FACTORS AFFECTING PERFORMANCE OF LICENSED RETAIL LIQUOR ENTERPRISES AT DIFFERENT PHASES OF DEVELOPMENT:
A CASE OF MUMIAS DIVISION, KENYA.

BY

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DECLARATION

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

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ABSTRACT

The purpose of this research was to investigate the factors affecting performance of licensed retail liquor enterprises at different phases of development such as start up, growth, maturity and decline/innovation phase. The study examined the applicability of four factors affecting performance of small scale enterprises at different phases of development. These comprised of lack of capital, poor management practices, lack of training and low technology skills. The research was conducted using descriptive survey and used questionnaires for data collection to achieve the desired objectives.

The findings have showed that the liquor enterprises are dominated by male counterparts in Mumias division. This was attested by (27) 90 percent of the respondents. Lack of capital was also found to be an impediment to performance of these enterprises and especially during their early phases of development as attested by (18) 60 percent of the respondents. The study also showed that most of the businesses have no business plan hence ineffective management as attested by (26) 86.7 percent of the respondents. Lack of training was found to be an impediment to performance of these enterprises. Most of the business owners and their assistants lacked basic training in these enterprises. This was attested by (21) 70 percent of the owners and (19) 63.3 percent of the assistants.

The study also showed that most of the business people of these enterprises lack basic skills in computer. However, they appreciate its importance in improving their performances. It was also found that licensed liquor enterprises performances is also affected by external factors such as competition, high rental charges and political environment as attested by (17) 56.7 percent, (7) 23.3 percent and (6) 20 percent of the respondents respectively.

It was concluded that effective management, training, acquisition of technology skills and easy accessibility to capital is critical in improving performance of licensed retail liquor enterprises.

The study has recommended that to improve on performance of licensed retail liquor enterprises, owners and managers need to carry out a SWOT analysis on their businesses in order to establish in depth the many other factors affecting their performances.
OPERATIONAL DEFINITION OF TERMS

For the purpose of this study, the following terms are described;

**Enterprise**: A business

**Enterprise based training (EBT)**: Any form of purposeful skills transfer taking place in an enterprise.

**Entrepreneur**: Owner/manager of a business

**Training**: Any purposeful activity intended to develop skills and knowledge.

**Growth**: Increase in sales, stocks, and expansion e.t.c

**Core Business**: The principal business activity of an enterprise.

**ROSH**: Rural Oriented Small Holder

**Income**: Money received as a result of the normal business activities of an individual or business.


**Productivity**: Output per unit input.

**Projection**: The number of people who may develop the AIDS virus in future if the trend continues as it is.

**Purposive**: A non-probability sampling procedure in which research judgment is used to select cases that makes the sample depending on the difficult of the situation at hand.

**Small scale Enterprises**: Business in Kenya that consists of 1 – 50 employees.

**Performance**: Increase or decrease in sales, profits or loss and business expansion or decline.
Introductory phase; Stage where the enterprise is just started and is at the beginning of the business life cycle. This is evidenced by slow growth and very small profits. In this proposal, <=1st year of business operation.

Growth phase; Stage in the business life cycle when the sales and profits increase happily for the organization. In this proposal, 2nd to 5th year of business operation.

Maturity phase; Stage in the business life cycle where the sales stop going up and slow down because competitors have entered the market and it becomes difficult for a continuous increase in the sales. In this proposal, 6th to 10th year of business operation.

Decline phase; Stage in the business life cycle where the sales and profits shoot down. Innovations are then necessary for continuity. In this proposal, 10th year and above of business operation.
ACRONYM

CBO: Community Based Organization

GDP: Gross Domestic Product.

GOK: Government of Kenya

MSE’s: Medium and Small Enterprises

MFI: Micro Finance Institutions.

SSEs’: Small Scale Enterprises.

USAID: United States Agency for International Development.

WB: World Bank.

SWOT: Denotes Strength, Weakness, Opportunity, and Threat.

CAMPARI: Denotes Character, Ability, Management, Purpose, Amount, Repayment, and Insurance.
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CHAPTER ONE

1.0 OVERVIEW

This section has dealt with background information on small-scale enterprises in Kenya, their role, constraints and possible interventions in an economy of a developing country like Kenya. Finally has looked at the statement of the problem, objective of the study and Research questions, justification, significance of the study, scope and limitations of the study, assumptions of the study and operational definitions of key terms.

1.1 BACKGROUND INFORMATION

Definitions of small business firms vary widely. Most definitions appear to be governed by the interest of the perceiver, purpose of the definition and the stage of development in which the definition is employed. Muchai (1999) found that definition of small scale enterprises differ from one country to another depending on the purpose of classifying a business into categories of small, medium or large. In some cases small-scale business enterprises have been defined using the criteria of number of employees, investment base (value of capital), sales turnovers and so on. He further concludes that small-scale enterprises may engage in trade, commerce, distribution, transport, agribusiness, manufacturing and maintenance or even repair services. For example, in USA a small firm is defined as a firm with fewer than 500 employees, while in Kenya, a small business employs between 1 to 50 employees.

Throughout the world, the goal of economic policy is focusing on sustainable development stability, acceptance, social equality and opportunity for all people (Nkondi, 2005). However, this goal is far to be reached by many nations. This has also been worsened by the increase in population and unemployment in developing countries.
In Kenya, the official stand towards the small enterprise sector changed only with the publication of the ILO report in 1972. Soon after, policy documents began to reflect the change in attitude. However, there was hardly any concrete programmed support for the sector until the publication of sessional paper No 1 of 1986. The legislation included among others, the Trade Licensing Act (which limited businesses in non metropolitan areas to indigenous Kenyans and in the process introduced a whole array of restrictions), the Immigration Act (which required resident non-citizens to obtain work permits), the land control system (which limited land to citizens), the implementation of the Ndegwa Commission (which allowed civil servants to engage in business) and the creation of government monopolies that were specifically targeted at assisting Kenyans to develop their business.

The liberalization of goods by the government has affected these licensed liquor outlets adversely by allowing cheaper liquor in the country through importation such as spirits and wines. The mushrooming unlicensed liquor such as changaa, kumikumi, busaa have also posed a threat towards promotion of licensed liquor outlets. Experience in Mumias division shows a decline in number of these enterprises to the extend that for the past four years three enterprises out of thirty five have been converted to churches while two have closed. In addition the performance of the remaining enterprises was not good.

This prompted a research on what factors affects performance of these small enterprises at the various development phases.

ROLE OF SMALL SCALE ENTERPRISES IN AN ECONOMY

The importance of small-scale enterprises as a sector has captured governments all over the world due to its contribution towards economic development. As the country (Kenya) moves towards meeting its long term objectives of poverty eradication by the year 2015 and industrialization by the year 2020, more efforts is being directed towards small-scale
industries. These small-scale industries will provide the necessary markets for agricultural produce and provide employment for the youth. Attempts to promote economic progress throughout the world by establishing large industries have usually failed to improve the lot of the majority of the population and hence small businesses have been viewed as important in even and equitable economic development.

Since independence, Kenya's economy has experienced a number of cycles of growth followed by down turns and stagnation. Immediately after independence, 1964-1971, the economy registered a GDP growth of 6.5%. The oil shocks of the early 1970's, the collapse of E.A community and other external factors caused a market slowdown in growth in this decade. The "coffee-boom" induced growth in 1976 and 1977. The economy stabilized in the 1980's with GDP growth of 5%, except in the 1984 drought year. However, in 1989, growth started to decline as a result of poor weather, regional conflicts and an influx of refugees, a global recession that lowered demand for Kenyan's traditional export, coupled with short term dislocation caused by structural adjustment and in adequate macro-economic management and political uncertainty. Since independence, the government has been spending substantial amounts of money to implement policies and programmes aimed at building institutions and promoting the small-scale enterprises. The informal sector has the human resource capacity capable of generating products both for local and exports market.

One of the greatest challenges facing Kenya is the creation of productive employment opportunities for its rapidly increasing workforce. The small-scale industry and the private sector have greatly assisted in the employment of a majority of Kenyans who have not been able to be absorbed in government and NGO's. This small-scale sector must be fostered to continue to expand and grow, for it is expected that more jobs will be created in this sector. Recent years have demonstrated the dynamism of small-scale and jua kali enterprises in creating employment and providing attractively priced products. It also provides an essential
training ground for developing the entrepreneurial skills that are essential to Kenya's industrialization.

In Kenya, government efforts towards promotion of small-scale businesses as a mean of strengthening the economy is highlighted in sessional paper No. 1 of 1986 on 'Economic Management for Renewed Growth' and sessional paper No. 2 of 1992 on 'Small-scale and Jua kalia Development in Kenya'. Other contributions apart from employment creation include:

- Contribute significantly to the economy especially rural trade and production centers, in terms of output of foods and services.
- Contribute significantly to a more equitable distribution of income by creating jobs at relatively low-level capital inputs.
- Contribute significant training ground for future industrialists' mainly skilled and semi-skilled workers.
- Contribute to the increased participation of indigenous Kenyan in the economic activities of the country.
- Offers the entrepreneur opportunities to take moderate risk while getting to know and understand the product and factor markets.
- Contribute significantly to national output through linkages with high volume large firms in sub-contracting activities.
- Small firms absorb the redundant labor from large firms during recessionary periods. The laid off workers seek self-employment or employment in smaller firms which tend to survive in these hard times. They therefore act as scavengers of the large firms.
- Socially, small enterprises have been seen as vehicles for social mobility.
- In rural setups, small enterprises provide a base for balances relations between the rural areas and the rest of the society and the government. They act as information
channels. This implies that the extinction of the small enterprises will severely affect the economy.

It is with these very important roles of the small-scale enterprises in the economy that the researcher found it ideal to investigate the factors affecting performance of these businesses at different stages of growth in Mumias division of Western province.

LIQUOR BUSINESS IN MUMIAS DIVISION

Liquor business has always been present from the ancient times. In the Bible, Jesus made wine from water (John 2:7-9) at Cana in Galilee during a wedding miraculously. In Mumias division consumption of alcohol has been in existence for decades. This is in line with Sher, K.J (1999) who indicated that drinking makes an individual relaxed and more sociable. However its history of origin in the division is not very clear.

1.2 STATEMENT OF THE PROBLEM

The small scale and micro enterprises have a significant role to play in a developing nation like Kenya. However majority of these enterprises continue to fail while the rest have remained relatively stagnant for a long time (Muchai ,1999). According to Keough (2002), more than 50 percent of small scale business owners fight an uphill battle from the start and fail in the first five years. This is common scenario for Kenyan small scale businesses, as most of them stagnant at same level of existence for a long time without much improvement.

A business enterprise goes through a predictable sequence of stages (Hanks and Watson, 1993). The enterprises therefore face different opportunities and challenges if and when they progress from one stage to another hence get affected in their performances.

In Mumias division performance of small scale enterprises is low with slow expansion rate since the year 2004 (DDC, Butere-Mumias report, 2005). The low performance of the liquor enterprises is affected by factors such as lack of access to capital, lack of training, poor
management practices, Low technological skills and impact of social learning. In addition
competitions from unlicenced local brewers pose a big threat to the survival of these
enterprises and this affects job opportunity creation. This is against Government strategy on
job creation of 500,000 jobs per year. It is against this background that the research was
carried out to identify the factors affecting performance of small scale enterprises at different
stages of development.

1.3 PURPOSE OF THE STUDY

The study investigated the factors affecting performance of small scale enterprises with a
view to identifying possible solutions. This will benefit the liquor owners in running their
businesses and also contribute to Job creation in line with government policy.

1.4 OBJECTIVES OF THE STUDY

1.4.1 GENERAL OBJECTIVE

To investigate the factors affecting performance of licensed retail liquor enterprises at
different phases of development with a view to identifying possible solutions.

1.4.2 SPECIFIC OBJECTIVES

1. To identify the factors affecting performance of licensed retail liquor enterprises at
different phases of development.

2. To establish the extent these factors affects performance of licensed retail liquor
enterprises at different phases of development.

3. To identify the possible solutions towards performance improvement for licensed
retail liquor enterprises at different phases of development.
1.5 RESEARCH QUESTIONS

1. What are the factors affecting performance of licensed retail liquor enterprises at different phases of development?
2. To what extent do these factors affect performance of licensed retail liquor enterprises at each phase of development?
3. What are the possible solutions towards performance improvement for licensed retail liquor enterprises at different phase of development?

1.6 JUSTIFICATION OF THE STUDY

One of the strategies for the NARC Government (2002-2007) was to improve the economy through creation of 500,000 jobs per year for its inhabitants. This would only be realized through promotion of small-scale enterprises. Licensed retail liquor outlets as one of the small-scale enterprises are avenues for job creation in Mumias division. Good performance of these enterprises is therefore very critical in the current era of competitors from local brewers hence need for re-assessment of their performance. This made the research necessary and vital.

1.7 SIGNIFICANCE OF THE STUDY

This study was expected to provide a database for an improved programme to the Small-Scale Enterprises by revealing the gaps that exists between what the enterprise businesses knows and what they ought to know.

It shall therefore be of benefit to the owners/managers of licensed retail liquor Enterprises, prospective entrepreneurs, the Government in fulfilling its commitment towards securing the 500000 jobs to her inhabitants per year. The study will also benefit the ministry of trade and industry, Science and Technology and NGO’s dealing directly with promotion and development of Small-Scale Enterprises in Kenya. Lastly, this study will provide information
to scholars, researchers and students of both entrepreneurship development and business studies in Kenya and other countries around the world in developing a deeper understanding of the factors affecting performance of Small-Scale Enterprises at different phases of development.

1.8 ASSUMPTION OF THE STUDY

The study assumed that:

1. The time lapse during the data collection from the various businessmen / women would not significantly affect the results of the study. Any marked variations between the observations will only be attributed to a much longer period of time.

2. The owners/ managers of the licensed retail liquor outlets are aware of the factors affecting their businesses and would voluntarily give adequate information.

3. The study assumed that small scale Enterprises have a great potential to contribute greatly to both regional and national economic development through a positive innovations and creativity towards better business promotion.

1.9 LIMITATIONS OF THE STUDY

1. Lack of enough time due to pressure of work at workplace limited the extent of coverage of this study. Therefore the study was limited to active markets.

2. The study was self-sponsored. This was quite taxing to the researcher who was paying for the children fees as well. Therefore I was not be able to meet all the budgetary requirements and hence requested friends and sponsors to assist in boosting up the budget.

3. Inaccessibility of roads i.e. most small businesses are within the sugar zone where most roads were inaccessible due to damage by sugar cane transport tractors. Therefore the researcher used available means of transport to access difficult markets.
1.10 SCOPE OF THE STUDY

The study took place in Mumias division of Mumias district and targeted owners or managers of small-scale businesses operating under licensed retail liquor outlets.

(Appendix 2).

Mumias division is one of the administrative areas in Butere-Mumias District. The inhabitants of the Division are Wanga people, a sub-group of the Luhyas. These form the majority although there are other ethnic groups as well. The division lies entirely within the sugar cane zone. It covers an area of 231.2 Km square. It is located approximately between latitudes 0° and 0° 30’N and between longitudes 34° E and 35°E. The altitude is about 1314M above sea level with a population density of 629 people per Kilometre square. This high population density is attributed to its urban status and the presence of Mumias Sugar Company Ltd as a macro industry.

This division was taken as a case study because of the foregoing factors, and due to the fact that it is the most active division within the District, comprising of company manager’s and employees, various middlemen, sugar transporters, cane cutters, cane transporters and numerous businesses etc. All these constitute customers for the retail liquor outlets. In addition it has excellent communication networks as compared to the other divisions.
CHAPTER 2

2.0 REVIEW OF LITERATURE

This chapter reviews literature related to characteristics of small-scale enterprises and the constraints to their growth. It also reviews literature related to various factors contributing to decline of small-scale enterprises in Kenya.

2.1 THE CHARACTERISTICS OF SMALL ENTERPRISES

The characteristics of small-scale enterprises are still sketchy. This is because of the different ways in which small-scale business has been defined from country to country all over the world. However, basically, according to the 1999 National baseline survey and other prior studies of 1993 and 1994, a small proportion of small enterprises employ 11-50 people. The small enterprises incorporate firms in both the formal and informal sectors.

The informal sector are characterised by ease of entry, small scale of activity, self employment with a high proportion of family labour, little capital and equipment, labour intensive technologies, low skills, low level of organised markets, informal credit, education and training or services and amenities, cheap provision of goods services, low productivity and low incomes. The formal small scale enterprises are similar in characteristics to those found in the industrialized economies to the extent that they are skill intensive, conform to regulations, use high levels of human capital and are integrated into the structures of the formal economy.
2.2 FACTORS INFLUENCING PERFORMANCE OF SMALL ENTERPRISES IN KENYA

Despite the fact that small-scale enterprises play a major role in development and economic growth of any country, they are faced with various challenges, which inhibit their growth as would be expected. These include;

2.2.1 The Domestic Policy Environment

This is the main external impediment to the growth of small enterprises. It can be divided into macro-economic environment, incentive policies and institutions. The combination of the macro-economic instability, distorted incentives and weak institutions creates a difficult external environment for the small enterprises. Internal constraints include limited access to finance, low management skills, poor infrastructure, limited access to market and market information, low technological skills and adoption as well as some gender issues.

The effects of the macro-economic environment include instability characterized by high inflation rate, current account deficits and policy uncertainty. The incentive policy include trade liberalization which has increased competition at home and this is detrimental to enterprises especially those in textile industries. Incentives geared to promoting competitiveness in world markets but providing some protection for infant industries, building up indigenous capabilities seems to be the most effective combination. The institutional policies on the other hand include the cost of registering business, the need to use external accountants to satisfy regulatory requirements and the time spent dealing with disputes with regulatory agencies can be more expensive per unit of production for small enterprises. The tendency of small operators to congregate in the dense markets and overcrowded cities makes them prey to city authorities in the effort to clear congestion and pollution. Policies that provide a central location where micro-enterprises can share facilities are totally lacking in Kenya. Such policies should entail developing programme of orderly
urban development that accommodates the needs of micro enterprises and discourage dispersal to remote areas, as this will retard its growth e.g. a case of hawkers in Nairobi and the city council authorities.

Unfortunately, for Kenya micro-enterprises, there are indications of instability of property rights, which undermines the effectiveness of contracts. In their study on evaluation of the mechanisms for creating property rights for informal firms in Nairobi, Kimenyi et.al (1999) showed that the vulnerability of the informal sector property rights to revocation makes law a critical threat and veto print that could be used by extortionist’s officials to levy taxes on informal enterprises. All these must be addressed because very little can be achieved through general promotion of small enterprises.

2.2.2 The Internal factors:


The formal financial institutions perceive the high risks and transaction costs as impediments to lending to small entrepreneurs. These institutions have not been sensitized about the potential roles of small and medium enterprises in the economy. The banking laws and regulations do not currently differentiate the market segments served by micro-finance institutions. There has been also no significant lending from the banks’ to the small entrepreneurs. So far micro finance institutions give small loans for short period of time with high interest rates and this cannot enable micro enterprises to invest fully. Secondly, micro business lack collaterals such as cars or land titles that can be deposited to get loans from the traditional commercial banks. All in all for micro enterprises to adopt or develop technologies in a developing country like Kenya, they require capital however limited it may be. As observed by Snyder,’ do not think that you can get a million-shilling start-up loan for business. Even with 1000 shillings, you can start small, small (Snyder, 2000).
To encourage the micro finance institution to respond to needs of micro enterprises as far as capital is concerned, there is need to implement the policy on micro and small-scale enterprises such as Deposit-taking micro finance bill which if enacted would provide the micro finance institutions with savings for expanding their outreach by allowing these institutions to take deposits and hence have a stronger capital base for lending.

Criteria on which banks make lending decisions to small businesses.

It is evident however that banks do indeed face various problems in providing credit to small-scale businesses. For instance, banks do not share in the profits of a small business and therefore it is not prudent to expect them to share in their losses. Second, bad debts are very expensive to follow up and this makes commercial banks to be averse in lending to small-scale businesses. Furthermore, small firms are too prone to failure and banks do not want to lose their money (Lucy, 2005).

Although commercial banks tend to limit their lending to working capital needs of going concerns, some initial capital do come from this source. Most banks use acronym ‘CAMPARI’ as a framework for making lending decisions for small enterprises (Burns, 2001). ‘CAMPARI’ stand for Character, Ability, Management, Purpose, Amount, Repayment and Insurance. In character, the business track record of the owner and their personal credit history is analyzed. The banks also look at the management ability and the owners’ financial and business base of the enterprises. Other valuable information includes the purpose of taking the loan and the repayment method and the security in place.

With these limitations the small enterprises are not access to various credit facilities offered by the micro finance enterprises and even to other sources of business finance such as customer capital where by some customers are source of finance by providing a certain percentage of the total cost to the entrepreneur as a down payment at the time an order is made, trade credits where credits are extended by suppliers inform of inventory. Thus, lack
of capital is an obstacle to mechanization and efficiency improvement. This in turn lead to low productivity, low revenues and where they are paid, low wages. As a result, workers tend to ignore health, safety and other environmental measures. Obstacles to obtaining formal credit can be overcome if government realizes the importance of these businesses and institute favorable policies for these enterprises.

**ii). The influence of low management skills on performance.**

Brush and Hisrich (1991) found that business skills and particularly strengths in generating ideas and dealing with people were important in establishing a business. Relatedly, there is a growing body of research examining the effects of planning on performance, finding that strategic planning has a significant, positive association with performance in small firms (Schwenk & Shrader, 1993).

Lack of effective management during the early stages is a major cause of business decline for small businesses. Owners tend to manage these businesses themselves as a measure of reducing operational costs, Tushabome-Kazooba (2006). It is prudent for small enterprises to establish a sound internal management decisions to conserve cash for financing their business. This could include leasing equipment rather than buying it, developing a sound accounts receivable policy, establishing credit terms that encourage customers to pay in cash and ensuring that customers pay on time, Lucy (2005).

Types of skills required by the owners/manager of small enterprises for effective management as observed by Katz (1974) include;

**Planning skills** – This involve being able to think ahead for the enterprise by forecasting future environmental trends affecting the enterprise, stating the enterprise objectives and choosing strategies that will help in attaining these objectives with respect to future trends and setting up performance yardstick for monitoring the implementation of these strategies.
Organising skills – This specifies who will achieve what and how it will be achieved. It include the ability to analyse and describe various enterprise jobs, ability to select, train and induct people in jobs, ability to draw working links such as define authority and span of control amongst people and ability to change these working links whenever there are changes in the environment or technology or strategy of the business.

Leadership skills – Leading people requires that the leader must understand the values, personality, perception and attitudes of these people. Thus, the management skill of leadership reflects the ability to influence others by understanding the leader’s own abilities and his/her impact on others. This skill is therefore based on the interaction between the leader, behaviour and situation in which it is applied.

Controlling skills – The skill of controlling consists of actions and decisions which the owners and managers of the enterprises undertake to ensure that the actual results are consistent with desired results.

Decision-making skills – A manager’s effectiveness lies in making good and timely decisions.

Katz also asserts that managers should equip themselves with these skills for effective performance of their enterprises and employ Technical, Human, and Conceptual skills in their management for growth. According to Robert et al (1998), any shortfall in management skills among small business owners and managers could affect there growth hence need for training.

iii). Influence of lack of training on performance

It is widely acknowledged that the development of countries industrial capabilities requires investment in human capital. With the growing pace of technological change, the spread of information technologies, and intensifying competitive pressures, the need for specific skills has become more demanding. While general industrial development in the past required simply improving the basic educational system and encouraging in firm training, the
emerging competitive setting calls for greater emphasis on high-level specialized training to meet industry’s needs. Small enterprises are highly labour intensive and because of this, the effective management of human resources is critical to their success. However, academics and management specialists in general have neglected the issue of training in the small business sector. The small enterprise therefore lacks skills on planning, budgeting and so on. Training and development programmes are therefore necessary for improving the quality of work of the employees particularly in a world of fast changing technology, changing values and environment. Thyra and Steel (1987), in their study for training and business development services for small businesses observed that inadequate skills, technology, support services and infrastructure are important constraint on the growth and productivity of micro and small scale enterprises and that the potential demand for such services is substantial in order to increase enterprise incomes and expansion capabilities. Benefits accrued from a well trained staff are diverse to the better of the enterprise and these includes:

- Reduction in waste and spoilage, machine breakage and maintenance costs
- Improvement in methods of work, production rate and also quality of products.
- Reduction in learning time, supervisory time and accident rate.
- Improvement of morale, efficiency, productivity and reduction in grievances.
- Reduction in manpower obsolescence and improvement of personal skill and growth.

Graig et al (2006) also found that business training is a necessary environmental tool that will promote small business expansion and success. However some training and skills are achieved on the job, often while the individual is an employee in a co – ethnic or family members’ business (Hans 2005).

iv). Influence of Low technological skills and adoption on performance

Technology plays an important role in the transformation of enterprises’ activities. It improves productivity, production, and profitability. However this is not the case for the
small enterprises as there is lack of favourable policies for technology acquisition by these enterprises. There is also lack of awareness in the role of technology in enhancing the growth of small enterprises as well as recognition of technology as an issue in poverty alleviation. According to Kabecha (2005) there are serious shortcomings in technology management and there are no systems for promoting good innovations and information exchange among entrepreneurs and other stakeholders. Inter-firm linkages are therefore paramount if Kenyan firms are to benefit from increased decentralization and downsizing in global arena. The policy imperative is therefore to create environments and incentives for the formation of industrial structures rich in linkages such as formation of clusters between small and large enterprises.

Technology choice has important implications for growth and productivity in enterprises and its use is always tied to an objective. Moustafa (1990) asserted that effective choice is based on preselected criteria for technology's meeting specified needs. He found that firms would select the most suitable or "appropriate" technology in its circumstances. This is also in agreement with Stewart (1987), who assert that entrepreneurs should decide at the enterprise level which technology to adopt since various factors influence choice of technology such as objective of the firm, the resources available, the nature of the market, and their knowledge of technical and managerial skills to choose, adapt, and effectively use technology. Literature indicates that small-scale enterprises face unique constraints that hinder the effective choice of technology. Many SSEs' owners or managers lack managerial training and experience. The typical owner or managers of small businesses develop their own approach to management, through a process of trial and error. As a result, their management style is likely to be more intuitive than analytical, more concerned with day-to-day operations than long-term issues, and more opportunistic than strategic in its concept (Hill 1987). Although this attitude is the key strength at the start-up stage of the enterprise because it provides the creativity needed, it may present problems when complex decisions have to be made. A
consequence of poor managerial ability is that SSE owners are ill prepared to face changes in the business environment and to plan appropriate changes in technology.

Lack of information is a key problem affecting SSEs' access to technology. Harper (1987) suggested that technologies used by SSEs' in developing countries may be inappropriate because their choice is based on insufficient information and ineffective evaluation. Neck and Nelson (1987) suggested that ignorance is a key constraint affecting the choice of technology by SSEs.' Further, level of education is relevant, as it may determine the entrepreneurs' access to information. Generally, the ability to read and write, exposure to a broader world, and training in the sciences enhance one's ability to understand, respond to, use, and control technologies (Anderson 1985).

Lack of access to credit by the SSEs' affects technology choice by limiting the number of alternatives that can be considered. Many SSEs' may use an inappropriate technology because it is the only one they can afford. In some cases, even where credit is available, the entrepreneur may lack freedom of choice because the lending conditions may force the purchase of heavy, immovable equipment that can serve as collateral for the loan. Another related problem affecting technology choice is the lack of suitable premises and other infrastructure.

The Government policy in place towards promotion of SSEs' has an important impact on technology decisions at the enterprise level. However, much as these policies may be in principle favour SSE growth in the long run, concern has been shown about the ability of the SSE sector to increase production and create more than 500000 jobs per year under conditions of declining demand (Henk et al. 1991). SSEs' are obviously incapable of sourcing, evaluating, and adapting technologies effectively. The government policy should, therefore, aim to develop these capabilities in SSEs' through supportive institutions. Policy can encourage the development of assistance programs to facilitate SSEs' access to resources, information, training, and technology. Further technologies should promote the
development of technologies appropriate for SSEs'. Although it is possible to develop policies designed to improve the circumstances of SSEs', it may be more feasible to support the development of technologies compatible with the SSEs’ circumstances. Policies should aim to encourage and promote the development of local technologies. Emphasis should be on the promotion of the licensed liquor enterprises to reduce upsurge of local brew industry. SSEs’ are said to face a “liability of smallness.” Because of their size and resource limitations, they are unable to develop new technologies or to make vital changes in existing ones. Still, there is evidence that SSEs’ have the potential to initiate minor technological innovations to suit their circumstances. However, for SSEs’ to fully develop and use this potential, they need specific policy measures to ensure that technology services and infrastructure are provided. Further, research and development institutions that are publicly funded should be encouraged to target the technology needs of SSEs’ (Wangwe, 1993).

The problem of access to information may be attributed to the inadequacy of SSE support institutions. This point to the need for supportive policy to encourage the establishment of documentation centers and information networks to provide information to SSEs’ at an affordable price. Market characteristics significantly influence technology choice. Ngahu (1992) asserts that the government can facilitate the SSEs’ choice of technology by creating an environment that is conducive to fair competition. The crucial focus of policy should be an enabling environment for technology decisions at the enterprise level. There is a need to go beyond statements of policy objectives and to take specific and consistent measures to ensure that the policy objectives will be achieved. There is a need to address the overall policy framework to ensure that the policy instruments are consistent with key objectives (ATI 1987). In some cases, there appears to be an obvious contradiction between policy and implementation. Studies done by House et al (1991) indicated that growth of the micro enterprise sector is largely technology led. However, these industries themselves to not
generate their own technological spurt, that is, moving to higher echelons of technology but towards exhaustion of existing technological capacity. Therefore a policy environment that encourages direct investment is an important strategy for acquiring market information, technology and management skills.

2.3 POSSIBLE INTERVENTIONS MEASURES.

In spite of the fact that small-scale enterprises in a developing country like Kenya faces the above challenges and problems in its growths, they play a vital and important role in promoting social, political and economic well being of Kenya. Although over 50% of all new businesses fail during their first three years of existence (Oluoch, 2005), self-employment continues to rank high as a career choice.

As a beef up, the Government has gone a long way in helping and encouraging these sectors of the economy to develop. These include;

i) Offering financial and Credit facilities

A number of government agencies have been set up to provide financial credit and educational support to small-scale businesses. These agencies include Kenya Finance Corporation (KFC), Kenya Industrial estate (KIE), Industrial and Commercial Development Corporation (ICDC), Constituency Development Fund (CDF), Local Banks, various NGO’s e.g. Kenya Women Finance Trust (KWFT), Faulu Africa etc.

ii) Providing a comprehensive management development

The government has provided an enabling environment for various organizations to provide training and consultancy to small-scale enterprises, through District Development plans. This includes strategic planning, quality control and others.

iii) Developing markets and marketing opportunities

The government has put in place policies, which encourage or allow accessibility to markets by MSE’s. For example, export promotion division in the ministry of trade and industry
ensures that overseas markets are actively searched for and information disseminated to small scale enterprises through District Development Committee in consultation with small business associations. Other areas where market opportunities are realized for small-scale enterprises include trade fairs and exhibitions at both local and foreign level.

iv) Technology upgrading

The government through its appropriate institutions has arranged for provision of more information on technology i.e. Kenya industrial research Institute (KIRDI), technology centers in the four public universities for supporting small business sector. With an enabling environment, several NGO’s have instituted programs on training and demonstration centers for small-scale enterprises with the help of UNIDO, Aprotech Gatsby, and Charitable Trust etc.

2.4 EMPIRICAL RESEARCH ON SMALL SCALE ENTERPRISES

Some studies have been done on related topics in line with HIV and small-scale enterprises Muchai (1999), investigated on the causes of failure and ways of improving performance of small-scale dairy enterprises in Kenya. He found various causes amongst; lack of training, family sizes, lack of formal education, poor management practices, lack of capital, unfavourable government policy on SME’s, low quality products, and inadequate support from macro industries. The researcher indents to focus on some of these factors with reference to licensed retail liquor enterprises in Mumias division.

Studies done by Nkondi (2005) on micro and small-scale enterprises at Gikomba market in Nairobi centred on impact of HIV/AIDS on enterprise management. The research showed that AIDS was killing productive people within the economy hence bringing hardships to their families and other dependants. Most endangered people were found to be in the age bracket of 15 – 49 years. These people do exist in small and medium enterprises as owners, managers or employees.
Studies done by Dennis et al (1991) showed that unlikely western countries, most developing economies like Kenya have a small percentage of their labour forces in large scale manufacturing and a large share engaged in small scale enterprises. Small-scale enterprises have therefore been the primary sources of labour absorption in cities in developing countries and will continue to play a crucial role in the future.

Oluoch (2005), in her module “Entrepreneurship and small scale businesses” observed that despite the good intentions of the policy initiatives, very little has been done to implement these policies that would enable the small and micro enterprises improve the performance through improvement of their technological status.
2.5 CONCEPTUAL FRAMEWORK

Figure 1: Conceptual Framework.

Lack of capital
(Leads to low purchase power)

Poor management practices
(Lead to low sales and reduced profits)

Lack of training
(Leads to increase manpower obsolescence)

Low technological skills
(Leads to low market information awareness)

Performance of licensed retail liquor enterprise at different phases of development

Independent Variables

Dependent Variable

Source: Researcher (2006)

The research was based on the above conceptual framework.
CHAPTER 3

3.0 RESEARCH METHODOLOGY
This chapter covers research design, target population, sampling design, sampling technique, reliability and validity, data collection and analytical techniques used in measuring the data collected from the respondents, and finally the ethical consideration employed during data collection.

3.1 RESEARCH DESIGN
Descriptive survey was used in carrying out the research. This is because the study deals with relationship between variables and the phenomena / situations or events. This is in conformity with what Ochola et. al (2002), Saunders et al (2003) and Nkondi (2005), who have indicated that the objective of using descriptive study is to provide accurate information on the phenomenon being investigated.

3.2 TARGET POPULATION
The study targeted licensed retail liquor businesses. A census was carried out on these businesses in Mumias division. The business owners or their managers formed the population of 30 enterprises in seven markets (Table 1)
The population was grouped into years of existence under development stages as follows:
Introductory phase; <=1\textsuperscript{st} year of operation, Growth phase; 2\textsuperscript{nd} to 5\textsuperscript{th} of operation, Maturity phase; 6\textsuperscript{th} to 10\textsuperscript{th} year of operation, Decline phase; over 10\textsuperscript{th} year of operation.
Table 1: Target population

<table>
<thead>
<tr>
<th>Markets</th>
<th>Target population (N)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mumias Town</td>
<td>10</td>
</tr>
<tr>
<td>Shibale</td>
<td>5</td>
</tr>
<tr>
<td>Ekero</td>
<td>4</td>
</tr>
<tr>
<td>Shianda</td>
<td>4</td>
</tr>
<tr>
<td>Lukoye</td>
<td>3</td>
</tr>
<tr>
<td>Mayoni</td>
<td>2</td>
</tr>
<tr>
<td>Mwitoti</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>30</strong></td>
</tr>
</tbody>
</table>


A visit was made to the trade licensing office, Mumias Municipal Council to identify the businesses in Mumias division. All the estimated population of 30 licensed retail liquor outlets businesses within accessible markets in the division were censured. A total of 30 respondents were interviewed. This involved either the owner or the manager for each enterprise.
3.3 RESEARCH INSTRUMENTS
A well-structured questionnaire and oral interview were used to collect the primary data. Use of multi-instruments in data collection enhanced data collection and credibility of the results by the researcher (Saunders et al, 2003).

3.3.1 RELIABILITY OF INSTRUMENT
The reliability of the instrument was determined using test-retest technique through a pilot test for correction purpose and adjustments. The researcher carried out a pilot test administered to at least 4 other respondents in a neighbouring market of Harambee and Malaha with an aim of adjusting the questionnaire. The questions were carefully designed to ensure that significant information required for the study was elicited from the subjects.

3.4 DATA COLLECTION PROCEDURE
Data was collected by interviewing licensed retail liquor outlets owners or managers. The researcher gave the respondents' a self administered questionnaire himself or through his research assistant. The respondents was given a maximum period of two weeks within which they handed in the completed questionnaire. The researcher collected the instruments and helped where a respondent found difficult to answer the questionnaire. Confidentially of the information was enhanced.

3.5 DATA ANALYSIS AND PRESENTATION
Standard procedure with descriptive statistics was used as main approaches in data analysis. This is in line with Saunders et.al (2003) who indicates that procedures of data analysis should involve data reduction, data display, drawing and verifying conclusions.
In this study, data was checked for accuracy and consistency of entry, spot checks was formed to ensure integrity of the data was observed. The data was processed and analyzed
using available standardized statistical analysis techniques e.g. Statistical Package for Social Sciences with the help of a statistician.

3.6 ETHICAL CONSIDERATION

The researcher first introduced himself officially and friendly to the respondents as a sign of courtesy; described the nature and purpose of the study and how he intended to conduct the interview. This was prior to handing over the questionnaire or engaging in an interview with the respondents. This enabled the respondents to be honest and free in giving the needed information to the advantage of the researcher.
CHAPTER 4
DISCUSSION OF FINDINGS

4.0 OVERVIEW

This chapter presents the data analysis, the interpretations and the main findings of the research. The first section reports the respondents’ background information in terms of gender, age, marital status, education and the business development phases and other details. The second presentation covers the analysis factors affecting performance of licensed retail liquor enterprises at different phases of development which includes lack of capital, poor management practices, and lack of training and low technological skills. The last part, discusses the main findings of the research.

4.1 BACKGROUND INFORMATION ON RESPONDENTS

A total of 30 business people had been identified to form the research population. The figure represents 100%. In total 30 respondents participated in answering the questionnaire and handed them over to the researcher through the research assistant.

4.1.1 Gender

In the research 27 males representing 90% and 3 females representing 10% participated in the research. This translates into a ratio of 1:9 which shows that the majority of these kinds of business owners are men and few women are in the business (Table 4.1.1)

Table 4.1.1: Distribution of Respondents by gender.

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percent %</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>27</td>
<td>90</td>
<td>90</td>
</tr>
<tr>
<td>Female</td>
<td>3</td>
<td>10</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Researcher (2007)
4.1.2 Age

The research revealed that people with 18-25 years representing 3.3%, 26-35 years representing 63.3% and 36-45 years representing 33.3% are involved in the business. This implies young people do not like the business followed by senior citizens (Table 4.1.2).

Table 4.1.2: Distribution of Respondents by age

<table>
<thead>
<tr>
<th>Age (years)</th>
<th>Frequency</th>
<th>Percent %</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-25</td>
<td>1</td>
<td>3.3</td>
<td>3.3</td>
</tr>
<tr>
<td>26-35</td>
<td>19</td>
<td>63.3</td>
<td>66.7</td>
</tr>
<tr>
<td>36-45</td>
<td>10</td>
<td>33.3</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Researcher (2007)

4.1.3 Marital Status

The research revealed that single people operating this kind of business were 10 representing 33.3%, Married (monogamous) 16 representing 53.3% and married (polygamous) 4 representing 13.3%. This implies that majority of operation are married people (Table 4.1.3).

Table 4.1.3: Distribution of respondents by marital status

<table>
<thead>
<tr>
<th>Marital status</th>
<th>Frequency</th>
<th>Percent %</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>10</td>
<td>33.3</td>
<td>33.3</td>
</tr>
<tr>
<td>Married (monogamous)</td>
<td>16</td>
<td>53.3</td>
<td>86.7</td>
</tr>
<tr>
<td>Married (polygamous)</td>
<td>4</td>
<td>13.3</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Researcher (2007)
4.1.4 Education level

The research revealed that 2 respondents representing 6.7%, had primary education, 16 representing 53.3% had secondary education, 11 representing 36.7% had college education. This shows that the majority of the operators have secondary education (Table 4.1.4)

**Table 4.1.4: Distribution of respondents by education level**

<table>
<thead>
<tr>
<th>Education level</th>
<th>Frequency</th>
<th>Percent %</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>2</td>
<td>6.7</td>
<td>6.7</td>
</tr>
<tr>
<td>Secondary</td>
<td>16</td>
<td>53.3</td>
<td>60</td>
</tr>
<tr>
<td>College</td>
<td>11</td>
<td>36.7</td>
<td>96.7</td>
</tr>
<tr>
<td>Others</td>
<td>1</td>
<td>3.3</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>


4.2 BUSINESS DETAILS

4.2.1 Business Location

The research revealed that 11 businesses are located in shibale representing 36.7%, 9 in Mumias town representing 30%, 4 in shianda with 13.3%, 2 in Mayoni with 6.7%. This implies that more businesses are located in Shibale and Mumias town with 66.7%. This is because of proximity to Mumias Sugar Co Ltd (Table 4.2.1). Most business owners cited main reasons for their location as being centrally located (46.7%) and less competition (36.7%).
Table 4.2.1: Business Location

<table>
<thead>
<tr>
<th>Place</th>
<th>Frequency</th>
<th>Percent %</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shibale</td>
<td>11</td>
<td>36.7</td>
<td>36.7</td>
</tr>
<tr>
<td>Mumias town</td>
<td>9</td>
<td>30</td>
<td>66.7</td>
</tr>
<tr>
<td>Shianda</td>
<td>4</td>
<td>13.3</td>
<td>80</td>
</tr>
<tr>
<td>Mayoni</td>
<td>2</td>
<td>6.7</td>
<td>86.7</td>
</tr>
<tr>
<td>Others</td>
<td>4</td>
<td>13.3</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>100</strong></td>
<td><strong>-</strong></td>
</tr>
</tbody>
</table>

Source: Researcher (2007)

4.2.2 Business ownership

The research revealed that 20 representing 66.7% are on sole proprietorship and 10 representing 33.3% are in partnership (Table 4.2.2). This implies that the majority of business operators prefer sole proprietorship as opposed to partnership so as to minimize conflicts.

Table 4.2.2: Distribution by ownership

<table>
<thead>
<tr>
<th>Ownership</th>
<th>Frequency</th>
<th>Percent %</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sole Proprietorship</td>
<td>20</td>
<td>66.7</td>
<td>66.7</td>
</tr>
<tr>
<td>Partnership</td>
<td>10</td>
<td>33.3</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>30</strong></td>
<td><strong>100</strong></td>
<td><strong>-</strong></td>
</tr>
</tbody>
</table>

Source: Researcher (2007)

4.2.3 Business growth phases

The research revealed that 7 businesses representing 23.3% are in introductory phase, 20 businesses representing 66.7% are in growth phase of development, 2 businesses representing 6.7% are under maturing phase (Table 4.2.3). This implies that most of these enterprises (90%) are still growing.
Table 4.2.3: Distribution by development phases

<table>
<thead>
<tr>
<th>Development phase</th>
<th>Frequency</th>
<th>Percent %</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction (&lt; 1 yr)</td>
<td>7</td>
<td>23.3</td>
<td>23.3</td>
</tr>
<tr>
<td>Growth (1 - 5 yrs)</td>
<td>20</td>
<td>66.7</td>
<td>90</td>
</tr>
<tr>
<td>Maturity (6 – 10 yrs)</td>
<td>2</td>
<td>6.7</td>
<td>96.7</td>
</tr>
<tr>
<td>Decline/ Revival (&gt; 10 yrs)</td>
<td>1</td>
<td>3.3</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Researcher (2007)

4.3 CAPITAL AND RETURNS

4.3.1 Initial capital

The research revealed that 3 people representing 10% had less than Ksh. 20000, 8 (26.7%) had Ksh 21000 – 50000, 10 (33.3%) had over Ksh 100000. This shows that the starting capital of majority of the people (owners) was over Ksh 21000 (Table 4.3.1). The capital required for this particular business seems high and hence does not agree with Snyder (2000) who indicated that even with Ksh 1000 one can start a business.

Table 4.3.1: Initial capital investment.

<table>
<thead>
<tr>
<th>Amount (Ksh)</th>
<th>Frequency</th>
<th>Percent %</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>=&lt; 20000</td>
<td>3</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>21000 – 50000</td>
<td>8</td>
<td>26.7</td>
<td>36.7</td>
</tr>
<tr>
<td>51000 – 100000</td>
<td>10</td>
<td>33.3</td>
<td>70</td>
</tr>
<tr>
<td>&gt; 100000</td>
<td>9</td>
<td>30</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Researcher (2007)
4.3.2 Experience in Business

The result showed that 7 representing 23.3% had experience of less than 1 year, 20 with 66.7% between 1 – 5 years, 2 with 6.7% between 6 – 10 years (Table 4.3.2). This implies that majority of the operators have experience of less than 5 years which is in agreement with Tushabomwe- Kazooba (2006) who indicated that most businesses fail in the first 5 years. Most of the businesses operate for 9 – 12 hours a day.

Table 4.3.2: Distribution of Respondents by experience

<table>
<thead>
<tr>
<th>Years</th>
<th>Frequency</th>
<th>Percent %</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>=&lt; 1</td>
<td>7</td>
<td>23.3</td>
<td>23.3</td>
</tr>
<tr>
<td>1 – 5</td>
<td>20</td>
<td>66.7</td>
<td>90.3</td>
</tr>
<tr>
<td>6 – 10</td>
<td>2</td>
<td>6.7</td>
<td>96.7</td>
</tr>
<tr>
<td>&gt; 10</td>
<td>1</td>
<td>3.3</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Researcher (2007)

4.3.3 Employees/workers

The research revealed that 5 representing 16.7% employ less than 5 workers, 18 representing 60% employ 6 – 10 workers, while 7 representing 23.3% employ 11 – 20 workers. This shows that majority of the business owners employ an average of 8 persons depicting small business enterprise. This is in agreement with the classification of small business in Kenya as one with less than 50 employees or workers (Table 4.3.3).

Table 4.3.3: Distribution of workers

<table>
<thead>
<tr>
<th>Number</th>
<th>Frequency</th>
<th>Percent %</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>=&lt; 5</td>
<td>5</td>
<td>16.7</td>
<td>16.7</td>
</tr>
<tr>
<td>6 -10</td>
<td>18</td>
<td>60</td>
<td>76.7</td>
</tr>
<tr>
<td>11 -20</td>
<td>7</td>
<td>23.3</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Researcher (2007)
4.3.4 Source of capital

The result showed that 18 (60%) people got cooperative loans, 12 people (40%) got from others such as from saving from sugarcane production (Table 4.3.4). This implies that the majority rely on debt sources of finance more than equity sources of finance.

Table 4.3.4: Sources of capital

<table>
<thead>
<tr>
<th>Source</th>
<th>Frequency</th>
<th>Percent %</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cooperative Loans</td>
<td>18</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>Others</td>
<td>12</td>
<td>40</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Researcher (2007)

4.3.5 Capital Accessibility

The research revealed that 18 (60%) people had difficult in accessing the sources of capital while 12 (40%) it was easy to access (Table 4.3.5). This could be attributed to the criteria on which loans are accessed from banks and cooperatives. Most banks use acronym “CAMPARI” in their lending which is in agreement with Burns(2001) but unfavourable to most business people in the small sector.

Table 4.3.5 Capital Accessibility

<table>
<thead>
<tr>
<th>Accessibility</th>
<th>Frequency</th>
<th>Percent %</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Difficult</td>
<td>18</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>Easy</td>
<td>12</td>
<td>40</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Researcher (2007)

4.3.6 Customers and Returns

4.3.6.1 Customers

The research revealed that 6 representing 20% are Mumias Sugar Company employees, 13 representing 43.3% are business men/women while 11 representing 36.7% are cane farmers
(Table 4.3.6.1). This implies that the majorities of the customers comprise of business men/women and cane farmers. This answers another pertained issue as to why majority of cane farmers are languishing in poverty.

Table 4.3.6.1: Distribution of customers

<table>
<thead>
<tr>
<th>Source of Customers</th>
<th>Frequency</th>
<th>Percent %</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sugar Company employees</td>
<td>6</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Business men/women</td>
<td>13</td>
<td>43.3</td>
<td>43.3</td>
</tr>
<tr>
<td>Cane farmers</td>
<td>11</td>
<td>36.7</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Researcher (2007)

4.3.6.2 Returns

The results revealed that 11 (36.7%) had their profit per month of Ksh 1000 – 5000, 12 people (40.0%) had profit between Ksh 6000 – 10000 per month, 5 people (16.7%) had profit between Ksh 11000 – 20000, while 2 (6.7%) had their profit over Ksh 21000 per month (Table 4.3.6.2). This implies that majority have profit between Ksh 6000 -10000.

Table 4.3.6.2 Returns distribution

<table>
<thead>
<tr>
<th>Profit per month (Ksh)</th>
<th>Frequency</th>
<th>Percent %</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1000 - 5000</td>
<td>11</td>
<td>36.7</td>
<td>36.7</td>
</tr>
<tr>
<td>6000 - 10000</td>
<td>12</td>
<td>40</td>
<td>76.7</td>
</tr>
<tr>
<td>11000 - 20000</td>
<td>5</td>
<td>16.7</td>
<td>93.7</td>
</tr>
<tr>
<td>&gt;= 21000</td>
<td>2</td>
<td>6.7</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Researcher (2007)
4.4 Training

4.4.1 Personal Training

The research revealed that 8 people representing 26.7% had training on running the business while 21 people representing 70% had no training in running such businesses (Table 4.4.1). This shows that majority of the business owners are operating business without basic training which could likely account for the poor performance. This is in agreement with Graig et al (2006) who found that business training is a necessary environmental tool that will promote small business performance.

Table 4.4.1: Respondents distribution by Training

<table>
<thead>
<tr>
<th>Trained</th>
<th>Frequency</th>
<th>Percent %</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>8</td>
<td>26.7</td>
<td>26.7</td>
</tr>
<tr>
<td>No</td>
<td>21</td>
<td>70</td>
<td>96.7</td>
</tr>
<tr>
<td>Missing value</td>
<td>1</td>
<td>3.3</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Researcher (2007)

4.4.2 Training of Assistants

The result revealed that 11 representing 36.7% assistants are trained while 19 with 63.3% are not trained (Table 4.4.2). This implies that the majority of Assistants are not trained. This could also affect business performance.

Table 4.4.2: Distribution of Assistants by Training

<table>
<thead>
<tr>
<th>Trained</th>
<th>Frequency</th>
<th>Percent %</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>11</td>
<td>36.7</td>
<td>36.7</td>
</tr>
<tr>
<td>No</td>
<td>19</td>
<td>63.3</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Researcher (2007)
4.4.3 Training as necessity

The result showed that 27 (90%) people indicated that training is necessary in running such a business while 3 (10%) did not find training necessary (Table 4.4.3). This shows that the majority prefer training in order to be successful in business.

Table 4.4.3: Distribution of Training as Necessity

<table>
<thead>
<tr>
<th>Necessity</th>
<th>Frequency</th>
<th>Percent %</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>27</td>
<td>90</td>
<td>90</td>
</tr>
<tr>
<td>No</td>
<td>3</td>
<td>10</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Researcher (2007)

4.5 Technology and Management

4.5.1 Computer skills

The research revealed that 22 people representing 73.3% recognize computer technology as a way of improving their business while 8 representing 26.7% did not find it necessary (Table 4.5.1). This shows that the majority would like to own and use computer in managing their businesses even though they are limited due to shortcomings in technology management as asserted by Kabecha (2005) and Thyra et al (1987).

Table 4.5.1: Distribution by computer skills

<table>
<thead>
<tr>
<th>Computer Usage</th>
<th>Frequency</th>
<th>Percent %</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>22</td>
<td>23.3</td>
<td>73.3</td>
</tr>
<tr>
<td>No</td>
<td>8</td>
<td>26.7</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Researcher (2007)
4.5.2 Business plan

The result revealed that only 4 people (13.3%) had business plan while 26 (86.7%) did not have (Table 4.5.2). This implies that there is quite a lot of business operators who lack this vital tool in management of their businesses especially on planning, organizing, controlling and in decision making as observed by Katz (1974).

Table 4.5.2: Distribution by Business plan

<table>
<thead>
<tr>
<th>Business plan</th>
<th>Frequency</th>
<th>Percent %</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>4</td>
<td>13.3</td>
<td>13.3</td>
</tr>
<tr>
<td>No</td>
<td>26</td>
<td>86.7</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Researcher (2007)

4.6 External Factors Affecting Business

4.6.1 Performance factor

The research showed that 17 people (56.7%) indicated competition, 6 (20%) indicated political environment while 7 (23.3%) indicated high rental charges (Table 4.6.1). This implies that competition affects majority of the business operators and especially from the unlicensed liquor enterprises.

Table 4.6.1: Distribution by Performance factor

<table>
<thead>
<tr>
<th>Factor</th>
<th>Frequency</th>
<th>Percent %</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competition</td>
<td>17</td>
<td>56.7</td>
<td>56.7</td>
</tr>
<tr>
<td>Political Environment</td>
<td>6</td>
<td>20</td>
<td>76.7</td>
</tr>
<tr>
<td>High rental charges</td>
<td>7</td>
<td>23.3</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Researcher (2007)
CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.0 OVERVIEW

This chapter has been divided into three sections. The first section consists of a summary of the main findings which have been outlined. The second section presents some conclusions that have been drawn as a result of the discussion of the findings. The last section presents recommendation which if adopted will see improvement in performance of the licensed retail liquor enterprises.

5.1 SUMMARY OF THE MAIN FINDINGS

All the business interviewed operates a licensed liquor enterprise. However, the business is dominated by men (90%) against 10% women. The research findings found that the business is operated mainly by people within age bracket of 26 – 35 years old (63.3%) having ordinary secondary level of education and in sole proprietorship (66.7%). It was also found out that most these businesses are still in growing phase of development (90%).

The initial capital for most of the businesses was between Ksh 51000 – 100000 which amounts to 33.3% with most business people sourcing for loans mainly bank loans (60%) implying debt finance. However its accessibility was found to be difficult due to harsh regulations governing bank loaning such as depositing of Title deed of the plot. This lack of capital is another impediment to businesses especially in their early phases of development mainly introduction and growth stages.

Lack of business plan by most businesses (86.7%) was observed and this results in ineffective management as owners tend to manage their businesses themselves as a measure of reducing operational costs.
Lack of training is another impediment to enterprise performance. Results of the study indicated that most of the business people lack training especially the owners (70%) and their assistants (63.3%).

Computer technology is paramount in today's world. The results revealed that most business people of these enterprises lack basic computer skills. However 73.3% appreciated its importance in improving their performances.

Other than the foregoing factors the results showed that liquor enterprises is also affected by other factors such as competition (56.7%) from unlicensed brews, high rental charges (23.3%) and political environment (20%). All these have also impeded the performance of liquor enterprises.

5.2 CONCLUSION

Licensed retail liquor enterprises in the division operate in an environment of uncertainty especially during the introduction and growth phases of their development. Many of the owners and their managers lack adequate skills in managing their own enterprises effectively. This has resulted in low minimum returns of between Ksh 1000 – 5000 (43.3%).

Accessibility to capital is impeded due to the prevailing governing laws and regulations of the banking industry. Secondly, these small businesses lack collaterals such as cars or land titles that can be deposited to get loans from commercial banks. On the other hand, the loans provided by microfinance institutions are small, with short repayment period and high interest rates. This has affected performance of these enterprises.

Effective management is critical to success of any business entity especially. Proper planning, organizing, controlling and providing leadership in an enterprise is critical. However results revealed that most business lack business plan yet is a basic tool in management. This seriously affects enterprise performance.
Training is a Necessary tool in improving skills for workers in improving their performance in any enterprise. The results revealed that most people have no formal education in this kind of enterprises. This is likely to affect performance in terms of profitability and productivity of the liquor enterprise.

Computer technology is very critical in the present world as far as business operations are concerned. Its limitations affect business in terms of efficiency and effectiveness. Many people though computer illiterate, are aware and appreciate the usage of computer in their businesses.

5.3 RECOMMENDATIONS

In order for these enterprises to improve on their performance, critical actions needs to be adopted as outlined on factors below:

(i) Lack of capital

The owners of these enterprises should;

Make a budget and source for cheap loans from financial institutions.

Borrow more from friends and negotiate favourable credit facilities.

Merge with others that have similar businesses in order to pull resources.

Seek silent partners and Re-invest the profit made.

Respect money by making frank spending priorities.

Join microfinance institutions or saving and loan associations.

(ii) Poor management practices

Make a business plan indicating specific targets and cash flow forecasts and budgets.

Financial management should be emphasized.

Attend refresher course on business management skills.

Keep records of workers to help in evaluation.

Network with other people with similar businesses or at professional level.
(iii) Lack of Training

Know and understand existing skills needed.
Organize for in house training needs.
Visit other business owners and learn.

(iv) Low technological skills
learn computer basic skills.
Purchase low priced computers for their daily use.

Generally in order to improve on performance of licensed retail enterprise, the owners and their managers needs to carry out a SWOT analysis on their businesses. This will establish in depth the many other factors affecting their performance either originating from eternally or externally.

Further research on factors affecting performance of licensed retail liquor enterprises in Kenya at different phases of development is therefore recommended.
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APPENDIX 1: QUESTIONNAIRE A (BUSINESS OWNER/MANAGER)

Dear Respondent,
I am MBA student at Kenyatta University carrying out a study on performance of small scale enterprises within Mumias Division of Mumias District. The aim of this questionnaire is to gather some facts on licensed retail liquor outlets. The questionnaire is purely for academic purpose and any information given shall be treated with strict confidentiality. Tick where appropriate.
Thank you, Hebron Adoli.

A. BACKGROUND DETAILS

1. What is your gender? (Please Tick one)
   a) Male [ ]             b) Female [ ]

2. State your age in years? (Please Tick one)
   a) 18 –25 Years [ ]
   b) 26 –35 years [ ]
   c) 36- 45 years [ ]
   d) Over 45 years [ ]

3. How many children do you have? (Please Tick one)
   a) One [ ]
   b) Three [ ]
   c) Five [ ]
   d) Others [ ] specify ...........................................

4. State your education level? (Please Tick one)
   a) None [ ]
   b) Primary [ ]
   c) Secondary [ ]
   d) College / University [ ]
   e) Others [ ] Specify ............................................
5. Indicate your marital status? (Please Tick one)
   a) Single [ ]
   b) Married (Monogamous) [ ]
   c) Married (Polygamous) [ ]
   d) Others [ ] Specify

B. BUSINESS DETAILS

6. What is the name of business? ...........................................

7. State the location of the business? (Please Tick one)
   a) Mumias Town [ ]
   b) Shibale [ ]
   c) Mayoni [ ]
   d) Shianda [ ]
   e) Others [ ] Specify

8. Give reasons for location of business in the above market?
   -----------------------------------------------------------------
   -----------------------------------------------------------------

9. Give reasons for choice of this type of business?
   -----------------------------------------------------------------
   -----------------------------------------------------------------

10. State Business ownership? (Please Tick one)
    a) Sole proprietorship
    b) Partnership
    c) Any other, specify

11. How long have you operated this business? (Please Tick one)
    a) Less than 1 years [ ]
    b) 1 – 5 years [ ]
    c) 6 – 10 years [ ]
    d) Over 10 years [ ]
12. How long do you operate your business? (Please Tick one)
   a) 6 hours [ ]
   b) 8 hours [ ]
   c) 12 hours [ ]
   d) 24 hours [ ]
   Give reason for the above operation time? .................................................................

13. State the number of workers the business has? (Please Tick one)
   a) Less than 5 [ ]
   a) 6 - 10 [ ]
   b) 11 - 20 [ ]
   c) Over 20 [ ]

14. How much was your initial capital investment? (Please Tick one)
   a) Kshs. 20,000 [ ]
   b) Between Kshs 21,000 - 50,000 [ ]
   c) Between Kshs 51,000 - 100,000 [ ]
   d) Kshs 100,000 and above [ ]

15. State the Source of your initial capital?
   ~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~
   ~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~

16. Was there difficult in accessing the above source during the start-up stage?
   a) Yes [ ]  (b) No [ ]
   Explain briefly.................................................................
   ~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~

17. Do you have a business plan for your enterprise? (Please Tick one)
   Yes [ ]  No [ ]
   If yes what is the business vision and mission and objectives?
   Vision.................................................................
   ~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~
18. Who are your common customers? (Please tick at least three major ones).
   a. School and college students [ ]
   b. Teachers [ ]
   c. Sugar company employees [ ]
   d. Business men / women [ ]
   g) Government employees [ ]
   h) Cane farmers [ ]
   i) Bodaboda fellows [ ]
   j) Others specify ........................................

19. How much profit do you make per month on average since you started the business?
   (Please Tick one)
   a) Ksh 1000 - 5000
   b) Ksh 6000 - 10000
   c) Ksh 11000 - 20000
   d) Over Ksh 20000

20. How has been your profit trend over the years since you started this business? (Please tick where applicable)
   
<table>
<thead>
<tr>
<th></th>
<th>1st</th>
<th>2nd–5th yr</th>
<th>6th–10th yr</th>
<th>&gt;10th yr</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Upward trend</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>(b) Stagnant</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>(c) Downward trend</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
</tbody>
</table>

Briefly explain for your answer above (Q 20)........................................

.................................................................

.................................................................

.................................................................

49
21. How has been your sales trend over the years since start-up of the business? (Please tick where applicable)

<table>
<thead>
<tr>
<th></th>
<th>1st</th>
<th>2nd–5th yr</th>
<th>6th–10th yr</th>
<th>&gt;10th yr</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Increasing</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>(b) Stagnant</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>(c) Decreasing</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
</tbody>
</table>

Briefly explain your answer above (Q 21) ................................................................................................................
.................................................................................................................................................................

22. What could be the reasons for the above trend? (Please tick where appropriate)

<table>
<thead>
<tr>
<th></th>
<th>1st</th>
<th>2nd–5th yr</th>
<th>6th–10th yr</th>
<th>&gt;10th yr</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Low management skills</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>(b) Inadequate promotions</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>(c) High Pricing</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>(d) Quality of product</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>(e) Lack of capital</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>(f) Low technology skills</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>(g) Lack of staff training</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>(h) Family situations</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>(i) Other (specify)</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
</tbody>
</table>

23. What is your position in the business? (Please Tick one)
   a) Owner
   b) Manager
   c) Other, specify..............................................................................................................................................

24. Are you trained in running of such a business?.
   (a) Yes [ ] (b) No [ ]

Explain briefly....................................................................................................................................................
25. Who assists you in running the business in your absentia?

26. Is your assistant trained in running of such a business? (Please Tick one)
   (a) Yes [ ]
   (b) [ ]

Explain briefly .................................................................

27. How do you measure your success in the business? (Please Tick one)
   (a) Growth of business [ ]
   (b) Increased profits [ ]
   (c) Any other [ ] (specify)................................................

28. Do you consider yourself as successful in terms of profitability and growth? (Please tick one)
   a) Yes [ ]
   b) No [ ]

Briefly comment on your answer in Q28 above.
...........................................................................

C) MANAGEMENT PRACTICES.

29. How do you rate your performance in terms of business planning and control? (Please Tick one)
   a. Fair
   b. Moderate
   c. Good
   d. Poor
   e. Not sure

Explain briefly the above choice..........................................
...........................................................................
30. Have you ever attended any training on business management to improve on your competences? (Please tick one)
   (a). Yes [ ]  b) No [ ]
   Briefly comment on your answer above in Q30...........................................
   ................................................................................................
   ...............................................................................................

31. Is there any factors affecting your business performance other than those in Q21 above? (Please Tick where applicable)
   a. Competition [ ]
   b. Political environment [ ]
   c. High rental charges [ ]
   d. Other (specify) [ ].................................................................

32. Do you consider your business environment risky in line with factors in Q 21 above?
   a) Yes [ ]  b) No [ ]
   Give your comments? --------------------------------------------------------------
   ........................................................................................................

33. How do you rate your own skills on the following parameters as owner/Manager?
   (Please Tick where applicable)

<table>
<thead>
<tr>
<th>V good</th>
<th>good</th>
<th>fair</th>
<th>poor</th>
<th>v. poor</th>
</tr>
</thead>
</table>
   (a) Sales ability     [ ] | [ ] | [ ] | [ ] | [ ] |
   (b) Record keeping     [ ] | [ ] | [ ] | [ ] | [ ] |
   (c) Inventory control  [ ] | [ ] | [ ] | [ ] | [ ] |
   (d) Profit generation  [ ] | [ ] | [ ] | [ ] | [ ] |
   (e) Innovations and creativity [ ] | [ ] | [ ] | [ ] | [ ] |
   (f) Staff training and morale build-up [ ] | [ ] | [ ] | [ ] | [ ] |
   (g) Customer care      [ ] | [ ] | [ ] | [ ] | [ ] |
   (h) Technology skills  [ ] | [ ] | [ ] | [ ] | [ ] |
   (i) Finance management [ ] | [ ] | [ ] | [ ] | [ ] |
34. In your own view, do you think training is a necessary tool for improvement of any business such as yours?
   (a) Yes [ ]    (b) No [ ]

   Briefly explain your answer in Q 34 above .................................................................
   .................................................................................................................................

35. Is computer knowledge and its application a necessity for any business such as yours? (Please Tick where applicable)
   (a) Yes [ ]    (b) No [ ]

   Briefly explain your answer in Q 35 above .................................................................
   .................................................................................................................................

36. State major challenges facing your business performance in this liberalization era?

   (a) During 1st year of operation
   1) .................................................................................................................................
   2) .................................................................................................................................
   3) .................................................................................................................................

   (b) During 2nd to 5th year of operation
   1) .................................................................................................................................
   2) .................................................................................................................................
   3) .................................................................................................................................

   (c) During 6th to 10th year of operation
   1) .................................................................................................................................
   2) .................................................................................................................................
   3) .................................................................................................................................

   (d) From 10th year of operation to date
   1) .................................................................................................................................
   2) .................................................................................................................................
   3) .................................................................................................................................

Thank you and be blessed

53
APPENDIX 2: SAMPLE POPULATION LIST OF LICENCED RETAIL LIQUOR OUTLETS IN MUMIAS DIVISION

<table>
<thead>
<tr>
<th>No.</th>
<th>BUSINESS NAME</th>
<th>LOCATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Burudika Bar</td>
<td>Mumias Town</td>
</tr>
<tr>
<td>2.</td>
<td>Lulu bar</td>
<td>Mumias Town</td>
</tr>
<tr>
<td>3.</td>
<td>Silver Bar</td>
<td>Mumias Town</td>
</tr>
<tr>
<td>4.</td>
<td>Cheers Bar</td>
<td>Mumias Town</td>
</tr>
<tr>
<td>5.</td>
<td>Brakers Bar</td>
<td>Mumias Town</td>
</tr>
<tr>
<td>6.</td>
<td>Margaret Bar</td>
<td>Mumias Town</td>
</tr>
<tr>
<td>7.</td>
<td>Top ten</td>
<td>Mumias Town</td>
</tr>
<tr>
<td>8.</td>
<td>Santana</td>
<td>Mumias Town</td>
</tr>
<tr>
<td>9.</td>
<td>Neighbour Resort</td>
<td>Mumias Town</td>
</tr>
<tr>
<td>10.</td>
<td>Mapenzi bar</td>
<td>Mumias Town</td>
</tr>
<tr>
<td>11.</td>
<td>Bella Mambo</td>
<td>Lukoye market</td>
</tr>
<tr>
<td>12.</td>
<td>Three Wheels joint</td>
<td>Lukoye market</td>
</tr>
<tr>
<td>13.</td>
<td>Paradise bar</td>
<td>Lukoye market</td>
</tr>
<tr>
<td>14.</td>
<td>Red Park</td>
<td>Shibale market</td>
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<tr>
<td>15.</td>
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<td>Shibale market</td>
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<tr>
<td>16.</td>
<td>Florida</td>
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</tr>
<tr>
<td>17.</td>
<td>New Mteremuko</td>
<td>Shibale market</td>
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<td>18.</td>
<td>Old Mteremuko</td>
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<tr>
<td>19.</td>
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<tr>
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<td>Green view Resort</td>
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<td>21.</td>
<td>Tavern</td>
<td>Ekero</td>
</tr>
<tr>
<td>22.</td>
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<td>Ekero.</td>
</tr>
<tr>
<td>23.</td>
<td>Trinity</td>
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<tr>
<td>24.</td>
<td>Jamuhuru bar</td>
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<tr>
<td>25.</td>
<td>Roh mbaya</td>
<td>Mwitoti</td>
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<tr>
<td>26.</td>
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<tr>
<td>27.</td>
<td>Kona bar</td>
<td>Shianda</td>
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<tr>
<td>28.</td>
<td>Top joy</td>
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<tr>
<td>29.</td>
<td>Teachers</td>
<td>Shianda</td>
</tr>
<tr>
<td>30.</td>
<td>Whispering</td>
<td>Shianda</td>
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APPENDIX 3: PLAN AND SCHEDULE OF ACTIVITIES

a) Plan of Activity

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<thead>
<tr>
<th>Activity</th>
<th>Duration Weeks</th>
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<td>1 Pilot Study</td>
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<tr>
<td>2 Data collection</td>
<td>Two</td>
</tr>
<tr>
<td>3 Data coding</td>
<td>Three</td>
</tr>
<tr>
<td>4 Data analysis</td>
<td>Three</td>
</tr>
<tr>
<td>5 Report writing</td>
<td>Two</td>
</tr>
<tr>
<td>6 Report submission</td>
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b) Activity Schedule

<table>
<thead>
<tr>
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<th>Activity</th>
<th>SEPT 07</th>
<th>OCT 07</th>
<th>NOV 07</th>
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<tr>
<td>1</td>
<td>Pilot study</td>
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<td>4</td>
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<tr>
<td>2</td>
<td>Data Collection</td>
<td></td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>Data Coding</td>
<td></td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>Data Analysis</td>
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<td>4</td>
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</tr>
<tr>
<td>5</td>
<td>Report Writing</td>
<td></td>
<td></td>
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<tr>
<td>6</td>
<td>Report Submission</td>
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</table>
APPENDIX 4: MAP SHOWING LOCATION OF MUMIAS DIVISION IN KENYA

KEY
1 COAST
2 CENTRAL
3 EASTERN
4 NAIROBI
5 RIFT VALLEY
6 WESTERN
7 NYANZA
8 NORTH-EASTERN

Mumias Division