

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

Hellen Kanario

(M.A, Project Planning and Management, University Of Nairobi)

+254710476560

Dr. Stephen Wanyonyi Luketero

(PhD, University of Nairobi)

+254722882684

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. 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 discovered that new products and new entrants influence the performance liquor business.

Key words: Liquor enterprise, SME, customers, stock, location

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). The significance of SME's to the economic growth of a country is widely documented through the extensive research carried out over the years. According to the US Small Business Administration (2008), 99.7 percent of all businesses in the

United States are considered small or medium-sized. Furthermore, they employ about 50.6 percent of the private sector workforce excluding the agricultural sector workforce. In spite of rather impressive figures, research on determinants of small business performance has been scanty at best.

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 beverages 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.

2.1 Literature Review

2.1.1 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 is 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' 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.

2.2 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.

2.2.1 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.

2.2.2 Internal Capacity and Performance of Liquor Enterprises

Internal capacity is 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 companies' 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).

2.2.3 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 (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).

2.2.4 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).

3.1 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.

3.2 Research Location

The study was carried out in Tigania 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.

3.3 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 procedures for liquor enterprises.

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

3.5 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.

3.6 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) Version 22, 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).

4.1 Research Findings

4.1.1 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 4.1: *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 4.1 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.

4.2 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.

4.2.1 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 4.2.

Table 4.2: *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 4.2 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.

4.3 Owner Demographics

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

4.3.1 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 4.3.

Table 4.3: *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 4.3, 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.

4.4 Competition

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

4.4.1 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 4.4.

Table 4.4: *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 4.4 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.

4.5 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 4.5

Table 4.5: *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.

4.6 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 4.6.

Table 4.6: Model Summary

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

Table 4.6 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 4.7: 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 4.8: 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).

5.1 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.

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

The study sought to find out the influence of business location on the performance of small and medium liquor enterprises in Tigania East Sub-County, Meru County. The study discovered that accessibility by customers moderately influence the performance of liquor business. The study also 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.

5.1.2 Internal Capacity and performance of small and medium liquor enterprises.

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

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

The study also sought to establish the influence of owner demographics on the performance of small and medium liquor enterprises in Meru County. As per the results the study indicated that age, team work, work experience and education level influence on the performance liquor business. The study indicated that age as expressed by a mean of 4.243, team work 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.

5.1.4 Competition and performance of small and medium liquor enterprises.

The study further sought to determine the effect of competition on the performance of small and medium liquor enterprises in Meru County. The 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.

5.2 Discussions

5.2.1 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.

5.2.2 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.

5.2.3 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.

5.3 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 further 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.

5.4 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.

5.5 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 study should be conducted to establish the influence of training and development on the performance of SMEs in Meru County.
- iii. A similar study should be carried out on entrepreneurial characteristics on the performance of SMEs in Meru County.

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