Received 26 August 2022
Revised 8 March 2023
Accepted 9 May 2023

Business choice, location decision and success of small and medium enterprises in Uganda

JohnBosco Kakooza
Department of Business Administration, Makerere University Business School, Kampala, Uganda
Immaculate Tusiime and Sophia Namiyingo
Makerere University Business School, Kampala, Uganda
Ruth Nabwami
Department of Business Administration, Makerere University Business School, Kampala, Uganda, and
Mellan Basemera
Makerere University Business School, Kampala, Uganda

Abstract

Purpose – This paper aims to report on the results of a study carried out to establish the contribution of business choice and location decision to the success of small and medium enterprises in an emerging economy like Uganda.

Design/methodology/approach – This study is cross-sectional and correlational. Data were collected through a questionnaire survey of 181 small and medium restaurants. The data were analyzed through correlation coefficients and hierarchical regression using statistical package for social sciences.

Findings – The findings reveal that both business choice and location decisions positively and significantly contribute to the success of small and medium enterprises. However, it was noted that more attention should be paid to location decision than business choice as determinants of SME success.

Originality/value – To the authors' knowledge, this is the first study to investigate the contribution of business choice and location decision to the success of SMEs using evidence from a developing African country like Uganda. Finally, this research offers practical contributions to managers and owners of SMEs who have to make strategic decisions for firm profitability, survival and growth in the competitive business arena.

Keywords Business choice, Location decisions, Enterprise success, Restaurant, Small and medium enterprises, Uganda

Paper type Research paper

1. Introduction

Small and medium enterprises (SMEs) continue to play a vital role in the economic transformation of developing economies like Uganda. They stimulate income generation, private ownership and entrepreneurial skills and contribute significantly to domestic and exporting earnings of a country (Islam *et al.*, 2011; Ngoma *et al.*, 2017). In Uganda, SMEs

The authors acknowledge with gratitude the financial and moral support received from Makerere University Business School under the Faculty of Entrepreneurship and Business Administration research funding.

Journal of Money and Business
Vol. 3 No. 1, 2023
pp. 108-121
Emerald Publishing Limited
e-ISSN: 2634-260X
p-ISSN: 2634-2596
DOI 10.1108/JMB-08-2022-0041

contribute over 30% of gross domestic product (GDP) in the form of tax revenues, job creation and poverty reduction (Ngoma *et al.*, 2017; Sejjaaka *et al.*, 2015; World Bank, 2013). However, despite this significant contribution, studies on SMEs in Uganda reveal that 90% of SMEs do not live to see their first birthday and even those that survive beyond one year, over 40% do not witness their fifth birthday (Sejjaaka *et al.*, 2015). Prior studies attribute the problem to poor working capital management such as poor planning, cash problems, low debt collection potentials and high operational costs (Orobia *et al.*, 2013; Nyamao *et al.*, 2012). Consequently, practicing and prospective business owners have to know that some SMEs grow and succeed, some stagnant while others decline and collapse after some time. So, what factors affect business success among SMEs? This study examines the contribution of business choice and location decision in the business success of SMEs in Uganda.

Although, prior studies document a number of success determinants of SMEs (Nyamao *et al.*, 2012; Dabić *et al.*, 2022; Ramadani *et al.*, 2018). In addition, Alfoqahaa (2018) studied the critical success factors of SMEs in Palestine and found that brand reputation, excellence of customer of services and reliable delivery significantly influence SME success. In another study, Walker and Brown (2004) examined the success factors important to SMEs and found both financial and non-financial measures predicting business success. Foreman-peck *et al.* (2006) studied growth and profitability as measures of SMEs success and concluded that profits are necessary for survival and funding of SME growth but growth is not mandatory since some firms intentionally remain small. In this study, the centrality of business choice and location decisions has been explored, given the fact that locations and businesses differ in nature (Dana *et al.*, 2018; Ramadani *et al.*, 2018).

To the researchers' knowledge, no study has investigated the contribution of Business choice and location decision to business success using evidence from Uganda's SMEs. Although success of SMEs has been explored widely, we argue that gaps still exist in literature and the calls for further research are evident (Walker and Brown, 2004; Simpson *et al.*, 2012; Alfoqahaa, 2018; DiPietro, 2017; Shama and Upneja, 2005; Shephard and Williams, 2015; Winnaar and Frances Scholtz, 2019). In this study, we attempt to respond to the calls of Shephard and Williams (2015) on decision-making of independent entrepreneurs and those acting entrepreneurially within the established organizations, and Rahman and Kabir (2019) on location choices of service SMEs as key determinants of success of SMEs. This study also contributes to the current literature by demonstrating aspects like business choice and location decisions as salient predictors of the success of SMEs.

The purpose of this paper was achieved through a questionnaire survey of 181 Small and Medium Restaurants in Uganda. The results suggested that both business choice and location decision and business success are positively and significantly associated. This study results provide initial empirical evidence on the contribution of business choice and location decision to the success of SMEs using evidence from Uganda. This study's results are important to practitioners, academicians, policy makers and the community. This study contributes to the existing literature by expanding on the determinants of business success of SMEs. Given the critical role of SMEs in developing economies like Uganda, we suggest that managers and policy makers create a conducive environment for SMEs to succeed. Such as proving tax subsidies for businesses that are located in less prime areas. Owners of SMEs can use this study results to understand that businesses located in prime areas are more likely to succeed than those located in less prime areas in the event that there are no subsidies. Similarly, the choice of the business is key for its success in an environment of perfect competition where forces of demand and supply determine prices.

The rest of the paper is organized as follows. Section 2 is the literature review and hypothesis development, followed by Section 3, the methodology section and Sections 4 and 5, the results and discussion section. Section 6 is the summary and conclusion.

2. Literature review

2.1 Theoretical framework

In this study, the Location of Industries Theory (LIT) (Weber, 1929) and the rational choice theory have been advanced to explain SMEs' success. According to LIT (Weber, 1929), the ability of firms to locate in areas offering the agglomeration of advantages may induce competitive advantage through easy access to resources and cuts in production costs, respectively. Small firms in a cluster location are able to benefit from the synergy in their business environment and do not necessarily have to own all the resources they need before they have access to them (Lechner and Leyronas, 2012; Felzensztein *et al.*, 2019). SMEs can derive three core benefits of complementary competencies, shared knowledge and collaboration with other enterprises in utilizing common resources due to their location (Banwo *et al.*, 2017). Weber (1929) further based the LIT on the "least cost principle." Accordingly, industrial location is based on minimization of labor costs, market accessibility and transport costs. Reduced cost of production allows firms to reduce prices and compete favorably in the market thus the success of the SME. Capello (2014), in his study of firm location, posited that the positioning of business firms in a specific area is influenced by the agglomeration of direct and indirect benefits derived from that location. These in return enhance the success of SMEs.

The rational choice theory (Hernstein, 1990; Levin and Milgrom, 2004) assumes that choices individuals make aim at maximizing total utility. It also emphasizes that individuals are rational actors who make rational choices aimed at maximizing rewards and returns. Individuals use logical calculations to make rational choices and achieve results that are aligned with their own personal goals. According to Winnaar and Frances Scholtz (2019), the theory postulates that rational choice can be broken down into steps which are identifying the problem, generating alternatives, evaluating alternatives, choosing an alternative, implementing the decision and evaluating the decision's effectiveness. Shepard *et al.* (2015) posited that individuals are heterogeneous in their beliefs and motivations for entrepreneurial entry decisions and opportunities. Winnaar and Frances Scholtz (2019) added that maximizing utility is the ultimate goal of all rational decision-makers. Such decision-makers seek thorough and complete knowledge of the problem, its alternatives and the consequences of each option in order to decide. Thus all choices made have a degree of intentionality to achieve set goals (success).

2.2 Business choice and success of SMEs

According to Levin and Milgrom (2004), rational choice is "the process of determining what options are available and then choosing the most preferred one according to some consistent criterion." This study views business choice as the process of determining what business options are available and then choosing the most preferred one by following a given criterion. The choice of business a prospective entrepreneur should undertake is a complex combination of motives, skills and ambitions with varying types and levels of risks (Louviere and Meyer, 2015; Simpson *et al.*, 2012). Business choice was measured in terms of owner–manager and initial investment (resources) (Simpson *et al.*, 2012). Blackburn *et al.* (2013) indicated that owner-manager personal qualities refer to an individual's personal attributes that include age, gender, knowledge and skills and values while initial investment (resources) includes financial resources and non-financial resources (Kakooza *et al.*, 2015).

Studies linking business choice and success of SMEs are scarce. Birley and Westhead (1994) indicate that a combination of attributes and skills are required for the entrepreneur to be successful such as being decisive, being goal orientated, flexible, pragmatic, determined, hardworking and self-confident. Liguori *et al.* (2020) posited that the owner–manager's mental and technical abilities, human relations skills, high need for achievement and creativity and innovation are pertinent to the success of an entrepreneur. Sadler–Smith *et al.* (2003) found a

positive association between owner–manager entrepreneurial style and business performance as measured by sales growth. Simpson *et al.* (2012) found that prior knowledge possessed by the owner-manager in the form of training, experience or formal education is a prerequisite for the success of a chosen enterprise. The implications of the above findings are that once the business choice selected matches the owner's managerial personal values and resources required to manage the enterprise, it is expected that the success of such an enterprise will be achieved. We, therefore, hypothesized that:

H1. Business choice is positively related to the success of SMEs.

2.3 Location decisions and success of SMEs

A large number of techniques to aid location decision-making have been studied, developed and advocated for (Zimmerer and Scarborough, 2008; Rahman and Kabir, 2019). Prior studies acknowledge that SME location decision is influenced by a combination of factors; these could be soft or hard factors, internal or external factors (Dana *et al.*, 2018; Felzensztein *et al.*, 2019; Ramadani *et al.*, 2018). Scarborough (2010) asserts that the location decision of a firm has far-reaching and often long-lasting effects on SMEs' competitiveness. SMEs whose locations are chosen with due consideration of their critical success factors are able to establish a competitive advantage over rivals in haphazard locations (Teece and Pisano, 1994). Rahman and Kabir (2019) concluded that a suitable location enhances a firm's market competitiveness in the form of increased production capacity, sustainable profit margin and reduced costs while an unsuitable location curtails a firm's competitiveness. Studies on the location decision have been common but focused on the location of international firms (MacCarthy and Atthirawong, 2003) and retail location decision (Kwong-yin Fock, Henry, 2001; Hernández and Bennison, 2000). There is a growing appreciation that there are prominent differences in the contributing factors that determine the location decision of an enterprise and thus its success.

Studies linking location decision and success of SMEs are limited. The performance of SMEs has been linked to working capital management (WCM) (Aldubhani *et al.*, 2022), Intellectual Capital (Mollah and Rouf, 2022) and capital structure (Riaz *et al.*, 2022). In his book, Logistics and Supply Chain Management, Christopher (1994) posited that location decision is a fundamental factor of sustainable firm profitability. In addition, Head *et al.* (1995) found that location proximity generates positive externalities to the firm. In another study, Kozak and Rimmington (1998) concluded that the type and location of the SMEs are interrelated. MacCarthy and Atthirawong (2003) in their Delphi study of locating international operations posited that the determining factors are market, labour costs and competition for locating an SME. Chand and Katou (2007) found that labour is positively related to the performance of an enterprise. Jackson *et al.* (2008) suggested that a viable location stimulates a successful investment. Further, Freeman and Styles (2014) reported that location-specific advantages positively enhance export performance outcomes. Given the fact that there is minimal literature on the association between location decision and success of SMEs, we try to contribute to the literature by establishing whether location decision can lead to the success of SMEs by hypothesizing that:

H2. Location decision is positively related to the success of SMEs.

3. Methodology

3.1 Design, population and sample

This study followed a cross-sectional research design and a quantitative research approach. The study population was 337 small and medium restaurants drawn from Kampala-district

Uganda, Kampala Capital City Authority (KCCA, 2019). A total sample of 181 local restaurants was chosen for this study using Krejcie and Morgan (1970) sample selection approach. Primary data were captured using self-administered questionnaires. This study used a simple random sampling technique to select respondent firms and 370 useable questionnaires were received from 143 SMEs with a response rate of 79%. In total, 21% of respondent information was not considered due to response errors which rendered them unreliable and invalid for use. The results in Table 1 indicate that out of the 370 respondents, 185 were male and 185 were female. The majority of the respondents were 30 years and above, implying that most restaurant business are managed by mature people and had a working experience of more than five years, and the majority of these had a diploma and degree level of education, implying that they had adequate skills and training required to choose and run a restaurant business.

3.2 The questionnaire and variables measurement

The data was collected using close-ended questionnaires (Saunders *et al.*, 2007). A review of the literature was done on business choice, location decision and success of SMEs.

Background information	Frequency	Percentage
Gender		
Male	185	50
Female	185	50
Total	370	100
Age of the Respondent		
18–24 years	39	11
25–29 years	108	29
30–34 years	90	24
35–39 years	80	22
Above 40 years	53	14
Total	370	100
Level of education		
No education	26	7
Certificate	85	23
Diploma	121	33
Degree	116	31
Masters	22	6
Total	370	100
Marital Status		
single	106	29
married	241	65
Divorced	11	3
Widowed	12	3
Total	370	100
Experience		
Less than 1 year	17	5
1–4 years	173	47
5–8 years	115	31
Above 8 years	65	18
Total	370	100

Source(s): Primary data

Table 1. Respondents' characteristics

The dependent variable for this study is the success of SMEs, which is operationalized in terms of profitability and growth (foreman-Peck *et al.*, 2006) the independent variables for this study are business choice and location decisions. Business choice was operationalized in terms of owner/manager personal values and initial investment/resources (Shephard and Williams, 2015; Attahir, 1995; Walker and Brown, 2004), and location decision was operationalized in terms of competition, labour and market (Rahman and Kabir, 2019; Balunywa, 2006; MacCarthy and Atthirawong, 2003; Attahir, 1995).

3.3 Validity and reliability

The validity of instrument items was obtained using the Content Validity Index (CVI) and the questionnaire items were modified based on expert advice. The reliability of the questionnaire was ascertained using Cronbach's coefficient alpha to ensure the internal consistency of the scales used to measure the variables (Cronbach, 1951) and the rule of thumb is that Cronbach's alpha should be at least 0.7 to be acceptable. An alpha coefficient of above 0.7 for individual test variables was obtained meaning the instrument was reliable (Nunnally, 1979). Factor analysis was utilized to examine the underlying factors responsible for a majority of the covariance amongst the measures as shown in Tables 2 and 3.

4. Results

4.1 Descriptive statistics

Table 4, presents the descriptive statistics of the study variables. Success of SMEs has a minimum score of 1, maximum score of 5, mean of 3.52 and a standard deviation of 1.06. The results also show that the mean for business choice is 3.15 and a standard deviation of 1.37. For location decision, the mean is 3.44 and the standard deviation is 1.19. The standard

	Component	
	Initial investment	Owner/manager personal values
Easy access to startup capital	0.816	
Timely acquisition of startup capital	0.791	
Presence of adequate capital to start a hotel	0.732	
Timely acquisition of startup capital while giving up as little control as possible	0.668	
Government financial incentives in starting up hotel business	0.502	
Hotel owners tendency to become rich		0.673
Interest in hotel business		0.639
Experience in hotel business management		0.636
Family background in hotel management		0.491
Hotel business a modern trend		0.449
Hotel owner considered heroes		0.421
Eigen values	26.37	14.40
Percentage of variance	26%	14%
Cumulative % age		40%
K.M.O		0.703
Chi-square		1029.620
Degree of freedom		66
Statistical significance		0.000

Source(s): Primary data

Table 2. Rotated component matrix for business choice

	Component		
	Market	Competition	Labour
Site of location is easily visible to customers	0.662		
Nearness to needed hotel supplies	0.636		
Site gives room for expansion of hotel	0.634		
Situated in high customer traffic levels	0.586		
Nearness to sites	0.584		
Presence of large population in the areas	0.578		
Situated near appropriate infrastructure	0.519		
labour turnover is very low			
Only offering hotel services in the area		0.724	
No other hotel offers our services		0.637	
Presence of limited number of hotels in the area		0.595	
Limited potential for intense competition in the area		0.586	
Labour unions are tolerant		0.535	
The wage rates are not very high		0.467	
labour force in hotel sector is growing			0.586
Workers are passionate about their jobs			0.561
Need to tap into the marketing intermediaries of other hotels			0.536
Workers are readily available			0.505
Desire to be aware of what other hotels are doing			0.491
Workers have positive attitude towards their work			0.404
Eigen values	14.032	13.463	8.862
Percentage of variance	14%	13%	9%
Cumulative %age	14%	27%	36%
K.M.O			0.760
Chi-square			2833.840
Degree of freedom			351
Statistical significance			0.000

Source(s): Primary data

Table 3. Rotated component matrix for location decisions

deviations for all variables are small as compared to the means, implying that the calculated means are a good representation of the observed data (Field, 2009).

4.1.1 Correlation analysis results. The correlations analysis results are presented in Table 5 following the guidelines of Field (2009). The correlation results show a positive significant relationship between business choice and success of SMEs ($r = 0.259$, $p < 0.05$), supporting H1. This means that a positive change in business choice will lead to a positive change in success of SMEs. Further results indicate a positive and significant relationship between location decision and success of SMEs ($r = 0.465$, $p < 0.05$); this means that a favorable business location is associated with high levels of success of an SME, therefore H2 is supported. Therefore, preliminarily, H1 and H2 are supported. In terms of control variables, there is a relationship between gender, age and success of SMEs is not significant. Education is positively and significantly associated with success of SMES ($r = 0.132$, $p < 0.05$).

4.2 Regression analysis results

We carried out a hierarchical regression analysis to further substantiate our hypothesis after obtaining preliminary results from the bivariate correlations between the independent and the dependent variables. Regression analysis was used because it is powerful in testing which independent variable contributes more to the variances in the dependent variable and it also indicates the incremental power of an additional independent variable to the already existing variable(s) in explaining the dependent variable (Sekaran, 2003; Field, 2009).

Variable	N Statistic	Minimum Statistic	Maximum Statistic	Mean Statistic	SD Statistic	Skewness Statistic	Skewness SE	Kurtosis Statistic	Kurtosis SE
SME success	370	1	5	3.52	1.055	−0.782	0.127	−0.239	0.253
Location decision	370	1	5	3.44	1.186	−0.504	0.127	−0.887	0.253
Business choice	370	1	5	3.15	1.368	−0.419	0.127	−1.249	0.253
Sex of the respondent	370	1	2	1.5	0.501	0	0.127	−2.011	0.253
Age of the respondent	370	1	5	3	1.228	0.124	0.127	−1.011	0.253
Experience	370	1	4	2.62	0.826	0.322	0.127	−0.761	0.253

Source(s): Primary data

Table 4.
Descriptive statistics

Table 5.
Of correlation results

	1	2	3	4	5	6	7	8	9	10	11
Enterprise success (1)	1										
Business choice (2)	0.259**	1									
Owner-manager personal value(3)	0.165**	0.844**	1								
Initial Invest (4)	0.265**	0.784**	0.329**	1							
Business Location (5)	0.465**	0.520**	0.394**	0.460**	1						
Market (6)	0.374**	0.390**	0.330**	0.305**	0.748**	1					
Competition (7)	0.285**	0.336**	0.251**	0.302**	0.727**	0.404**	1				
Labour (8)	0.351**	0.406**	0.276**	0.395**	0.719**	0.219**	0.297**	1			
Gender (9)	0.004	−0.110*	−0.102*	−0.076	−0.036	−0.005	−0.080	−0.007	1		
Age (10)	0.015	0.179**	0.238**	0.040	−0.136**	−0.067	−0.222**	−0.036	−0.093	1	
Education	0.132*	0.227**	0.168**	0.205**	0.189**	0.175**	0.067	0.158**	−0.097	0.116*	1

Note(s): *Correlation is significant at the 0.05 level (2-tailed). **Correlation is significant at the 0.01 level (2-tailed)
Source(s): Primary data

In Model 1, control variables were not significant. This means that the control variables do not confound the results of testing the relationship between the study variables and thus the models are highly credible. In Model 2, business choice was entered and found significant (standardized $\beta = 0.251$) and contributes 5.8% of the variation in success of SMEs. In Model 3, location decision was entered and found significant (standardized $\beta = 0.473$) and location decision accounts for 14.9% of the variation in success of SMEs. The overall model is statistically significant (sig = 0.000) with two predictor variables (business Choice and location decision) accounting for 21.4% of the variance in success of SMEs (Table 6). In terms of hypothesis testing, H1 and H2 are confirmed.

5. Discussion

The major purpose of this paper was to reveal that business choice selection and selection of its location were important explanatory variables in the success of SMEs. The results reveal that both business choice and location decision positively and significantly contribute to the success of SMEs which lends support to H1 and H2. This means that entrepreneurs who carefully choose businesses to undertake in line with their owner–manager personality and their available initial investment resources have a strong possibility of succeeding in their SMEs. It also implies that entrepreneurs who locate their SMEs after a thorough analysis of the competition, market and labour availability in the area have greater potential for success.

From the practical point of view, SMEs in Uganda usually have limited initial resources for investment, therefore, understanding factors critical to their success is of paramount importance. With regard to location decision, the results indicate that Ugandan SMEs in strategic locations have a competitive advantage over their rivals. Location can lead a firm to the desired success since it provides continued access to the market, affordable and plenty labour supply and customer convenience is also guaranteed (Teece and Pisano, 1994). In addition, well-located SMEs can generate cash flows which are pertinent to their survival. The present study findings agree with those of previous scholars; for example, Teece and Pisano (1994) argued that location is a non-tradable asset with the potential of difficult-to-replicate advantages such as superior convenience, reduced competition and abundant labour supply. All these provide the required ambience for the success of an SME. The present study also agrees with Chand and Katou (2007), who found that labour is positively related to the performance of an enterprise.

The present study findings reveal that business choice contributes to success of SMEs. This, therefore, indicates that the level of initial investment influences which business choice

	Model 1	Model 2	Model 3	VIF	Tolerance
Constant	33.767	26.181	7.489		
Gender	0.017	0.036	0.031		
Education	0.133	0.082	0.037		
Age	0.001	−0.036	0.079		
Business choice		0.251	−0.006	1.531	0.653
Business Location			0.473	1.500	0.667
F	2.182	7.446	21.12		
R	0.133	0.275	0.474		
R^2	0.018	0.075	0.225		
Adjusted R^2	0.010	0.065	0.214		
R^2 Change	0.018	0.058	0.149		
Sig.F change	0.090	0.000	0.000		
Durbin Watson			1.613		

Source(s): Primary data

Table 6.
Hierarchical regression analysis

you should engage in and which ones to avoid. It also reflects that owner–managers personality traits should be critically examined before entering into a given cluster of SMEs. For example, the traits required for a restaurant business may differ from those deemed necessary for retailing and hairdressing. This is in line with Sadler–Smith *et al.*, (2003), who found positive association between owner–manager entrepreneurial style and business performance as measured by sales growth and profitability. The findings also confirm the LIT (Weber, 1929) which assumes that firms that locate in areas composed of an agglomeration of advantages are able to gain competitive advantage and the rational choice theory which assumes that individuals are rational actors who make rational choices that maximize rewards and returns. The findings are consistent with Teece and Pisano (1994), who postulated that success factors should remain relevant, difficult to copy, unique and difficult to imitate by competitors so as to give the firm a sustainable competitive advantage. Therefore, this study advances the argument that business choice and location decision are significant predictors of success of SMEs that need thorough examination and analysis before starting a business. Our conclusion is that business choice and location decision of a business be given adequate attention in order to foster success of SMEs so as to reap the benefits they yield to both developed and developing economies. Miscellaneous.

6. Summary and conclusion

This study's purpose was to examine the relationship between business choice, location decision and business success of SMEs in Uganda. The study objective was achieved through a questionnaire survey of 181 SME restaurants. The results revealed that business choice and location decisions significantly contribute to the success of SMEs, however, the location decision predicts this trend more than does business choice.

This study has several contributions to the academic community, practitioners and policy makers. To the academic community, this study contributes to the literature about success of SMEs in sub-Saharan African countries like Uganda which is still scanty and limited. This study also contributes to the literature by providing an initial empirical evidence on the association between business choice, location decision and success of SMEs. It is also important to note that managers handle the location decision carefully since it positively influences the profitability and growth of the business for a long time. In addition, business practitioners need to scrutinize the profit potentials and growth abilities of the businesses they choose to undertake. Policy makers at various level have to promote the strategic location of restaurants for convenience and accessibility of those in need of their services.

A few facets limit the scope of this study. The study used hierarchical regression, however, it is prone to problems associated with sampling error, this was minimized by our rigorous interface with the data. Results further indicated that the study variables of business choice and location decisions predict only 21.4% of the variation in SMEs' success in Uganda's restaurant industry. Future research may focus on other factors that explain the remaining 78.6% SMEs success factors. This study focused on SMEs in one developing country, Uganda, in particular, whose market segments are poorly organized. This may not be representative of all developing countries. This necessitates more research on the same variables but in a different developing country. Empirical findings also revealed that limited studies have been conducted into the concept of business choice and how it is done; future research may focus on this gap.

References

Aldubhani, M.A.Q., Wang, J., Gong, T. and Maudhah, R.A. (2022), "Impact of working capital management on profitability: evidence from listed companies in Qatar", *Journal of Money and Business*, Vol. 2 No. 1, pp. 70-81, doi: 10.1108/JMB-08-2021-0032.

Alfoqahaa, S. (2018), "Critical success factors of small and medium-sized enterprises in Palestine", *Journal of Research in Marketing and Entrepreneurship*, Vol. 20 No. 2, pp. 170-188, doi: 10.1108/JRME-05-2016-0014.

Attahir, Y. (1995), "Critical success factors for small business: perceptions of South Pacific entrepreneurs", *Journal of Small Business Management*, Vol. 33 No. 2, pp. 68-73.

Balunywa, W. (2006), *Business Administration*, 4th ed., The Rising Sun Publishers, Kampala.

Banwo, A.O., Du, J. and Onokala, U. (2017), "The determinants of location specific choice: small and medium-sized enterprises in developing countries", *Journal of Global Entrepreneurship Research*, Vol. 7 No. 16, pp. 1-17.

Birley, S. and Westhead, P. (1994), "A taxonomy of business start-up reasons and their impact on firm growth and size", *Journal of Business Venturing*, Vol. 9, pp. 7-31.

Blackburn, R.A., Hart, M. and Wainwright, T. (2013), "Small business performance", business, strategy and owner-manager characteristic", *Journal of Small Business and Enterprise Development*, Vol. 20 No. 1, pp. 1462-6004.

Capello, R. (2014), "Classical contributions: Von Thünen, Weber, Christaller, Lösch", *Handbook of Regional Science*, Springer, Berlin, Heidelberg, pp. 507-526.

Chand, M. and Katou, A.A. (2007), "The impact of HRM practices on organisational performance in the Indian hotel industry", *Employee Relations*, Vol. 29 No. 6, pp. 576-594.

Christopher, M. (1994), *Logistics and Supply Chain Management*, 2nd ed., Irwin, New York, NY.

Cronbach, L.J. (1951), "Coefficient alpha and the internal structure of tests", *Psychometrika*, Vol. 16 No. 3, pp. 297-334.

Dabić, M., Dana, L.P., Nziku, D.M., Ramadani, V., Dabić, M., *et al.* (2022), *Women Entrepreneurs in Sub-saharan Africa: Historical Framework, Ecosystem, and Future Perspectives for the Region*, Springer, The Netherland.

Dana, L.P., Ratten, V. and Honyenuga, B.Q. (2018), *African Entrepreneurship: Challenges and Opportunities for Doing Business*, Palgrave Macmillan. doi: 10.1007/978-3-319-73700-3.

DiPietro, R. (2017), "Restaurant and foodservice Research A critical reflection behind and an optimistic look ahead", *International Journal of Contemporary Hospitality Management*, Vol. 29 No. 4, pp. 1203-1234.

Felzensztein, C., Deans, K.R. and Dana, L.P. (2019), "Small firms in regional clusters: local networks and internationalization in the southern hemisphere", *Journal of Small Business Management*, Vol. 57 No. 2, pp. 496-516.

Field, A. (2009), *Discovering Statistics Using SPSS*, 3rd ed., Sage Publications, London.

Foreman-peck, J., Makepeace, G. and Morgan, B. (2006), "Growth and profitability of small and medium-sized enterprises: some Welsh evidence", *Regional Studies*, Vol. 40 No. 4, pp. 307-319.

Freeman, J. and Styles, C. (2014), "Does location matter to export performance?", *International Marketing Review*, Vol. 31 No. 2, pp. 181-208, doi: 10.1108/imr-02-2013-0039.

Head, K., Ries, J. and Swenson, D. (1995), "Agglomeration benefits and location choice: evidence from Japanese manufacturing investments in the United States", *Journal of International Economics*, Vol. 38 No. 4, pp. 223-247, doi: 10.1016/0022-1996(94)01351-r.

Hernández, T. and Bennison, D. (2000), "The art and science of retail location decisions", *International Journal of Retail and Distribution Management*, Vol. 28 No. 8, pp. 357-367, doi: 10.1108/09590550010337391.

Hernstein (1990), "Ration choice theory; necessary but not sufficient", *American Psychologist*, Vol. 45 No. 3, p. 356.

Islam, A.M., Khan, A.M., Obaidullah, A.Z.M. and Alam, M.s. (2011), "Effect of entrepreneur and firm characteristics on the business success of small and medium enterprises (SMEs) in Bangladesh", *International Journal of Business and Management*, Vol. 6 No. 3, pp. 289-299, doi: 10.5539/ijbm.v6n3p289.

Jackson, M., Houdard, F. and Highfield, M. (2008), "Room to grow: business location, global expansion and resource deficits", *Journal of Business Strategy*, Vol. 29 No. 1, pp. 34-39, doi: 10.1108/02756660810845688.

Kakooza, J.B., Tusiime, I., Hojops Odoch, H. and Bagire, V. (2015), "Management practices and performance of public hospitals in Uganda", *International Journal of Management Science and Business Administration*, Vol. 1 No. 7, pp. 22-29.

KCCA (2019), *Kampala Capital City Authority, 2019 Kampala City Statistical Abstract 2019*, Kampala Capital City Authority, Kampala.

Kozak, M. and Rimmington, M. (1998), "Benchmarking: destination attractiveness and small hospitality business performance", *International Journal of Contemporary Hospitality Management*, Vol. 10 No. 5, pp. 184-188, doi: 10.1108/09596119810227767.

Krejcie, R.V. and Morgan, D.W. (1970), "Determining sample size for research activities", *Educational and Psychological Measurement*, Vol. 30, pp. 607-610.

Lechner, C. and Leyronas, C. (2012), "The competitive advantage of cluster firms: the priority of regional network position over extraregional networks–a study of a French high-tech cluster", *Entrepreneurship and Regional Development*, Vol. 24 Nos 5-6, pp. 457-473.

Levin, J. and Milgrom, P. (2004), "Introduction to choice theory", 20202, available at: http://web.stanford.edu/~jdlevin/Econ

Liguori, E., Winkler, C., Vanevenhoven, J., Winkel, D. and James, M. (2020), "Entrepreneurship as a career choice: intentions, attitudes, and outcome expectations", *Journal of Small Business and Entrepreneurship*, Vol. 32 No. 4, pp. 311-331.

Louviere, J.J. and Meyer, R.J. (2015), "Formal choice models of informal choices", *Review of Marketing Research*, Vol. 4, pp. 3-32, doi: 10.1108/S1548-6435(2008)0000004005.

MacCarthy, B. and Atthirawong, W. (2003), "Factors affecting location decisions in international operations – a Delphi study", *International Journal of Operations and Production Management*, Vol. 23 No. 7, pp. 794-818.

Mollah, M.A.S. and Rouf, M.A. (2022), "The impact of intellectual capital on commercial banks' performance: evidence from Bangladesh", *Journal of Money and Business*, Vol. 2 No. 1, pp. 82-93, doi: 10.1108/JMB-07-2021-0024.

Ngoma, M., Ernest, A., Nangoli, S. and Christopher, K. (2017), "Internationalization of SMEs: does entrepreneurial orientation matter", *World Journal of Entrepreneurship, Management and Sustainable Development*, Vol. 13 No. 2, pp. 96-113.

Nunnally, J.C. (1979), *Psychometric Theory*, 2nd ed., McGraw- Hill, New York.

Nyamao, N.R., Patrick, O., Martin, L., Odondo, A.J. and Otieno, S. (2012), "Effect of working capital management practices on financial performance: a study of small scale enterprises in Kisii South District, Kenya", *African Journal of Business Management*, Vol. 6 No. 18, pp. 5807-5817, doi: 10.5897/AJBM11.1418.

Orobia, L.A., Byabashaija, W., Munene, J.C., Sejjaaka, S.K. and Musinguzi, D. (2013), "How do small business owners manage working capital in an emerging economy? A qualitative inquiry", *Qualitative Research in Accounting and Management*, Vol. 10 No. 2, pp. 127-143, doi: 10.1108/QRAM-02-2012-0008.

Rahman, S.M.T. and Kabir, A. (2019), "Factors influencing location choice and cluster pattern of manufacturing small and medium enterprises in cities: evidence from Khulna City of Bangladesh", *Journal of Global Entrepreneurship Research*, Vol. 9 No. 61, pp. 1-26.

Ramadani, V., Zendeli, D., Gerguri-Rashiti, S. and Dana, L.-P. (2018), "Impact of geomarketing and location determinants on business development and decision making", *Competitiveness Review*, Vol. 28 No. 1, pp. 98-120, doi: 10.1108/CR-12-2016-0081.

Riaz, M., Jinghong, S. and Akhtar, M.N. (2022), "Antecedents of capital structure and firm performance: evidence from G-7 countries", *Journal of Money and Business*, Vol. 2 No. 1, pp. 29-42, doi: 10.1108/JMB-09-2021-0034.

Sadler–Smith, E., Hampson, Y., Chaston, I. and Badger, B. (2003), "Managerial behavior, entrepreneurial style, and small firm performance", *Journal of Small Business Management*, Vol. 41 No. 1, pp. 47-67.

Saunders, M., Lewis, P. and Thornhill, A. (2007), *Research Methods for Business Students*, FT/Prentice-Hall, tondon.

Scarborough, N.M. (2010), *Essentials of Entrepreneurship and Small Business Management*, 6th ed., Prentice Hall, NJ.

Sejjaaka, S., Mindra, R. and Nsereko, I. (2015), "Leadership traits and business sustainability in Ugandan SMEs: a qualitative analysis", *International Journal of Management Science and Business Administration*, Vol. 1 No. 6, pp. 42-57.

Sekaran, U. (2003), *Research Methods for Business*, John Milley and Sons, New York, NY.

Sharma, A. and Upneja, A. (2005), "Factors influencing financial performance of small hotels in Tanzania", *International Journal of Contemporary Hospitality Management*, Vol. 17 No. 6, pp. 504-515.

Shepherd, D.A. and Williams, T.A. (2015), "Thinking about entrepreneurial decision making:review and research agenda", *Journal of Management*, Vol. 41 No. 1, pp. 11-46.

Simpson, M., Padmore, J. and Newman, N. (2012), "Towards a new model of success and performance in SMEs sheffield university management school, university of sheffield, sheffield, UK", *International Journal of Entrepreneurial Behaviour and Research*, Vol. 18 No. 3, 2012.

Teece, D. and Pisano, G. (1994), "The dynamic capabilities of firms: an introduction", *Industrial and Corporate Change*, Vol. 3 No. 3, pp. 537-556.

Walker, E. and Brown, A. (2004), "What success Factors are Important to Small business owners?", *International Small Business Journal*, Vol. 22, pp. 577-594.

Weber, A. (1929), *Theory of the Location of Industries*, translated by C. Friedrich, University of Chicago Press, Chicago.

Winnaar, K.D. and Frances Scholtz, F. (2019), "Entrepreneurial decision-making: new conceptual perspectives", *Management Decision*. doi: 10.1108/MD-11-2017-1152.

World Bank (2013), *Doing Business: Smarter Regulations for Small and Medium-Size Enterprises||*, World Bank and IFC, Washington, DC.

Zimmerer, T.W. and Scarborough, N.M. (2008), *Essential of Entrepreneurship and Small Business Management*, 5th, Pearson Prentice Hall, NJ.

Further reading

Ahmed, A. and Nwankwo, S. (2013), "Entrepreneurship development in Africa: an overview", *World Journal of Entrepreneurship, Management and Sustainable Development*, Vol. 9 Nos 2/3, pp. 82-86.

Bruderl, J. and Preisendorfer, P. (1998), "Network support and the success of newly founded businesses", *Small Business Economics*, Vol. 10 No. 2, pp. 213-235.

Dana, L.P. and Dana, T.E. (2005), "Expanding the scope of methodologies used in entrepreneurship research", *International Journal Entrepreneurship and Small Business*, Vol. 2 No. 1, pp. 79-88, doi: 10.1504/ijesb.2005.006071.

Kwong-yin Fock, Henry (2001), "Retail outlet location decision maker – franchisor or franchisee?", *Marketing Intelligence and Planning*, Vol. 19 No. 3, pp. 171-179, doi: 10.1108/02634500110391717.

Corresponding author

JohnBosco Kakooza can be contacted at: jbkakooza@mubs.ac.ug