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Marketing Mix Strategies and Entrepreneurial Competence: Evidence from Micro Restaurants in Calabar Metropolis, Cross River State, Nigeria.

By Gerald E. Umeze[1] and Susan B. Ohen[2]

[1] C/o Department of Agricultural Economics and Extension, Faculty of Agriculture, University of Calabar, Calabar, Nigeria

[2] Department of Agricultural Economics and Extension, Faculty of Agriculture, University of Calabar, Calabar, Nigeria

Abstract

The paper assessed the utilization of marketing mix strategies and entrepreneurial competencies of micro restaurant owners in Calabar metropolis. Proportionate random sampling was used to select 132 restaurants which formed the sample of the study. Results showed that preparing quality/tasty meal was the most utilized marketing mix factor with mean value of 3.85. On entrepreneurial competence, relationship competence recorded the highest mean score of 3.92. A significant Chi Square ($\chi 2$) value of 10.739 indicated that there was an association between the use of marketing mix strategies and entrepreneurial competencies of the business owners. Kendall's coefficient of concordance (w) value of 0.31 proved that there is a reasonable degree of agreement among the respondents regarding the ranking of the constraints facing their enterprises. The study recommended consistent application of 7Ps marketing mix strategies to eliminate most of the constraints identified by the operators and continuous capacity building on entrepreneurial skills.

Keywords: Entrepreneurial Competence, Marketing Mix Strategies, Micro Enterprises, Restaurant.

JEL Codes**:** Q13

1. Introduction

Every successful business enterprise aims at meeting the ever changing needs of her customers, striking the balance between profit making and customer satisfaction especially as the customer base of restaurants and indeed every service enterprise remains the focal point of success. Without customers, restaurants will automatically plunge into failure. Restaurants who want to attract and meet the needs of customers must understand what customers want. Application of effective marketing mix strategies in most cases compensates for the numerous problems faced by the business and the resultant effects of poor restaurant management.

Borden (1964) developed the concept of 'marketing mix' and affirmed the idea of defining marketing manager as one who is constantly engaged in fashioning creatively a mix of marketing procedures and policies in his effort to produce a profitable enterprise. Marketing mix is defined as set of controllable marketing tools that a firm uses to create a desired response in the targeted market (Kotler, Armstrong, Wong, and Saunders, 2008). The tools can be used to develop both long term strategies and short term tactical programs (Palmer, 2004).

Entrepreneurial competence refers to the ability to identify and obtain or create the market on the basis of entrepreneurial opportunity and the requirement of resources (Karra, Phillips and Tracey, 2008). It is the key skill and implicit knowledge the entrepreneurs possess, including personality, skills and knowledge, which are regarded as the overall capability of the entrepreneurs to successfully fulfill their duties (Man, Theresa and Chan, 2002); it is also the aggregate of the capabilities that require the entrepreneurs in order to qualify as the role of the entrepreneurial work and is associated with the birth, survival and growth of new founded enterprises (Chandler and Hanks 1994; Chandler and Jansen, 1992; Krueger, Reilly and Carsrud, 2000; Ma and Tan, 2006). Entrepreneurship research has shown that entrepreneurial competencies have a positive impact on Small and Medium Scale Enterprise (SME) performance. Enterprises with managers who have high levels of entrepreneurial competencies tend to scan and manage the environment in which they operate in order to find new opportunities and consolidate their competitive positions (Covin and Miles, 1999).

Restaurants are retail establishment that serves prepared food to customers, food is generally for eating on the premises, although they can also have take-out establishments and food delivery

services (Mackenzie and Chan, 2009). Micro restaurants by definition are restaurants whose staff strength is below 10 persons and whose assets are less than 5,000,000 NGN excluding land and buildings. This description is in line with the set definition of micro enterprises by the National policy on Micro Small and Medium Enterprises (MSMEs) as contained in the Nigeria National MSME Collaborative Survey (NMCS, 2010).

1.1 Problem Statement

Though restaurant businesses can be seen in every nook and cranny of Calabar metropolis, the rate at which they shut down operations is staggering. Lisa & Theodore (2011) posited that the restaurant industry has a failure rate of over sixty percent within the first three years of a restaurant's opening, with independent restaurants failing in greater numbers than multi-unit (chain) restaurants. The reason for this is rather simple – the restaurants are unable to retain and attract more customers, unable to increase sales, to outstrip the high cost of business operations. Stokes (2000) noted that many micro and small scale enterprises have major problems in the field of marketing such as having small range of customers, financial constraints, little innovation among others.

Often, in a bid to gain more customers, unsuitable marketing strategies are applied. Restaurant operators often fail to realize that the service enterprises needs specialized sets of marketing mix strategies to work. The ability of the entrepreneurs to identify and take advantage of hidden opportunities in their business environment remains very limited. Entrepreneurs appears to have low levels of competence especially in the areas of concept and strategy. As Hill and Hultman (2006) pointed out, entrepreneurial marketing behaviour may be of the utmost importance for many micro and small scale enterprises.

Marketing a restaurant will be more successful if one understands what is important to customers when selecting a restaurant. According to Steadman (1991), people do not go to restaurants just to be fed; they can order take out, if they do not want to cook. Customers at restaurants want to be made to feel special. Service quality is a critical component of customers' value perceptions that, in turn, becomes a determinant of customer satisfaction; therefore, customers perceive greater value for their money when they experience a high level of quality (Oh, 2000). Unfortunately, it is difficult to measure service quantitatively because they are intangible and the end product (the

service) is primarily contingent upon the exchange of human action and behavior (Susskind, Carl, Kacmar and Robert, 2000). Restaurant customers measure value by considering what they will gain and what they will sacrifice by patronizing a given restaurant. Cost, driving time (i.e., location), convenience, and alternatives among competitor restaurants are factors associated with customer sacrifice (Oh, 2000). Knowing the customers and their desires can lead to repeat business (Spears, 1991). According to Lewis and Chamberland (1989), making a sale or getting a customer is easier than keeping a customer. If customers are not satisfied, they can usually find another restaurant that will meet their needs (Spears, 1991).

1.2 Objectives of the study

The specific objectives of the study were to

- Identify and describe the marketing mix strategies used by restaurants entrepreneurs
- Measure the entrepreneurial competence level of restaurant owners.
- Analyze the constraints that affect the performance of restaurants.
- Measure the relationship between utilization of marketing mix strategies and entrepreneurial competence level

1.3 Statement of hypotheses

H_{o1}: There is no significant relationship between utilization of marketing mix strategies and entrepreneurial competence level

H_{o2}: There is no significant agreement in the ranking of constraints by the entrepreneurs.

2. Literature Review

2.1 Theoretical Framework

2.1.1 Theory of marketing mix

Bitner and Booms (1981) described marketing management as the concept of the marketing mix. The marketing mix is a conceptual framework which highlights the principal decisions that the marketing manager's makes in configuring their offerings to suit customers' needs. The tools can

be used to develop both long term strategies and short term tactical programs (Palmer, 2004). Bitner and Booms (1981) defined 7Ps of the marketing mix as follows:

Product - It must provide value to a customer but does not have to be tangible at the same time. Basically, it involves introducing new products or improving the existing products.

Price - Pricing must be competitive and must entail profit. The pricing strategy can comprise of discounts, offers, and the likes.

Place - It refers to the place where the customers can buy the product and how the product reaches out to that place. This is done through different channels, like internet, wholesalers and retailers.

Promotion - It includes the various ways of communicating to the customers of what the company has to offer. It is about communicating the benefits of using a particular product or service rather than just talking about its features.

People - This refers to the customers, employees, management and everybody else involved in it. It is essential for everyone to realize that the reputation of the brand that you are involved with is in the people's hands.

Process - It refers to the methods and process of providing a service and is hence essential to have a thorough knowledge on whether the services are helpful to the customers, if they are provided in time, if the customers are informed in hand about the services and many such things.

Physical (evidence) - It refers to the experience of using a product or service.

Su-Mei Lin (2011) described the elements of 7Ps marketing mix of fast food industries as follows

Product: Refers to service scope, service quality, service level, service brand, service content, credit warranty, after-sale service.

Price: Comprises of discount and commission, terms of payment, customer perceived value, match between brand name and price, service differentiation.

Promotion: Entails advertisement, promotion, human promotion, public relation, sale promotion.

Place: Involves location, distribution channel, closeness, distribution scope.

People: Refers to the employee: training, personal judgment, explanation capability, encouragement, appearance condition, interpersonal relationship, attitude, job quit rate, recruitment.

Physical Evidence: Looks at the environment: indoor decoration, color and arrangement,

equipment, tangible product.

Process: Refers to service decision, procedure, level of automation, employee's level of judgment, guidance to the customer, service process and after-sale service.

2.1.2 Entrepreneurial competence areas

Man et al. (2002) defined entrepreneurial competencies as higher-level characteristics encompassing personality traits, skills and knowledge, which can be seen as the total ability of the entrepreneur to perform a job successfully. They developed a theoretical framework using the concept of the competency approach to study the entrepreneurs' characteristics. According to their approach, the underlying quality of the most valuable worker lies in their 'competencies'. This framework focuses on the entrepreneur's role in determining firm performance and can be applied to firms which are smaller in size and that bear the name of the entrepreneur or founder (Sanchez, 2011). Because of its comprehensiveness, Man et al. (2002) categorization of entrepreneurial competencies was utilized in this study. Six major competency areas were identified in their work.

Opportunity competencies: One of the most distinguishing competencies for the entrepreneur is the opportunity related competency. For instance, McClelland (1987) finds 'to see and act on opportunities' as one of the competencies for successful entrepreneurs. Chandler and Jansen (1992) suggest that one of the most important entrepreneurial roles is the ability to recognize and envision taking advantage of opportunities. This category of competencies comprises of the entrepreneurial activities in spotting opportunities, actively seeking new opportunities, and developing the opportunities.

Organizing competencies: The second group of competencies is similar to the managerial competencies suggested in the literature. For instance, McClelland's (1987) efficiency orientation, concern for high quality of work, and monitoring should be the required competencies in managing various functional areas in a firm so as to keep the firm operating efficiently. Chandler and Jansen (1992) also suggested the importance of managerial roles of an entrepreneur in human competence. In general, organizing competencies are similar to the managerial competencies identified in the literature (Boyatzis, 1982). These groups of competency calls for the ability to lead, control, monitor, organize, and develop the external and internal resources towards the firm's capabilities

through the entrepreneur's organizing competencies in different areas.

Strategic competencies: Being the owner of the firm, the entrepreneur must set the direction for the business. This category of competencies requires the entrepreneur to have a vision or a big picture in their mind for their business, to have clear goals to achieve, or to formulate and implement strategies to achieve these vision and goals, for example, McClelland's (1987) systematic planning, and Lau, Chan and Man (2000) strategic planning competencies. In essence, these competencies are related to setting, evaluating and implementing the strategies of the firm, while calling for abilities and skills from a broader and long-term perspective.

Relationship competencies: This group of competencies relates to person-to-person or individual-to-group based interactions, e.g., building a context of cooperation and trust, using contacts and connections, persuasive ability, communication and interpersonal skill (Man et al., 2002). To successfully do so, the entrepreneur needs to possess competencies in relationship building, communication, persuasive and interpersonal abilities (McClelland, 1987; Lau et al., 2000). Bird (1995) described this relationship building activities as entrepreneurial bonding, which includes not only the creation of relationship, but also the restructuring of relationships as the firm grows. Evidence suggests that small firms in particular are critically dependent on their networks, because it is through these that they gain advice and support from professionals and experts such as lawyers, accountants, and consultants (Ramsden and Bennett, 2005), government bodies, research and training institutes, and even suppliers and customers (Ritter and Gemunden, 2004).

Commitment competencies: Successful entrepreneurs are often characterized as diligent people with a restless attitude in their work. In other words, they have a strong competency in totally committing, determining and dedicating, as well as taking proactive actions towards their responsibilities and duties. This corresponds to the entrepreneurial role of the drive to see firm through to fruition applied by Chandler and Jansen (1992). Another aspect of this competency area is the initiative or proactive orientation, which calls for the entrepreneurs taking actions before being asked or forced to by events (McClelland, 1987). To sum up, commitment competencies drive the entrepreneur to move ahead with the business.

Conceptual competencies: Conceptual competencies represent a category of competencies which are not easily identifiable behaviors but are often considered to be important for entrepreneurial

success. The ability in making cognitive and analytical thinking, learning, decision making and problem solving, sustaining temporal tension, innovating and coping with uncertainty and risk belong to this category (McClelland, 1987; Bird, 1995). They have a stronger linkage with entrepreneurial traits and are less directly observable. They involve high level of conceptual activities and are reflected in the entrepreneur's behaviors when they conduct analysis, learn, make decisions and solve problems etc. They may also enhance the effectiveness of carrying a task in the present or in the future. Similar to strategic competencies, conceptual competencies require a more abstract level of abilities. However, unlike strategic competencies, conceptual competencies are concerned with a shorter-term perspective, resolving instant events, or requiring intuitive responses (Man et al., 2002).

2.2 Review of related studies

2.2.1 Marketing strategies

Mehta and Maniam (2002) undertook an exploratory study on marketing determinants of customers' attitudes towards selecting a restaurant. Various factors such as service, product, location, physical, promotion, price, and image attributes were rated and analyzed on importance. The study utilized a self-administered questionnaire containing close-ended questions to a random sample of people. The findings of this exploratory study supports that customers find food quality, ambience factors, image, and friendly staff important in selecting a fine dining restaurant. The business sector wants availability of rooms for special functions, seminars, and banquets, while the leisure segment wants discounts, buffets, and prices less than 30 dollars per person. The rankings of the mean attributes based on mean averages slightly vary for leisure occasions and business occasions. Business occasions rank the attributes of importance in the following order: service, physical attributes, image, product attributes, location, price, and promotion, while leisure rankings are: service, physical attributes, product attributes, image, promotion, location, and price. The overall factors based upon the means follow in order of importance: quality/flavor and taste of food, courteous, responsive, friendly staff, smoking/non-smoking sections, atmosphere/surrounding-cozy and relaxed, and overall image and reputation. The results of this exploratory study are very similar to Kivela, Reece and Inbakaran (1999) findings of top four choice variables to be fine dining/gourmet restaurants of prestige, friendliness of waiting staff,

quality of food, and ambience factors.

Gona, Mohammed, and Tanko, (2008) examined marketing strategies and profitability analysis of restaurants in Sokoto metropolis, Nigeria. The study was centered on the four marketing mix factors, namely, nature of the product (food meal), pricing, placement and promotional activities employed by the food meal marketers to capture more customers. The study revealed that preparing very delicious meal was ranked first by 88.5 percent of the respondents. This suggested that the marketers were aware about the need to cook very delicious meal in order to draw more customers. Treating customers well was ranked second by 84.6 percent of the respondents. According to the marketers, inability to be polite and friendly to the customers can deprive one from having/maintaining customers. The use of signboard has been ranked third by 78.9 percent of the respondents aimed at creating enough publicity for the product (food meal). Distributing food to the customers' location was also a marketing mix strategy employed by 42 percent of the marketers. This they do in order to respond to the growth in competition in the industry. Selling food at a cheaper rate was ranked fifth as a marketing strategy by the respondents. 17.3 percent of the marketers employed this strategy, although some of the marketers did not use this strategy with the view that this can affect customers' perception about the quality of their food in terms of taste. Selling food on credit was ranked sixth as marketing strategy indicated by 11.5 percent of the respondents. According to the marketers that employ this strategy, most of their customers are wage earners who depend largely on their monthly salaries for feeding. Amongst the marketers, only 6 percent employed advertisement as a marketing strategy. Although advertisement stimulates demand by communicating persuasive messages about location of the restaurant and brands of food cooked, majority of the marketers do not employ this strategy because it goes with huge additional costs.

Yang and Jui-Min (2011) conducted a study on correlation between marketing strategies and operation performance of restaurant chains. Results from findings showed that with Pearson correlation analysis, both marketing strategies and operational performance achieved significantly positive correlation ($p<0.05$), where low-cost strategy in marketing strategies showed the highest correlation with operational performance. With multiple regression analysis, results displayed notable significant effects of branding strategy, innovation strategy, channel strategy and low-cost

strategy on financial and organizational performance. The study concluded by proposing that restaurant chains features production with small quantity and large varieties, target external sales net of the catering industry, such as subcontracting the large-scale catering industry. This kind of marketing strategy can help increase the sales volume of restaurant chains, reduce the sales cost, and promote the operation performance.

Lisa and Theodore (2011) carried out a qualitative study of successful Chicago-area independent restaurants (successful defined as profitable and in operation at the same location for a minimum of five years). The findings of this study suggest that, in addition to sufficient investment and capitalization of the start-up of restaurant operation, five elements were found to be crucial to the success of an independent restaurant. They include having a good location; pricing food (menu items) appropriately for the market; maintaining the quality of food items (even in times of scarcity of an item in the featured menu, or if costs should spike suddenly); utilizing promotional tactics to encourage repeat customers and to encourage new business; and having an ongoing commitment in maintaining and developing relationships with existing and new customers. The implication from the data obtained in this study is that the combination of marketing mix methods (location, price, quality, targeted promotions, service) are collectively needed by independent restaurants to achieve and maintain success. The study also reported that independent restaurant operators believe that the consistent commitment to these marketing mix methods is necessary to create the foundation for positive customer relationships, which in turn generate repeat business and the crucial of word mouth advertising to sustain their operations. Overall results showed that restaurant operators attributed a significant amount of their success to the quality of the products they provided.

2.2.2 Entrepreneurial Competencies

Lans, Bergevoet, Mulder, and Van Woerkum, (2005) also carried out a study on identification and measurement of competences of entrepreneurs in agribusiness. The study was based on micro and small sized agribusiness enterprises in Netherlands. The study utilized a five-point rating scale (1= not at all ... 5 = very much present), based on the average (absolute) scores of the different underlying competences rated by the respondents. Results of findings revealed that the entrepreneurs in the sub-sector vegetables under glass score the highest in the cluster conceptual

and the lowest in the cluster relationship. The entrepreneurs in floriculture scored also highest in the cluster conceptual and lowest in the cluster relationship, whereas the dairy farming entrepreneurs scored the highest in the organizing cluster and the lowest on opportunity competences.

Xiang (2009) conducted a study in Singapore on "Entrepreneurial competencies as an entrepreneurial distinctive: An examination of the competency approach in defining entrepreneurs". The major focus of the study was to ascertain if entrepreneurial competency differentiates entrepreneurs from non-entrepreneurs. Firstly, comparison of the 7 entrepreneurial competency variables was made between the business owner group and the manager group; the results showed that the average ratings of the business owners on the 7 entrepreneurial competency areas are higher than that of the managers, except for the human competency area. Further, the t-test results showed that in 4 out of 7 entrepreneurial competency areas, the ratings of the business owners are significantly higher than that of the managers, while the ratings on the rest 3 entrepreneurial competency areas do not show any significant difference between the business owner group and the manger group. Therefore, when taking the 7 entrepreneurial competency areas as a whole, the study showed that the business owners generally possess higher level of entrepreneurial competencies than the managers.

Rudianto (2012) carried out a study on entrepreneurial competencies and the competitiveness of an agribusiness in East Java, Indonesia. In the study, both top managers and managers were asked to rank the entrepreneurial competencies in order of importance for their successful implementation and development. The results indicate that conceptual competencies were ranked first in order of importance by top managers, but managers ranked relationship competencies as the most important entrepreneurial competencies. Strategic competencies were ranked second by top managers but fourth by managers. Commitment competencies were mostly ranked in the middle (fourth and fifth). Opportunity competencies were ranked second last (sixth) for managers but third for top managers. The study concluded that Indonesian managers and top managers have positive attitude on all of the entrepreneurial competencies. There are significant differences between the attitudes of managers and top managers from the same organization. When considering all the entrepreneurial competencies, managers consistently revealed less positive

attitudes than top managers.

Wee-Liang and Samuel (2012) carried out a study entitled entrepreneurs, managers and the competency approach: do entrepreneurial competencies differentiate entrepreneurs from managers? Using a sample of 155 owners and managers of small and medium enterprises in Singapore, the study found out that Man (2001) six entrepreneurial competencies and two supporting competencies distinguish entrepreneurs from managers when the competencies are taken as a whole. However, entrepreneurs had significantly higher scores only in the strategic and commitment competencies when the competencies were examined individually, and significantly lower scores in the relationship competency.

3. Methodology

3.1 Study area

The study was conducted in Calabar metropolis, Cross River State, Nigeria. For administrative purposes, Calabar metropolis is divided into Calabar Municipality and Calabar South Local Government Area made up of ten and twelve political wards respectively. Calabar metropolis has an area of 406 km² and a population of 375,196 as at the 2006 census (NPC, 2010). The area lies on the geographical coordinates of latitude 4° 34' 27" N, and longitude 6° 58' 32" E and is bounded by Odukpani local government area in the north, Calabar River to the west, Great Kwa River to the east and the wetlands of the Cross River estuary to the south.

3.2 Sample and sampling technique

A sampling frame of restaurants recorded in the database of the Research and Planning Department, Cross River State Tourism Bureau was obtained for the study. The frame showed that Calabar South had 175 food restaurants while 154 food restaurants were in Calabar Municipality as at 2012. Using a random number table, 70 and 62 micro restaurants were selected from Calabar South and Calabar Municipality respectively. Sampling was done proportionate to the size of the sampling frame (40 percent of the restaurants in each of the Local Governments were selected). Where a restaurant selected was found to have shut down operations, reselection was done using

the same random number table. Proportionate random sampling was used to select the study sample in order to obtain equal proportion of respondents from the two local government areas.

3.3 Data and data collection instrument

Primary data collection was achieved through the use of interviews and questionnaire aimed at eliciting data on level of entrepreneurial competence, marketing mix strategies and challenges/constraints faced by the enterprise. Questions asked include close and open ended types. Rating scales were also used. The questionnaire was validated by asking lecturers in the Department of Agricultural Economics and Extension, University of Calabar and managers of restaurants to make their inputs and ascertain if the items on the instrument captures the objectives of the study. The final draft was pre-tested at 2 restaurants that were not included in the selected study sample. Secondary data which was sourced from several literature was also used for the study.

3.4 Analytical technique

Objective 1: To identify the marketing mix strategies used by restaurants, a 4 point Likert Rating Scale was used to identify and rank the marketing mix strategies applied. The responses were ranked into very often, often, rarely used and never used. Nominal values of 4, 3, 2 and 1 were assigned to the ranks respectively. Means and standard deviation were used for the analysis

Objective 2: To measure the level of entrepreneurial competence of restaurants owners, a 5 point Likert rating scale was used to identify and rank managers/owners ability to carry out the sets of entrepreneurial competency functions. The responses were ranked into strongly agree, agree, undecided, disagree and strongly disagree. Nominal values of 5, 4, 3, 2 and 1 were assigned to the ranks respectively. Mean scores and standard deviation were used for the analysis. Reliability which is defined as the consistency of the scores was primarily sought by adapting the assessment techniques and questionnaires used by other researchers in the domain of agribusiness and entrepreneurship (Chandler and Jansen, 1992; McClelland, 1987; Lans, Wesselink, Biemans, and Mulder, 2004; Bergevoet, Ondersteijn, Saatkamp, Van Woerkum and Huirne 2004).

Objective 3: To analyze the constraints that affect the performance of the restaurants; Kendall's concordance analysis was used to rank the constraints experienced by the entrepreneurs and

establish the extent of disagreements and agreements among responses. It evaluates the degree of agreement between entrepreneurs regarding the ranking of key constraints and it ranges from 0 (no agreement) to 1 (complete agreement) (Siegel and Castellan, 1988). The identified constraints are ranked according to the most serious to the least serious using numerals; 5, 4, 3, 2, 1 in that order. After computing the total rank score for each constraint, the constraint with the highest score is ranked as the most serious whilst the one with the lowest score is ranked as the least serious. The ranked data was analyzed by looking at the mean ranking generated by Kendall's coefficient of concordance test statistic. This approach of looking at the mean ranking of constraints and factors as generated by Kendall's coefficient of concordance is similar to works undertaken by Bidzakin (2009), Amran (2006), Stevens (2009).

3.4.1 Hypotheses testing 1

H_{o1}: There is no significant relationship between utilization of marketing mix strategies and entrepreneurial competence level

Chi square test of independence was used to ascertain the relationship between utilization of marketing mix strategies and entrepreneurial competence level of the business owners. The Chi-Square mathematical model is given as

$$X^2 = \sum \frac{(O - E)^2}{E}$$

Where $\chi 2$ = Chi square value

Σ = Summation

O = Observed frequencies

E = Expected frequencies

The dependent variable (marketing mix strategy used) was determined from the means calculated from the likert ratings of utilization of each marketing mix strategy. Any respondent whose mean score of marketing mix strategy usage is < 2.50 was interpreted as low, those with mean score ≥ 2.50 as High. Codes of 1 and 2 were assigned to Low and High Utilization respectively.

The independent variable (entrepreneurial competence level) was also determined from the means calculated from the likert ratings of each set of entrepreneurial competency function. Any respondent whose mean score is < 3.00 was interpreted as having low level of entrepreneurial

competence, those with mean score ≥ 3.00 as high. Codes of 1 and 2 were assigned respectively.

3.4.2 Hypotheses testing 2

H_{o2}: There is no significant agreement in the ranking of constraints by the entrepreneurs.

Kendall's coefficient of concordance (W) test statistics used to test the hypothesis. The total rank score computed is used to calculate for the coefficient of concordance (*W*), to measure the degree of agreement in the rankings (Edwards, 1964). The limits for *W* cannot exceed 1.00 and cannot be negative. That is, it can only be positive and range from 0 to 1. It will be 1 when the ranks assigned by each judge (entrepreneur) are exactly the same as those assigned by other judges (entrepreneurs). If the p value is less than 0.05 (p-value<0.05) then the result is statistically significant so you have to reject the null hypothesis and accept the alternative (Amran, 2006). An acceptable degree of consensus to the ranking of the constraints exists among the respondents in that category if Kendall's coefficient of concordance (*w*) is significant at the 5 percent level (Siegel and Castellan, 1988; Field, 2005).

4. Results and Discussion

4.1 Marketing mix strategy used

Table 1 here

The 7Ps marketing mix concept was used to determine the marketing mix strategies employed by the restaurant entrepreneurs to attract and retain their customers. The mix categories include product, place, price, promotion, process, people and physical environment. The result in table 1 revealed that the most frequently used marketing mix factor was preparing quality/tasty meal (3.85). Others include treating customers nicely (3.67), attentiveness to customers' needs (96.21 percent) and nice food presentation/packaging (3.39). The marketing mix factors that were used least include use of paid adverts (1.15), catering services (1.39) and sales on credit (1.53). Looking at the mix categories, Product category was the most used (3.22) marketing mix followed by People category. The least used mix category was Price (1.49) and Place (1.93). The implication of these findings is that the restaurant owners make little effort to break new grounds in terms of new customers; rather they strive to please their customers to ensure retention hence they also rely

on the same customers to advertise for them and get more customers. These results are in line with the findings of Gona, *et al.* (2008) that examined marketing strategies and profitability analysis of restaurants in Sokoto metropolis, Nigeria. The study ranked preparing very delicious meal and treating customers well as the top two marketing mix strategy utilized by the respondents. Use of advertisement was ranked the least. It also confirmed the findings of Lisa and Theodore (2011) in a study conducted on the role of marketing mix in successful independent restaurants which found out that the four most important elements in the success of the independent restaurant are product quality, service, targeted promotions, and customer relationships. It also agrees with Mehta and Maniam (2002) who undertook an exploratory study on marketing determinants of customers' attitudes towards selecting a restaurant and found out that the overall factors of importance based upon the means scores ranking supports that customers find quality/flavor and taste of food, courteous, responsive, friendly staff, smoking/non-smoking sections, atmosphere/surrounding-cozy and relaxed, and overall image and reputation.

4.2 Measurement of entrepreneurial competence

Table 2 here

Table 2 shows the likert scores used in measuring the entrepreneurial competencies of the entrepreneurs. Relationship competencies have the highest mean value (3.92) closely followed by opportunity competencies (3.91) and commitment competencies (3.90). Scores of other competencies are strategic competencies (3.71), conceptual competencies (3.60) and organizing/leading competencies (3.56).

Further analysis across each competence item shows that the restaurant entrepreneurs' strongest point lies in their ability to identify the variety of food customers want, negotiate with customers and staff, develop long-term trusting relationships with customers, staff, take job related risks, plan the operations of the business effectively, supervise subordinates and delegate tasks effectively, motivate staff and remain dedicated to make the business work despite challenges.

This result agrees with the findings of Rudianto (2012) who carried out a study on entrepreneurial competencies and the competitiveness of an agribusiness in East Java, Indonesia and found out that attitude of managers is most positive for relationships competencies. The findings also shares similarity with those of Xiang (2009) who conducted a study in Singapore on entrepreneurial

competencies as an entrepreneurial distinctive: an examination of the competency approach in defining entrepreneurs and ranked commitment and opportunity competence as the top two competencies for business owners. However the study disagrees completely with Lans, *et al* (2005) who found out that the micro and small sized agribusiness entrepreneurs in Netherlands scored highest in conceptual competencies and lowest in opportunity competencies.

4.2.1 Validation of hypothesis 1

H_{o1}: There is no significant relationship between utilization of marketing mix strategies and entrepreneurial competence level.

Table 3a and 3b here

Result from the Chi square test of independence analysis in table 3 showed that utilization of marketing mix strategy and entrepreneurial competence level had significant association with $\chi 2$ value of 10.739 which was significant at 5% (p value = 0.001). Thus, the null hypothesis (H_o) which states that there is no significant relationship between utilization of marketing mix strategies and entrepreneurial competence level was rejected and the alternative hypothesis (H_1) accepted. This implied that high entrepreneurial competence level will lead to high utilization and better application of marketing mix strategies. This result agrees with Yang and Jui-Min (2011) who conducted a study on correlation between marketing strategies and operation performance of restaurant chains and found out that marketing strategies and operational performance achieved significantly positive correlation.

4.3 Constraints faced by the restaurant enterprises

Table 4 here

A number of constraints were identified from literature as constraints facing micro enterprises and restaurants. The entrepreneurs were asked to rank them in order of severity. Entrepreneurs were also allowed to specify other constraints not listed. Results from table 4 reveal that while setting up the business, huge initial capital requirement represents the most pressing constraint for the entrepreneurs with low access to favorable business location the least pressing. While running the

business, inadequate record keeping skills was identified as the major constraint and reliance on family labour the least of their problems.

Generally, the five topmost constraints faced by the restaurant entrepreneurs are huge initial capital outlay, cost of credit, inadequate record keeping skills, shortage of electricity supply and poor access to credit. This was determined by looking at their mean ranking (13.51, 12.37, 12.36, 11.18 and 10.18 respectively) generated by the Kendall's coefficient of concordance. However, high cost of water supply (7.67), inadequate cooking skills (7.63), low access to training opportunities (7.63), high incidence of crime/theft (4.67) and reliance on family labour (4.34) represents the least pressing problems for the restaurant entrepreneurs.

These results are similar to the findings of Bidzakin (2009) who assessed the performance of micro and small scale agribusinesses in Northern Ghana and found out that access to working capital; credit and cost of credit are the three topmost challenges to micro and small agribusinesses, with access to training courses being the least in terms of their ranking. Gona *et al* (2008) carried out a study on marketing strategies and profitability analysis of restaurants in Sokoto metropolis, Nigeria and identified electricity supply as the most pressing challenge of restaurant operators. Also Achoja (2011) carried out a study on growth and survival of small-scale agribusiness firms in Delta State, Nigeria which revealed the topmost constraints of small-scale agribusinesses to be insufficient startup capital.

4.3.1 Validation of hypothesis 2

H_{o2}: There is no significant agreement in the ranking of constraints by the entrepreneurs.

Table 5 here

Kendall's coefficient of concordance (w) was used to test the second hypothesis below

H_o: there is no consistency/agreement among the challenges identified by each restaurant entrepreneur

From table 5, Kendall's coefficient of concordance (w) for the ranking of constraints among all the respondents is 0.31. This Kendall's coefficients of concordance is significant since the p value is 0.000 (<0.05), thus the null hypothesis is rejected in favor of the alternative hypothesis. Therefore it can be concluded that there is a reasonable degree of agreement among the

respondents regarding the ranking of the constraints facing restaurant enterprises in Calabar metropolis.

5. Conclusion and Recommendations

The results of the study indicated an association between the utilization of marketing mix factors and the entrepreneurial competence levels of entrepreneurs. The implication therefore is that if the entrepreneurs are able to harness the 7Ps of marketing mix, they will be able to forge a good marketing strategy which will enable them realize the desired impact on their target customers. A better application of marketing mix strategies can help entrepreneurs eliminate most of the constraints identified. Hence the study suggests the following recommendations

- To tackle the problem of poor access to favourable business location and the resulting low food sales, restaurant entrepreneurs should embrace more marketing mix strategies like menu variety/adjustment, external food service, catering services, as well as word of mouth advertorial in order to attract more customers.
- The problems associated with low food sales and bad weather effect can be managed by keeping regular checks on customers' strength and cooking in line with demand. If possible, restaurants should be sited at strategic and consumer friendly locations.
- Restaurant operators can solve the problem of huge initial capital outlay and cost of credit by forming a co-operative society to enable them access available micro credit funds.
- Financial institutions especially those owned by the government should devote more low cost credit funds towards the setting up of micro enterprises especially since they are capital intensive. Favourable moratorium and tax holiday should be provided to encourage the growth/expansion of enterprises.
- Cross River State Micro Finance and Enterprise Development Agency (MEDA), Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) and Civil Society Organizations (CSOs) should regularly organize training for prospective and practicing entrepreneurs where they should be educated on entrepreneurial and managerial skills. The study had revealed that organizing and leading competence variables (which involve planning the operations of the business effectively, supervising subordinates and delegation of tasks effectively, motivating staff, updating financial records of daily transactions

consistently and conduct staff training regularly) represents the major weakness highlighted by the respondents.

- Entrepreneurs should be more proactive in terms of seeking the assistance/incorporate the services of other persons in skills that they lack that are highly needed for their business to succeed or grow.

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Table 1

Marketing mix strategies used by restaurants

	Never Used	Rarely Used	Often	Very Often	Rank	Mean	Std. Deviation
Product							
Preparing Quality/Tasty Meal	-	-	20	112	**1**	3.85	0.36
Menu Variety/Adjustment	28	22	67	15	**15**	2.52	0.95
Nice Food Presentation/Packaging		3	75	54	**5**	3.39	0.53
Portion Size (Food Quantity) Served	13	7	65	47	**8**	3.11	0.89
						3.22	**0.68**
Place							
External Food Service	84	24	15	9	**21**	1.59	0.94
Catering Services	102	15	8	7	**23**	1.39	0.83
						1.49	**0.89**
Price							
Price Adjustment Based On Competitors	21	50	59	2	**16**	2.32	0.75
Sales On Credit	91	17	19	5	**22**	1.53	0.88
						1.93	**0.82**
Promotion							
Special Seasons/Days Price Cuts	29	46	56	1	**17**	2.22	0.79
Extended Hours Of Operation	8	10	83	31	**9**	3.04	0.75
Signposts	34	7	59	32	**14**	2.67	1.11
Using Paid Advertisement	116	12	4	-	**24**	1.15	0.44
Face To Face Contact/Persuasion	11	20	100	1	**13**	2.69	0.63
						2.35	**0.74**
Process							
Prompt Service Delivery	-	1	49	82	**3**	3.61	0.5
Table Service	-	-	107	25	**6**	3.19	0.39
Counter Sales	67	50	14	1	**19**	1.61	0.71
						2.80	**0.53**
People							
Staff Dress Code	63	49	18	2	**18**	1.69	0.76
Treating Customers Nicely	1	-	41	90	**2**	3.67	0.52
Attentiveness (Pre-Empt Customer Needs)-		-	54	78	**4**	3.59	0.49
Familiarity With Customers	-	1	108	23	**7**	3.17	0.39
						3.03	**0.54**
Physical Environment							
Entertainment/Music Availability	19	9	94	10	**12**	2.72	0.8
Decoration (Trendy/Fancy)	79	31	18	4	**20**	1.6	0.84
Comfortable Atmosphere	1	4	119	8	**11**	3.02	0.35
Secure Environment	1	7	111	13	**10**	3.03	0.43
						2.59	**0.61**

Source: Field Survey 2013, multiple responses allowed

Table 2

Measurement of entrepreneurial competence of respondents

Areas of competence	SD	D	NS	A	SA	Mean	Std. dev.
Opportunity competence							
Identify variety of food customers want	-	1	18	72	41	4.16	0.68
Perceive unmet customers' needs	-	-	15	112	5	3.92	0.38
Seize available business opportunities to increase profit	-	-	53	72	7	3.65	0.58
Opportunity competence mean						**3.91**	
Relationship competence							
Develop long-term trusting relationships with customers, staff.	-	1	19	92	20	3.96	0.67
Negotiate with customers and staff	-	-	1	89	42	4.28	0.61
Maintain a personal network of contacts and customers	-	24	23	70	15	3.55	0.97
Communicate effectively	-	1	18	105	8	3.88	0.58
Relationship competence mean						**3.92**	
Conceptual competence							
Take job related risks	-	-	9	112	11	3.98	0.52
Look at old problems in new ways	-	21	55	50	6	3.29	0.84
Explore new ideas	-	4	37	81	10	3.71	0.72
Treat new problems as opportunities.	-	2	75	48	7	3.43	0.69
Conceptual competence mean						**3.60**	
Organizing/leading competence							
Plan the operations of the business effectively.	-	-	-	51	81	4.58	0.63
Supervise subordinates and delegate tasks effectively	-	-	22	59	51	4.19	0.80
Motivate staff	-	4	18	67	43	4.10	0.83
Update Financial records of daily transactions consistently	-	41	-	77	14	3.46	1.08
Conduct Staff Training Regularly	88	32	4	8	-	1.47	0.83
Organizing/leading competence mean						**3.56**	

Areas of competence	SD	D	NS	A	SA	Mean	Std. dev.
Strategic competence							
Determine problems, or opportunities immediately they occur	-	-	48	77	7	3.66	0.65
Prioritize work in a timely fashion to meet business goals.	-	3	39	75	15	3.74	0.75
Monitor progress toward strategic goals.	-	16	22	46	48	3.92	1.06
Weigh costs and benefits before making changes	-	23	33	60	16	3.52	0.92
			Strategic competence mean			**3.71**	
Commitment competence							
Remain dedicated to make the biz work despite challenges	-	2	19	49	62	4.26	0.85
Sustain an extremely strong internal drive.	-	3	34	86	9	3.74	0.68
Commit to long-term business goals.	-	-	46	76	10	3.70	0.67
			Commitment competence mean			**3.90**	
Grand mean						**3.80**	

Source: Field Survey 2013

KEY: SD – Strongly Disagree, D – Disagree, NS – Not Sure, A – Agree, SA – Strongly Agree

Table 3a

Chi Square analysis: Marketing Mix strategies * Entrepreneurial Competencies Cross tabulation

			Entrepreneurial Competencies		Total
			Low	High	
Marketing Mix strategies	Low Utilization	Count	14	19	33
		Expected Count	7.3	25.8	33.0
		% within Marketing Mix strategies	42.4%	57.6%	100.0%
		% within Entrepreneurial Competencies	48.3%	18.4%	25.0%
		% of Total	10.6%	14.4%	25.0%
	High Utilization	Count	15	84	99
		Expected Count	21.8	77.3	99.0
		% within Marketing Mix strategies	15.2%	84.8%	100.0%
		% within Entrepreneurial Competencies	51.7%	81.6%	75.0%
		% of Total	11.4%	63.6%	75.0%
Total		Count	29	103	132
		Expected Count	29.0	103.0	132.0
		% within Marketing Mix strategies	22.0%	78.0%	100.0%
		% within Entrepreneurial Competencies	100.0%	100.0%	100.0%
		% of Total	22.0%	78.0%	100.0%

Source: Field data 2013, SPSS v20 output

Table 3b
Chi Square analysis between marketing mix strategies used and entrepreneurial competence levels

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	10.739[a]	1	.001**		
Continuity Correction[b]	9.207	1	.002		
Likelihood Ratio	9.800	1	.002		
Fisher's Exact Test				.003	.002
N of Valid Cases	132				

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 7.25.
b. Computed only for a 2x2 table

Source: Field data 2013, SPSS v20 output, **Significant at 5%

Table 4

Constraints that affects the performance of restaurant enterprises

Problems	Kendall's mean rank
While setting up the restaurant	
Huge initial capital outlay	13.51
High cost of credit	12.37
Poor access to credit	10.18
Low access to favorable business location	9.34
While running the restaurant	
Inadequate record keeping skills	12.36
Shortage of electricity supply	11.18
Price fluctuations of food items in the market	9.15
Bad weather effect (rain and storms)	9.06
Low food sales	8.93
High government taxation/levies	8.36
Marketing problems	8.33
Debtors	8.27
High cost of water supply	7.67
Inadequate cooking skills	7.63
Low access to training opportunities	7.63
High Incidence of crime/theft	4.67
Reliance on family labour	4.34

Source: Field Survey 2013, SPSS v20 output

Table 5

Kendall's coefficient of concordance test results

Test statistics	
N	132.00
Kendall's W[a]	0.31
Chi-Square	664.96
Df	16.00
Asymp. Sig.	0.00***
Kendall's coefficient of concordance	

Source: Field Survey 2013, SPSS v20 output, *** Significant at 1%