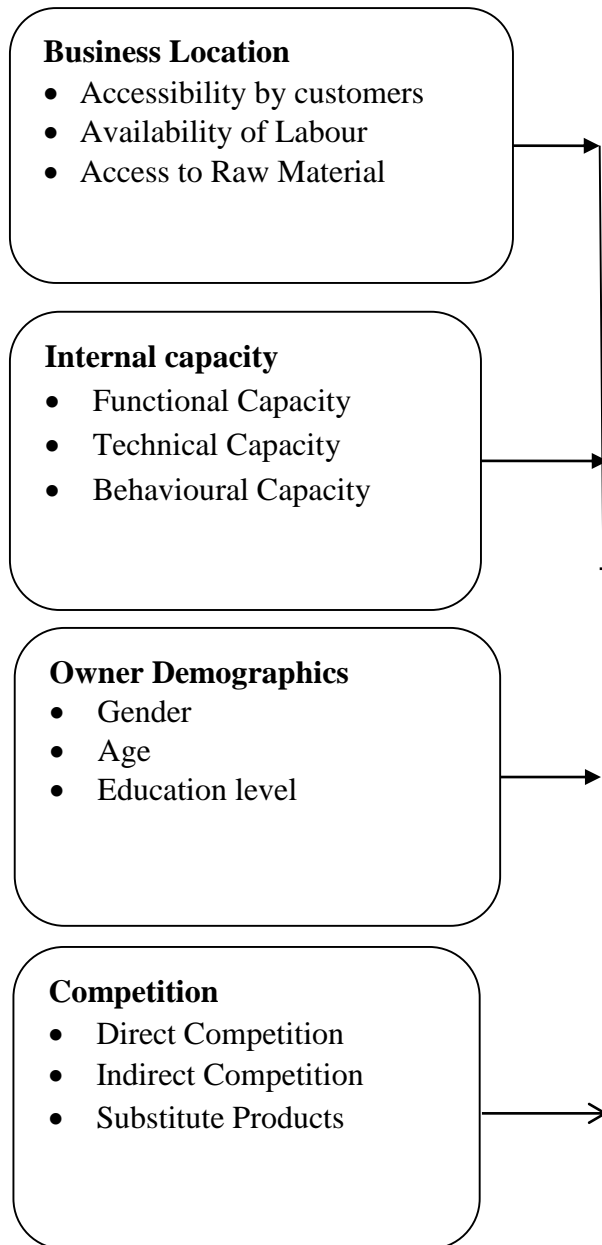
Theories are a set of tools used to define, explain and predict the outcome of a given subject matter (Hawking, 1996). This study was based the Schumpeterian Theory on Innovations.

2.4.1 The Schumpeterian Theory on Innovations

The Schumpeterian Theory on Innovations He explains the differences between economic growth and development. The theory argues that development consists of a process which involves reformation on various processes of production, outputs, and marketing. The theory further states that innovation within enterprises leads to enhanced investments and business fluctuations. Innovation, in this case, refers to changes in production methods, and logistics, the design of new products, venturing into new markets, etc. The innovation does not advocate for the creation of a totally new item or products but instead refers to applying refined and improved technology, methods, materials and sources of energy for commercial success (Schumpeter, 1954).

2.5 Conceptual framework

Independent Variables



Dependent Variables

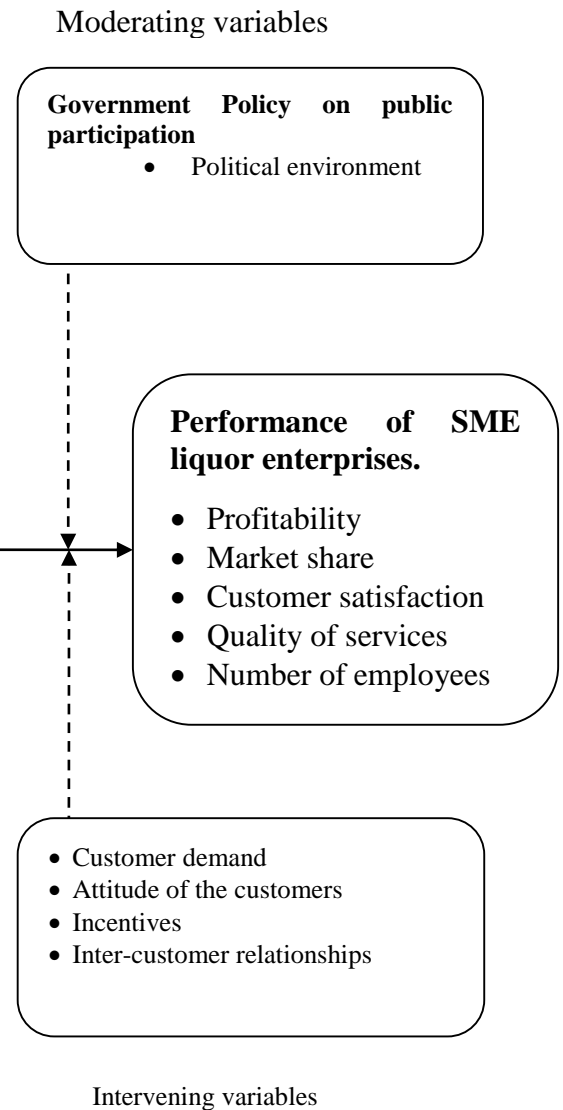


Figure1: Conceptual framework.

2.6 Research Gaps

According to the research carried out on the small and medium liquor enterprises, the focus was on brands of beer, and distilled drinks such as vodka, and the different market segments (Davis & Albert 2006). They also focused on the tangible and intangible resources that are positively related to the business performance. According Rutherford & Oswald (2000), determinants of small and medium liquor enterprises are characterized by individual characteristics, firms' characteristics and environmental characteristics.

2.7 Summary of the Chapter

The chapter has discussed the determinants of performance of liquor enterprises such as; Business location, Internal capacity, owner demographics and competition. In addition, it discusses theories that have been used to help in the study. Such theories are; Social network theory and theory on innovations. Moreover, the chapter uses the conceptual framework to help to conceptualize the study. The conceptual framework shows the graphical or visual depiction of the major concepts of the study and the hypothesized relationships and the linkages among them.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter has covered the research design, the study location, the target population, the sampling procedure and the sample size. The chapter also looks into the research instruments, their reliability and validity as well as the data collection procedure and data analysis methods.

3.2 Research Design

The study used a descriptive research design. According to Cooper (1996), a descriptive study is aimed at identifying who, what, where and how of a phenomenon which was the concern of the study. The study intended to determine factors influencing the performance of liquor SMEs in Meru County.

3.3 Research Location

The study was carried out in Tagina East Sub – County of Meru County, Kenya. It is one of the nine sub-counties of Meru County and has five wards, all of which elect members of county assembly for the Meru County Assembly.

3.4 Target Population

The study targeted the following SME individuals: Business owners', employees and the marketing personnel of the various liquor enterprises that are found within Tigania East Sub County in Meru County.

Table 3.1: *Target Population for liquor enterprises.*

	Frequency	Percentage
Number of Employees	338	69.4
Marketing personnel	26	5.3
Business owners	123	25.3
Total	487	100.0

Source: County Government of Meru (2017)

3.4 Sample Size and Sampling Procedure

According to Keringer (2004), a sample is a small population selected for observation and analysis from a larger population. The survey method was used in the study, whereby the target population was divided into stratum on the basis of geographical location. This method was preferred because the population of the reference was small. A sample of 44% was drawn from each stratum where the respondents were randomly picked. 215 respondents drawn from a targeted population of 487 formed the sample size for the study.

Table 3.2: *Sampling Frame*

	Frequency	Ratio	Sample size
Number of Employees	338	0.44	149
Marketing personnel	26	0.44	11
Business owners	123	0.44	54
Total	487		215

3.6 Research Instruments

Primary data was collected using the research instruments which in this study were questionnaires, which were delivered to the respondents and collected after three working

days. Questions, which were both open and close ended, were clearly phrased in order to make clear dimension along with respondent to analyze.

3.7 Piloting of Research Instruments

According to Orodho & Kombo (2002), a pilot study can reveal deficiencies in the design of a proposed study and these can then be addressed before time and resources are expended on large-scale studies. The researcher conducted a pilot study to address any unclear and or ambiguous items in the research instruments. The first step in conducting the pilot study involved selection and recruitment of participants by employing convenience sampling. The researcher used 10% of the main sample size for conducting this study's pilot study (Neuman, 2011). The next step was to administer the research instrument (questionnaire) to the 24 pilot participants. Data entry and analysis were then conducted, results discussed with supervisor for ironing of errors and spotting of weaknesses in the instruments used in the research.

3.7.1 Validity of Instruments

According to Mugenda & Mugenda (2003), validity determines whether the research truly measures that which it was intended to or how truthful the research results are. Orodho (2009) describe validity as "construct validity". The construct is the initial concept, notion, question or hypothesis that determines which data is to be gathered and how it is to be gathered. Validity was determined in two stages. First, the developed instruments were handed over to the supervisors for perusal. They have then revised accordingly, based on the supervisors' recommendations.

3.7.2 Reliability of Research Instruments

Reliability of a research instrument is defined as the consistency of the instrument to produce similar results with the same units of measurement (Drost, 2011). The study used Cronbach Alpha to ascertain reliability of the research instruments to be used in the study. Alpha values range from 0 to 1 and a coefficient of 0.7 were acceptable with 0.8 and or higher indicating the good reliability of the instruments (Trochim, 2006).

3.8 Data Analysis Procedure

Tabachnick & Fidell (2013) define data analysis as the technique that involves the packaging of collected information, formulating and arranging its main components to such a degree that it can be easily and effectively conveyed. The researcher sorted, edited, coded and analyzed primary data that was collected so as to ensure that errors and points of contradiction are eliminated. Quantitative data for each research question was also tabulated for purposes of providing the researcher with a comprehensive picture of how the data looked like and also assisting the researcher in identifying patterns. For analysis, the researcher used the Statistical Package for the Social Sciences (SPSS) v22.0 to analyze the data collected and the results were presented using descriptive statistics including frequencies and percentages. The researcher used a multivariate regression model to determine the relationship between the four variables and their relationship to the topic under study. This is an adjustable method of data analysis that is appropriate for the occasion that the researcher seeks to examine the relationship between the dependent variable any other factors (Mertler & Vannatta, 2010).

3.9 Ethical Considerations

The researcher took into consideration a number of ethical considerations during the study. To begin with, the respondents were informed of the right to accept or decline to take part in the study. The respondents were assured that all the information they provide would remain confidential and used for the intended purpose and would not be passed on to other parties for any other purpose. Finally, the respondents were assured that they would remain anonymous and were asked not to include their names on the questionnaires.

3.8 Operational Table of Variables

Table 3.4 Operationalization Table

Objectives	Type of Variable	Indicator	Measuring of Indicators	Scale	Tools of analysis	Type of analysis
To find out the influence of business location on the performance of small and medium liquor enterprises in Meru County.	Independent	Business Location	<ul style="list-style-type: none"> • Accessibility by customers • Number of customers • Availability of raw materials • Market accessibility • Availability of Infrastructure 	Interval Ordinal Ordinal Ordinal	Percentages Mean score	Descriptive statistics Regression analysis
To examine the effect of internal capacity on the performance of small and medium liquor enterprises in Meru County.	Independent	Internal capacity	<ul style="list-style-type: none"> • Stock levels • Work experience • Financiers • Customers/end user 	Interval Ordinal Ordinal Ordinal	Percentages Mean score	Descriptive statistics Regression analysis

To establish the influence of owner demographics on the performance of small and medium liquor enterprises in Meru County.	Independent	Owner Demographics	<ul style="list-style-type: none"> • Team work • Gender • Age • Education level 	Ordinal Ratio Interval	Percentages Mean score	Descriptive statistics Regression analysis
To determine the effect of competition on the performance of small and medium liquor enterprises in Meru County.	Independent	Competition	<ul style="list-style-type: none"> • New entrants • Existing competitors • New products • New markets 	Ordinal Ordinal Ordinal Ordinal	Percentages Mean score	Descriptive statistics Regression analysis
	Dependent	Performance of Liquor business	<ul style="list-style-type: none"> • Profitability • Market share • Customer satisfaction • Quality products 	Interval Ordinal Ordinal Interval Interval Interval	Mean score	Descriptive statistics Regression analysis

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION OF FINDINGS

4.1 Introduction

This chapter discusses the findings obtained data collection instruments used in the study. It highlights the various characteristics and responses from the study respondents and their opinions on the determinants of performance of small and medium liquor enterprises in Tigania East Sub-County, Meru County, Kenya.

4.2 Response Rate

The study had a total of 215 questionnaires administered, and 152 were returned giving a response rate of 70.70%. Kothari (2012) prescribed that a significant response rate for statistical analysis should be above the minimal value of 50%.

Table 4.1: *Response Rate*

Total Questionnaires administered	Filled questionnaires	Unfilled questionnaires	Response Rate.
215	152	84	66.67%

4.3 Demographic Information

The study sought to enquire on the respondents' general information including their gender, their age bracket, and their highest level of education, a period in which their business has been operational, the number of staff members their business employed and the experience in the business. This general information is presented in form tables.

4.3.1 Gender

The respondents in the study were asked to give data in regards to their gender. The data was then presented in Table 4.2.

Table 4.2: *Gender*

	Frequency	Percent
Male	70	46.1
Female	82	53.9
Total	152	100

Table 4.2 indicates that majority of the respondents involved in the study were female as shown by 53.9% while the rest were male as shown by 46.12%. This implies the majority of the respondents who participated in the study were female participants and gave reliable information on the study.

4.3.2 Age Bracket

The respondents were also asked to state their age. Their responses were summarized and presented in table 4.3.

Table 4.3: *Age Bracket of the Respondent*

	Frequency	Percent
Below 25 years	53	34.9
25-40 years	56	36.8
41-50 years	25	16.4
Over 51 years	18	11.8
Total	152	100

Table 4.3 shows that most of the respondents represented by 36.8% were aged between 25 and 40 years, 34.9% were aged between below 25 years, 16.4% were aged between 41 and 50 years and 11.8% were over 50 years. This reveals that respondents were from all age brackets and thus provided reliable information concerning the study.

4.3.3 Level of Education

The respondents were also requested to state their highest level of education. The findings were are captured in Table 4.4.

Table 4.4: *Highest Level of Education*

	Frequency	Percent
Primary	12	7.9
Secondary	60	39.5
College	52	34.2
University	28	18.4
Total	152	100

According to Table 4.4, the majority of the respondents had post-primary (secondary) education as their highest level of education as shown by 39.5%. On the other hand, 34.2% of the respondents had attained a college education, 18.4% of the respondents had university education while 7.9% indicated primary education. This shows that most of the respondents could comprehend the subject under study and therefore gave the relevant information.

4.3.4 Period liquor Business has been in Operation

The participants were also required to tell the period in which their business has been operational. Table 4.5 shows the results.

Table 4.5: *Period in which Business has been in Operation*

	Frequency	Percent
1-5 Months	51	33.6
6-10 Months	59	38.8
11-15 Months	19	12.5
Over 15 Months	23	15.1
Total	152	100

From Table 4.5, 38.8% of the respondents indicated that the period in which their business has been in operation was 6 to 10 months, 33.6% of the respondents indicated that the period in which their business has been in operation was 1 to 5 months, 15.1% of the respondents said that their business has been in operation for over 15 months while 12.5% of the respondents said that they had been operating for between 11 to 15 months. This shows that majority business had been in operation for some time for the respondents from those businesses to be able to understand the information the researcher sought and therefore participated fully in the study.

4.3.5 Number of Staff in the Business

The respondents were asked state the number of staff employed in their respective businesses, and their responses as captured in Table 4.6.

Table 4.6: *Work Experience*

	Frequency	Percent
Less than 10	84	55.3
10- 50	40	26.3
51-250	7	4.6
More than 250	21	13.8
Total	152	100

The findings reveal that majority of the businesses have less than 10 staff members as shown by 55.3%, 10 to 50 staff members as shown by 26.3%, more than 250 staff members as shown by 13.8% and 51-250 staff members as shown by 4.6%. This implies that majority of the businesses have less than 10 staff members who made it easy for the researcher to obtain the information from the majority of the respondents.

4.3.6 Period of Operating Liquor Business

The participants were also required to tell the period of operating liquor business. The results are as shown in Table 4.7.

Table 4.7: *Period of operating liquor Business*

	Frequency	Percent
Less than 5 years	54	35.5
6 to 10 years	66	43.4
11 to 15 years	20	13.2
Over 16 years	12	7.9
Total	152	100

From Table 4.7, 43.4% of the respondents said that they have been in business for 6 to 10 years, 35.5% of the said they have been in business for less than 5 years, 13.2% of the respondents indicated that they have been in business for over 11 to 15 years while 7.9% of the respondents indicated that they have been in business for over 16 years.

This shows that majority of the respondents had been in the business for long enough to be able to understand the information the researcher sought and give accurate information.

4.4 Business Location and Performance

The study highlights the influence of the location of the enterprise on the performance of SME liquor enterprises within the Sub-County.

4.4.1 Influence of Aspects of Business Location on Performance

The respondents were requested using a Likert scale of 1-5 to tell the extent to which various aspects of business location influence the performance liquor business. Their responses are captured in Table 4.8.

Table 4.8: *Effect of Aspects of Business Location on Performance*

	Mean	Std. Deviation
Accessibility by customers	3.329	1.280
Distance from the Town Centre	4.355	0.645
Availability of Infrastructure	3.980	0.741
Social structures	4.237	0.890
Access to markets	4.092	0.800

Table 4.8 reveals that accessibility by customers as illustrated by a mean of 3.329 moderately affects the performance business. The study also indicated that availability of Infrastructure as illustrated by a mean of 3.980, that access to markets as illustrated by a mean of 4.092, those social structures as illustrated by a mean of 4.237 and that distance from the Town Centre as illustrated by a mean of 4.355 influences the performance of liquor business.

4.5 Internal Capacity

The study further sought to examine the effect of internal capacity on the performance of small and medium liquor enterprises in Meru County.

4.5.1 Influence of Aspects of Internal Capacity on Performance

The respondents were requested using a Likert scale of 1-5 to tell the extent to which various aspects of internal capacity had an impact on the performance of the business. Their responses were as shown in Table 4.9.

Table 4.9: *Influence of Aspects of Internal Capacity on Performance*

	Mean	Std. Deviation
Stock levels	4.059	1.181
Financiers	3.447	1.078
Customers/end user	3.980	.741
Size of the premises	4.237	.890
Social network	4.112	.810

Table 4.9 shows that size of the premises with a mean score of 4.237, social network with a mean score of 4.1118, stock levels with a mean score of 4.059 and customers/end user with a mean score of 3.980 greatly affect the performance their business. The study further revealed that financiers, as shown by a mean score of 3.447, affect the performance their business moderately.

4.6 Owner Demographics

The study also sought to establish the influence of owner demographics on the performance of SME liquor enterprises in Meru County.

4.6.1 Effect of Aspects of Owner Demographics on Performance

The respondents were also requested to tell the extent to which various aspects of owner demographics affect impacted their businesses. Their responses were as shown in Table 4.10.

Table 4.10: *Effect of Aspects of Owner Demographics on Performance*

	Mean	Std. Deviation
Teamwork	4.026	0.861
Gender	3.309	1.587
Age	4.243	0.789
Education level	3.599	1.303
Work experience	3.711	1.254

As per the results in Table 4.10, the study indicated that age had a mean of 4.243, teamwork had a mean of 4.026, work experience had a mean of 3.711 and education level as had a mean of 3.599, which had an effect on the performance of their business. The study also revealed that gender, as expressed by a mean of 3.309, affect the performance their business moderately.

4.7 Competition

The study further sought to determine if increased competition had an impact on the performance SME liquor enterprises in Meru County.

4.7.1 Influence of Aspects of Competition on Performance

The respondents were requested using a Likert scale of 1-5 to tell the extent to which various aspects of competition affect the performance their business, and the results are captured in Table 4.11.

Table 4.11: *Influence of Aspects of Competition on Performance*

	Mean	Std. Deviation
New entrants	3.776	0.998
Existing competitors	4.105	0.756
New products	3.809	1.306
New markets	4.053	1.195
Illicit brews	3.822	0.991

The results in Table 4.11 reveal that existing competitors (mean=4.105), new markets (mean=4.053) and illicit brews (mean=3.822) affect the performance their business greatly. The study also found that new products (mean=3.809) and new entrants (mean=3.776) also affect the performance their business greatly.

4.8 Business Performance

The respondents were asked to highlight the trend of the various aspects of performance in their business within the last 5 years. Their responses are captured in Table 4.12

Table 4.12: Trend of the Various Aspects of Performance

	Mean	Std. Deviation
Profitability	4.342	0.621
Market share	4.118	0.837
Customer satisfaction	4.145	0.986
Quality of services	3.809	1.149
Number of employees	3.579	1.490

The study revealed that profitability with a mean of 4.342, market share with a mean of 4.118, customer satisfaction with a mean of 4.145, quality of services with a mean of 3.809 and number of employees with a mean of 3.579 had improved over the last 5 years.

4.9 Summary of the Regression Results

The study also employed a multiple regression analysis to test the impact of the different indicators. The model summary is shown in Table 4.13.

Table 4.13: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.948 ^a	.899	.896	1.03964

Table 4.13 is a model fit which establishes how fit the data fits with the model equation. The re-adjusted R² used in study model was found to be 0.896, which implies that 89.6% of the differences in performance of SME liquor enterprises are explained by four independent variables.

Table 4.14: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1416.110	4	354.027	327.548	.000 ^b
	Residual	158.884	147	1.081		
	Total	1574.993	151			

A value of probability of 0.000 indicates a significant regression relationship in anticipating the effects of business location, internal capacity, owner demographics and competition on the performance of SME liquor enterprises. The calculated F (327.548) was significantly larger than the critical value of F= 2.42.

Table 4.15: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	0.924	0.323		2.861	0.006		
Business Location	0.734	0.302	0.616	2.430	0.02	.361	2.769
Internal Capacity	0.694	0.234	0.545	2.966	0.005	.052	19.39
Owner Demographics	0.516	0.217	0.443	2.378	0.02	.045	22.25
Competition	0.861	0.236	0.531	3.648	0.00	.445	2.246

The established model for the study was:

$$Y = 0.924 + 0.734X_1 + 0.694X_2 + 0.516X_3 + 0.861X_4$$

From the regression equation above, the study found that taking all factors into account constant at zero, the performance of small and medium liquor enterprises was 0.924. The study also found that taking all other independent variables at zero, a unit increase in the business location would lead to a 0.734 increase in performance of small and medium liquor enterprises. Again, the findings showed that a unit increase in the internal capacity would lead to a 0.694 increase in the scores of performances of SME liquor enterprises. Further, the findings show that unit increases within owner

demographics would lead 0.516 increases in the scores of performances of SME liquor enterprises. The study also found that a unit increase in the scores of competitions would lead to a 0.861 increase in the performance of SME liquor enterprises. Overall competition had the greatest effect on the performance of small and medium liquor enterprises, followed by business location, then internal capacity while owner demographics had the least effect on the performance of small and medium liquor enterprises. All the variables were significant (p-values < 0.05).

CHAPTER FIVE
SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSIONS AND
RECOMMENDATIONS

5.1 Introduction

This chapter gives that summary of the data findings, and highlights the conclusion drawn from the findings and makes recommendations.

5.2 Summary of the Findings

Under this, the study will focus on the key variables discussed in chapter four and give a summary of those findings.

5.2.1 Business Location and Performance of small and medium liquor enterprises.

The study discovered that accessibility for customers moderately influenced the performance OF SME liquor enterprises. The study indicated that availability of Infrastructure, that access to markets, that social structures and that distance from the town Centre greatly influence the performance business. The study also found that business location has a positive and significant contribution to the performance their business. From the analysis, accessibility by customers to the business location as illustrated by a mean of 3.329 moderately influenced performance of liquor business. The study also indicated that availability of Infrastructure as illustrated by a mean of 3.980, access to markets as illustrated by a mean of 4.092, that social structures as illustrated by a mean of 4.237 and that distance from the Town Centre as illustrated by a mean of 4.355 influences the performance of liquor business.

5.2.2 Internal Capacity and Performance of Small and Medium Liquor Enterprises

From the findings, the size of the premises as shown by a mean score of 4.237, social network as shown by a mean score of 4.1118, stock levels as shown by a mean score of 4.059 and customers/end user as shown by a mean score of 3.980 greatly influence the performance liquor business. The study further revealed that financiers, as shown by a mean score of 3.447, affect the performance their business moderately

5.2.3 Owner Demographics and performance of small and medium liquor enterprises.

The results of the study indicated that age, teamwork, work experience and education level influence on the performance liquor business. The study indicated that age as expressed by a mean of 4.243, teamwork as expressed by a mean of 4.026, work experience as expressed by a mean of 3.711 and education level as expressed by a mean of 3.599 affect the performance their business greatly. The study also revealed that gender, as expressed by a mean of 3.309, affect the performance their business moderately.

5.2.4 Competition and performance of small and medium liquor enterprises.

Results reveal that existing competitors, new markets and illicit brews affect the performance their business greatly. The study revealed that existing competitors mean 4.105, new markets mean 4.05 and illicit brews mean 3.822 affect the performance their business greatly. The study also found that new products mean 3.809 and new entrants mean 3.776 also affect the performance their business greatly.

5.3 Discussions

5.3.1 Business Location and Performance of small and medium liquor enterprises

The study found that accessibility by customers moderately affects the performance business. The study also indicated that availability of Infrastructure, that access to markets, that social structures and that distance from the town Centre greatly affects the performance business. The study unearthed that business location has a positive and significant contribution to the performance their business. This is similar to Ansoff (1999) who claim that strategic response involves a change in firm's strategic behaviour to ensure success in transforming the future environment.

5.3.2 Internal Capacity performance of small and medium liquor enterprises

From the findings, the study showed that size of the premises, social network, stock levels and customers/end user greatly affect the performance their business. This conforms to Coleman (1988) and Putnam (1993) who stated that superior productivity does not just mean relying on resources such as technology and people, but also on

social relations among people. The study further revealed that financiers influence the performance their business moderately. The study also found that internal capacity has a positive and significant contribution to the performance their business.

5.3.3 Owner Demographics Performance Of Small And Medium Liquor Enterprises

The study showed that age, teamwork, work experience and education level affect the performance their business greatly. These findings are similar to Reynolds (2004) whose empirical research has demonstrated a range of results regarding the relationship between education, management and success, with education frequently producing non-linear effects in supporting the probability of becoming an entrepreneur, or in achieving project success. The study also revealed that gender affects the performance their business moderately. The study also revealed that owner demographics have a positive and significant contribution to the performance their business. These findings conform to studies by Curran & Blackburn (2001) which found that the most frequently used measure of project performance, and perhaps the most obvious to the casual observer, is in terms of employees or human resource output where human capital theory thus informs the choice of stakeholder participation practice variable that influence project performance.

5.2.4 Competition and performance of small and medium liquor enterprises

Results showed that existing competitors, new markets and illicit brews affect the performance their business greatly. The study also found that new products and new entrants also affect the performance their business greatly. The study also showed that owner demographics have a positive and significant contribution to the performance their business.

5.4 Conclusion

The study concluded that business location has a positive and significant effect on the performance their business. The study deduced that accessibility by customers moderately affects the performance business. The study also indicated that availability of Infrastructure, that access to markets, that social structures and that distance from the

town Centre greatly affects the performance business. The study concluded that internal capacity has a positive and significant effect on the performance their business. The study deduced that size of the premises, social network, stock levels and customers/end user greatly affect the performance their business. The study further revealed that financiers affect the performance their business moderately.

The study concluded that owner demographics have a positive and significant contribution to the performance their business. The study deduced that age, teamwork, work experience and education level affect the performance their business greatly. The study also revealed that gender affects the performance their business moderately. The study concluded that competition has a positive and significant contribution to the performance their business. The study deduced that that existing competitor, new markets and illicit brews affect the performance their business greatly. The study also found that new products and new entrants also affect the performance their business greatly.

5.5 Recommendations

The following recommendations were made based on the findings and the conclusions of the study:

- i. The government should review the taxes and tariffs so as to favour local manufacturers especially the SMEs for efficient operations of businesses.
- ii. SMEs have adequate training and development programs for their employees in order to build capacity for meeting the challenges of the marketplace.
- iii. The government should also set strategies to stabilize the market prices for business to compete fairly and effectively. This can be done through setting a certain price that all the businesses should adhere to in order to make sure that there no exploitation of the upcoming businesses.

5.6 Suggestions for Further Research

The following suggestions were made for further research:

- i. A similar study should be conducted in all counties in Kenya to determine the determinants of performance of small and medium liquor enterprises in Meru County, Kenya which is wider in scope to ascertain if similar results can be achieved.
- ii. A similar study should be carried out on entrepreneurial characteristics on the performance of SMEs in Meru County.
- iii. A study should be conducted to establish the influence of training and development on the performance of SMEs in Meru County.

REFERENCES

- Ansoff, I. (1999). Human development management and organizational changes
Russia: SPb: Izd-vo «Piter.
- Becker, G. S. (2002). The age of human capital (pp. 71-89).na.
- Braun, M. R. (2010). Jilted? The manager's little book for keeping customers in a
recession. *Journal of business strategy*, 31(1), 4-10.
- Cooper, P. (1996). Giving it a name: the value of descriptive categories in educational
approaches to emotional and behavioural difficulties. *Support for Learning*,
11(4), 146-150.
- Connor, R. (2010). Online alcohol interventions: a systematic review. *Journal of
medical Internet research*, 12(5).
- Curran, J., & Blackburn, R. (2001). *Researching the small business*. London ua.
- David, D. & Albert, W. (2006). Albert and Whetten revisited: Strengthening the
concept of organizational identity. *Journal of management inquiry*, 15(3), 219-
234.
- Drost, E. A. (2011). Validity and reliability in social science research. *Education
Research and perspectives*, 38(1), 105.
- Tabachnick, B. & Fidell, L. (2013). Aircraft noise-induced awakenings are more
reasonably predicted from relative than from absolute sound exposure levels. *The
Journal of the Acoustical Society of America*, 134(5), 3645-3653.
- Hawkins, C. (1996). Interlocking interactions, the diffusion of innovations in health
care. *Human relations*, 55(12), 1429-1449.
- Davidson, R. (2011). Web 2.0 as a marketing tool for conference centres. *International
Journal of Event and Festival Management*, 2(2), 117-138.
- Jaworski, B. J., & Kohli, A. K. (1993). Market orientation: antecedents and
consequences. *The Journal of marketing*, 53-70.

- Kerlinger, L. (2004). The external validity of results derived from ecstasy users recruited using purposive sampling strategies. *Drug and alcohol dependence*, 73(1), 33-40.
- Kotler, L. (2000). High performance parametric modeling with Nimrod/G: Killer application for the global grid?. In *Parallel and Distributed Processing Symposium, 2000. IPDPS 2000. Proceedings. 14th International* (pp. 520-528). IEEE.
- Lewis, D. M., & DeLozier, M. W. (1982). *Retailing, principles & practices*. Merrill Publishing Company.
- Mertler, A. & Vannatta, Y. (2010). A guide for novice researchers: Design and development research methods. In *Proceedings of Informing Science & IT Education Conference (InSITE)* (pp. 107-118).
- Mugenda, O. & Mugenda A. (2003). *Research methods: quantitative and qualitative approaches*. Actis Publishers
- Neumann, M. (2011). Sharing qualitative research findings with participants: Study experiences of methodological and ethical dilemmas. *Patient education and counseling*, 82(3), 389-395.
- O'Connor, T. (2010). The sequencing of stock market liberalization events and corporate financing decisions. *Emerging markets review*, 11(3), 183-204.
- Oliver, G. (1995). *Marketing today*. Prentice hall.
- Orodho, A. J., & Kombo, D. K. (2002). *Research methods*. Nairobi: Kenyatta University, Institute of Open Learning.
- Porter, R. (1990). Who Was the Enlightenment?. In *The Enlightenment* (pp. 42-50). Macmillan Education UK.
- Premaratne, S. P. (2002). *Entrepreneurial networks and small business development: The case of small enterprises in Sri Lanka*. Eindhoven: Technische Universiteit Eindhoven.
- Putnam, R. D. (1993). The prosperous community. *The American prospect*, 4(13), 35-

42.

Renart, A., Moreno-Bote, R., Wang, X. J., & Parga, N. (2007). Mean-driven and fluctuation-driven persistent activity in recurrent networks. *Neural computation*, 19(1), 1-46.

Reynolds, P (2004). Global entrepreneurship monitor: Data collection design and implementation 1998–2003. *Small business economics*, 24(3), 205-231.

Rutherford, M. W., & Oswald, S. L. (2000). Antecedents of small business performance. *New England Journal of Entrepreneurship*, 3(2), 21.

Schumpeter, J. A. (1954). *History of economic analysis*. Psychology Press.

Shane, S., & Venkataraman, S. (2000). The promise of entrepreneurship as a field of research. *Academy of management review*, 25(1), 217-226.

Sternquist, B. (1999). Effects of Intertype versus Intratype Competition on Members of Hardware Retail Cooperatives. In 10th International Conference on Research in the Distributive Trades, Stirling.

Tabachnick, B. & Fidell, L. (2013). Aircraft noise-induced awakenings are more reasonably predicted from relative than from absolute sound exposure levels. *The Journal of the Acoustical Society of America*, 134(5), 3645-3653.

Talley-Seijn, M. (2004). 30 years of location strategies. *Plants, Sites and Parks*, 31(3), 26-29.

Trochim, W. M. (2006). Qualitative measures. *Research Measures Knowledge Base*, 361.

Ansoff, H. I., & McDonnell, E. J. (1990). *Implanting Strategic Management (2nd Ed.)*. London, Great Britain: Prentice Hall.

Adcock et al (1968) *Marketing Principles and Practice* 4th edition. Pearson Educational, England.

Andrews, K. (1971). *The Concept of Corporate Strategy*. Homewood, Illinois. Dow-Jones-Irwin: Publishers.

- Aaker, D. A. (1998). *Strategic Marketing management* (5th Ed.). USA: John Willey and sons.
- Brassington and Pettit (1997), *Principles of Marketing*. Prentice-Hall India
- Chandler, A. (1962). *Strategy and Structure: Chapters in the History of American Industrial Enterprise*. Cambridge Massachusetts, MIT Press: Publishers.
- Chaston, I. (2004). *Knowledge Based Marketing: The Twenty-First Century Competitive Edge*. Tejewar Singh for Response Books: Publisher
- Cravens and Piercy (2006). *Strategic Marketing* 8th edition, McGraw-Hill, Inc
- Davidson, R. W., Sweeney J. D., & Stampel, W. R. (1984). *Retailing Management* (5th Ed). USA: John Willey & Sons.
- Drucker, F. (1954). *The practice of management*. New York: Harper & Row.
- Every dealer survey report: *Retail Outlet Census Survey in Kenya*. (2007). Research International East Africa Limited: Publisher.
- Girad, R. (2005). *Corporate Profile Coca-Cola Company*. Polaris Institute Research: Author.
- Gerry, J. (1987). *Business Strategy and Retailing*. USA: John Willey & Sons.
- Giles, W. (1991). *Making strategy work :Long Range Planning*, Pp. 24(5).
- Gluek, F. W. & Juach L. R. (1984). *Business Policy and Strategic Management*. McGraw-Hill, Inc.
- Gronroos. C (1998) *Marketing services. "A case study of a missing product"* Journal of Business and Industrial Marketing. Vol.13 issue 4/5 pp 332-338. Finland *Harvard Business Review*. *The competitive advantage of nations by Michael E. Porter, March- April, 1990, pg 77*
- John Yabs (2007) *International Business Operations in Kenya* (2nd edition) Lelax Global publishers, Nairobi.
- Karen, C. J. & Carl. (2005). *Strategic Marketing Management Cases*.
- Kibera, F. N. & Waruingi, B. C. (2007). *Fundamentals of Marketing: An African perspective*. Kenya Literature Bureau: Publishers.
- Kotler, J. P. (1982). *The General Management*. The Free Press: Publisher.
- Kotler, P. (1991). *MSI Review: Philip Kotler explores the new marketing paradigm*. Spring. (pp. 1:4-5).

- Kotler, P. (1999). *Marketing Management. (Millennium Ed.)*, New Delhi: Prentice Hall of India.
- Kotler and Keller(2006). *Marketing Management* 12th edition Prentice-Hall, India
- Kotler P. (2003). *Marketing Management* (11th Ed.). New Delhi: Pearson education.
- Lewinson and Delozier (1982), *Retail case studies*. Merrill Columbus, Ohio
- Matin, K. (2007). *Consumer Behavior and Advertising Management*. New Age International(formerly Wiley Eastern Ltd.): Publishers.
- Members Directory. (2008). *A directory of the Kenya Association of Manufacturers*.
www.kam.co.ke
- Mercer, D. (1997). *New Marketing Practice: Rules for success in a changing world*. Penguin Books Ltd: Publishers.
- Mintzberg, H. (1987). *Management review: The Strategy Concept I, Five P's for Strategy*. California. Pp. 30(1). European Journal of Business and Social Sciences, Vol. 3, No.2 , pp 122-153, May 2014. P.P. 122 – 153URL: <http://www.ejbss.com/recent.aspx>
- Mintzberg .H.et al. *Strategy Safari: A guide tour through wilds of Strategic Management, Free Press, 1998, pp 304*
- Mumford, E. & Pettigrew, A. (1975). *Implementing Strategic Decisions*. Longman Group Limited: Publishers.
- Oliver, G. (1995). *Marketing Today 4e*. Europe. Prentice Hall: Publishers.
- Pearce and Robinson (2005). *Strategic Management, Implementation and Control* 10e. Irwin Professional Publishers
- Porter, M. E. (1980). *Competitive Strategy*. The Free Press: Publishers.
- Ramanuj, M. (1996). *Marketing Strategies*.
- Randall .C.(1991), *Retail management*, McGraw-Hill, New York
- Retail Audit Data. (2008). *The Retail Audit Company Surveys*. UK.
- Rose and Watkins (1997), *Measuring Customer satisfaction based on quality gap at a local Bank In Vietnam, Journal of international business research*
- Robert Solow (1956). *A contribution to the theory of Economic growth. Quarterly Journal of Economics, Vol. 70, No.1 (Feb 1956) Pg 65-94*
- Steel and Webster (1992) *Centre on regulation and competition, Paper 9, Ghana*
- Sternquist, B. (1998). *International Retailing*, New York: Fairchild Publications.
- Zeithaml, V. A. &Bitner, M. J. (1996). *Service marketing. (Int. Ed.)*. Singapore: McGraw Hill

APPENDICES

Appendix I: Questionnaire

This questionnaire is part of my course requirements for the Masters in Project Planning of University of Nairobi. Please note that the information you provide will be kept strictly confidential and will be presented in general in the research. Please provide the following information.

SECTION A: RESPONDENT AND PROJECT INFORMATION.

1. What is your Gender?
 - (a) Male
 - (b) Female
2. Please indicate your age blanket
 - (a) Below 25 years
 - (b) 25-40 years
 - (c) 41-50 years
 - (d) Over 51 years
3. Please indicate the highest level of education you have successfully completed.
 - (a) Primary
 - (b) Secondary
 - (c) College
 - (d) University
 - (e) Others (please specify).....
4. For what period has your business been operational?
 - (a) 1-5 Months
 - (b) 6-10 Months
 - (c) 11-15 Months
 - (d) Over 15 Months
7. How many staff members has your business employed?
 - (a) Less than 10
 - (b) 10-50
 - (c) 51-250
 - (d) More than 250
8. What is your experience in business?

- (a) Less than 5 years
- (b) 6 to 10 years
- (c) 11 to 15 years
- (d) Over 16 years

SECTION B: Business Location

9) To what extent do the following aspects of business location affect the performance of your business?

- Where; 1-Not at all 2- Low extent 3-Moderate extent
- 4- Great extent 5- Very great extent

	1	2	3	4	5
Accessibility by customers					
Distance from the town Centre					
Availability of Infrastructure					
Social structures					
Access to markets					

SECTION C: INTERNAL CAPACITY

10) To what extent do the following aspects of internal capacity affect the Liquor business performance?

- Where; 1-Not at all 2- Low extent 3-Moderate extent
- 4- Great extent 5- Very great extent

Network Node	1	2	3	4	5
Stock levels					
Financiers					
Customers/end user					
Size of the premises					
Social network					

SECTION G: Business Performance

14) What is the trend of the following aspects of performance in your business for the last 5 years? Where, 5 = Greatly improved, 4= Improved, 3= constant, 2= Decreased, 1 = Greatly decreased

	1	2	3	4	5
Profitability					
Market share					
Customer satisfaction					
Quality of services					
Number of employees					

Thank you for you participation