Effects of Road Construction on Business Performance among Restaurant Enterprises in Nairobi County, Kenya

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DECLARATION

I declare that this work has not been previously submitted and approved for the award of a degree by this or any other University. To the best of my knowledge and belief, this dissertation contains no material previously published or written by another person except where due reference is made in the thesis itself.

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ABSTRACT

Infrastructure development is critical for the economic growth of any country, more so as a supply-side growth catalyst. However, comparative reports by development partners indicate that Kenya, among other sub-Sahara African countries, has insufficient infrastructure relative to the rest of the world. As the continent embarks on major infrastructure projects to bridge this insufficiency, affected businesses are bound to experience varied effects on their performance. This study focused on road infrastructure and sought to determine its effects on business performance indicators using sales turnover as the key unit of analysis. Additional performance metrics, namely operational costs, profitability levels, variations in staff numbers and customer retention were also measured. This was against the key independent variable, namely road construction. Specifically, the study focused on four recently constructed road networks in Nairobi county namely Thika super highway, Southern bypass, Northern bypass and Eastern bypass. The business performance metrics were measured among restaurant enterprises using a sample of restaurant establishments along the four roads. The study adopted a cross-sectional survey design to gather data from restaurant owners and managers using a structured questionnaire. Both descriptive and inferential data analysis techniques were applied to achieve the objectives of the study. Findings reveal that most restaurant owners chose to establish their businesses close to major highways so as to capitalise on better access for their customers and as a link to faster and easier supply of inputs. In particular, restaurants operating along Thika highway and Northern bypass reported the highest improvement in customer growth, sales turnover and profits whereas those operating along Thika highway and Eastern bypass led in growth of employee establishment. However, market share had similar patterns of distribution regardless of business location of restaurants. Restaurants reported that the primary reason for setting up at their current location were proximity to target customers due to good road networks. The study established that there were a high proportion of new restaurants located along the bypasses and the highways that could be directly attributed to the development of the road networks. However, some restaurants experienced lower performance as was evidenced along the Southern bypass where exits were rerouted following construction. This study would help restaurant owners to make better business decisions on setting up their new businesses. Also, the study confirms that good road infrastructure is a catalyst to economic growth in Kenya's economy.

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ABBREVIATIONS AND ACRONYMS

AASHTO	American Association of State Highway and Transportation Officials
CDT	California Department of Transportation
KeNHA	Kenya National Highways Authority
KeRRA	Kenya Rural Roads Authority
KRB	Kenya Roads Board
KURA	Kenya Urban Roads Authority
KWS	Kenya Wildlife Service
MTP	Medium Term Plan
NEMA	National Environment Management Agency
PESTEL	Political, Economic, Social, Technological, Environmental and Legal
SDG	Sustainable Development Goal
SDGs	Sustainable Development Goals
SME	Small and Medium Enterprises
UNDP	United Nations Development Program

DEFINITION OF TERMS

Business performance: A set of managerial and analytical measures that enables the management of an organisation to gauge achievement against pre-selected metrics or goals

First mover advantage: Where an organisation is better off than its competitors as a result of being first to market with a new product, process or service.

Kenya Vision 2030: Kenya's development programme meant to span from 2008 to 2030. It was launched in June 2008 by then President Mwai Kibaki. Its objective was to transform Kenya into a middle-income country providing a high quality of life for all its citizens by 2030.

Medium Term Plan: This was the first in a series of successive five year plans set by the Kenyan govenrment in pursuit of attaining the Kenya Vision 2030

PESTEL framework: A categorisation of environmental influences into six main types: political, economic, social, technological, environmental and legal

SME: An abbreviation for small and medium entreprises which typically employ a set maximum number of people or have a set maximum turnover level as per the jurisdiction they operate in. The European Union, for example, recognises companies with less than 250 employees and an annual turnover not exceeding 50 million Euros. One description in Kenya is companies with a turnover of less than Kshs. 1 billion.

Stakeholders: Individuals or groups that depend on an organisation to fulfill their own goals and on whom, in turn, the organisation depends

Strategy: The long-term direction of an organisation

Sustainable development goals: Also known as the Global Goals for Sustainable Development, are a collection of 17 goals set by the United Nations and adopted by 193 countries worldwide

Three Pillars: Economic, Social and Political structures that expound on Kenya's Vision 2030

CHAPTER ONE: INTRODUCTION

1.1 Background

According to the World Bank (2016), transport drives economic development by connecting people to jobs, enabling supply of commodities and facilitating interaction among different people. It is estimated that by 2050, cities will have a population of 5.2 billion which will largely depend on road transport for attainment of Sustainable Development Goals (SDGs). Developing infrastructure has been found to be a powerful supply-side intervention that can pull struggling economies out of economic growth stagnation (World Bank, 2016).

While appreciating the massive network expansion of roads in Sub-Sahara Africa, the World Bank (2009) acknowledges much still needs to be done. Public infrastructure in most African countries increasingly lags behind those of poor countries in other regions partly due to Africa's difficult geography, but largely due to governments' and private sector under spending (World Bank, 2009). Kumar and Barret (2008) noted that with accelerating urbanization, Africa needs to better develop its infrastructure, particularly intra road networks.

Road infrastructure is one of the key components of economic development. Without good road development, movement in an economy is critically impeded resulting to curtailing of the transportation process of produce and other goods to the market (Wanjiku, 2014). Accordingly, these transport bottlenecks invariably hamper private sector participation in economic development.

Johnson et al., (2013) noted that a change in the business environment of an organisation bring about high levels of uncertainty and make it difficult to develop a single view of how such environmental influences might affect the organisation's strategies and operations. It is thus important to analyse specific changes so as to offer decision makers accurate data on how these changes affect performance. Road infrastructure represents a key external environmental factor, whose presence and state are likely to have considerable effects on the performance of businesses that it serves.

1.1.1 Road Networks in Kenya

Kenya has a road network establishment of 178,335 kilometres of which 61,936km are classified roads with 98,950km categorized as not classified. The Ministry of Roads manages and develops the road network through Kenya National Highways Authority (KeNHA), Kenya Rural Roads Authority (KeRRA), Kenya Urban Roads Authority (KURA) and Kenya Wildlife Service (KWS) (KRB, 2013). Kenyan roads are classified in a continuum of categories from A to E with Class A being International Trunk Roads, Class B being National Trunk Roads linking nationally important centres (provincial headquarters), Class C are primary roads linking important centres to each other (District headquarters), Class D are Secondary Roads linking divisional headquarters and Class E being minor roads. Categories "G", "L", "R", "S", "T" and "W" are Government Roads, Settlement Roads, Rural Access Roads, Sugar Roads, Tea Roads and Wheat Roads while Class U refers to all other unclassed public roads and streets. Appendix Table 1.1 shows the various classifications of roads in Kenya, entities responsible for maintenance and length of sections that are paved or unpaved.

Kenya is said to have constructed and maintained 12,000 km of rural roads between 1970's and early 1990's. The National Strategic Plan for the R2000 Program (2005-2010) set to routinely maintain 10,000 Km of paved roads; increasing routine maintenance of un-paved roads from 20,000 Km to 37,000 Km; spot improve 18,000 km of unpaved roads to maintainable standard; create 150,000 temporary jobs (35,000 full-time) annually and to train 1,250 active contractors. Despite all these efforts by respective regimes of the Kenya government, the road infrastructure is still inadequate in sufficiently facilitating investment decisions by the private investors (KRB, 2012).

1.1.2 Link between Road Construction and Business Performance

Eckerson, (2010) highlighted the importance of evaluating business performance for any organization by providing three key reasons. The first was to enable proper monitoring of critical business processes and activities. This was through metrics whose variations triggered alerts such as when performance falls below predefined targets. The second was analysis of root problems. This was through an exploration of relevant and timely information from multiple perspectives at various levels of detail. The third reason was to enable people and process management so as to improve decisions, optimize performance and steer the organization in the right direction.

According to Kaare (2012), infrastructure improvement may lead to significant efficiency gains to individual businesses. Improvements of roads leads to easier journeys, improved productivity, faster business premise accessibility, improved shipping and better on time delivery. These gains are always anticipated as they are the key elements to embark on road infrastructure improvements. Road construction plans should on the other hand recognize the fundamental links between mobility and other goals of society. Policies that support road infrastructure improvement may lead to considerable public interest since they are directly related to public expenditures.

Strategies that are related to improved road infrastructure should consider environmental effects, economics effects, technical and safety issues which are related to many actors in the economy. According to Haas, et al., (2009), road network systems need to be reliable and sustainable to support economic growth. Improved and reliable passenger and freight services strongly support business sustainability because transport is a key determinant of business performance and growth. Road infrastructure improvement policies in planning are cooperative processes laid out by the government or local agencies to enhance involvement by all stakeholders such as the general public, the business community, community groups, environmental organizations, the traveling public and freight operators through a proactive public participation process (Rodriguez, 2009; Litman, 2011)

1.2 Problem Statement

Development of transport facilities like road infrastructure plays a significant role in socio-economic transformation society through dynamic externalities that trigger increased private sector investment (World Bank, 2008). The hospitality sector is especially reliant on road infrastructure to enable customer and supplier access to various establishments.

The Government of Kenya has significantly increased its investment in road infrastructure over the past decade. The capital city Nairobi has experienced a massive upgrade of major roads leading into and out of its locality. This includes the upgrading of the major highways such as Thika Highway and construction of the Eastern, Northern as well as Southern bypass with the aim of creating a road perimeter surrounding the capital city. This trend seems to continue well into the near future with the commissioning of other roads such as the Western Bypass and the Jomo Kenyatta International Airport-Rironi road. These projects are bound to have a significant impact on the operational and investment decisions made by businesses located along them.

However, there is an inadequacy of empirical studies in the effect of such projects on individual businesses especially as can be measured using basic operational metrics such as sales turnover, profitability, operational costs and customer retention. Most studies such as Zott and Amit, (2008), Demil and Lecocq, (2010), focus on general strategy and its influence on business performance. This scarcity is more apparent when narrowing down to specific physical variables that have a direct and distinct influence on business performance. Changes in the physical environment of a business is one such variable. Mutua (2012) assessed the safety and health effects after road constructions, while Irandu (2013) assessed the environmental effects. Other studies have adopted a general approach on measurement of external influences on business. These include a study on the effects external factors on fast food businesses (Asdullah, 2015) and a study factors influencing growth of small scale restaurants (Nyoike, 2003)

1.3 Research Objectives

1.3.1 General Study Objective

The general objective is to establish the effect of road construction in Nairobi County, Kenya on business performance of restaurant enterprises.

1.3.2 Specific Study Objectives

i. To investigate patterns of business performance among restaurants located along different road construction projects
ii. To determine the relationship between road construction projects and business performance among restaurants
iii. To establish the influence of market access variables on business performance of restaurants

1.4 Research Questions

i. What are the patterns of business performance among restaurants located along different road construction projects?
ii. What is the relationship between road construction projects and business performance among restaurants?
iii. What is the influence of market access variables on business performance of restaurants?

1.5 Scope of the Study

The study focused on analysing the effect of road construction on the business performance of restaurant establishments located along four major roads, namely the Thika Highway, Southern bypass, Northern bypass and Eastern bypass within Nairobi County. The study specifically focused on class 'A' category of restaurants. Nyoike (2003) defines Class 'A' restaurants as those that have permanent licenses, permanent premises and only offer food and soft drinks. In relation to business performance, the study focused on sales turnover, operational costs, customer numbers, staff numbers and market share.

1.6 Significance of the Study

Kenya's Vision 2030 aims to transform the country into middle-income status by the year 2030 using infrastructure development as a basis of the three pillars of the blue print (Kenya Roads Board [KRB], 2013) By focusing on restaurant businesses operating along recently completed highways, this study provides a valuable contribution to theory and practice for current and prospective restaurant operators and even other businesses on how road construction affects performance at a micro level using metrics such as sales turnover, operational costs, customer numbers and market share. Drucker, (1998) notes that businesses should choose projects that show the best ratio between opportunity and risks. This, he argues, can only be possible with the right resource allocation information.

The findings are useful to other players who may be affected by transport infrastructure projects such as railways linking major towns in various parts of the country and the continent. A case in point is Kenya's standard gauge railway, which, as noted by Tamura (2017), represents the largest and most expensive infrastructure project ever undertaken by the Kenyan government. The lack of preceding projects of such magnitude and impact mean there is little empirical literature available locally. The results of this study can bridge this gap and thus mitigate potential pitfalls related to business performance metrics that are critical to their success. This study sought to provide such analysis by determining the relationship between road construction projects and restaurant business performance.

Hult, et al., (2008) noted that there is a sizeable body of business research devoted to building knowledge about the determinants of business performance in organizations.

However, they highlight that a key precursor to accurately diagnosing why some businesses succeed and others struggle is to properly capture key factors in their comparison. This study aimed to capture the multifaceted nature of its general objective by further analysing the influence of other market access variables and how road construction influenced their effect on business performance. These include customer demographics, distance to sources of labour and supplies, transport cost and location accessibility.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of theoretical and empirical literature. Theoretical literature focuses on the concept of business performance, performance theories such as Edward Freeman's Stakeholder Theory and Kurt Lewin's Organizational Change Theory. Empirical literature is divided into six sections, namely: studies on factors influencing business performance; strategic vs operational measurement; role of road construction in economic development; effect of road construction, socio-economic and market access factors; road network as a business strategy consideration and other factors influencing business performance in restaurant establishments. The chapter concludes with an outline of gaps in literature and a development of the conceptual framework.

2.2 Theoretical Literature Review

2.2.1 The Concept of Business Performance

Schendel & Hofer, (1979) gave a brief definition of performance as the time test of any strategy. Neely, (1999) argued that identifying the determinants of business performance is a topic in which progress, if not interest, seems to wax and wane over the years. Other authors such as Lawrence and Lorsch (1967), for example, have explored issues such as the relationship between the match between the business and the environment, and the effect of this on performance. Neely, (1999) summarized his argument by stating that identifying the determinants of business performance is the "holy grail" for the field. He further added that fortunately, or unfortunately for those who wished to continue expounding this field, progress on this question was limited to date.

Venkatraman & Ramanujam, (1986) noted that performance is a recurrent theme in most branches of management. They further noted that while prescriptions for improving and managing organizational performance are widely available, the academic community has been preoccupied with discussions and debates about issues of terminology, levels of analysis and conceptual bases for assessment of performance. As a remedy, they suggested that the study of business performance warranted close attention to specific conceptualization and measurement of key perspectives.

In the study approach, the authors chose to circumscribe the scope of their study by adopting one perspective, which, in their case was strategic management, and thereafter, focused on measurement issues. This study followed a similar approach by using the road construction perspective and studying its effects on business performance. By so doing the study addressed the aforementioned concerns by Neil (1999) by having a specific variable (road construction) against which business performance was measured. However, Cameron & Whetten, (1988) critiqued this approach by noting that this may lead to incompleteness of information due to the lack of inclusion of a wide selection of conceptual and definitional issues. However, they further added that a critical evaluation of specific measurements leads to an improved understanding of the underlying constructs.

Venkatraman & Ramanujam, (1986) put forth the premise that business performance is a subset of the overall concept of organizational effectiveness. Figure 2.1 describes the domain of business performance in terms of the scope of coverage in the concept's domain.

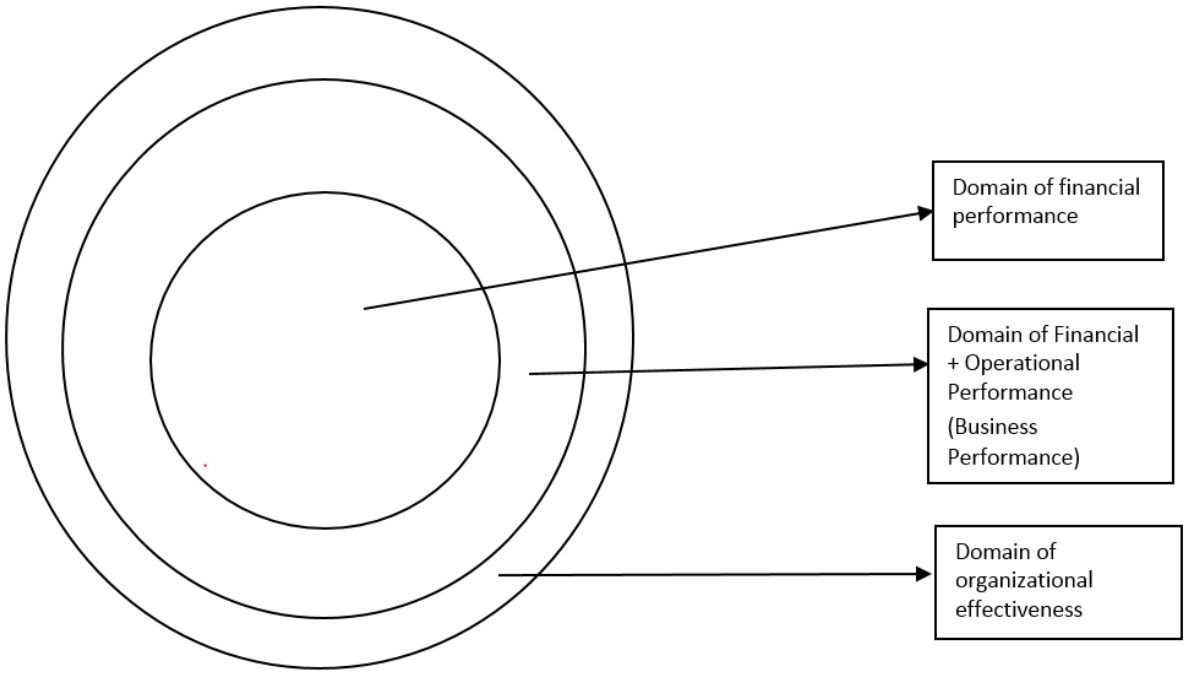

Figure 2.1. Circumscribing the domain of business performance. Source: Venkatraman & Ramanujam (1986)

According to the Venkatraman & Ramanujam, (1986), the diagram starts at the centre, which is the domain of financial performance. This domain centres on the use of outcome-based financial indicators that are assumed to reflect the fulfilment of the economic goals of the firm. Examples of typical indicators are sales growth, profitability and earnings per share. The next section is a broader conceptualization of business performance and lays more emphasis on indicators of operational or non-financial performance, over and above financial performance. These include market share, new product introduction, product quality, marketing effectiveness and market share position. The broader domain that follows is organizational effectiveness. This is a culmination of the other two domains and is expressed in most conceptual literature as strategic management and organizational theory. This study focused on the domain of financial and operational performance and studied the effects of road construction on indicators such as sales turnover, operational costs (financial performance), distance to suppliers, managerial skills, brand loyalty (operational performance).

2.2.2 The Theory of Performance

Elger, (2012), defines to perform as any activity that produces valued results. He put forth what he termed as the Theory of Performance which relates seven foundational concepts to form a framework that can be used to explain performance as well as performance improvements. The first concept is quality increases. This is where the results or products are more effective in meeting or exceeding the expectation of stakeholders. The second concept is cost decreases. This is where the amount of effort or financial resources to produce a result goes down, and consequently, the amount of waste goes down. The third concept is capability increases. This is increase in the ability to tackle more challenging performances or projects.

The fourth concept is capacity increases. This refers to the increase in ability to generate more throughput. The fifth concept is knowledge increases. This is attained through an increase in depth and breadth of knowledge. The sixth concept is skills increase, which entails abilities to set goals, persist and maintain a positive outlook. This concept also refers to an increase in breadth of application and in effectiveness. The seventh concept is Identity and Motivation increases. This is exhibited when individuals develop a greater sense of who they are as professionals, whereas for organizations, there is an identifiable development in their essence. Elger, (2002).

Figure 2.2 gives a diagrammatical description where the labels “Level 1,”, “Level 2,” et cetera are used to characterize effectiveness of performance.

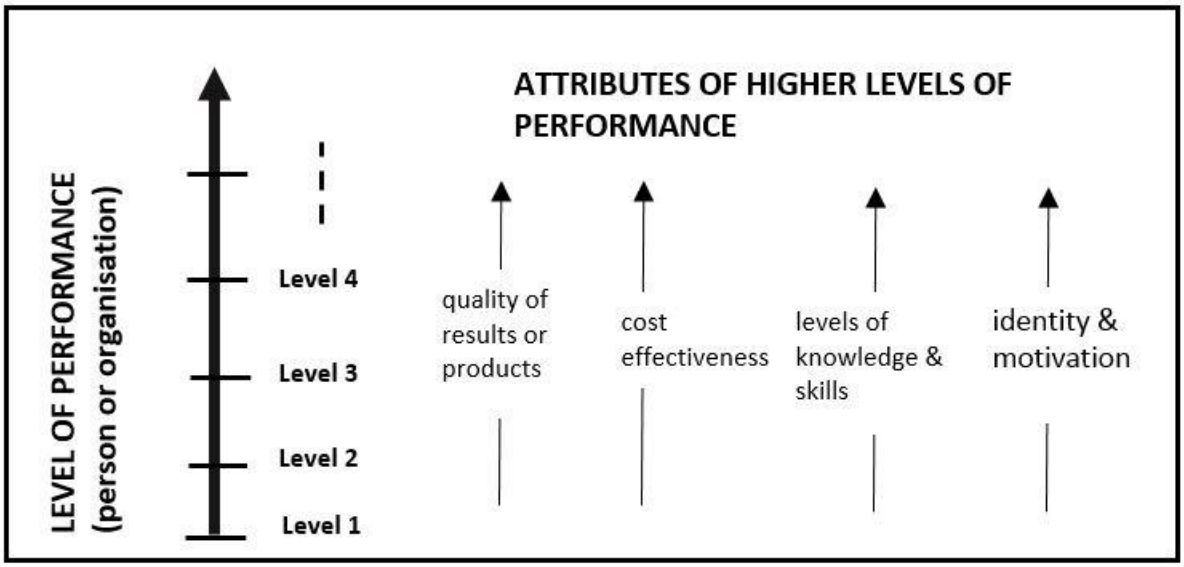

Figure 2.2 Theory of Performance. Source: Elger, (2012)

2.2.3 Road Construction as a PESTEL Environmental factor

Johnson et al., (2013) noted that the environment is what gives organisations their means of survival by creating opportunities while at the same time, presenting threats. Aguilar, (1967) is credited with inventing the PEST acronym, a structured method of analysis that assisted an organization’s future planning. Aguilar’s approach alerted the attention of managers to the importance of scanning the business environment and further contended that this has to be done in a systematic manner since changes in the environment can have dramatic effects on long-term success. Baines and Fill (2014) note that the PEST model was further extended to encompass the Legal and Ecological factors, thereafter attaining the PESTLE acronym. With regard to this study, changes emanating from road construction affect the physical environment of a business and have the potential to alter its performance. However, Jobber & Ellis, (2012) contend that such changes are in the macro environment and that businesses should then move a step further and focus on their micro environment so as to align their operations to such macro changes.

It is in the micro environment that greater impact can be proactively made. This, they argue, can be done by analysing opportunities in changes in market size, customers, competitors and suppliers.

Dibb, et al., (2005) describe environmental factors as uncontrollable forces such as politics, laws, regulations, and government directives. These forces generate a considerable amount of uncertainty for an organization through the changes they bring. However, they portend that a change in one or more of these environmental forces can create new opportunities for organizations that are willing to adapt or align to them. To do so, they suggest that a business needs to quickly identify how the incoming changes will affect existing and potential customers. The business then needs to estimate any change in purchasing potential or likelihood of ongoing loyalty. Finally, the business strategy to capture or retain these customers' needs to be laid out and executed in a manner that will ensure sustained positive growth (Dibb, et al., 2005). This study aimed to examine business performance is affected by road construction, which is an external macroenvironmental force.

2.2.4 Place Marketing

Kotler, Haider and Rein, (1993) argue that marketplace shifts and changes occur far faster than a community's capacity to react and respond. Buyers of the goods and services that a place can offer (i.e., businesses, tourists, investors, among others) have a decided advantage over place sellers (i.e., local communities, regions, and other places that seek economic growth). They further contend that the challenge of place marketing is to strengthen the capacity of its operators to adapt to any change that they face so as to satisfy the needs of their key constituents. This, they argue, can be done by designing the right mix of features and services; setting attractive incentives for current and potential buyers of their goods and services; delivering a place's products and services in an efficient and accessible way; and promoting the place's values and image so that potential users are fully aware of the place's distinctive advantages. This study sought to investigate patterns of business performance exhibited by restaurants located along different and recently constructed roads. The study analysed whether there are patterns that are unique to particular roads in terms of performance measures such as market share, brand loyalty and customer retention.

2.2.5 Stakeholder Theory

The Stakeholder Theory was put forward Edward Freeman in 1988. The theory is much broader than the shareholders theory put forward by Milton Friedman in 1970. According to Freeman (1988), stakeholders are individuals or groups who can provide crucial and necessary support to business entities, such as shareholders, employees, suppliers, customers, local community, environment, even the world community. In return, the stakeholders are entitled to benefits and risks realized by the firm or the company depending on their interaction with the firm or company. This theory postulates that business leaders have the mandate to balance all key players' interests with the stakeholder's interests. This means that a firm must show the necessity of social contracts not only the business contracts. This study investigated how restaurant owners adapted to road construction in terms the effects it had on employee numbers, supplier accessibility and customer dynamics such as retention and product uptake.

However, the major criticism on the stakeholder theory is that it does not lay emphasis on profitability of the business which is a key indicator of business performance and growth. But according to Friedman (1990) the ultimate objective of the stakeholders is the continuity of the business premise which must be achieved by respecting all the business players' interests. This includes even the shareholders whose focus is on profits. In this study, Stakeholder Theory can be seen as complementary to the concept put forth by Venkatraman & Ramanujam (1986) in their explanation of the concept of business performance. Both constructs touched on the importance of financial and operational measurements of performance in evaluating a business. This study's approach was anchored on road construction as the key variable upon which business performance was measured and consequently its dependence analysed.

2.2.6 Kurt Lewin Organizational Change Theory

Organizational change theory is credited to Kurt Lewin. According to Lewin (1947), there are three stages that accomplish a change process which he referred to as Unfreeze, Change and Freeze (or Refreeze). Many other modern change models are actually based on the 3-stage Lewin model. In explaining organizational change, the model explained how an organization transforms from its current state to a desired future state.

According to Cummings & Worley (2003), change in future is uncertain and it may concern people's competency, ability to cope with it, and worth, hence the management of an organization may not support change without some guarantee it will be beneficial to them. This study was based on the premise that road construction brought about the need for restaurants to unfreeze certain performance elements, change them, and refreeze by institutionalizing those changes. This process was studied by analysing the relationship between road construction projects and business performance metrics exhibited by restaurants as a result of changes brought about by the construction.

According to Moran & Brightman (2001) change can be defined as a process of continued renewal of an organization direction, structure and competence to administer the ever-dynamic needs of their internal and external clients. This process doesn't depend on the lifetime existence of business but occurs at any stage of development. To overcome resistance to changes in a business, the management must involve the employees as this is the most effective strategy in formulation and implementation of change. Their participation often leads to high quality change and prevalence to resistance is lowered. According to Cummings & Worley, (2003) business employees will share knowledge relating to the laid tasks and assignments, decisions making and performance outcomes, customer service, designing and implementing business plans, competition issues, technology improvements, new work methods and share skills and expertise in areas of specialization. Finally, leadership type is a key element in the process of change in an organization. Leaders should be transformative, inspirational, charismatic and intellectual and individualized in their consideration (Bass, 1985). This will help in stakeholder identification process which reduces the resistance to adoption of change. This study sought specific performance information from restaurant owners and managers and analysed responses in relation to the change lens brought about by road construction.

The Kurt Lewin's model (unfreezing, changing and refreezing) has widely been used in organizations and businesses for implementation of change. This involves transformation of the current state of a business to a desired state given the new conditions an organization is operating in. However, the organizational change must occur simultaneously. According to Beckhard and Harris (1987) there are three activities required for implementation of change; they include activity planning, commitment planning and change management structures.

The activity planning provides the guidelines to be followed in the process of change, and it comprises the events and specifics to be adhered to in the process. The commitment planning involves the identification of persons and groups whose commitment is needed in order to realize organizational change with the aim of getting their support. This stage identifies the uncertain, direction, and structure for managing change process which comprises the necessary requirements to promote change. This study aimed at obtaining results that would indicate the degree to which changes brought about by road construction were influential to the performance of restaurant establishments located along them.

Infrastructural development in countries like Kenya are occurring at a fast pace and therefore businesses or organizations must change quickly as well for their survival (Alvesson & Sveningsson, 2008). Pierce, Gardner & Dunham (2002) stated that certain organization variables must simultaneously follow the environmental change (say through road construction). Further, the study investigated the results after the implementation of the said stages since the internal and external environmental changes requires the business to restructure. The level of restructuring is bound to affect performance in different ways. This study sought to measure the net result of those changes by analysing using business performance metrics.

2.3 Empirical Literature Review

2.3.1 Studies on Factors Influencing Business Performance

Blackburn, (2013) presented a paper on the characteristics of business, strategy and owner-managers in relation to small business performance. The study aimed to contribute to the understanding of the factors that influence small to medium-sized enterprise (SME) performance and particularly, growth. An original data set of 360 SMEs employing 5 to 249 people was utilised where the researcher run logit regression models of employment growth, turnover growth and profitability. The results suggested that the size and age of enterprise dominated performance and were more important than strategy and the entrepreneurial characteristics of the owner. The study limitations were listed as the use of a single survey, using cross-sectional data only. This study was similar in the analysis of employment, turnover and profitability but differed in the use of broader performance measures such as customer metrics such as loyalty, retention and evaluation of customer expectations.

Evans, (2007) studied the impacts of information management on business performance. The study used an online survey to collect, analyse and interpret empirical results on the types of review and analysis approaches used by organizations in manufacturing, service, and education sectors and their relationships with business performance. The findings suggested that a significant gap exists in the sophistication of analysis methods between higher and lower performing organizations in terms of customer, financial, and market performance, and that better performance is associated with more mature and sophisticated approaches to performance analysis. This study borrowed a similar approach in its construct by studying the effects of a major variable (road construction) on business performance. The study differed by narrowing down to one sector, that is, the restaurant industry whereas Evans, (2007) took a broader approach by studying various sectors such as manufacturing and service industries.

2.3.2 Role of Road Construction in Economic Development

The ninth Sustainable Development Goal (SDG) acknowledges the importance of investment in infrastructure and innovation as a 'crucial driver of economic growth and development'. With over half the world population now living in cities, mass transport and renewable energy are becoming ever more important, as are the growth of new industries and information and communication technologies (World Bank, 2016).

The California Department of Transportation (CDT) (2010) notes that transportation investments should involve understanding the environment characteristics and the interests of key stakeholders. It denotes that transportation-related considerations including the need to improve safety, alleviate congestion, enhance mobility and accessibility, and increase reliability of transportation networks contribute to promotion of economic activity and bringing about economic development in a region.

Although motorists are the key targets of road construction initiatives, the impact of road construction may either be positive or negative. Businesses should be concerned about the level of these impacts to their businesses, during construction and the length and magnitude of the recovery period. This in return may lead to temporary loss of customers, revenue, and property value (Young, 2005).

Weisbrod and Beckwith, (1992) examined issues involved in measuring and evaluating economic development impacts of major highway investment, and application of those findings for investment decision-making.

The study focused on a proposed highway construction project that aimed to create a 200 mile four-lane highway across North-Central Wisconsin. A major motivation for considering the highway improvement was cited as the belief, promoted by community and business leaders, that a high-quality four-lane highway connecting cities across the corridor could significantly enhance economic growth in the region. The analysis process included an integrated set of simulation and forecasting models of the economy and the transportation network to evaluate potential impacts of the investment. The study demonstrated that road construction leads to transport improvement which yields economic efficiency benefits for businesses. These benefits include reduced product cost, improved product quality, enhanced product availability, stemming from changes in labour market access, cost of obtaining production inputs, and cost of supplying finished products to customers. For affected residents, benefits may include reduced costs for obtaining goods and services, increased income from selling goods and services to outsiders, and increased variety of work and recreational opportunities associated with greater locational accessibility. However, the study also showed that a full evaluation of economic development benefits can be complicated, requiring a set of separate analytic techniques for estimation of impacts on various businesses. This study sought to overcome such challenges by using a pre-set number of variables that were analysed to determine the level of performance of businesses affected by road construction.

A report by the American Association of State Highway and Transportation Officials (AASHTO) (2016) noted that when trips in a particular corridor are perceived as costly, perhaps due to long travel times or high accident rates, travellers sacrifice taking some trips in that corridor, and the economic activity associated with those trips is lost. Reducing user costs makes the cost of travel cheaper, and facilitates trip making and the accompanying economic activities

2.3.3 Effect of Road Construction on Socio-Economic and Market Access Factors

Road construction in Kenya has been associated with facilitation of delivery of farm produce to markets and easy access to social amenities (health, administrative offices, trading centres, financial institutions and security amenities) by the people. The overall direct and indirect benefits may include social income, employment and access to public transport among others. These benefits may be realized at different levels of the society either directly or indirectly (Lucas and Markovich, 2011).

The negative impacts of road transport construction on the society, economy and environment are often overshadowed by the positive impacts. For example, accessibility to better roads leads to increase in population and hence increased housing developments. Without proper planning, these benefits have negative impacts such as overpopulation which leads to congestion hence poor waste management practices and inadequate provision of social amenities (Kazungu, Mutisya and Sagwe, 2010; Wanjiku, 2014). Wanjiku (2014) further argued that increased investments owing to road transport improvements may lead to over-exploitation of resources hence environmental degradation.

Apart from infrastructure development, there are other economic, political, social and technological factors that may influence the administration factors of a restaurant business (Kazungu, Mutisya and Sagwe, 2010; Silva, 2013). A PESTEL analysis showed that various PESTEL factors have short run and long-term considerations for the business administration. For example, social factors such as consumers, competitors, suppliers, labour market, industry and financial resources. Technology may affect the business internal operations in that, new technology can be used to improve production, and it affects the skills requirements of workers and promotes safer working environments. New technology has changed how businesses market their product, determine pricing, placement and promotion. Silva (2013) recommends that business managers and owners closely monitor the external environment and establish short run and long-term strategies to respond to them. Silva (2013) further states that businesses have power to influence these factors while they have analysed them and determined them as either constantly changing, relative or vigorous environments.

2.3.4 Road Networks as a Business Performance Consideration

Iacono (2013) noted that new road investments in mature markets may be subject to the economist law of diminishing returns. This reference was hinged on the premise that there might be minimal or even retrogressive impact of road investments if the full impact of such projects is not thoroughly analysed, more so in developed jurisdictions. It is suggested that such public investments might be more beneficial in other sectors. This embellishes the need for broader evaluation of user and business benefits of road construction.

A study among business executives running companies listed in the Dow Jones showed that business executives who make location decisions, and economic development professionals involved in trying to attract businesses, rate highway issues prominently in the expansion and location decision making process of many firms. Highway access was among top three locational considerations for corporate headquarters, regional offices, research and development facilities, manufacturing plants and distribution centres (AASHTO, 2016).

Businesses gain access to new markets as well as operational efficiency when they are in close proximity to good transport arteries. Such firms may cluster near points of access to an inter-metropolitan transportation system. The retail businesses may share a customer base that values the convenience of shopping in a small geographic area due to the existence of good transportation infrastructure, (Boarnet,2000). Weisbrod (1992) further adds that highway improvements can extend the market area that businesses can serve, as well as the areas from which they can access suppliers. However, he asserts that the extent of such benefits depends critically on the relative locations of business buyers, suppliers and competitors. Weisbrod (1992) further states that, cost savings can mean lower product costs, which in turn can make local area businesses more competitive compared to their outside competition, and better able to expand to new markets.

A report by the California Department of Transportation (2010) argues that it is important to consider the full range of economic impacts, both positive and negative, that a transport project may cause. For example, an urban highway expansion may improve motorists' access and reduce their costs per vehicle-mile but improving access to a particular area can expose businesses to more competition (for example, if previously captive local customers can more easily access regional shopping centres), reducing business activity there.

A study on factors influencing growth of small scale restaurants in Nakuru, Kenya, found that geographical location is a key external factor. Majority of the restaurants were located near major highways, occupying strategic premises in shopping malls and petrol stations (Wanyoike 2014).

Theoretically, transport improvements decrease transportation costs, improve access to markets, foster economic integration, stimulate competition, and generate agglomeration economies and a number of other ‘wider’ economic benefits. For this reason, most economic growth and integration agendas propose transport improvements as an anchor strategy.

Similarly, businesses are attracted to improved transport systems to establish convenient locations thus ensuring accessibility of their products and services. This ease of accessibility to the product and service offering contributes significantly to positive customer perceptions and consequently increases the chances of growing business sales volumes, (Wairachu,2000).

The impact of a road construction near a business may include sending away customers in the short term. This may dent the cash flows of a business, in terms of its ability to meet financial obligations when they fall due. In its real estate newsletter release reports that business owners should be aware of road constructions in advance to allow time for contingency savings plan or reserves build-up to cushion the business cash flows.

Business location involves getting the right product to the target market's place through a market channel. A marketing channel is defined as sets of interdependent activities involved in the process of making a product or service available for use or consumers, (Stem &El-Ansary, 1996). The eight marketing P's include physical presence of a product or service as a critical component in making products available to customers, (Kotler, 1998). A business location in relation to its competition and target market influences the marketing channels adopted and the cost of marketing the product or service. This in turn affects the return on investment in marketing vs customer acquisition which are key indicators of business performance (Kotler, 1998).

2.3.5 Other Factors Influencing Business Performance in Restaurant Establishments

A study by Ryu and Zhong, (2012) suggested the importance of atmosphere in consumers' purchase decisions or service selection. Data analysis revealed that the physical environment of a restaurant may cognitively arouse customers to respond to menu selection. The study suggested that customers start to judge the restaurant consciously or unconsciously even before tasting the menu. If they perceive the physical environment to be of a quality dining area, they are likely to trust the quality of food in the restaurant. Then, their willingness to try unfamiliar food might increase. On the other hand, unfavourable perceptions of the quality of the physical environment for example dirty floors can unfavourably affect their willingness to try new tastes in the menu when they are uncertain about restaurant service and the quality of the food (Ryu and Zhong, 2012).

This study did not explore the impact of environmental challenges that are emanate from road construction activities such as noise, dust and fuel emissions on consumer behaviour in the restaurant and their perceptions about the quality of food.

Another study by Yang (2011) broke down the physical environmental factors into facility aesthetics, ambience, layout, lighting, table setting and service staff. The study suggested that despite the outward location of a business, the internal environment is also very instrumental in determining customers' behaviour in the restaurant. The study recommended that restaurant investors consider these factors as important as the external environment as the perceived quality of the physical environment affects customer's satisfaction. This study borrowed these physical environment variables with the attempt to establish to what extent these factors are affected by road construction activities and whether these factors affect the performance of the restaurant business.

A case study on the minimum employment wages for the fast food industry noted that fast food restaurants in New Jersey and Pennsylvania were subjected to different terms of employment due to varying external environment factors. The study reported that full-time workers in fast-food restaurants are typically older and higher skilled than part-time workers. While it is imaginable that a restaurants business location may influence its proximity to skilled and unskilled labour relative to surrounding communities and amenities such as schools, it has not been established to what extent this may influence the growth and performance of the restaurant business. The Card and Krueger (1994) study adopted a case study approach interviewing restaurant operators through the telephone. The authors acknowledged that the low response rates may have impacted the depth of the analysis. This research was conducted via a cross section study involving physical visits and issuing questionnaires to the respondents to achieve acceptable response rates.

O'Gorman (2001) explored the factors that determine the sustainability of growth in small and medium-sized enterprises (SMEs). The study's analysis of previous research had shown that SME growth was a consequence of the strategic choices of entrepreneurs or the structural characteristics of the external environment. O'Gorman sought to investigate the dynamic between the two explanations. The findings indicated that the first key managerial choice was "where to compete". This was followed by other key choices concerning "how to compete" and it was in the combination of these that sustained performance was found.

Additionally, the author noted that there may be circumstances when an innovative decision about "where to compete" endows the creative first mover with the opportunity to both drive performance and be the prime beneficiary of market growth. This study complemented O'Gorman's approach through its third objective where the researcher aimed at analysing the influence of market access variables on business performance of restaurants. The "where to compete" construct put forth by O'Gorman was encompassed by a focus on road construction whereas his study of differing dynamics was mirrored by the varying market access factors analysed in this study.

2.3.6 Gaps in Literature

The existing literature has demonstrated that road construction has a strong influence on external market factors such as increased market activity and economic profiles of the surrounding households at least in the urban and semi-urban areas. For instance, a pre-existing restaurant enterprise will be faced by a different external environment.

Whether the restaurant management has information about the road construction project is another factor but despite this the business has to respond to the change to thrive in its operations. However, limited information is available in Kenya to show the effect of road construction on restaurant business performance.

Consequently, it is not known to what extent the new environment presented by development of road infrastructure impacts actual business performance as well as what measures, strategies and plans managers should adopt to sustain and grow their business in this new environment.

2.4. Conceptual Framework

Mugenda (2008) defines a conceptual framework as a concise description of the phenomenon under study accompanied by a graphical or visual depiction of the major variables of the study. It is "a diagrammatical representation that shows the relationship between dependent variable and independent variables" while an intervening variable offers a more valid explanation of an association that is apparent in data (Saunders, Lewis, & Thornhill 2016).

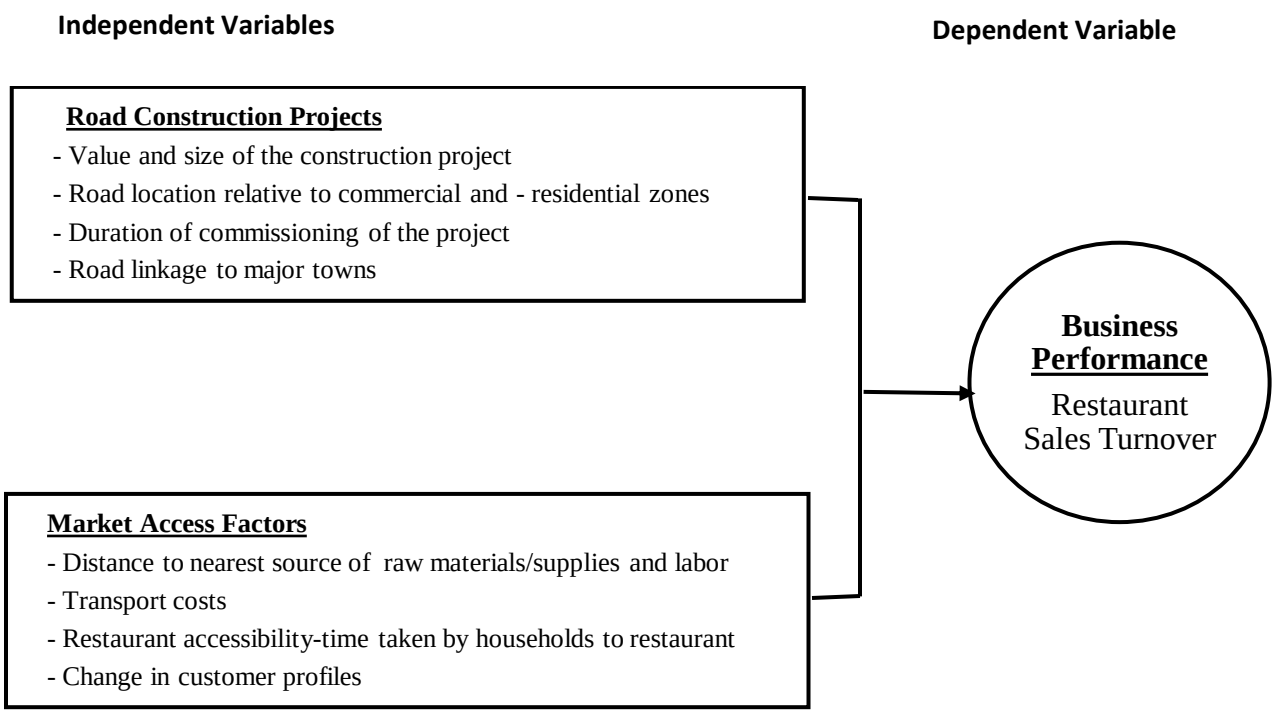

Figure 2.3: A Conceptual Framework on the Effect of Road Construction on Business Performance of Restaurants

From the conceptual framework (Figure 2.2), road construction is one of the independent variables influencing business performance of restaurant enterprises in Kenya. Road construction projects affect business performance of restaurant enterprises works alongside market access factors.

2.5 Operationalization and Measurement of Variables

Steers, (2017) argued that a meaningful way to understand the abstract idea of effectiveness is to consider how researchers have operationalized and measured the construct of their work. The table below describes measurement or variables per study objective in terms of data requirement, research instrument, respondent, measurement scale and data analysis techniques.

Table 2.1: Operationalization and Measurement of Variables

Objective	**Information needed Indicators**	**Data Collection Tool**	**Respondents**	**Analytical technique Statistics for hypothesis testing**
To investigate patterns of business performance among restaurants located on different road construction projects in Nairobi County	• Type of business • Years of operation • Size of the business • Business location • Distance to nearest highway • Competition • Distance to other amenities • Customers segment targeted • Sales turnover	• Questionnaire • Observation tool/check list	Restaurant business owners/managers	Descriptive - Measures of central tendency - Measures of dispersion - Mean differences Inferential - Cross tabulation Statistics - T-statistic - F-statistic - Chi-square
To determine the relationship between road construction projects and business performance among restaurants in Nairobi County	• Monetary value • Length in kilometres • Number of urban centres linked up • Sales turnover	Questionnaire	Restaurant business owners/managers	Techniques - Measures of central tendency - Correlation analytical technique and cross-tabulation (Chi-Square test – both parametric and non-parametric tests)
To determine the influence of market access variables on business performance of restaurants in Nairobi County	• Distance in KM to nearest source of raw materials/supplies and labour • Transport costs (% of total costs) • Restaurant accessibility – approximate time taken by households to restaurant • Customer demographic profiles	Questionnaire	Restaurant business owners/managers	- Correlation analysis

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research methodology used in the study. In particular, research design, target population, sampling procedure, sample size, data collection methods, data collection instruments and the data analysis techniques are discussed.

3.2 Research Design

A research design is a plan that describes how, when and where data are to be collected and analysed (Creswell, 2012). To achieve specific research objectives, a cross-sectional survey research design was used. In particular, the research adopted correlation and causal research designs in order to determine the nature of relationship between road construction variables and business performance. Causal research design was used to establish the influence of market access variables on business performance of restaurants and to investigate which road construction variables were critical to affecting business performance.

3.3 Population and Sampling

The target population was drawn from registered restaurants operating adjacent to Thika Highway, Eastern, Western and Southern by-passes. The sampling units were owners and/or managers of the restaurants. In their absence, persons of authority of the sampled restaurants were used as sampling units (supervisors). Non-probability sampling was used. In particular, Quota sampling was employed where a sample of restaurants from each of the highways was considered in selection of restaurants to be included in the survey.

3.3.1 Sample Size

A Fisher based formula as described below (Cochran, 1963; Gorstein, 2007) was applied to arrive at a sample size of 192 repondents to the quantitative tool. The design effect is 2, whereas the level of precision is 5%.

$$n = \frac{Z^2.\rho.q.D}{d^2} = \frac{(1.96)^2 x(0.5)x(0.5).2}{0.10^2} = 192$$

Whereby:

n =Sample Size

Z = 1.96 for 95% confidence level

ρ = the proportion of occurrence of phenomenon of interest (which is 0.5 where the figure is unknown)

q = The proportion of non-occurrence (which is 1-p =0.5)

D = Design effect (set at 2 for a nearly homogenous population)

d = Margin of uncertainty/error or level of significance (set to within ± 0.1or 10%)

3.4 Data Collection Methods

Primary data was gathered for the study using a structured questionnaire. The questionnaire had three main parts. The first part was used to gather general demographic information about restaurant businesses and business owners. The second part focused on business performance among restaurants while the third part focused on market access factors affecting restaurant enterprises. The questionnaires were administered by the researcher with assistance by trained interviewers and supervised by the researcher as per research objectives. The questionnaire comprised both closed and open-ended questions some of which are of Likert-scale type. Gall and Borg, (2003) noted that standardized questionnaires are extremely structured in terms of the wording of the questions. Participants are always asked identical questions, but the questions are worded so that responses are open-ended. The questionnaires were physically administered at the restaurants and took an average of twenty minutes. A sample of the questionnaires used is attached in Appendix 1.

3.5 Data Analysis Methods

Quantitative data was analysed using the Statistical Package for Social Sciences (SPSS) and STATA programs while qualitative data was analysed using a thematic approach. Analytical techniques included descriptive statistics and inferential statistics. Presentation of findings was done using frequencies, percentages and tables to give a comprehensive report of the research findings.

Objective 1 aimed to establish patterns of business performance among restaurants in Nairobi County by road construction projects. Data was gathered from restaurants located near major road construction projects. For each measure, respondents were asked to use recall to provide data for business growth indicators before the road projects initiated. Analytical techniques ranged from descriptive frequencies to analysis of variance (ANOVA: F-test) and comparison of means (paired sample t-test).

Objective 2 sought to determine the relationship between road construction projects and business performance among restaurants in Nairobi County. Data on size of projects such as monetary value, length in kilometres, number of urban centres linked up, and duration of construction since commissioning was gathered. Correlation method and cross-tabulation using Chi-Square test were applied to assess association between road construction variables and business growth.

Objective 3 sought to determine the influence of market access variables on business performance of restaurants in Nairobi County. Data gathered for this objective included distance in kilometres to nearest source of raw materials, supplies and labour, transport costs (as a percentage of total costs), restaurant accessibility (approximate time taken by households to restaurant), and customer demographic profiles.

3.6 Research Quality

3.6.1 Validity

Validity has been defined as the extent to which results obtained from analysis of the data actually represent the phenomenon being studied (Creswell and Clark, 2011; Johnson and Christensen 2014). Research tools were assessed and edited to ensure objectives are accurate (internal validity), results can be generalized from the sample (external validity) and that concepts are well understood by respondents (construct validity). Appropriateness of research design (statistical validity) was verified as well. This was done by guidance and scrutiny of research tools. For this purpose, a pilot study was conducted by use of random sampling of ten respondents from the targeted population. The researcher ensured that the sample chosen during piloting was not included in the sample chosen for the main study

3.6.2 Reliability

Reliability of a research instrument reports the degree to which an instrument yields the same results on repeated trials (Creswell and Clark, 2011). If a research instrument is reliable, then correlation between the two halves is at 0.7 or higher (Cronbach, 1951). A split-half Cronbach's reliability test was conducted on the structured questionnaire. This technique involved splitting the scaled questions into two halves and correlating them. Research instruments for this study were considered reliable upon attaining a calculated Cronbach's correlation coefficient of 0.947 (Appendix 3).

3.7 Ethical Considerations

Research ethics were observed during the entire study period. Before carrying out the research, clearance was sought from Strathmore Business School. Respondents participated voluntarily and before administering the questionnaire, the researcher sought informed consent. Anonymity and confidentiality was maintained throughout the research process to bolster objectivity in conducting the research. All articles cited in this document were also acknowledged.

CHAPTER FOUR: PRESENTATION OF RESEARCH FINDINGS

4.1 Introduction

This chapter provides a presentation of the findings of data collected from business enterprises to find out the effect of road construction in Nairobi County on business performance of restaurant enterprises. The chapter begins by providing a summary of the respondents' characteristics followed by a report of other findings with respect to the specific study objectives.

4.2 Questionnaire Response Rate

The total number of sample respondents to the study (managers and owners of restaurant enterprises) was 200. These were deemed adequate for the study. However, the completeness of questionnaires varied depending on the knowledge of the actual respondents and the depth of information they were willing to reveal about their business.

4.3 Respondent social demographic attributes

Table 4.1: Respondent gender

Gender	Frequency	Percentage
Male	123	61.5
Female	77	38.5
Total	**200**	**100%**

It was imperative to investigate the gender representation in the managers, owners and supervisors who were the key respondents to the questionnaires. Notably, of the total, 61.5% were male and 38.5% were female. This showed that majority of the restaurant industry is male dominated at a senior managerial or ownership level. This finding is supported by a study conducted by Kyalo, Gichira, Waititu and Ragui (2013), who noted that gender disparities in employment opportunities and economic investment patterns in Kenya are prevalent in many sectors of the economy. However, by filling 38.5% owner or manager positions, women can be said to be gaining ground on their male counterparts in the restaurant industry.

Table 4.2: Distribution of respondents by age

Age category	Frequency	Percentage
18-25 years	22	11.5
26-40 years	130	67.7
41-60 years	40	20.8
Total	**192**	**100%**

The findings indicate that the least number of respondents for this study lie in the age category of 18 to 25 years at 11.5%. Majority of the respondents are aged between 26 to 40 years at 67.7%, signifying a relatively youthful demographic. This finding is confirmed by a study conducted by Bowen, Morara and Mureithi (2009), which noted that majority of the managers and business owners in most micro and small enterprises fell within the 25-34 age bracket. Statistics provided by KNBS further support this finding through their report that indicates that the highest level of employability is between the age groups of 25 to 49 years at 87.8% (KNBS 2016).

Table 4.3: Distribution of respondents by level of education

Education	Frequency	Percentage
Primary	9	5.2
Secondary	54	31.2
Tertiary	54	31.2
University	56	32..4
Total	**173**	**100%**

The proportional distribution of respondents in this study was such that of those who answered the questionnaire, 5.2% had their academic qualification until primary school, 31.2% had achieved secondary education while the same percentage had attended a tertiary institution to acquire skills and expertise. Obtaining information on level of education was important because it signified the ability of the owner or manager to manage changes that would affect business performance such as those brought about by road construction. There were also graduate respondents who constitute 32.4% of the total respondents.

This finding is supported by a study conducted by Amutabi (2003), who noted that many graduates in Kenya are willing to accept positions in small businesses due to lack of enough opportunities in the corporate world.

Table 4.4: Distribution of respondents by years of experience in the restaurant industry

Experience years	Frequency	Percentage
less than 1 year	10	5.6
2-5 years	80	45.2
5-10 years	53	29.9
more than 10 years	34	19.2
Total	**177**	**100%**

The respondents were requested to share the years of experience in the restaurant business. This information aided in evaluating their understanding of how the restaurant industry operates increasing their viability as respondents. Of the 177 respondents who answered the question, 5.6% had less than one year of experience, 45.2% had two to five years of experience, 29.9% had five to ten years of experience and 19.2% had more than 10 years of experience.

Table 4.5: Distribution of respondents by the role in business

Role in business	Frequency	Percentage
Owner	31	15.9
Manager	81	41.8
Other	82	42.3
Total	**194**	**100%**

The distribution of respondents was such that of the 194 persons who responded to the question of their role in the business, 15.9% were the owners of the business, 41.8% were managers and 42.3% held senior positions such as supervisor in charge, while others were accountants. However, it is possible that there was duplication of roles since the owners could also be acting as the managers of the same establishment. The questionnaires failed to capture this disparity.

4.4 Analysis of Restaurants attributes

Findings indicated that majority of the restaurants have been in operation for two to three years 27.1%. The restaurants in operation for four to six years make up 25.0% of the respondents.18.6% of the restaurants had been in operation for one year or less. 8% of the respondents have been in operation for three years. The other restaurants have been in operation for more than five years through to twenty years with an uneven distribution. This finding supports Weisbrod (1992) in his findings that new road construction has the ability to attract new investors who value the accessibility to new customers and markets.

With regard staff establishment, majority of the restaurants of the 197 responses received had two employees 17.3%, followed by the number of restaurants with three and four employees respectively at 13.7% and 12.2% respectively. The other notable majority number of employees in the different restaurants is seven with 11.0%. The others varied with one restaurant having 35 employees and four restaurants having one employee. This signified that most restaurants had small operational capacity with limited offerings. The status of employees as permanent and casual was random along all roads. However, a majority of the employees in the restaurants were employed on a permanent basis with an exception of a few restaurants that had all casuals or employ more casuals when needed. This signified a more permanent set up of the establishments and probably good business flow that could justify ability to maintain permanent staff.

Table 4.6: Distribution by restaurant location

Location	Frequency	Percentage
Thika highway	95	48.0
Southern bypass	12	6.1
Northern bypass	38	19.1
Eastern bypass	53	26.8
Total	**173**	**100%**

The proportional distribution of respondents in this study was such that of those who answered the questionnaire 48.0% are located along Thika Highway, 6.1% along the Southern bypass, 19.1%

along the Northern bypass and 26.8% along the eastern bypass. Irandu and Malii (2013) identified Thika Highway as the largest road construction project in Kenya as per the time of their study. This finding aligns to their study as can be noted by the frequency of restaurant establishments along Thika Highway.

Table 4.7: Distance to nearest highway

Highway distance	Frequency	Percentage
Less than 100M	37	18.6
101-500M	75	37.7
501-1 Km	7	3.5
1Km-2Km	2	1.0
2Km-5Km	9	4.5
Over 5Km	69	34.7
Total	**199**	**100%**

According to the findings obtained from 199 respondents with regard to restaurant proximity to the nearest highway, 18.6% were less than 100m; 37.7% were located at a distance of 101-500m especially those along the Thika highway, 3.5% and 1.0% represented those between 501m to one kilometre and one to two kilometres from the nearest highway respectively.

About 5% of the sampled restaurants were located between two to five kilometres and 34.7% for restaurants over five kilometres away from the highway.

Further analysis of the distance to the nearest highway indicate that majority of the restaurants on Thika highway, out of a total of 95 respondents, 65.3% were located at about 101 to 500 meters. On the Southern bypass, out of 12 respondents, 75% were located nearest the bypass near the highway. The Northern bypass had 37 respondents to this question with 89.2% located over five kilometres from the highway. On the Eastern bypass, of the 52 respondents, 69.2% are located over five kilometres from the highway. Proximity to the highways can thus be said to be of importance to the business establishments that are found in close proximity to the roads.

Table 4.8: Distribution by distance to nearest similar business

Location of Restaurant	Distance to the nearest restaurant	Frequency	Percent
Thika Highway	less than 50m	66	69.5
	50m-100m	25	26.3
	100m-1km	4	4.2
	Total	95	100.0
Southern Bypass	less than 50m	10	83.3
	50m-100m	2	16.7
	Total	12	100.0
Northern Bypass	less than 50m	24	64.9
	50m-100m	9	24.3
	100m-1km	4	10.8
	Total	37	100.0
Eastern Bypass	less than 50m	38	71.7
	50m-100m	9	17.0
	100m-1km	6	10.3
	Total	53	100.0

Table 4.8 depicts the spread of the restaurants in relation to the location of other similar or competing businesses. Restaurants located along the Southern bypass had the closest level of proximity with 83.3% of them being less than 50 metres apart. However, all the other roads had a similar pattern where proximity was highest within the 50-metre radius measure. This signifies a high level of competition and possible interdependency between the establishments.

Table 4.9: Analysis of Variance of growth in sales turnover

Dependent Variable: Growth in sales turnover (Multiple Comparisons)

Bonferroni

(I) LOCATION OF RESTAURANT	(J) LOCATION OF RESTAURANT	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Thika Highway	Southern Bypass	.917*	.193	.000	.40	1.43
	Northern Bypass	-.083	.132	1.000	-.44	.27
	Eastern Bypass	.239	.116	.252	-.07	.55
Southern Bypass	Thika Highway	-.917*	.193	.000	-1.43	-.40
	Northern Bypass	-1.000*	.209	.000	-1.56	-.44
	Eastern Bypass	-.677*	.200	.006	-1.22	-.14
Northern Bypass	Thika Highway	.083	.132	1.000	-.27	.44
	Southern Bypass	1.000*	.209	.000	.44	1.56
	Eastern Bypass	.323	.143	.154	-.06	.71
Eastern Bypass	Thika Highway	-.239	.116	.252	-.55	.07
	Southern Bypass	.677*	.200	.006	.14	1.22
	Northern Bypass	-.323	.143	.154	-.71	.06

*. The mean difference is significant at the 0.05 level.

There was a notable and important difference in sales turnover among restaurants located along different roads (bypass) as confirmed by a statistically significant F-statistic of 9.28 ($p<0.001$).

ANOVA

Growth in sales turnover

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	7.078	3	2.359	9.280	.000
Within Groups	26.441	104	.254		
Total	33.519	107			

Restaurants located along Thika highway had the highest mean of sales turnover whereas those located along the Southern bypass attained the lowest mean. The findings in relation to Thika highway align to the data in table 4.6 and consequent analysis as supported by Irandu and Malii (2013). The highest difference in sales turnover was between restaurants located along Northern bypass which was greater than those operating along Southern bypass. On the other hand, restaurants operating along Thika highway and the Northern bypass had a nearly similar magnitude of sales turnover.

The highest proportion of restaurants which reported to be located close to other similar businesses (within 50 meters) was along the Southern bypass (83%) (Kikuyu town) followed by Eastern Bypass (72%). The lowest proportion was along the Northern bypass at 65%. Since distance to similar restaurants is an indicator of competition, then it can be inferred that the highest competition among restaurant enterprises was along Eastern bypass and Kikuyu town of Southern Bypass and the lowest along the Northern bypass. This could be attributed to higher concentration of middle income residential estates and other cohorts of target customers in Eastern bypass and Kikuyu town regions. There was also lack of settlements along the Southern bypass since it cuts across a forested area to the North (Ngong forest and Kibiku forest near Thogoto) and a national park to the South (Nairobi National park). The bypass also has fewer feeder roads connecting to it thus limiting the number of exits accessible to the surrounding populace.

Table 4.10: Distribution by duration of location operation

Location duration	Frequency	Percentage
less than 1 year	26	13.0
1-2 years	55	27.5
2-3 years	28	14.0
4-5 years	38	19.0
more than 5 years	53	26.5
Total	**200**	**100%**

The findings indicate that 13.0% of the restaurants had been on their current location for less than a year. 27.5% for one to two years, 14.0% for two to three years, 19.0% for four to five years and 26.5% for more than five years.

Table 4.11: Customers targeted by business

Customers targeted	Frequency	Percentage
Estate residents	141	70.5
Travelers	79	39.5
Students in nearby institutions	63	31.5
Employees in nearby institutions	82	41.0
Shoppers in nearby malls	20	10.0
Walk ins	119	59.5

The question relating to identifying the key customers who are targeted by the business sought to analyse the reason why the business was established in the location and what other factors besides presence of the road influenced the location of the restaurant business. Out of the 200 respondents, 70.5% target the estate residents in the nearby residential areas located both on the highway and along the bypasses. 59.5% of most of the respondents were targeting walk ins, 41.0% target employees in nearby institutions, 39.5% target travellers, 31.5% target students in nearby institutions and the least number indicated their target as shoppers from nearby malls at 10.0%. The respondents were allowed to mark multiple answers depending on their individual target customers.

4.5 Patterns of business performance among restaurants

Research objective one sought to investigate patterns of business performance among restaurants located on different road construction projects. To address this objective, the study inquired on how restaurants operating from different locations reported change in revenue after road construction projects were implemented. Table 4.12 has the findings.

Table 4.12: Distribution according to change of revenue in locality

Location of Restaurant	Change of revenue in your locality after road construction	Frequency	Percent
Thika Highway	Same as before	1	1.6
	Much better	60	**98.4**
	Total	61	100.0
Southern Bypass	Same as before	2	18.2
	Much better	6	**54.5**
	Much worse	3	27.3
	Total	11	100.0
Northern Bypass	Same as before	1	4.2
	Much better	23	**95.8**
	Total	24	100.0
Eastern Bypass	Same as before	7	13.2
	Much better	45	**84.9**
	Much worse	1	1.9
	Total	53	100.0
Chi-Square	**37.012**		
Significance p-value	**0.00**		

Change in revenue differed significantly by location of restaurant as confirmed by a calculated Chi-Square statistic of 37.012 statistically significant at $p<0.01$ level of testing. Restaurants reporting rise in revenue as a result of road construction were highest along Thika highway (98%) followed

by Northern bypass (96%) and lowest along Southern and Eastern bypasses (at 55% and 85% respectively).

Indeed, restaurants along the Southern bypass decried loss of revenue with 27 percent of respondents reporting having turned much worse with construction of the bypass. It is worth noting that the Southern bypass cut across Kikuyu town thus dividing it into two halves resulting to easy access to one half and more restrained access to the other. This probably impaired accessibility by customers visiting restaurants along some of the restaurants established on the poorly accessible side of the town.

The study further sought to determine whether revenue loss was related to business competition that could be attributed to road construction. The results are represented by table 4.13

Table 4. 13(a): Relationship between distance and revenue change

Location of restaurant	Distance to the nearest/ similar business	How would you describe change of revenue in your locality?			Total
		Same as before road construction	Much better after road construction	Much worse after road construction	
Thika highway	less than 50m	0%	70.0%	0%	68.9%
	50m-100m	100.0%	25.0%	0%	26.2%
	100m-1km	0%	5.0%	0%	4.9%
Southern bypass	less than 50m	50.0%	83.3%	100.0%	81.8%
	50m-100m	50.0%	16.7%	0%	18.2%
Northern bypass	less than 50m	100.0%	52.2%	0%	54.2%
	50m-100m	0%	34.8%	0%	33.3%
	100m-1km	0%	13.0%	0%	12.5%
Eastern bypass	less than 50m	100.0%	66.7%	100.0%	71.7%
	50m-100m	0%	20.0%	0%	17.0%
	100m-1km	0%	13.3%	0%	12.3%

According to research findings of Table 4.13, change in revenue was related to location of restaurants and agglomeration (competition intensity of restaurants) along each bypass. Restaurants with low agglomeration following road construction reported improvement in revenue change (much better after road construction). However, this relationship could not be adequately

ascertained using non-parametric statistical methods due to the dispersion of data among the three categories measuring change in revenue.

Table 4.14: Distribution by growth in revenue as a result of road construction

Growth in revenue	Frequency	Percentage
down by at least 10%	4	2.0
up to 5%	23	11.6
up by 10%-20%	88	44.4
up by 20%-50%	65	32.8
up by 50%-100%	18	9.1
Total	**198**	**100%**

The respondents were requested to estimate the growth in either their monthly or annual revenue in percentage. Just under a tenth of restaurants reported more than 50 percent increase in revenue as a result of road construction. Even though business trends (revenue changes) did not seem to differ by location, majority of respondents on Thika highway, Northern and Eastern bypass recorded having mostly increase of revenue between 10 to 20% and 20 to 50%. The Southern bypass reported majority of decrease in the revenue due to the road construction. Analysis of each of the roads to identify their impact in revenue growth is analysed in table 4.15.

Table 4.15: Estimation of growth in revenue as a result of road construction

Location of Restaurant	Growth in revenue as a result of road construction	Frequency	Percent
Thika Highway	up by 5%	9	9.5
	up by 10%-20%	40	42.1
	up by 20%-50%	30	31.6
	up by 50%-100%	16	16.8
	Total	95	100.0

Southern Bypass	down by at least 10%	1	10.0
	up by 5%	3	30.0
	up by 10%-20%	4	40.0
	up by 20%-50%	2	20.0
	Total	10	100.0
Northern Bypass	up by 5%	4	10.8
	up by 10%-20%	20	54.1
	up by 20%-50%	12	32.4
	up by 50%-100%	1	2.7
	Total	37	100.0
Eastern Bypass	down by at least 10%	3	5.7
	up by 5%	7	13.2
	up by 10%-20%	23	43.4
	up by 20%-50%	19	35.8
	up by 50%-100%	1	1.9
	Total	53	100.0

Even though restaurants reporting improvement in revenue by 50%-100% were highest along Northern bypass (32%) and Southern bypass (20%), those regions also reported a decline of at least a tenth in revenue following road construction. On the contrary, all the sampled restaurants along Thika highway and the Northern bypass reported the revenue to have gone up by between five percent to double the original amount.

Table 4.16 Distribution by change in monthly operational cost

Growth in revenue	**Frequency**	**Percentage**
down by 5%	56	36.8
up to 5%	51	33.6
up by 10%-20%	40	26.3
up by 20%-50%	3	2.0
up by 50%-100%	2	1.3
Total	**152**	**100%**

More than a third or 37% of the sampled restaurants reported having experienced a 5% decrease in operational cost following the roads improvement. For a third of restaurant enterprises their monthly operation cost increased by up to 5%; a quarter of them reported an increase of 10-20% whereas only two out of 152 enterprises reported above 50 percent increase in operational costs. Analysis of the change in costs by individual road location is presented by Table 4.17.

Table 4.17: Change in monthly operational costs as a result of road construction

Location of restaurant	Change in monthly operational costs as a result of road constructions	Frequency	Percent
Thika Highway	Down by at least 10%	22	27.8
	Up by 5%	31	39.2
	Up by 10%-20%	26	32.9
	Total	79	100.0
Southern Bypass	Down by at least 10%	2	22.2
	Up by 5%	5	55.6
	Up by 10%-20%	2	22.2
	Total	9	100.0
Northern Bypass	Down by at least 10%	9	45.0
	Up by 5%	2	10.0
	Up by 10%-20%	7	35.0
	Up by 20%-50%	2	10.0
	Total	20	100.0
Eastern Bypass	Down by at least 10%	21	50.0
	Up by 5%	13	31.0
	Up by 10%-20%	5	11.9
	Up by 20%-50%	1	2.4
	Up by 50%-100%	2	4.8
	Total	42	100.0

Eastern bypass had the highest reduction in monthly operational costs as a result of road constructions (among half of restaurants) followed by Northern bypass with Southern bypass having the lowest proportion of restaurants reporting reduction in costs (just above a fifth – 22% – of the sample said that costs had gone down as a result of road construction). This result is consistent with the finding of Section 4.5 whereby the Northern bypass reported the highest change/increase in revenue.

Table 4.18 Distribution of number of employees according to size of staff establishment

Size of staff establishment	Frequency	Percentage
1-2 employees	34	17.2
2-5 employees	71	35.9
5-10 employees	55	27.8
10-20 employees	34	17.2
20-50 employees	4	2.0
Total	**198**	**100%**

The restaurant owners were requested to specify the total number of employees working in their enterprises. Those with one to two employees constituted 17.2% (34) of the sample while 35.9% (71) had two to five employees; 27.8% of the restaurants had five to ten employees, 17.2% had ten to twenty employees. Of the 198 respondents, only 2.0% (4) had more than twenty employees.

Table 4.19: Distribution of number of employees by restaurant outlets

Number of restaurant outlets	Frequency	Percentage
0	97	48.5
1	43	21.5
2	30	15.0
3	13	6.5
4	9	4.5
5	4	2.0
6	4	2.0
Total	**200**	**100%**

The survey findings indicated that 48.5% (97) of the restaurants did not have any other outlets. 21.5% (43) have one other outlet, 15.0% (30) have two outlets, 6.5% (13) have three outlets and 4.5% (9) and 2.0% (4) have four and five outlets respectively. Coad and Tamvada (2012) concur with this finding by stating that although some small firms are able to convert know-how into commercial success, many others are unable to translate it into superior growth.

Table 4.20: Influence of road construction on particular business trends

Change in business due to road construction	Number of respondents	Worsened		Unchanged		Improved	
	n	Freq	%	Freq	%	Freq	%
Increase in number of customers	109	8	7.3	3	2.8	98	89.9
Growth in sales turnover	109	8	7.3	6	5.5	95	87.2
Growth in profits	107	7	6.5	5	4.7	95	88.8
Increase in employee establishment	107	2	1.9	44	41.1	61	57.0
Growth in market share	108	18	16.7	44	40.7	46	42.6

Particular business trends were evaluated to find out how they were influenced by road construction. The variables assessed were increase in number of customers, growth in sales turnover and profit; increase in employee establishment and growth in the market share. From the Table 4.20, it is evident that all the above variables improved. Analysing the increase in customers which was viewed to also affect the other variables, out of 109 respondents who answered the question, 7.3% indicated that their customer base had declined, 2.8% reported that the number of customers before and after the road construction had remained the same while 89.9% reported improvement in the number of customers after the road construction. Change in sales turnover and profits followed similar trends as change in number of customers, however changes in employee establishment and market share took a different pattern by remaining significantly unchanged after the road construction. For instance, 40.7% of the sample indicated that the market share remained unchanged whereas 42.6% reported improvement in the market share.

4.6 Relationship between road construction and business growth among restaurants

Objective two sought to determine the relationship between road construction projects and business growth among restaurants. The results showed that majority of the respondents 71.0% agreed that improved road network enabled accessibility and increased visibility of their enterprises to road users making it convenient not only for suppliers but also the customers. However stiff competition was cited as one of the challenges faced by restaurant owners. Table 4.21 below presents the descriptive statistics of the relationship between road construction and business growth among restaurants. Also, a Chi-Square test of independence test was carried out to determine whether there

was any relationship between road construction projects and business growth at 0.05 level of significance. The results in are presented in table 4.22 below.

Table 4.21: Relationship between road construction projects and business growth

	Number of customers				**Sales Turnover**				**Profits**				**Employee establishment**				**Market Share**			
	Thika	**Southern**	**Northern**	**Eastern**	**Thika**	**Southern**	**Northern**	**Eastern**	**Thika**	**Southern**	**Northern**	**Eastern**	**Thika**	**Southern**	**Northern**	**Eastern**	**Thika**	**Southern**	**Northern**	**Eastern**
Unchanged	0	0	10	10	**4**	**0**	**0**	**13**	4	0	0	10	**27**	**72**	**57**	**47**	38	25	43	50
Worsened	2	50	0	3	**2**	**50**	**0**	**10**	2	50	0	7	**0**	**14**	**0**	**3**	12	37	19	17
Improved	98	50	90	87	**94**	**50**	**100**	**77**	94	50	100	84	**73**	**14**	**43**	**50**	50	38	38	33
Chi-square		30.008				30.235				30.37				18.086				5.259		
p-value □2		0.000				0.000				0.000				0.006				0.511		

The results show that a 0.05 level of significance there is a relationship between road construction and business performance among restaurants in terms of increase in the number of customers, sales turnover, profits and employee establishment. However, market share and road construction are not related. Also, restaurants located along Thika highway and Northern bypass reported highest improvement in customer growth, sales turnover and profits whereas those operating along Thika highway and Eastern bypass led their counterparts in growth of employee establishment. There was no statistically significant difference among restaurants operating in the four locations with regard to change in market share meaning that performance by market share had similar patterns of distribution regardless of business location.

4.7 Market access factors and restaurant business performance

The study investigated the likely influence of market access variables on business growth of restaurants and findings are presented in Table 4.23. F-statistic is used here to investigate relationship because each of the market access factors was measured as a discreet independent variable whereas business performance was transformed into a continuous dependent variable using scores from restaurant feedback. The F-test was applied since the study wish to test for variability between various market access factors.

Table 4.22: Market access factors that affect business performance

Market Access Variables	Locations analysed	Business Performance scores	Statistical significance (p-value)	Finding (Do market access factors affect performance?)
		F-statistic		
Managerial and staff skills	All locations	0.17	0.67	No
Meeting customer expectations	All locations	0.04	0.84	
Innovation	All locations	0.64	0.42	
Branding/brand loyalty	All locations	16.9	0.00	Yes
Location/agglomeration	All locations	18.35	0.08	
Managerial and staff skills	Thika highway	0.72	0.39	No
	Northern bypass	1.07	0.31	
Meeting customer expectations	Eastern bypass	10.08	0.04	Yes
	Thika highway	6.80	0.01	
	Northern bypass	3.02	0.98	
Innovation	Eastern bypass	0.26	0.61	No
	Thika highway	0.20	0.65	
	Southern bypass	3.21	0.10	Yes
Branding/brand loyalty	Eastern bypass	0.77	0.39	No
	Thika highway	1.06	0.31	
	Southern bypass	0.24	0.64	
Location/agglomeration	Eastern bypass	0.58	0.45	Yes
	Northern bypass	4.13	0.05	
	Thika highway	0.35	0.56	No
	Southern bypass	0.53	0.49	
	Eastern bypass	0.63	0.47	
	Northern bypass	1.71	0.20	

It is noted that, across the four locations, the most influential market access variables affecting business performance were branding or brand loyalty ($F=16.9$, $p<0.05$) and agglomeration of restaurants ($F=18.35$, $p<0.1$). Nevertheless, for specific location of road construction, individual market access factors manifested effects on business performance. In this regard, the quality of managerial and staff skills emerged as important influence of business performance along the Eastern bypass ($F=10.08$, $p<0.05$), meeting customer expectations was most important along Thika highway ($F=6.8$, $p<0.01$), innovation was most important along the Southern bypass ($F=3.2$, $p \leq 0.1$), branding and brand loyalty was most effective along the Northern bypass ($F=4.13$, $p<0.05$) whereas agglomeration did not differ by road location ($p>1$ for all calculated F-statistics).

CHAPTER FIVE: DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summarized discussion of the findings obtained from data analysis based on the specific objectives which the study set to achieve. This chapter thereafter presents conclusions drawn from the findings of the study and the recommendations for further research.

5.2 Summary of the Findings

5.2.1 What are the observable patterns of business performance among restaurants located along different road construction projects?

The study showed that there were no significant differences in demographic profiles exhibited by the respondents working in restaurants along the roads under study. This is supported by tables 4.1 to 4.4 which analysed the gender, age, education background and level of experience. This finding supports the uniformity of the roads sampled as a representative of major road construction projects within Nairobi. The restaurant establishments were significantly male dominated at an owner or manager level, with majority of the respondents occupying the 26 to 40-year age bracket.

Majority of the respondents were also well educated by successfully completing O level education with a significant number (32%) having a university education. Most of the restaurants were relatively new, having operated for less than five years. This supports the study by Lucas and Markovich (2011) which observed that new road construction projects are likely to attract new investment and offer employment to communities that are located in close proximity.

The study revealed that there is a high concentration of restaurant businesses along the busier Thika Highway and Eastern bypass as described in table 4.6 and a lower number of restaurants along roads such as the Southern bypass which were not as busy.

The Southern bypass was the latest to be constructed among the four roads under the study. This could additionally contribute to the presence of fewer restaurant establishments along this transport corridor.

Market share statistics showed no variation in distribution regardless of business location along all the roads under the study (table 4.21). The study revealed that the impact is felt from the period of construction until completion and businesses evaluate the length and the magnitude of the time it takes to recover. During this time, a business may encounter temporary reduced customers, revenue and property value (Young, 2005). The indicators analysed to achieve this objective were identifying the type of business and the years of operation, its size gathered from the number of employees, the location also related to distance from the major road, amenities and competitors, the customers target and the sales turnover.

A majority of the restaurants (59.8%) were located less than a kilometre away from the closest highway under study, as evidenced by tables 4.7 and 4.8. this pointed to a notable reliance on the highways for business and consequently it can be summarized that there was a direct correlation between the location of the restaurants and the existence of the roads under study.

The analysis also indicates proximity to the good road leads to development of similar business and other amenities and a sprout in shopping centres to harbour these facilities. From the findings in the Table 4.13 the author concluded that road development promotes holistic growth in all the sectors. With the majority of restaurants (70.5%) attributing their top three target customers as estate residents, walk in customers (41.0%) and employees at nearby institutions (39.5%), one can draw a conclusion that different road construction projects have led to improved business performance among restaurant enterprises.

5.2.2 What is the relationship between road construction projects and business performance among restaurants?

The second objective aimed at determining the relationship between road construction projects and business performance among restaurants in Nairobi County. Road construction in Kenya has been associated with facilitation of delivery of farm produce to markets and easy access to social amenities by the populace. Roads support development of services such as administrative offices, financial institutions, health facilities, trading centres and education institutions. This in turn leads to both direct and indirect benefits of increased employment, accessibility and economic empowerment (Lucas and Markovich, 2011). To achieve the objective the research focused on identifying monetary value in terms of revenue, nature of road and the sales turnover.

The study undertook to establish if road construction has influenced revenue growth among the businesses. From the responses collected, 90.1% (136) indicate that the revenue in the locality has improved and become much better after road construction. Respondents said that the condition of the adjacent road effected the performance of their restaurants positively by enabling access and increasing visibility of the enterprises to suppliers and customers. Further analysis sought to find out to what extent the improvement had taken place. Just below half of the respondents 44.4% (88) recorded improvement by about 10-20%, with one third of the remainder 32.8% (65) having improved their revenue by up to 20-50%. The monthly operational costs had also increased considerably with respondents citing high cost of living that directly affects expenditure such as rent and other inputs.

The size of staff and restaurant outlets provided information on the performance of the various restaurants with 17.2% (34) of the respondents having one to two, 35% (71) had two to five employees, 27.8% (55) of the restaurants had five to ten employees, and 17.2% (34) had ten to twenty employees. Half of the restaurants also did not have other outlets because the owners sought to explore the opportunities provided by the road development. Table 4.19 and 4.22 depict the analysis of various business trends and how they were influenced by the road construction and to what extent. The results of Table 4.23 show the investments made by the restaurant business individually on the different roads and further breakdown shows what type of investment was made.

To determine the relationship between road construction and business performance, Chi-square analysis was conducted. The results pointed to confirmation of an important relationship between road construction and business performance of restaurants. Restaurants operating along Thika highway and Northern bypass reported highest improvement in customer growth, sales turnover and profits whereas those operating along Thika highway and Eastern bypass led their counterparts in growth of employee establishment. However, market share had similar patterns of distribution regardless of the business location of restaurants studied.

5.2.3 What was the influence of market access variables on business performance of restaurants?

The third objective aimed at determining the influence of market access variables on business performance of restaurants in Nairobi County.

Comparative studies included an empirical analysis that was conducted on business executives in charge of making location decisions and professionals that engage in attracting businesses and establishing how location and expansion are substituted in the decision making of firms. Among the top three local considerations for corporate headquarters regional offices, research and development facilities, manufacturing plants and distribution centres was highway access (AASHTO, 2016). Other indicators used in the questionnaire include road proximity and accessibility, internal factors and the customers' demographic profiles.

Of all the 200 respondents examined in each case, 65.5% (131) felt that meeting customer expectation promoted their business growth. 43.0% (86) attributed it to the business location, 41.0% (82) to brand loyalty and 35.0% (70) on managerial and staff skills with only 6.5% (13) attributing development to innovation. The top two reasons for operation at a given location were proximity to target customers74.0% (148) and 62.5% (125) due to proximity to good road network. The above points to there being an important connection between road construction projects and business performance among restaurants.

The study further confirmed the premise put forth by O'Gorman (2001) where he sought to confirm the importance of "where to compete" in relation to the ability of a business to effectively compete and exhibit superior performance. O'Gorman sought to identify the impact of the external environment on the performance of a business. This study showed the impact of road construction, as a representative of the external environment, through various market access variables as depicted in table 4.22.

5.3 Conclusions

The purpose of the study was to determine the effect of road construction projects on business growth of restaurant businesses in Kenya. Three research objectives were formulated to guide the study. The first objective was to investigate patterns of business performance among restaurants located on different road construction projects in Nairobi County. The second objective involved determining the relationship between road construction projects and business performance among restaurants in Nairobi County and the third determined the influence of market access variables on business performance of restaurants in Nairobi County. The dependent variable was business performance while the independent variables were road construction and market access factors.

The study employed quantitative and qualitative approaches as the research design. Primary data was gathered for the study using a structured questionnaire. The target population of the study consisted of 200 respondents. The sample were selected using probability sampling.

The first objective was to investigate patterns of business performance among restaurants located on different road construction projects in Nairobi County. The results indicate that the highest competition among restaurant enterprises was along Eastern bypass and Kikuyu town on the Southern Bypass and the lowest along the Northern bypass. This could be attributed to higher concentration of middle income residential estates and other cohorts of target customers in Eastern bypass and Kikuyu town regions.

The second objective involved determining the relationship between road construction projects and business performance among restaurants in Nairobi County. Restaurants reporting rise in revenue as a result of road construction were highest along Thika highway (98%) followed by Northern bypass (96%) and lowest along Southern and Eastern bypasses (at 55% and 85% respectively). Revenue loss was related to location of restaurants and competition intensity between restaurants.

The third objective aimed at determining the influence of market access variables on business performance of restaurants in Nairobi County. The most influential market access variables on business growth of restaurants were the pursuit of meeting customer expectations and creating customer branding/brand loyalty followed by location of the restaurant.

On the basis of the foregoing findings it can be concluded that road construction leads to improved business performance. This conclusion is further supported by the existence of a high proportion of restaurants located along the bypasses and the highway that could be directly influenced by the development of the road network.

It also emerged that the location of the restaurants affected the change in revenue in different ways. In particular, the findings showed that Thika road reported significantly higher rise in revenue due to road construction compared to the Eastern, Northern and Southern bypass. The different roads individually also recorded varying revenue dependent on other underlying factors that were not featured in the study such as location of stopovers and market centres. The location and competition intensity of the restaurants also affected revenue loss.

The study established that for majority of the businesses, the estimated growth in their monthly or annual revenue was between 10 percent to 20 percent. The rates at which the revenue had increased varied from one road to another with Thika highway and Northern bypass reporting the highest increase in revenue. The impact of road construction also indicates the presence of a direct impact on the monthly operational costs of the different restaurants.

The study established that concerning other outlets, about half the restaurants did not have other outlets indicating that one of the key factors that prompted their existence is the presence of the improved road network. For restaurants previously established, majority reported that due to the road construction, the number of customers had increased. Improved roads also led to increased sales and profit for most of the restaurant businesses.

The respondents acknowledged that the condition of the roads affected business performance and investment choices made to a large extent. In relation to business growth, restaurants located along Thika highway and Northern bypass reported highest improvement in customer numbers, sales turnover and profits whereas those operating along Thika highway and Eastern bypass led their counterparts in growth of employee establishment. There was no statistically significant difference among restaurants operating along the four roads with regard to change in market share. The proximity of the restaurants to road network played a key role in influencing their location among other factors.

5.4 Recommendations for further research

The following are the recommendations based on the findings of this study:

1. Investors in restaurant businesses should consider a variety of factors in determining the location of their restaurants to ensure that the business achieves maximum revenue. Different roads have different growth prospects and apart from nearness to road construction projects, factors such as access to target market (product positioning), personnel, population growth and market share (competition) should be borne in mind.
2. The government should assess the entire socioeconomic impact that road development has on the local economies that are affected not only before, but also during and after developing

roads. This is because there is potential for negative and positive economic effects to be forestalled and planned for or even revised with respect to their ramifications on businesses.

3. Further research can be conducted on the impact of other transport infrastructure projects on business. For example, this research can guide studies on the impact of rail transport in Kenya and other African countries since there is a current high investment in expansion of the rail network.

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APPENDIX 1: RESEARCH INSTRUMENT

Questionnaire for Restaurant Owners and Managers

SECTION A: Personal information (Kindly tick or fill as appropriate)

1. Gender [] Male [] Female
2. Age: []18 to 25 years [] 26 to 40 years [] 41 to 60 years [] Above 60 years
3. Level of education attained: □ Primary □ Secondary □Tertiary □University
4. Years of experience in the restaurant industry?
   □Less than 1 year □2-5 years □5-10 years □More than 10 years
5. Respondents role in the business: □Owner □ Manager □ Other(Specify) _____

SECTION B: Business information (Kindly tick or fill as appropriate)

6. Name of the restaurant (optional): _____
7. Years of operation: _____
8. Size of the restaurant- Number of employees _____
   Permanent: _____ Casual: _____
9. Where is your restaurant located?
   □ Thika highway □ Southern bypass □ Northern bypass □ Eastern bypass
10. Distance to nearest highway (specify):
    □Less than 100 m □101 to 500m □501m to 1km□1-2 km□2-5 km□Over 5 km
11. Distance to nearest similar business:
    □Less than 50 m □50m to 100m □100m to 1km□Over 1 km
12. Distance to nearest shopping centre (with bank/supermarket/petrol station etc.)
    □Less than 50 m □50m to 100m □100m to 1km□Over 1 km
13. For how long has your restaurant been operating at this location?
    □Less than 1 year □1-2 years □2-3years □4-5 years □More than 5 years
14. Customers targeted by your business
    □ Estate residents □ Travelers □Students in nearby institutions
    □Employees in nearby institutions □ Shoppers in nearby malls
    □ No particular segment/any walk-ins

SECTION C: Levels of business turnover/growth among restaurants

15. How would you describe the change in revenue in your locality (area of operation)?
    a. Same as before road construction
    b. Much better after road construction
    c. Much worse after road construction
16. Kindly estimate your growth in revenue (monthly or annually) as a result of road construction in your area of operation:

    □Down by X% □Up to 5% □Up by 10% to 20% □Up by 20-50%

    □ Up by 50% to 100%□ Up by more than 100%
17. Kindly estimate your change in monthly operational costs as a result of road construction in your area of operation:

    □ Down by X% □ Up to 5% □ Up by 10% to 20% □ Up by 20-50%

    □ Up by 50% to 100% □ Up by more than 100%
18. How large is your staff establishment today?

    □ 1-2 employees □ 2- 5 employees □ 5-10 employees □ 10-20 employees

    □ 20-50 employees □ Over 50 employees
19. How many branches/outlets does your restaurant have in Nairobi?

    □ None □ 1 □ 2 □ 3 □ 4 □ 5 □ More than 5 □ ____branches
20. How would you describe business trends for your restaurant over the last three years? (Kindly indicate whether the following aspects of your restaurant have worsened, stayed the same or improved):

	Worsened	**Unchanged**	**Improved**
Increase in number of customers			
Growth in sales turnover			
Growth in profits			
Increase in employee establishment (job creation)			
Growth in market share			

SECTION D: Road construction projects

21. What is the condition of the road leading to your restaurant?

    Poor [ ] Average [ ] Good [ ] Very good []

22. Would you say the conditions of the road affects business among restaurant enterprises?

    Yes [ ] (Kindly explain how):

    _____

    No [ ] (Kindly explain why not):

    _____

23. If your answer to question 22 is Yes, to what extent do you think road construction projects affects business growth among restaurants?

    □ None whatsoever □To a little extent □To a large extent

24. Would you attribute any business investment decisions to the development of the road nearest to your business? □Yes □No

25. If Yes to Q24, what business investment decisions, did you undertake due to the road/highway/bypass? (e.g. renovation, increased workforce, etc)

    □ Renovation □ Expansion □ Increasing the workforce□ Other

26. What opportunities did the upgrade of the highway/bypass present to your restaurant business?

    _____

27. What challenges did the upgrade of the highway/bypass present to your restaurant business?

    _____

SECTION E: Market access variables

28. Which market access factor most importantly affects your business performance?

 Our managerial and staff skills Meeting customer expectations/service quality

 Our innovation Branding/brand loyalty Location/agglomeration

29. Why did you choose to operate at this specific location?

 Nearness to target customers

 Transport cost for groceries and inputs is low

 Proximity to good road network

 Other (kindly explain) _____

THANK YOU FOR YOUR TIME.

APPENDIX 2: KENYA'S ROAD NETWORK

Network	Responsibility		Designation	Paved km	Unpaved km	Total km
Classified A, B and C roads	(Ministry of Roads) Kenya National Highways Authority	9 Provincial Departments and 71 Districts (part only)	A	2,886	869	4,114
			B	1,432	1,366	2,695
			C	2,487	5,180	8,021
	Sub-total A B, and C			6,805	7,415	14,830
Classified D and E roads	DRCs (planning) and MoR [KURA, KRRA] (execution)	71 DRCs and DREs	D			
			E			
	Sub-total D and E			1,918	35,846	37,723
Classified 'Special' roads		71 DRCs and County Councils, 71 Municipalities and Nairobi City	G, L, R, S, T, W	214	11,090	11,252
Total all classified roads				8,937	54,351	63,805
Urban roads	Municipalities (for all adopted streets) MoR/KURA (for classified roads in urban areas) and County Councils for roads in townships	75 Municipalities, Nairobi City, 58 Town Councils and 71 County Councils	Adopted and Unadopted streets	2,490	12,040	14,530
Unclassified rural roads	County Councils and DRCs	71 County Councils and DRCs	Mostly tracks and footpaths (extent largely unknown)		100,000 (est.)	100,000 (est.)
Roads in National Parks and Game Reserves	Kenya Wildlife Services and MoR (for Classified roads in parks)	25 National Parks	Game trails and administrative roads		4,409	4,409
	County Councils and MoR (for classified roads in Game Reserves)	34 Game Reserves some run by several County Councils	Game trails and administrative roads		2,736	2,736
	Total network in National Parks and Game Reserves				7,145	7,145
Forest roads	Forest Department	Forest Reserves	Access, Feeder and Plantation roads		6,800	6,800
Total Network				11,427	180,336	192,280
Total 'Public' Road Network				**11,427**	**166,391**	**178,335**

Source: Adopted from the KRB (2012) *Annual Public Roads Program*

APPENDIX 3: RESULTS OF THE RELIABILITY TEST

Reliability Test Results (Cronbach's Alpha)

Reliability Statistics

Cronbach's Alpha	Part 1	Value	.947
		N of Items	3[a]
	Part 2	Value	.788
		N of Items	2[b]
	Total N of Items		5
Correlation Between Forms			.509
Spearman-Brown Coefficient	Equal Length		.675
	Unequal Length		.682
Guttman Split-Half Coefficient			.656

a. The items are: Increase in number of customers, growth in sales turnover, growth in profits.

b. The items are: growth in profits, Increase in employee establishment, growth in market share.

Strathmore Business School

Thursday, 23 November 2017

To whom it may concern

Dear Sir/ Madam,

RE: FACILITATION OF RESEARCH – MUNGAI NJOMO

This is to introduce Mr. Mungai Njomo, who is a Master of Business Administration student at Strathmore Business School, admission number MBA/91324/16**.** As part of our MBA Program, Mungai is expected to do applied research and to undertake a project. This is in partial fulfilment of the requirements of the MBA course. To this effect, he would like to request for appropriate data from your organization.

Mungai is undertaking a research paper on-: **"Effects of road improvement on business performance among restaurant enterprises in Nairobi County, Kenya".** The information obtained from your organization shall be treated confidentially and shall be used for academic purposes only.

Our MBA seeks to establish links with industry, and one of these ways is by directing our research to areas that would be of direct use to industry. We would be glad to share our findings with you after the research, and we trust that you will find them of great interest and of practical value to your organization.

We appreciate your support and we shall be willing to provide any further information if required.

Yours sincerely,

Muriithi Njogu.
Director – MBA Programs

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