DETERMINANTS OF SUCCESSFUL ESTABLISHMENT OF PROFESSIONAL BUSINESS IN URBAN AREA: THE CASE OF PHARMACIES IN KIAMBU COUNTY

BY

DHARMESHBHAI R. PATEL

UNITED STATES OF INTERNATIONAL UNIVERSITY-AFRICA

SUMMER 2018
DETERMINANTS OF SUCCESSFUL ESTABLISHMENT OF PROFESSIONAL BUSINESS IN URBAN AREA: THE CASE OF PHARMACIES IN KIAMBU COUNTY

BY

DHARMESHBHAI R. PATEL

A Research Project Report Submitted to the Chandaria School of Business in Partial Fulfillment of the Requirement for the Award of Masters of Business Administration (MBA)

UNITED STATES OF INTERNATIONAL UNIVERSITY-AFRICA

SUMMER 2018
STUDENT’S DECLARATION
I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University - Africa in Nairobi for academic credit.

Signed: ________________________ Date: ____________________
Dharmeshbhai R. Patel (ID No: 648777)

This research project report has been presented for examination with my approval as the appointed supervisor.

Signed: ________________________ Date: ____________________
Prof. Paul Katuse

Signed: ________________________ Date: ____________________
Dean, Chandaria School of Business
ABSTRACT

The purpose of this study was to find determinants of successful pharmacies and their growth in Kiambu County to supply essential medicine that are required by the public for their better mortality. The specific objectives that guided the study were as follows: to assess how business location influences business growth; to determine how the use of technology would enhance business growth; and to assess how business employees influence business growth.

The research design that was adopted for the study was descriptive research design because it allowed the researcher to employ the survey research method. The target population of this study were all pharmacies that operated in Kiambu County, whose total number was 5131. The study used stratified sampling due to its nature and formation of representation that allowed for the use of simple random sampling. The sample size for the study was determined using the Yamane formula which gave the study a sample size of 97 pharmacies. The study collected primary data using semi-structured questionnaires. Collected questionnaires were coded in Statistical Package for the Social Sciences (SPSS) for quantitative analysis. Inferential analysis was conducted using the Pearson correlation coefficient to test the significance of the study variables. Multiple regression analysis was used to show the nature of the relationship between the study variables, and data was presented in the form of tables and figures.

The study showed that identifying a business location is the most costly and long-term marketing decision for entrepreneurs because of factors like the business location being close to consumers usually exposes organizations to competition from other retailers, and pharmacy stores locating close to each other is driven by retailers’ need to be near consumers. The study revealed that pharmacies in Kiambu County had an increased attractiveness to consumers because they were located close together.

The study results showed that the pharmacies in Kiambu County had incorporated efficient devices and software programs that streamlined operations and the use of e-business technologies in the pharmacy businesses had largely been neglected. These pharmacies had harnessed technology to improve on decision-making and enhance business processes because their customers demanded for an enjoyable and problem-free shopping experience. The study indicated that the pharmacies had rationalized and optimized logistics to alter their market strategies and attitudes towards customers by
introducing new technologies and processes for handling goods (from logistics to final checkout).

The study revealed that pharmacies in Kiambu County provided employees with a great place to work which had encouraged them to be committed and engaged. These pharmacies met employees’ needs making them the employers of choice. Kiambu pharmacies involved employees in outlining the role of each employees’ position and assignment of specific objectives, provided performance incentives that depended solely on each employee’s performance, collected performance feedback that was used as a tool to improve individual and team performance.

The study concludes that managers of pharmacies in Kiambu County got fresh new ideas and perspectives from their employees through the use of open discussions and knowledge sharing. Customers normally chose to buy from a pharmacy based on stores’ attraction and they most often chose stores that were closest to them depending on the availability of the type of products they were looking for. The accurate and timely information was critical for pharmacies to ensure continual improvement of consumer satisfaction and product quality, while ensuring a rapid and efficient product replenishment system.

The study recommends pharmacy owners in Kiambu County to create online pharmacies, with large centralized inventory stores for an effective direct delivery mechanism that will facilitate the storage of a larger array of medication and offer them a competitive advantage. Applying better use of technology will also allow pharmacists to more accurately tailor their services to customers.
ACKNOWLEDGEMENT
My very special thanks goes to my supervisor, Prof. Paul Katuse, I am thankful for his timely evaluation and technical advice on the best approach to follow throughout the period of this research report writing. He has been a constant source of encouragement and enthusiasm making the writing process not only a scholarly undertaking but also an enjoyable experience.
DEDICATION

This research project report is dedicated to my parents and brother who supported me in taking up the MBA study. The work is as well as dedicated to my wife and the new born to step in this world, both of whom missed my presence when I was required at most with them.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>STUDENT'S DECLARATION</td>
<td>ii</td>
</tr>
<tr>
<td>ABSTRACT</td>
<td>iii</td>
</tr>
<tr>
<td>ACKNOWLEDGEMENT</td>
<td>v</td>
</tr>
<tr>
<td>DEDICATION</td>
<td>vi</td>
</tr>
<tr>
<td>TABLE OF CONTENTS</td>
<td>vii</td>
</tr>
<tr>
<td>LIST OF TABLES</td>
<td>ix</td>
</tr>
<tr>
<td>LIST OF FIGURES</td>
<td>x</td>
</tr>
<tr>
<td>LIST OF ACRONYMS</td>
<td>xi</td>
</tr>
</tbody>
</table>

## CHAPTER ONE .................................................................1

1.0 INTRODUCTION .........................................................1

1.1 Background of the Study ..............................................1

1.2 Statement of the Problem .............................................4

1.3 General Objective of the Study ......................................5

1.4 Specific Objectives ...................................................5

1.5 Significance of the Study .............................................5

1.6 Scope of the Study ....................................................6

1.7 Definition of Terms ..................................................6

1.8 Chapter Summary ....................................................8

## CHAPTER TWO .................................................................9

2.0 LITERATURE REVIEW ....................................................9

2.1 Introduction ..................................................................9

2.2 Business Location and its Influence on Business Growth .................9

2.3 Use of Technology and Business Growth ................................13

2.4 Business Employees and their Influence on Business Growth ............17

2.5 Chapter Summary ....................................................22
LIST OF TABLES

Table 3.1: Sample Size Distribution ................................................................. 25
Table 4.1: Questionnaire Reliability Results ..................................................... 28
Table 4.2: Business Location Factors and their Influence on Business Growth .... 33
Table 4.3: Correlations for Business Location Factors and Business Growth ....... 34
Table 4.4: Model Summary for Business Location Factors and Business Growth 34
Table 4.5: Linear Regression Model for Business Location Factors and Business Growth ................................................................. 35
Table 4.6: Technology Use Factors and their Influence on Business Growth......... 36
Table 4.7: Correlations for Technology Use Factors and Business Growth ......... 38
Table 4.8: Model Summary for Technology Use Factors and Business Growth .... 38
Table 4.9: Linear Regression Model for Technology Use Factors and Business Growth 39
Table 4.10: Business Employee Factors and their Influence on Business Growth .... 41
Table 4.11: Correlations for Business Employee Factors and Business Growth .... 42
Table 4.12: Model Summary for Business Employee Factors and Business Growth 42
Table 4.13: Linear Regression Model for Business Employee Factors and Business Growth ......................................................................................... 43
Table 4.14: Correlations for Determinants of Successful Business Establishment .... 44
Table 4.15: Model Summary for Determinants of Successful Business Establishment 44
Table 4.16: Linear Regression Model for Determinants of Successful Business Establishment ......................................................................................... 45
LIST OF FIGURES

Figure 4.1: Gender .............................................................................................................. 29
Figure 4.2: Education Level .............................................................................................. 29
Figure 4.3: Type of Pharmacy .......................................................................................... 30
Figure 4.4: Employee Position ......................................................................................... 30
Figure 4.5: Number of Stores ......................................................................................... 31
Figure 4.6: Number of Employees .................................................................................. 31
<table>
<thead>
<tr>
<th>ACRONYM</th>
<th>FULL FORM</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMESA</td>
<td>Common Market for Eastern and Southern Africa</td>
</tr>
<tr>
<td>ECR</td>
<td>Efficient Consumer Response</td>
</tr>
<tr>
<td>EDI</td>
<td>Electronic Data Interchange</td>
</tr>
<tr>
<td>ISMP</td>
<td>Institute for Safe Medication Practices</td>
</tr>
<tr>
<td>JIT</td>
<td>Just-in-Time</td>
</tr>
<tr>
<td>KAPI</td>
<td>Kenya Association of Pharmaceutical Industries</td>
</tr>
<tr>
<td>KEMSA</td>
<td>Kenya Medical Suppliers Agency</td>
</tr>
<tr>
<td>MBO</td>
<td>Management by Objectives</td>
</tr>
<tr>
<td>MEDS</td>
<td>Medical Supply Facility</td>
</tr>
<tr>
<td>MNCs</td>
<td>Multinational Corporations</td>
</tr>
<tr>
<td>OTC</td>
<td>Over-the-Counter</td>
</tr>
<tr>
<td>POS</td>
<td>Point-of-Sale</td>
</tr>
<tr>
<td>QR</td>
<td>Quick Response</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>Research and Development</td>
</tr>
<tr>
<td>RFID</td>
<td>Radio Frequency Identification Devices</td>
</tr>
<tr>
<td>SPSS</td>
<td>Statistical Package for the Social Sciences</td>
</tr>
<tr>
<td>SRS</td>
<td>Simple Random Sampling</td>
</tr>
<tr>
<td>UNIDO</td>
<td>United Nations Industrial Development Organization</td>
</tr>
<tr>
<td>US</td>
<td>United States</td>
</tr>
<tr>
<td>WHO</td>
<td>World Health Organization</td>
</tr>
</tbody>
</table>
CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study
Community pharmacies are the most accessible providers of primary health care to community, through the management of therapeutic use of medicinal products, as well as other related pharmaceutical services (Castaldo et al., 2016). The image and professional performance of community pharmacist are improving in the most countries and results in better satisfaction, perception and appreciation of the pharmacists’ role in the health care team (Pujari et al., 2016). Despite this, community pharmacists need to be able to reach out to patients, assess their requirements and should play a pro-active role in becoming an effective and indispensable part of health care (Al-Arifi, 2012).

The retail pharmacy sector is going through turbulent times. In Europe for instance, the intensified competitive climate and prevalence of third-party reimbursement schemes, along with changes in customer purchasing patterns, impose great challenges onto traditional retail pharmacies (Bryant, 2015). Recent deregulation efforts have led to a shift in the composition of the sector’s participants. Not only has the number of alternative retail pharmacy outlets, such as mail-order pharmacies and new online pharmacy sites increased, but new entrants and vendors from outside the industry - especially drugstores - have also been attracted (Taylor, Mrazek & Mossialos, 2014). In Norway and Iceland for instance, new policies have altered the competitive structure of the pharmacy market and led to increases in the number of pharmacy outlets and the formation of nationwide pharmacy chains through horizontal and/or vertical integration (Almarsdottir, Morgall & Grimsson, 2010; Anell & Hjelmgren, 2012). Similar changes in market structure and competition are expected or have been witnessed in other European countries that followed the Scandinavian example (Vogler, Arts & Sandberger, 2012).

Another development in this sector is that the rising health-care costs have spurred governments and health insurers to take measures to stem this growth, and a series of reforms has been put forward (Creyer, Hristodoulakis & Cole, 2011). Factors that affect these health costs are changing demographics such as growing populations which implies more medical care, more aging people and more opportunities to give medical treatments to people (Taylor et al., 2014). The rapid proliferation of drugs that were switched from prescription to Over-the-Counter (OTC) status is to a certain extent seen as a reaction to
expanding health-care costs because parts of the cost burden is transferred from third party payers to consumers (Mortimer, 2018).

The development of professional marketing competences is crucial to gain a competitive advantage compared to other pharmacies as well as other outlets that sell OTC products (Bryant, 2015). The above developments indicate the need for retail pharmacies to change their current business model and develop a more commercial view to resist the financial and competitive pressure (Manchanda et al., 2015). Retail pharmacies no longer position themselves as health-care providers but must also respond to an environment in which consumers demand easy access to a variety of medicines and pharmaceutical advice (Taylor et al., 2014). OTC products may provide a basis for improving pharmacy performance and help pharmacies differentiate themselves from their competitors. Non-prescription medicines offer a common therapy choice for many people, and they are gaining importance in the retail health-care industry (Schmidt & Pioch, 2014).

Some indications suggest that the OTC market behaves like a regular consumer goods market rather than the market for prescription drugs: The patient (not the physician) is the primary decision maker in selecting the OTC product (Anell & Hjelmgren, 2012). Furthermore, OTC products usually are not covered by health insurance, so the patient pays the full price for them, so that price likely influences consumers’ product choice decisions (Stremersch & van Dyck, 2013). Although it seems tempting to propose that retail factors that have proven successful in the consumer goods market may be important factors in the retail pharmacy market there is virtually no empirical evidence to justify this in the retail pharmacy context. Considering the role pharmacies now play in the health-care value chain, such a thorough investigation is highly relevant and required (Manchanda et al., 2015).

Competitive market environment requires from community pharmacies to develop an efficient marketing strategy in order to attract new clients, maintain their patronage and develop customer loyalty. An improvement of the business model of community pharmacies appears to be a necessary reaction on the increased competitive pressure (Castaldo et al., 2016). Prescriptions may be the number one reason why customers come into the pharmacy, and they are definitely one of the biggest revenue sources, but support of non-prescription sales seems to be vital for financial prosperity of pharmacies (Grewal et al., 2016). The consumption of OTC medicines is steadily rising and unlike
prescriptions, their profit margins remain consistent and strong. Focus on OTC segment in pharmacy can be an important component of its active customer-orientated management (Hoch et al., 2015; Pan & Zinkhan, 2012). Considering the fact that the consumers’ selection of pharmacy and customer loyalty depend on the pharmacy’s attributes and on the consumers’, novel information concerning the factors affecting pharmacy patronage is needed in order to bring the pharmacy’s marketing plan into focus demands (Al-Arifi, 2012).

In Kenya, the pharmaceutical industry plays a major role in supporting Kenya’s health sector. Major European and American pharmaceutical companies are present through locally incorporated affiliates, technical representative offices and local technical agents. Kenya is currently the largest producer of pharmaceutical products in the Common Market for Eastern and Southern Africa (COMESA) region, supplying about 50% of the regions’ market (Wilson, 2012). Out of the region’s estimated 50 recognized pharmaceutical manufacturers, 32 are based in Kenya (Weru, 2018).

The Kenya Association of Pharmaceutical Industries (KAPI) was established in the 1960’s by a group of Research and Development (R&D) based pharmaceutical companies to promote high standards in the pharmaceutical industry. The Association draws its membership from large Multinational Corporations (MNCs) with local affiliates. KAPI’s mission is to promote an ethical, innovative and responsible health care industry (UNIDO, 2014). Of concern now is how the pharmaceutical sector can play its role efficiently and effectively.

Kenya Medical Suppliers Agency (KEMSA) is a division of the Ministry of Health, and it largely carries out the distribution of pharmaceutical products in the country. It distributes drugs to government public health facilities and private health facilities. The organization has been an autonomous body since 1st July 2003 (WHO, 2011). Its policy is to make available essential drugs and equipment primarily but not exclusively, to public facilities. KEMSA competes with other suppliers like the mission based Medical Supply Facility (MEDS) and private wholesalers (WHO, 2012).

Pharmaceutical products in Kenya are channeled through pharmacies, chemists, health facilities and shops. There are about 700 registered wholesale and 1,300 retail dealers in Kenya, manned by registered pharmacists and pharmaceutical technologists (UNIDO, 2014). The drugs on sale in Kenya are sold according to the outlet categorization, which
can be described as free-sales/OTC, pharmacy technologist dispensable, or pharmacist dispensable/prescription only (WHO, 2012).

To expand the local production of pharmaceutical products, the sector requires access to more markets and a sustained supply of a qualified human resource base to support its technical capacity needs. To this end, institutions of higher learning play a critical role and their curricular needs to be continually adapted to support innovation scaling up and production (Weru, 2018). Incentives to encourage local production and export of affordable medicine such as those enjoyed by Indian-based exporting companies should be implemented (UNIDO, 2014). At the same time, government needs to protect the interests of research based MNCs which are vital in supplying innovative molecules, latest interventional products available in the developed markets and original products, bring new technologies and act as incubation hubs for latest pharmaceutical inventions eventually feeding the generic manufacturers (Wilson, 2012). This can be done by levelling the import-export requirements for all traders including parallel traders and tightening the noose on illicit trade in pharmaceutical products (Weru, 2018).

1.2 Statement of the Problem

The market for pharmaceuticals is marked by intense competition and high pay-offs, largely due to recent deregulation efforts that have facilitated transitions from prescription to OTC drugs and the many new entrants in the market. Manufacturers compete heavily for market share through intense promotions (Harrington & Shepherd, 2012). Unlike prescription medicines, OTC products can be promoted directly to consumers in most countries (WHO, 2012). These market developments also increase the complexities of OTC drug therapies and consumers’ decision-making processes, and product selection becomes more and more difficult (ISMP, 2014).

Pharmaceutical store performance can be assessed in several ways including retail patronage, store traffic, store profits or overall sales (Reinartz & Kumar, 2016). However, aggregated sales measures have been criticized for ignoring differences in sales of products in particular categories in an individual store, and therefore, the assessment at a more disaggregate level (for example, category level) has been proposed as the basis for developing efficient strategies (Campo et al., 2010; Grewal et al., 2016).
Retail marketing literature contains numerous studies investigating determinants of retail patronage and store performance (Kumar & Karande, 2010; Pan & Zinkhan, 2012; Reinartz & Kumar, 2016). More recently, retailing research has increasingly focused on micromarketing and on those market and store characteristics that affect a store’s sales performance (Campo et al., 2010; Campo & Gijsbrechts, 2014; Hoch et al., 2015). Amongst the most frequently cited factors were: marketing mix variables such as promotions and assortment; environmental characteristics, such as competition; and store variables such as size or image.

As observed, the factors investigated by these studies form the base and starting point for possible drivers of pharmacy performance that this study focused on. There are no studies that have been conducted on factors influencing the growth of pharmaceutical stores in Kenya, and thus, this study focused on a selected market in Kenya, specifically Kiambu County, and store outlet characteristics of location, technology, and staff.

1.3 General Objective of the Study

The purpose of this study was to find determinants of successful pharmacies and their growth in Kiambu County to supply essential medicine that was required by the public for their better mortality.

1.4 Specific Objectives

The specific objectives were as follows:
1.4.1 To assess how business location influences business growth.
1.4.2 To determine how the use of technology would enhance business growth
1.4.3 To assess how business employees influence business growth.

1.5 Significance of the Study

1.5.1 Pharmacy Store Owners/ Managers

This study has focused on examining the determinants of establishing successful retail chemist or pharmacy in Kenya. It thus identifies key factors that influence business success in the retail industry. As such, the study may be of importance to pharmacy store owners/ managers since they may understand how various constructs of location (place),
use of technology, and employees influence business success, and thus utilize the same to gain competitive advantage.

1.5.3 Future Entrepreneurs

The study shall be of value to future entrepreneurs who would like to venture into the retail business industry in Kenya. These entrepreneurs may gain a firm understanding of how factors like location (place), use of technology, and employees influence business success, and thus utilize the same to gain competitive advantage.

1.5.3 Future Scholars

The development of professional marketing competences is crucial to gain a competitive advantage compared to other pharmacies as well as other outlets that sell OTC products. This study forms a great foundation for future scholars to refer to as they conduct their research. The study offers them an invaluable reference point.

1.6 Scope of the Study

The focus of the study was on community and wholesale pharmacies in Kiambu County taking into consideration the specific objectives of the study. The scope was as well focused on the location of the pharmacies, available technologies available and the systems in place facilitating growth, and employee skill sets available to pharmaceutical staff. Selection of Kiambu County for the study was based on fact that it was a developing county, and had a number of hospitals and a good number of pharmaceutical retail shops. The study was carried out for a period of three months during which data was gathered from the sample of pharmacies that were selected. The study was conducted from May 2018 – July 2018.

1.7 Definition of Terms

1.7.1 Community Pharmacists
Community pharmacists are defined as the health professionals who are most accessible to the public (Reinartz & Kumar, 2016). They supply medicines in accordance with a prescription or, when legally permitted, sell them without a prescription (Bryant, 2015).
1.7.2 Competitive Market Environment

Competitive market environment is defined as the dynamic external system in which a business operates, competes and functions. Essentially, it encompasses all the external factors that compete with the services or products of the small business.

1.7.3 Location

Location is defined as the place where a firm decides to site its operations. In other words, it is the physical space where a business premise exists or operates from i.e. where a business is situated (Kumar & Karande, 2010).

1.7.4 Over-the-Counter (OTC)

In reference to purchase of drugs, OTC refers to the purchase of medicines or drugs directly to a consumer without a prescription from a healthcare professional, as opposed to prescription drugs, which may be sold only to consumers possessing a valid prescription (Mortimer, 2018).

1.7.4 Pharmaceutical Products

Pharmaceutical products are more commonly known as medicines or drugs and they are fundamental components of both modern and traditional medicine (Harrington & Shepherd, 2012). They are substances intended for use in the diagnosis, cure, mitigation, treatment, or prevention of diseases (Bryant, 2015).

1.7.5 Prescription

A prescription is an instruction written by a medical practitioner that authorizes a patient to be issued with a medicine or treatment (Harrington & Shepherd, 2012). It is thus, an order for the preparation and administration of a drug or device for a patient.

1.7.6 Prescription Drug

A prescription drug also known as prescription medication or prescription medicine is a pharmaceutical drug that legally requires a medical prescription to be dispensed, it is thus, a drug that can be obtained only by means of a physician’s prescription (Harrington & Shepherd, 2012).
1.8 Chapter Summary

This chapter has looked at business practices in general and narrowed down to pharmacy businesses in Kenya. The statement of problem, scope and purpose of the study have been elaborated in this chapter for easy understanding of the research study. The scope of the study was limited to Kiambu County and was mainly focused on the wholesale and retail pharmacies. The next chapter provides information on literature review, which covered respective studies that already exist in pharmacy business. Chapter three looked into the research methodology that was used in the research. Chapter four presented the results and findings of the study as guided by the research objectives. Chapter five covered respective study discussions, conclusions, and recommendations based on the set study objectives.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter covers various literatures on determinants of successful pharmacy business across the globe and how beneficial it is for customer services. The relevance of this study was to find out determinants of successful pharmacy with a case study in Kiambu County. Therefore the objectives of the study were divided into three key factors as follows: to assess how business location influences business growth, to determine how the use of technology would enhance business growth, and to assess how business employees influence business growth.

2.2 Business Location and its Influence on Business Growth

“Location, location, location” is a mantra for retail success. Store location is a retailer’s most costly and long-term marketing-mix decision (Campo & Gijsbrechts, 2014). Unlike a bad pricing or promotional decision, a poor store location adversely affects retailer performance for several years (Reinartz & Kumar, 2016). As it is well known, retailers prefer to locate close to consumers, but doing so exposes them to competition from other retailers that also want to be close to consumers: from the retailers’ point-of-view, proximity to consumers means proximity to other stores (Manchanda et al., 2015).

The phenomenon of stores locating near one another is called agglomeration. Stores of different types commonly co-locate in shopping centers and malls (inter-type agglomeration). Stores of the same type, such as restaurants, hotels, jewelers, furniture stores, and automobile dealerships, also often locate close together (intra-type agglomeration) (Kumar & Karande, 2010). Though agglomeration may be driven by retailers’ need to be near consumers, it can also be intrinsically beneficial for retailers (Pujari et al., 2016; Kumar & Karande, 2010). Reinartz and Kumar (2016) suggested that net gains or losses from agglomeration depend on the balance of two countervailing forces. The first force captures the incremental attractiveness of stores located close together compared to the attractiveness of those same stores individually. This incremental attractiveness reflects a reduction in consumers’ costs of searching among stores and multi-purpose shopping. In effect, an agglomeration of stores becomes a
shopping destination. Pujari et al. (2016) termed this positive force symbiosis. The second force reflects competition for consumer purchases among stores that sell similar products (even if they sell different products, stores compete for consumers’ disposable income). Kumar and Karande (2010) called this negative force Darwinism, evoking the process of natural selection. The balance of these two forces can result in either a positive, neutral or negative effect of agglomeration on retailer performance.

In recent decades, the United States (US) retail environment has become increasingly fragmented. Product offerings of newer retail formats such as supercenters, warehouse clubs, and dollar stores all overlap to varying degrees with those of established formats like grocery, drug, and discount stores (ISMP, 2014). This overlap blurs inter-type distinctions, necessitating a more in-depth understanding of retail location.

### 2.2.1 Pharmacy Location and Agglomeration

Agglomeration is defined as the retail density around the closest store. Retail density is measured separately for several formats such as warehouse club, dollar, drug, grocery and discount stores, as well as supercenters (Kumar & Karande, 2010). One can therefore be able to determine how agglomerating with stores of different formats affects consumer spending, and hence revenues, at each of the leading retailers (Reinartz & Kumar, 2016). Spending models for the leading retailers are linked in a multivariate system of equations because spending at one retailer may affect spending at others (Hoch et al., 2015). Retail location factors, along with demographic covariates, enter the spending model through a hierarchical equation which can be specified in a Bayesian framework (Reinartz & Kumar, 2016).

Studies (Bryant, 2015; Pan & Zinkhan, 2012; Campo & Gijsbrechts, 2014; Campo et al., 2010) show that consumers’ travel times to retailers’ stores have negative own-effects and positive cross-effects, as one would expect. Own-effects are greatest for discount stores but least for supercenters, which are simply discount stores with full-service groceries (Campo et al., 2010). In fact, supercenter revenues are more sensitive to consumers’ travel times to discount stores than to the supercenters themselves (Campo & Gijsbrechts, 2014). Studies (Pujari et al., 2016; Kumar & Karande, 2010; Reinartz & Kumar, 2016) also show that agglomeration effects between grocery and discount stores are
asymmetric; the leading grocery retailers generally gain from agglomerating with discount stores while discount stores lose from agglomerating with grocery stores.

Adding a full-service grocery to the discount store, thereby creating a supercenter, causes both agglomeration effects to disappear. These findings suggest that demand for packaged goods is higher at supercenters than at discount stores because cross-shopping with grocery stores is reduced (Campo & Gijsbrechts, 2014). Further, findings indicate that intra-type agglomeration is not harmful for the leading grocery retailers, but inter-type agglomeration can be (Pan & Zinkhan, 2012). This contradicts Kumar and Karande (2010) contention that retailers benefit more from inter-type than intra-type agglomeration.

Stremersch and van Dyck (2013) developed their landmark retail location model which assumed no symbiosis between stores and symmetrical agglomeration effects, research on store location has focused primarily on either the proximity of stores to consumers or the proximity of stores to other stores. All such research has made either implicit or explicit simplifying assumptions about how retail location affects consumer shopping behavior, assumptions this study subjects to joint empirical examination.

**2.2.2 Pharmacy Location and Consumers**

Retail gravitation implies that consumer choice among retail centers (groups of stores) is governed by the centers’ attraction, which increases with a center’s size but decreases with its distance from the consumer’s home (Harrington & Shepherd, 2012). Central Place Theory is an extension of retail gravitation, and it holds that shoppers will choose the closest retail center conditional on the availability of the types of products sought (Vogler Arts & Sandberger, 2012). These theories implicitly assume that shoppers minimize their travel costs to obtain the goods that they want (Campo & Gijsbrechts, 2014). Empirical evidence has been mixed, however, with studies showing that shoppers actually purchase groceries at the closest store less than half of the time (Grewal et al., 2016; Stremersch & van Dyck, 2013).

Consumers’ choice of individual stores (as opposed to retail centers) and the effect of retail location on that choice have been studied extensively. Consumers usually report that spatial convenience is their most important criterion when choosing a store (Taylor et al., 2014; Al-Arifi, 2012; Grewal et al., 2016; Anell & Hjelmgren, 2012; Harrington &
Shepherd, 2012). Davis and Spekman (2004) modeled store choice as dependent on the fixed and variable costs of shopping. Travel distance from the consumer’s home to the store was the primary fixed cost of shopping in their panel-data study and was found to be an important predictor of store choice. Fung, Woo and Asch (2016) used travel time from the consumer’s home to the store to predict their patronage and spending at stores of different retail formats. Shopping and spending at grocery, drug, and discount retailers were found to be highly sensitive to travel time.

2.2.3 Pharmacy Location and Competitors

Models of sequential search among grocery stores were introduced by Burdett and Malueg (1981) and Carlson and McAfee (1984). They determined the conditions under which it is normative for a consumer to search for low prices at multiple stores on a single shopping trip. Subsequent studies found empirical evidence of consumer price search among grocery stores (Mortimer, 2018; Davis & Spekman, 2004; Pan & Zinkhan, 2012; Hoch et al., 2015; Reinartz & Kumar, 2016). A more recent study used scanner panel data to show that consumers frequently visit multiple grocery stores on the same trip, a practice known as cherry-picking (Fox & Hoch, 2015). Because it facilitates search, retailers of the same type may increase their profits by agglomerating (Schmidt & Pioch, 2014).

Landry, Mahesh and Hartman (2015) proposed that stores of different types should agglomerate in order to facilitate purchases of different types of products on a single shopping trip, reducing a consumer’s travel costs compared to separate trips to each store. Models of “trip-chaining” by Thill and Thomas (1991), have been developed to address shopping for: a single type of product at multiple stores, multiple types of products at shopping centers and multiple types of products at multiple stores (Grewal et al., 2016). Arentze, Opewale and Timmermans (2015) studied the effects of agglomeration on shopping trip purpose and destination. They found that agglomeration adds to the attraction of a retail location and draws both multi-purpose and single-purpose shopping trips.

Pan and Zinkhan (2012) tested the effect of agglomeration on variables such as market saturation and average store size, though they did not examine its effect on retailer performance. They determined that agglomeration of different types of stores is mutually
beneficial, while intra-type agglomeration is not. Interestingly, they found these benefits to be asymmetric; specialty stores benefit more from locating near stores offering broad lines than vice versa.

Spatial competition between grocery stores has also been observed in scanner data, though only at the category level. Kumar and Karande (2010) found cross-promotional effects among nearby grocery stores, and showed that promotions at one store can affect sales in that category at nearby stores. A more recent study by Landry, Mahesh and Hartman (2015) examined spatial competition between a grocery store and supercenter. Singh, Hansen and Blattberg (2012) used a natural experiment, the opening of a supercenter across the street from a grocery store, to study changes in the shopping behavior of the grocery store’s card members. The authors found that card members continued to visit the grocery store, but spent less; 17% of their expenditures were lost after the supercenter opening. Their research is among the first disaggregated studies to use revenues in assessing retailer performance.

2.3 Use of Technology and Business Growth

The society today has become more technology-oriented, pharmacies are now incorporating latest, efficient devices and software programs to streamline operations, improve customer service, reduce costs, and help patients (Jaafar, 2012). The market for innovative pharmacy management products is exploding as pharmacists increasingly look to utilize technology to solve problems in shortest time possible (Singh, Hansen & Blattberg, 2012). A study carried out by Bhakoo and Chan (2011) elaborated the use of e-business process within a health-care supply chain to boost the business processes and hence have an efficient business.

The use of electronic business (e-business) technologies to support the critical supply chain element (for example procurement, distribution and inventory management of items) has largely been neglected in the health care sector (Landry, Mahesh & Hartman, 2015). The study by Bhakoo and Chan (2011) focused on the procurement function within a health care supply chain. The empirical studies suggested that the use of e-procurement may help to reduce the cost in the business, for example the following cost may be reduced-transactional cost by aggregating demand over period, improving operational efficiency and enabling the organization to gain access to wider supplier and
facilitating the analysis of the transactions (procurement pattern on reorder level) across the different functions in an organization (Bartezzagh & Ronchi, 2013).

Incorporation of mobile technology is becoming increasingly important and pharmacies need to take advantage of this movement. Pharmacies can achieve this through digital marketing efforts by creating and updating their websites, promoting the business on social media and sending out an e-newsletter all of which majority patients consume on their smartphones (Eskew et al., 2014). Another step may include creating an application where patients or customers can upload their prescription online and then the medicines are supplied to a nearby medical store from where the customer can pick up (Bartezzagh & Ronchi, 2013). There is also another way of employing technology using Quick Response (QR) codes to provide information to patients about pharmacy products and services. This involves scanning the QR code on the mobile application which then redirects the patient or customer to a website that contains more detailed information (Derrick, 2017).

A study conducted by Krafft and Mantrala (2016) pointed out that one of the key retail success and key drivers for pharmacies is the use of technology in the daily operations. In the study, companies like Wal-Mart and Metro Groups, were experimenting with Radio Frequency Identification Devices (RFID) technology, the use of RFID aided in locating misplaced items, detecting theft, and hence improved on efficiency. The use of technology goes hand in hand with superior supply chain management.

2.3.1 Competitive Advantage

By competitive necessity, retail today is already a high technology-enabled environment. The pace of change encourages retailers to seek tools that might give them an advantage over their competitors, whether on the sales floor or behind the scenes (Schmidt & Pioch, 2014). Frequently, faced with shrinking margins and dwindling profits, increasingly internationalized markets and more sophisticated and demanding customers, retailers believe they must constantly improve their ability to meet consumer needs; technology is considered indispensable in meeting these challenges (Castaldo et al., 2016).

Retailers looking to distinguish themselves within a crowded, competitive market must increasingly harness technology to improve decision-making, provide more personalized service, streamline supply-chain operations and enhance business processes (Miller,
Customers themselves demand more personalized attention, the right products at the right price, rewards for their loyalty, and an enjoyable and problem-free shopping experience (Desselle & Zgarrick, 2014). Retailers are ever more reliant on technology in store back offices and in corporate headquarters to aggregate data on customers, products, sales trends, shipping logistics and marketing information (Krafft & Mantrala, 2016).

Technology has become as ubiquitous in retailing as products themselves. Self-checkouts, kiosks and Point-of-Sale (POS) equipment, mobile computer stocktaking and management systems (Fox & Hoch, 2015), electronic pricing networks, e-tailing solutions, electronic article surveillance (Jaafar, 2012), in-counter scanners, planograms, workforce management and sales force scheduling tools, secure management networks to speed up transactions, electronic labelling and global supply chain tools are among some of technological applications now common in many modern retailing operations (Bhakoo & Chan, 2011).

2.3.2 Supply Chain Optimization

Optimization of supply chain management to satisfy customer requirements, as efficiently as possible, is now accepted as a critical competitive tool (Bartezzagh & Ronchi, 2013). For retailers, the process spans all movement of goods from point-of-origin to point-of-sale. To achieve maximum supply chain efficiencies, retailers have begun to rationalize and optimize their logistics, and to alter their market strategies and attitudes towards customers (Davis & Spekman, 2004). Whereas, in the past, the main goal was the efficient control of stocks and their allocation along the supply chain, today the competitive factor is focused on customer satisfaction, so that the “supply chain” concept is increasingly being replaced by that of a “demand chain” (Bhakoo & Chan, 2011). In general, there is a shift from a stock-based logic, where the aim was the efficient management of storerooms, to a flow-based logic, where the goal is availability of the right kind of product, in the right quantity, and in the right place, according to demand (Desselle & Zgarrick, 2014).

While the focus of technological innovation was on the “back-of-store” in the logistics chain, there was also widespread introduction of new technologies and processes at all stages of the goods handling process from logistics to checkout (Krafft & Mantrala,
Particularly important as a factor behind technological and other innovations was the Efficient Consumer Response (ECR) initiative started in 1993 with the goal of enhancing supply chain cooperation to create value by satisfying consumer needs for product, convenience and price (Davis & Spekman, 2004; Bhakoo & Chan, 2011). It aimed to do so through: efficient store assortment to optimize inventories and store space at the consumer interface; effective stock replenishment based on efficiencies gained by using continuous replenishment programs, Electronic Data Interchange (EDI), cross-docking, computer-assisted ordering, and new receiving techniques; effective promotion that maximized the total system efficiency of trade and consumer promotion; and efficient new product introduction aimed at maximizing the effectiveness of new product development and introduction activities (Krafft & Mantrala, 2016). The latter process has traditionally experienced high failure rates, thereby bringing extra costs into the system. The ECR helped the EDI, its most important enabling technologies and standards, gain wide industry acceptability (ibid).

2.3.3 Information Management

Retail experts believe that accurate and timely information is critical to ensure continual improvement of consumer satisfaction, products and quality through ECR. To keep the costs low, it is preferred that this information and its communication are paperless (Reinartz & Kumar, 2016). To accomplish these aspects, three central areas have been distinguished: category management, product replenishment and enabling technologies. In category management, the objective is to maximize demand creation through the processes of product introduction, promotions and store assortment (Taylor et al., 2014). In product replenishment, the focus is on ensuring the smoothest possible flow of products to the shelves to support joint category management with a physical supply chain that is flexible and responsive enough to changes in demand (Miller et al., 2016). Rapid and efficient product replenishment contributes to cost savings through minimizing the amount of inventory in the system while meeting required service levels. A critically important issue in this area is how trading partners work together to achieve these objectives (Taylor et al., 2014). The ECR seeks to make a quantum leap in cost containment and responsiveness through well integrated planning which avoids activities that magnify variations in demand, which, in turn, stress the supply chain (Bartezzagh & Ronchi, 2013).
Standardization of information and communication can also save a great deal of time and money. Category management and product replenishment, and especially those of their aspects shared jointly by retailers and manufacturers, are confronted with a few barriers (Taylor et al., 2014). It is in order to overcome these obstacles that RFID is being harnessed as an enabling technology to the retail supply chain and retail operations. The technology would reinforce and extend ECR benefits across the entire retailing industry (Miller et al., 2016; Bartezzagh & Ronchi, 2013).

### 2.3.4 Increased Productivity

Technology has the ability to reduce demand for labor. Because of this ability to reduce demand for labor and other resources needed in the production of the same level of output, the introduction of new technologies is invariably accompanied by fear of job losses (Almarsdottir et al., 2010). While this may be true at the level of a single firm or even sector, most economists stress that technological change and productivity growth have historically been associated with expanding rather than contracting total employment and rising earnings (Hoch et al., 2015; Campo & Gijsbrechts, 2014).

There are various stages in this relationship: first, the introduction of a new technology should translate into real productivity growth, which requires effective learning for efficient use of the new technology (changes in the work organization, and new skill requirements); second, productivity increases may or may not result in job losses, depending on the level of demand (Manchanda et al., 2015). If productivity increases are accompanied by concomitant demand increases, then there is no need to shed labor. In fact, if improved productivity stimulates a rise in demand which is higher than productivity growth, new jobs will be created (Eskew et al., 2014). In any case, since the diffusion and adoption of new technology typically take considerable time, the employment impacts themselves are likely to be felt much more gradually than those of other factors such as mergers and acquisitions (Manchanda et al., 2015; Eskew et al., 2014).

### 2.4 Business Employees and their Influence on Business Growth

The pharmacy retail industry suffers from the perception that it is low-skilled and has poor career prospects, and is often seen as a short-term, stopgap employment option. Too many people feel that the industry is undesirable as a long-term career, because of the
belief that there are few opportunities for career progression (Schommer, Brown & Sogol, 2016). A number of the industry’s characteristics fuel these negative perceptions: it’s traditionally higher than average employment of part-time and temporary casual workers is coupled with a higher than average staff turnover (Mulvey, Ledford & LeBlanc, 2014). The prevalence of these kinds of workers in the industry has enabled businesses to have flexible and adaptable staff scheduling, while also providing employees with opportunities to balance work with other responsibilities, such as caring or study (Barsky, 2010; Schommer et al., 2016).

It is nevertheless important to note that, despite such perceptions and an increasing diversification in employment relations in the retail industry, the share of full-time permanent employment in many advanced industrialized countries, especially in Europe, remains dominant (Barsky, 2010). However, as with other employment aspects, the share of full-time staff in commerce employment differs widely among countries. Part-time employment allows retailers to match staffing to peak days and hours, reducing “excess” labor, especially in the context of new Just-in-Time (JIT) inventory management systems, and also to cover longer opening hours. Part-time workers thus act as both “gap-fillers” and “time-adjusters” (Schommer et al., 2016).

 Temporary work has a major impact on employment trends in the industry. It is associated with high staff turnover rates and business variation according to both anticipated and unanticipated changes (Mulvey et al., 2014). Commerce has a relatively low share of temporary employment and instead favors part-time work. With regard to temporary agency work, Europe has witnessed a wave of liberalization measures, involving the introduction of new non-permanent contracts as temporary agency work, staff leasing and on-call jobs, reducing restrictions on hiring workers on a non-permanent basis, and the use of temporary employees for longer periods (Schommer et al., 2016). Pharmacy employers can however ensure that, despite the aforementioned challenges, their businesses grow with the help of their employees (Barsky, 2010).

2.4.1 Creating Better Working Environment

Creating a great place to work, ensures that future employees gain a desire to join the organization and once there, to want to stay (Hill, 2012). From a pharmacy perspective, pharmacists can use this practice to encourage their employees to be committed to the
pharmacy and become more engaged in the work they do (White, 2014). Creating an environment with good employer-employee relationships also serves to strengthen the loyalties of the employees and in so doing reduce the staff turn-over rate in the pharmacy (Kubica & White, 2015).

Successful firms are able to meet people’s needs both for a good job and to work ‘in a great place’. They create good work and a conducive working environment. In this way they become an “employer of choice” (Hill, 2012). People will want to work there because their individual needs are met – for a good job with prospects linked to training, appraisal, and working with a good boss who listens and gives some autonomy but helps with coaching and guidance (Kubica & White, 2015).

### 2.4.2 Management by Objectives

Management by Objectives (MBO) is a process of agreeing upon goals and/or objectives between management and employees within an organization (Goldsmith, 2014). MBO aims at increasing organizational performance and intends to make sure that everyone understands what they are in the organization (Robbins, 2013), and has a clear understanding of the aims/objectives of that organization (Goldsmith, 2014), as well as awareness of their own roles and responsibilities in achieving those aims (Robbins, 2013; Goldsmith, 2014). In the pharmacy section, this may manifest by outlining the roles of each position in the pharmacy and assigning specific objectives to each employee, with guidance from employees themselves (Mulvey et al., 2014). The purpose of this is thought to be that when employees themselves have been involved with the goal setting and the choosing the course of action to be followed by them, they are more likely to fulfill their responsibilities (Goldsmith, 2014).

Providing performance incentives involves paying out bonuses or having any kind of variable compensation plan which depends solely on each employee’s performance (Kubica & White, 2015). Such incentives can provide a much needed boost in staff morale and pharmacies can capitalize on this practice to encourage healthy competition amongst staff members (White, 2014). Publicizing good performances of employees also encourage healthy competition amongst staff members and with the creation on profiles of these top performers; there will be a chance for the firm to adequately benefit from the employees’ competitiveness (Robbins, 2013). Collecting performance feedback could be
used as a tool to improve individual and team performance. Some pharmacies have feedback cards placed strategically at various points around the dispensary which allows fellow employees to give feedback on staff members (Mehrabian, 2016). Employee evaluation centers on linking individuals with prescribed goals and their annual performance with respect to them (White, 2014). In the pharmacy, an employee evaluation form is a good way of keeping track of individuals and how well they perform the tasks which they set out to do (Kubica & White, 2015). Mehrabian (2016) notes that employee evaluation is also a very clear methodology which allows an employee to have a clear idea about the progress they have made in the firm, and possible areas of improvement.

2.4.3 Knowledge Sharing

Sharing of knowledge speaks about the storage of knowledge in databases to provide greater access to information posted either by the company or the employees, with respect to the company and the overall achieving of the goals of the organization (Woodward, 2015). In a pharmacy this practice can be applied by having forums set up for employees to share knowledge gained through the various continuous education programs pharmacists are compelled to attend to keep themselves updated (Mehrabian, 2016).

Not only profession related news can be shared on these platforms but news about the pharmacy itself and any changes in the organization can be made and have maximum effect on a minimum time period since, with the revolution of technology, most employees (if not all) would be able to get timely updates from various networking devices (Woodward, 2015). According to Kubica and White (2015), open discussions with employees are an ideal way managers can get fresh new ideas and perspective from their greatest reservoir of data; their employees. Open house discussions, employee-management meetings and suggestion boxes are all methods by which Pharmacy managers can take advantage of the wealth of knowledge; that is their staff (Woodward, 2015).

2.4.4 Employee Rewards

The theory behind rewards practices is interlinked with motivation, which itself is only likely when a clearly perceived and usable relationship exists between performance and outcome, and the outcome is seen as a means of satisfying needs (Hill, 2012). This
explains why financial motivation, works only if the link between effort and reward is clear, in the words of Lawler (1990) there is a “line of sight” and the value of the reward is worth the effort. It also explains why intrinsic motivation, which arises from the work itself, can be a more powerful motivating factor than extrinsic financial motivation. This especially applies to the pharmacy industry where financial gains are not an appropriate motivating factor.

Porter and Lawler (1968) suggest that there are two factors determining the effort people put into their jobs: the value of the rewards to individuals and the probability that rewards depend on their exertion made towards their job. The surprise factor encourages employers to not only reward those top performers but to also occasionally delight other employees with unexpected things that may come in the form of a reward, a gift or a plaque recognizing their contributions (Barsky 2010). The aim is to give positive reinforcement to other employees who are in need of motivation to exhibit their full potential (Hill, 2012).

2.4.5 Employee Coaching

When employee performance is less than what it should be, and simple feedback is not enough to improve performance, employees may need more active support to be successful (Woodward, 2015). Just as professional football players benefit from a coach who is trustworthy and credible - someone who identifies individual talents, provides feedback to encourage improvement, strategically positions players on the field, and facilitates team bonding experiences to achieve team goals effectively - so do employees benefit from coaching to ensure they are doing the right things in the right ways (Mehrabian, 2016; Woodward, 2015).

Coaching is an interactive process through which managers and supervisors aim to enhance employee performance and capabilities. This process relies on collaboration and is based on three components: technical help, personal support, and individual challenge. These three coaching elements are held together by a bond between the manager/coach and the direct report/player (Woodward, 2015). When coaching is done well, it may actually produce less work for managers in the long run through the following means: developing employee skills and enabling managers to delegate more (Goldsmith, 2014); increasing productivity by teaching employees how to work smarter and effectively
collaborate (Mehrabian, 2016); improving retention, especially among those employees whom managers most want to retain (Mortimer, 2018); and fostering a positive work culture that can increase job satisfaction and motivation (White, 2014).

Effective coaching requires identifying specific performance gaps, identifying options to address the performance issue, agreeing on indicators of progress, monitoring progress, and recognizing when improvements have occurred (Woodward, 2015). Coaching, as well as motivating, engaging, and providing feedback to employees, relies on a critical management skill: effective communication (Mehrabian, 2016).

2.5 Chapter Summary

With reference to other studies that have been conducted, this chapter has presented literature with regards to the influence of business location on business growth, the effect of technology use on business growth, and the influence of business employees on business growth. The next chapter focuses on the research methodology of the study.
CHAPTER THREE

3.0 RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This chapter clarifies and elaborates on the research design and methodology that was utilized in the study. It comprises of the population and sampling design, data collection, data analysis, reliability and validity, research procedures and finally the summary of the chapter.

3.2 Research Design

There are various research design that may be used to collect data; survey method, laboratory experiments, quasi experiment and case study (Saunders, Lewis & Thornhill, 2016). In this study, the researcher used descriptive research design, which is a structured formal study that investigates questions that determine the ‘who, what, where, when and how much” of a study variable (Cooper & Schindler, 2014). The design was appropriate because it facilitated the use of a survey research design.

The survey research design was used in the study since the researcher collected primary data for the study from the owners of the various pharmacies in Kiambu County that were the study population. The study was conducted with the aim of determining the determinants of establishing a successful pharmacies in Kenya.

3.3 Population and Sampling Design

3.3.1 Population

The research population is composed of all elements from which the sample is selected based on sampling technique used by the researcher (Cooper & Schindler, 2014). Babie and Halley (2010) define a population as the entire aggregation of respondents that meet the designated set of criteria within a study and it comprises of a person, an organization, customer database, or the amount of quantitative data on which the study measurement is being taken. For this study, the population was all pharmacies (retail chemists/ drug stores) that operated in Kiambu County as at June 2018 and were 5131.
3.3.2 Sampling Design

3.3.2.1 Sampling Frame

A sampling frame is a complete list of all the cases in the target population from which the sample shall be drawn (Saunders et al., 2016). The information for the total number of pharmacies in Kiambu County was obtained from the Ministry of Health specifically the Pharmacy and Poisons Board; the organization that was responsible for keeping information of all the pharmacies operating in Kenya.

3.3.2.2 Sampling Technique

The study used stratified sampling technique in sampling its population. Silver (2015) defines stratified sampling technique as a research method that subdivides its population into various strata that may be homogeneous or heterogeneous in nature. Byrnes (2014) defines strata as layers within any clustered structure that is assigned according to its social status or character. Silver (2015) notes that, stratified sampling technique gives all population elements the probability of being selected as a study sample, making stratified sampling technique the best technique to employ in the study. The study strata for the pharmacies include pharmacies that operate retail stores, wholesale stores, hospital pharmacies (those located in hospital premises), and veterinarian pharmacies.

The sampling technique allowed for the use of Simple Random Sampling (SRS) procedure. SRS is a technique of selecting of a sample size that comprises of n number of sampling units out of N population. SRS as a technique also provides all sampling units an equal chance of being selected (Silver, 2015). These advantages justified the use of stratified sampling technique and SRS for the study.

3.3.2.3 Sample Size

Sample size determination is the act of choosing the number of observations or replicates to include in a statistical sample (Saunders et al., 2016). The sample size is an important feature of any empirical study in which the goal is to make inferences about a population from a sample (Byrnes, 2014). Creswell (2013) observes that the formula for selecting a sample size dictates that the researcher needs to account for the margin of error also known as the confidence interval and the standard deviation. Thus, this study employed
the Yamane formula in selecting the sample size that was distributed as shown on Table 3.1.

\[ n = \frac{(Z)^2 \times \text{Std. Dev} \times (1 - \text{Std. Dev})}{(\text{Margin of Error})^2} \]

Where:
- \( n \) = Sample Size
- \( Z \) = Confidence Error of 90% \((1.645)\)
- \( \text{Std. Dev} \) = Standard Deviation of 0.1
- \( \text{Margin Error} = + or - 5 \) divided by 100

Thus:
\[ n = \frac{(1.645)^2 \times 0.1 \times (0.9)}{(0.05)^2} \]
\[ n = \frac{2.706025 \times 0.09}{0.0025} \]
\[ n = 0.24354225 \]
\[ n = 97.42 \]
\[ n = 97 \]

Table 3.1: Sample Size Distribution

<table>
<thead>
<tr>
<th>Pharmacy Category</th>
<th>Number</th>
<th>Percentage</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>4257</td>
<td>82.8</td>
<td>80</td>
</tr>
<tr>
<td>Wholesale</td>
<td>491</td>
<td>9.6</td>
<td>9</td>
</tr>
<tr>
<td>Hospital Pharmacies</td>
<td>247</td>
<td>4.8</td>
<td>5</td>
</tr>
<tr>
<td>Veterinarian Pharmacies</td>
<td>136</td>
<td>2.7</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5131</strong></td>
<td><strong>100</strong></td>
<td><strong>97</strong></td>
</tr>
</tbody>
</table>

Source: Pharmacy and Poisons Board (2018)

3.4 Data Collection

Data collection is a method of gathering and measuring information from a variety of sources, primary and secondary, to gain accurate information on a particular topic of interest (Silver, 2015). In order to yield quantitative data, this study will use self-
administered questionnaires. Data collection aimed to give answers to the relevant study objectives. Rubin and Babbie (2009), indicate that the importance and advantage of questionnaires is that they are easier to analyze since they are in a usable form. They are also easy to administer because each item is followed by an alternative answer and is economical to use in terms of saving time.

The questionnaire was divided into four parts that focused on the various study objectives. The first section of the questionnaire collected data on demographics of the pharmacies in Kiambu County, the second section obtained data on the influence of business location on business growth, the third section of the questionnaire focused on the effect of technology use on business growth, and the fourth section of the questionnaire derived data concerning the influence of business employees on business growth.

3.5 Research Procedures

Creswell (2013) states that validity and reliability of research instruments is critical to a study. As such, the study used a pilot test the questionnaires by administering the questionnaires to 10 respondents who were excluded from the study sample. The obtained responses were analyzed using Statistical Package for the Social Sciences (SPSS). The Chronbach Alpha test was used to determine reliability and validity of the instrument. A threshold coefficient of >0.7 was set for the study, and thus all questionnaire items had to be equal or above the threshold.

After the reliability and validity test has been conducted, the questionnaires were administered through the drop and pick method. The questionnaires were given to the respondents and a clarification of the purpose of the study provided to the respondents in order to elicit sincerity from their response.

3.6 Data Analysis Methods

Analysis of data requires a number of closely related operations such as establishment of categories of data, for instance, nominal data, ordinal data, interval data. The data collected in this research objective was formatted, coded and filtered before being analyzed to obtain both descriptive and inferential statistics. This was done via SPSS.
The coded data was analyzed using descriptive statistics which included means, frequency, percentages and standard deviations. Inferential analysis was then conducted using the Pearson correlation coefficient to test the significance of the study variables. Multiple regression analysis was also used to show the nature of the relationship between the study variables, and data was presented in the form of tables and figures. The multiple regression equation that was used for the was:

\[ Y = \beta_0 + \beta_1 \times X_1 + \beta_2 \times X_2 + \beta_3 \times X_3 + \epsilon. \]

3.7 Chapter Summary

This chapter has clarified and elaborated on the research design and methodology that was utilized in the study. It has expounded on the study population which were 5131 pharmacies in Kiambu County. The chapter has explained in detail the sampling design, as well as the data collection method that was adopted in the study. Research procedures and data analysis methods have also been discussed in the chapter, as well as the nature of data presentation. The following chapter provides the results and findings of the study.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

Results and findings of this study are presented in this chapter founded on the analyzed data from the collected questionnaires. The chronology of the chapter is based on the questionnaire that collected data on demographics of the pharmacies in Kiambu County, the second section obtained data on the influence of business location on business growth, the third section of the questionnaire focused on the effect of technology use on business growth, and the fourth section of the questionnaire derived data concerning the influence of business employees on business growth.

4.2 Response Rate and Demographics

4.2.1 Response Rate

The study targeted 97 pharmacies that had their operations in Kiambu County, but out of the 97 questionnaires that were distributed to these organizations, only 89 were collected and used for analysis, which meant that the study had a response rate of 91.8% which was above the requisite threshold.

4.2.2 Reliably Test

Table 4.1 shows that all questionnaire items were above the required threshold of ≥0.7. The table shows that questionnaire items for business location and its influence on business growth were reliable with a coefficient of 0.793. Questionnaire items for use of technology and business growth were reliable with a coefficient of 0.725. The table also indicates that questionnaire items for business employees and their influence on business growth were reliable with a coefficient of 0.828. Thus the results of the study were reliable.

**Table 4.1: Questionnaire Reliability Results**

<table>
<thead>
<tr>
<th>Study Variables</th>
<th>Number of Items</th>
<th>Coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Location and its Influence on Business Growth</td>
<td>10</td>
<td>.793</td>
</tr>
<tr>
<td>Use of Technology and Business Growth</td>
<td>10</td>
<td>.725</td>
</tr>
<tr>
<td>Business Employees and their Influence on Business Growth</td>
<td>10</td>
<td>.828</td>
</tr>
</tbody>
</table>
4.2.3 Gender

Figure 4.1 shows the gender divide among owners and employees of pharmacies in Kiambu and it indicates that 51.7% were male and 48.3% were female. There was no definitive difference among the genders meaning that the pharmaceutical industry in Kenya was equally divided among genders.

![Figure 4.1: Gender](image)

4.2.4 Education Level

Figure 4.2 presents the education level of pharmacy owners and employees of in Kiambu County and it shows that 50.6% had attained college diplomas, 31.5% had attained university degrees, and 9% had equally attained master’s degrees and college certificates respectively. This shows that all employees working in the pharmaceutical industry in Kenya were well educated thus could understand the questions asked.

![Figure 4.2: Education Level](image)
4.2.5 Type of Pharmacy

Figure 4.3 indicates the types of pharmacies that were captured in the study and exist within Kiambu County and it shows that majority of them at 80.9% were retail store outlets, 10.1% were wholesale outlets, 5.6% were hospital pharmacies, and 3.4% were veterinarian pharmacies. This indicates that all types of pharmacies present in Kiambu County were represented in the study making the results applicable to all pharmacy types.

![Figure 4.3: Type of Pharmacy](image)

4.2.6 Employee Position

Figure 4.4 presents the results for employee positions at the pharmacies in Kiambu County and it indicates that 40.4% were equally technicians and pharmacists respectively, 9% were pharmaceutical technologists, 6.7% were cashiers, 2.2% were clerks, and 1.1% were nurses. This indicates that all employee carders in the pharmaceutical industry in Kiambu County were represented in the study making the results comprehensive.

![Figure 4.4: Employee Position](image)
4.2.7 Number of Stores

Figure 4.5 presents the number of outlets the pharmacy owners of Kiambu County had in operation and it shows that 53.9% had one pharmacy, 30.3% had 2-4 pharmacy stores, 6.7% had 5-7 pharmacy stores, and 4.5% equally had 8-10 pharmacy stores and 11 stores and above respectively. This shows majority of the pharmacy stores in Kiambu were owned by different entrepreneurs.

![Figure 4.5: Number of Stores](image)

4.2.7 Number of Employees

Figure 4.6 presents the number of employees the pharmacies in Kiambu County had employed and it shows that 59.6% had 1-3 employees, 16.9% had 4-6 employees, 9% had over 14 employees, 7.9% had 7-9 employees, and 6.7% had 10-13 employees. This shows majority of the pharmacy stores in Kiambu were small and medium enterprises and hired a small percentage of employees.

![Figure 4.6: Number of Employees](image)
4.3 Business Location and its Influence on Business Growth

4.3.1 Business Location Factors and their Influence on Business Growth

Table 4.2 shows that identifying a business location is the most costly and long-term marketing decision for entrepreneurs because 71.9% agreed, 14.6% were neutral, and 13.5% disagreed with a subsequent mean of 3.88 and a standard deviation of 1.232. The business location being close to consumers has exposed organizations to competition from other retailers because 83.2% agreed, 11.2% were neutral, and 5.6% disagreed with a subsequent mean of 4.00 and a standard deviation of 0.798. Pharmacy stores locating close to each other is driven by retailers’ need to be near consumers because 59.6% agreed, 25.8% were neutral, and 14.6% disagreed with a subsequent mean of 3.62 and a standard deviation of 0.935. There is an increased attractiveness to consumers when pharmacy stores are located close together because 62.9% agreed, 20.2% disagreed, and 16.9% were neutral with a subsequent mean of 3.69 and a standard deviation of 1.134.

There is an increased competition for consumer purchases among pharmacy stores that sell similar products because 83.1% agreed, 12.4% were neutral, and 4.4% disagreed with a subsequent mean of 4.11 and a standard deviation of 0.872. Customers normally choose to buy from a pharmacy based on the centers’ (pharmacy) attraction because 62.9% agreed, 19.1% disagreed, and 18% were neutral with a subsequent mean of 3.63 and a standard deviation of 1.070. Pharmacy shoppers usually choose the closest retail center/pharmacy based on the availability of the type of products they are looking for because 76.4% agreed, 16.9% disagreed, and 6.7% were neutral with a subsequent mean of 3.80 and a standard deviation of 1.089.

Consumers will frequently visit multiple stores on the same trip (cherry-pick), in order to find one that offers the best price because 80.9% agreed, 14.6% were neutral, and 4.4% disagreed with a subsequent mean of 4.09 and a standard deviation of 0.887. Entrepreneurs believe pharmacies of different types should locate near one another to facilitate the consumers’ ability to purchase different types of products on a single shopping trip because 49.5% agreed, 29.2% disagreed, and 21.3% were neutral with a subsequent mean of 3.34 and a standard deviation of 1.279. Product promotions offered by one pharmacy store normally affects the sales of nearby pharmacy stores in the same
category because 75.3% agreed, while 12.4% were equally neutral and disagreed respectively with a subsequent mean of 3.91 and a standard deviation of 1.051.

Table 4.2: Business Location Factors and their Influence on Business Growth

<table>
<thead>
<tr>
<th></th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
<th>Mean</th>
<th>Std Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identifying a business location is the most costly and long-term marketing decision for entrepreneurs</td>
<td>9</td>
<td>4.5</td>
<td>14.6</td>
<td>33.7</td>
<td>38.2</td>
<td>3.88</td>
<td>1.232</td>
</tr>
<tr>
<td>My business location being close to consumers has exposed me to competition from other retailers</td>
<td>1.1</td>
<td>4.5</td>
<td>11.2</td>
<td>59.6</td>
<td>23.6</td>
<td>4.00</td>
<td>.798</td>
</tr>
<tr>
<td>Pharmacy stores locating close to each other is driven by retailers’ need to be near consumers</td>
<td>0</td>
<td>14.6</td>
<td>25.8</td>
<td>42.7</td>
<td>16.9</td>
<td>3.62</td>
<td>.935</td>
</tr>
<tr>
<td>There is an increased attractiveness to consumers when pharmacy stores are located close together</td>
<td>2.2</td>
<td>18</td>
<td>16.9</td>
<td>34.8</td>
<td>28.1</td>
<td>3.69</td>
<td>1.134</td>
</tr>
<tr>
<td>There is an increased competition for consumer purchases among pharmacy stores that sell similar products</td>
<td>2.2</td>
<td>2.2</td>
<td>12.4</td>
<td>48.3</td>
<td>34.8</td>
<td>4.11</td>
<td>.872</td>
</tr>
<tr>
<td>Customers normally choose to buy from a pharmacy based on the centers’ (pharmacy) attraction</td>
<td>2.2</td>
<td>16.9</td>
<td>18</td>
<td>41.6</td>
<td>21.3</td>
<td>3.63</td>
<td>1.070</td>
</tr>
<tr>
<td>Pharmacy shoppers usually choose the closest retail center/ pharmacy based on the availability of the type of products they are looking for</td>
<td>4.5</td>
<td>12.4</td>
<td>6.7</td>
<td>51.7</td>
<td>24.7</td>
<td>3.80</td>
<td>1.089</td>
</tr>
<tr>
<td>Consumers will frequently visit multiple stores on the same trip (cherry-pick), in order to find one that offers the best price</td>
<td>2.2</td>
<td>2.2</td>
<td>14.6</td>
<td>46.1</td>
<td>34.8</td>
<td>4.09</td>
<td>.887</td>
</tr>
<tr>
<td>I believe pharmacies of different types should locate near one another to facilitate the consumers’ ability to purchase different types of products on a single shopping trip</td>
<td>9</td>
<td>20.2</td>
<td>21.3</td>
<td>27</td>
<td>22.5</td>
<td>3.34</td>
<td>1.279</td>
</tr>
<tr>
<td>Product promotions offered by one pharmacy store normally affects the sales of nearby pharmacy stores in the same category</td>
<td>3.4</td>
<td>9</td>
<td>12.4</td>
<td>43.8</td>
<td>31.5</td>
<td>3.91</td>
<td>1.051</td>
</tr>
</tbody>
</table>

4.3.2 Correlations for Business Location Factors and Business Growth

Table 4.3 presents the correlations for business location factors and their influence on business growth and it shows that business location and agglomeration was significant to
business growth ($r = 0.671$, $p<0.01$). Business location and customers was significant to business growth ($r = 0.621$, $p<0.01$). Business location and competitors was significant to business growth ($r = 0.388$, $p<0.01$).

**Table 4.3: Correlations for Business Location Factors and Business Growth**

<table>
<thead>
<tr>
<th>Successful Business Determinant</th>
<th>Agglomeration</th>
<th>Customers</th>
<th>Competitors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Successful Business Determinant</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agglomeration</td>
<td>.671**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customers</td>
<td>.621**</td>
<td>.529**</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>.000</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>Competitors</td>
<td>.388**</td>
<td>.447**</td>
<td>.388**</td>
</tr>
<tr>
<td></td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
</tbody>
</table>

**Correlation is significant at the 0.01 level (2-tailed)**

**4.3.3 Regressions for Business Location Factors and Business Growth**

Table 4.4 presents the regression model summary for business location factors and their influence on business growth and it shows that agglomeration, customers, and competitors were significant to business growth. The adjusted $R$ square value of 0.534 indicates that business location factors influenced business growth by 53.4% which was significant.

**Table 4.4: Model Summary for Business Location Factors and Business Growth**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.742</td>
<td>.550</td>
<td>.534</td>
<td>.37325</td>
</tr>
</tbody>
</table>

a. Predictors (Constant): Competitors, Customers, Agglomeration

Table 4.5 provides the linear regression model for business location factors and their influence on business growth. The table shows that business location agglomeration and business location and customers were significant to business growth since their sig values were $<0.05$, and that business location and competitors was insignificant to business growth since its sig value was $>0.05$. 

34
The table also indicates that business agglomeration had a positive and significant effect on business growth whereby every increase in business agglomeration would result in a 40.3% increase in business growth. Business customers had a positive and significant effect on business growth whereby every increase in business customers would result in a 28.3% increase in business growth. Business competitors had a positive, but insignificant effect on business growth whereby every increase in business competitors would result in a 3.2% increase in business growth.

Table 4.5: Linear Regression Model for Business Location Factors and Business Growth

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>1.093</td>
<td>.285</td>
<td>.462</td>
<td>3.830</td>
</tr>
<tr>
<td>Agglomeration</td>
<td>.403</td>
<td>.079</td>
<td></td>
<td>5.123</td>
</tr>
<tr>
<td>Customers</td>
<td>.283</td>
<td>.069</td>
<td>.360</td>
<td>4.114</td>
</tr>
<tr>
<td>Competitors</td>
<td>.032</td>
<td>.065</td>
<td>.041</td>
<td>.500</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Successful Business Determinants

4.4 Use of Technology and Business Growth

4.4.1 Technology Use Factors and their Influence on Business Growth

Table 4.6 shows that the pharmacies had incorporated efficient devices and software programs that streamlined operations because 68.5% agreed, 19.1% were neutral, and 12.4% disagreed with a subsequent mean of 3.78 and a standard deviation of 1.156. The use of e-business technologies in the pharmacy business have largely been neglected because 41.5% agreed, 30.3% disagreed, and 28.1% were neutral with a subsequent mean of 3.20 and a standard deviation of 1.046.
Table 4.6: Technology Use Factors and their Influence on Business Growth

<table>
<thead>
<tr>
<th></th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
<th>Mean</th>
<th>Std Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our pharmacy has incorporated efficient devices and software programs that streamline our operations</td>
<td>7.9</td>
<td>4.5</td>
<td>19.1</td>
<td>39.3</td>
<td>29.2</td>
<td>3.78</td>
<td>1.156</td>
</tr>
<tr>
<td>The use of e-business technologies in the pharmacy business have largely been neglected</td>
<td>2.2</td>
<td>28.1</td>
<td>28.1</td>
<td>30.3</td>
<td>11.2</td>
<td>3.20</td>
<td>1.046</td>
</tr>
<tr>
<td>Our pharmacy has harnessed technology to improve on our decision-making and enhance our business processes</td>
<td>5.6</td>
<td>9</td>
<td>21.3</td>
<td>42.7</td>
<td>21.3</td>
<td>3.65</td>
<td>1.088</td>
</tr>
<tr>
<td>Our customers demand an enjoyable and problem-free shopping experience from our store</td>
<td>7.9</td>
<td>3.4</td>
<td>10.1</td>
<td>49.4</td>
<td>29.2</td>
<td>3.89</td>
<td>1.112</td>
</tr>
<tr>
<td>Our pharmacy has rationalized and optimized logistics to alter our market strategies and attitudes towards customers</td>
<td>2.2</td>
<td>7.9</td>
<td>19.1</td>
<td>50.6</td>
<td>20.2</td>
<td>3.79</td>
<td>0.935</td>
</tr>
<tr>
<td>Our pharmacy has introduced new technologies and processes for handling goods (from logistics to final checkout)</td>
<td>4.5</td>
<td>11.2</td>
<td>32.6</td>
<td>31.5</td>
<td>20.2</td>
<td>3.52</td>
<td>1.078</td>
</tr>
<tr>
<td>Accurate and timely information is critical for our pharmacy to ensure continual improvement of consumer satisfaction and product quality</td>
<td>7.9</td>
<td>2.2</td>
<td>3.4</td>
<td>43.8</td>
<td>42.7</td>
<td>4.11</td>
<td>1.122</td>
</tr>
<tr>
<td>Our pharmacy has a rapid and efficient product replenishment system that has minimized our inventory amount in the system while meeting required service levels</td>
<td>2.2</td>
<td>16.9</td>
<td>21.3</td>
<td>38.2</td>
<td>21.3</td>
<td>3.60</td>
<td>1.074</td>
</tr>
<tr>
<td>Introduction of new technologies in the pharmacy has translate into real productivity growth</td>
<td>2.2</td>
<td>7.9</td>
<td>24.7</td>
<td>29.2</td>
<td>36</td>
<td>3.89</td>
<td>1.060</td>
</tr>
<tr>
<td>Our improved productivity has stimulated a rise in demand, thus creating new jobs</td>
<td>3.4</td>
<td>4.5</td>
<td>15.7</td>
<td>44.9</td>
<td>31.5</td>
<td>3.97</td>
<td>0.982</td>
</tr>
</tbody>
</table>

36
The pharmacies had harnessed technology to improve on decision-making and enhance business processes because 64% agreed, 21.3% were neutral, and 14.9% disagreed with a subsequent mean of 3.65 and a standard deviation of 1.088. Customers demand an enjoyable and problem-free shopping experience from pharmacy stores because 78.6% agreed, 11.3% disagreed, and 10.1% were neutral with a subsequent mean of 3.89 and a standard deviation of 1.112. Pharmacies had rationalized and optimized logistics to alter their market strategies and attitudes towards customers because 70.8% agreed, 19.1% were neutral, and 10.1% disagreed with a subsequent mean of 3.79 and a standard deviation of 0.935. Pharmacies had introduced new technologies and processes for handling goods (from logistics to final checkout) because 51.7% agreed, 32.6% were neutral, and 15.7% disagreed with a subsequent mean of 3.52 and a standard deviation of 1.078.

Accurate and timely information is critical for pharmacies to ensure continual improvement of consumer satisfaction and product quality because 86.5% agreed, 10.1% disagreed, and 3.4% were neutral with a subsequent mean of 4.11 and a standard deviation of 1.122. Pharmacies had rapid and efficient product replenishment system that has minimized their inventory amount in the system while meeting required service levels because 59.5% agreed, 21.3% were neutral, and 19.1% disagreed with a subsequent mean of 3.60 and a standard deviation of 1.074. Introduction of new technologies in the pharmacy has translated into real productivity growth because 65.2% agreed, 24.7% were neutral, and 10.1% disagreed with a subsequent mean of 3.89 and a standard deviation of 1.060. Improved productivity has stimulated a rise in demand, thus creating new jobs because 76.4% agreed, 15.7% were neutral, and 7.9% disagreed with a subsequent mean of 3.97 and a standard deviation of 0.982.

4.4.2 Correlations for Technology Use Factors and Business Growth
Table 4.7 presents the correlations for technology use factors and their influence on business growth and it shows that competitive advantage was significant to business growth ($r= 0.660, p<0.01$). Supply chain optimization was significant to business growth ($r = 0.517, p<0.01$). Information management was significant to business growth ($r= 0.523, p<0.01$). Increased productivity was significant to business growth ($r= 0.512, p<0.01$).
Table 4.7: Correlations for Technology Use Factors and Business Growth

<table>
<thead>
<tr>
<th>Successful Business Determinant</th>
<th>Competitive Advantage</th>
<th>Supply Chain Optimization</th>
<th>Information Management</th>
<th>Increased Productivity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Successful Business Determinant</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Competitive Advantage</td>
<td>.660**</td>
<td>.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supply Chain Optimization</td>
<td>.517**</td>
<td>.442**</td>
<td>.442**</td>
<td>.571**</td>
</tr>
<tr>
<td>Information Management</td>
<td>.523**</td>
<td>.481**</td>
<td>.396**</td>
<td>.682**</td>
</tr>
<tr>
<td>Increased Productivity</td>
<td>.512**</td>
<td>.571**</td>
<td>.682**</td>
<td>.453**</td>
</tr>
<tr>
<td>** Correlation is significant at the 0.01 level (2-tailed)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.4.3 Regressions for Technology Use Factors and Business Growth

Table 4.8 presents the regression model summary for technology use factors and their influence on business growth and it shows that competitive advantage, supply chain optimization, and increased productivity were significant to business growth. The adjusted R square value of 0.509 indicates that technology use factors influenced business growth by 50.9% which was significant.

Table 4.8: Model Summary for Technology Use Factors and Business Growth

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.729</td>
<td>.532</td>
<td>.509</td>
<td>.38302</td>
</tr>
</tbody>
</table>

a. Predictors (Constant): Competitive Advantage, Supply Chain Optimization, Information Management, Increased Productivity

Table 4.9 provides the linear regression model for technology use factors and their influence on business growth. The table shows that competitive advantage, supply chain optimization, and information management were significant to business growth since
their sig values were <0.05, and that increased productivity was insignificant to business growth since its sig value was >0.05.

The table also indicates that competitive advantage had a positive and significant effect on business growth whereby every increase in competitive advantage would result in a 36.5% increase in business growth. Supply chain optimization had a positive and significant effect on business growth whereby every increase in supply chain optimization would result in a 17.1% increase in business growth. Information management had a positive and significant effect on business growth whereby every increase in information management would result in a 12.7% increase in business growth. Increased productivity had a negative and insignificant effect on business growth whereby every increase in increased productivity would result in a 0.3% decrease in business growth due to the inverted relationship.

Table 4.9: Linear Regression Model for Technology Use Factors and Business Growth

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>1.423</td>
<td>.254</td>
<td>5.599</td>
<td>.000</td>
</tr>
<tr>
<td>Competitive Advantage</td>
<td>.365</td>
<td>.076</td>
<td>.457</td>
<td>4.785</td>
</tr>
<tr>
<td>Supply Chain Optimization</td>
<td>.171</td>
<td>.076</td>
<td>.233</td>
<td>2.254</td>
</tr>
<tr>
<td>Information Management</td>
<td>.127</td>
<td>.053</td>
<td>.213</td>
<td>2.406</td>
</tr>
<tr>
<td>Increased Productivity</td>
<td>-.003</td>
<td>.069</td>
<td>-.004</td>
<td>.037</td>
</tr>
</tbody>
</table>

Table 4.10 shows that pharmacies provided employees with a great place to work which has encouraged them to be committed and engaged because 85.4% agreed, 7.8% disagreed, and 6.7% were neutral with a subsequent mean of 4.13 and a standard deviation of 1.036. The pharmacy meets employees’ needs a good job and a good place to work making them the employer of choice because 83.1% agreed, 9% were neutral, and
7.8% disagreed with a subsequent mean of 4.02 and a standard deviation of 0.904. The pharmacies involve employees in outlining the role of each employees’ position and assignment of specific objectives because 65.1% agreed, 27% were neutral, and 7.9% disagreed with a subsequent mean of 3.83 and a standard deviation of 0.907. The pharmacies provide performance incentives that depends solely on each employee’s performance because 61.8% agreed, 22.5% disagreed, and 15.7% were neutral with a subsequent mean of 3.62 and a standard deviation of 1.192.

The pharmacies collect performance feedback that is used as a tool to improve individual and team performance because 69.7% agreed, 15.8% disagreed, and 14.6% were neutral with a subsequent mean of 3.70 and a standard deviation of 1.027. The pharmacies had forums set up for employees to share knowledge gained through the various training and education programs because 59.5% agreed, 24.7% were neutral, and 15.8% disagreed with a subsequent mean of 3.65 and a standard deviation of 1.088. Managers get fresh new ideas and perspectives from employees through the use of open discussions and knowledge sharing because 58.4% agreed, 25.8% were neutral, and 15.7% disagreed with a subsequent mean of 3.65 and a standard deviation of 1.067.

The value of the rewards provided by the pharmacies depend on the effort that employees have made towards their job because 62.9% agreed, 19.1% were neutral, and 18% disagreed with a subsequent mean of 3.62 and a standard deviation of 1.192. The pharmacies use rewards to give positive re-enforcement to other employees who are in need of motivation to exhibit their full potential because 42.7% agreed, 36% were neutral, and 21.3% disagreed with a subsequent mean of 3.26 and a standard deviation of 1.153. The pharmacies provide interactive coaching to employees with the aim of enhancing their performance and capabilities because 58.5% agreed, 22.5% were neutral, and 19.1% disagreed with a subsequent mean of 3.69 and a standard deviation of 1.267.
### Table 4.10: Business Employee Factors and their Influence on Business Growth

<table>
<thead>
<tr>
<th></th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
<th>Mean</th>
<th>Std Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our pharmacy provides us with a great place to work which has encouraged us to be committed and engaged</td>
<td>5.6</td>
<td>2.2</td>
<td>6.7</td>
<td>43.8</td>
<td>41.6</td>
<td>4.13</td>
<td>1.036</td>
</tr>
<tr>
<td>Our pharmacy meets employees’ needs a good job and a good place to work making then my employer of choice</td>
<td>2.2</td>
<td>5.6</td>
<td>9</td>
<td>53.9</td>
<td>29.2</td>
<td>4.02</td>
<td>.904</td>
</tr>
<tr>
<td>Our pharmacy involves us in outlining the role of each employees’ position and assignment of specific objectives</td>
<td>0</td>
<td>7.9</td>
<td>27</td>
<td>39.3</td>
<td>25.8</td>
<td>3.83</td>
<td>.907</td>
</tr>
<tr>
<td>Our pharmacy provides performance incentives that depends solely on each employee’s performance</td>
<td>4.5</td>
<td>18</td>
<td>15.7</td>
<td>34.8</td>
<td>27</td>
<td>3.62</td>
<td>1.192</td>
</tr>
<tr>
<td>Our pharmacy collects performance feedback that is used as a tool to improve individual and team performance</td>
<td>3.4</td>
<td>12.4</td>
<td>14.6</td>
<td>50.6</td>
<td>19.1</td>
<td>3.70</td>
<td>1.027</td>
</tr>
<tr>
<td>Our pharmacy has forums set up for employees to share knowledge gained through the various training and education programs</td>
<td>3.4</td>
<td>12.4</td>
<td>24.7</td>
<td>34.8</td>
<td>24.7</td>
<td>3.65</td>
<td>1.088</td>
</tr>
<tr>
<td>Our managers get fresh new ideas and perspectives from employees through the use of open discussions and knowledge sharing</td>
<td>2.2</td>
<td>13.5</td>
<td>25.8</td>
<td>33.7</td>
<td>24.7</td>
<td>3.65</td>
<td>1.067</td>
</tr>
<tr>
<td>The value of the rewards provided by our pharmacy depends on the effort that employees have made towards their job</td>
<td>7.9</td>
<td>10.1</td>
<td>19.1</td>
<td>38.2</td>
<td>24.7</td>
<td>3.62</td>
<td>1.192</td>
</tr>
<tr>
<td>Our pharmacy uses rewards to give positive re-enforcement to other employees who are in need of motivation to exhibit their full potential</td>
<td>10.1</td>
<td>11.2</td>
<td>36</td>
<td>28.1</td>
<td>14.6</td>
<td>3.26</td>
<td>1.153</td>
</tr>
<tr>
<td>Our pharmacy provides interactive coaching to employees with the aim of enhancing their performance and capabilities</td>
<td>6.7</td>
<td>12.4</td>
<td>22.5</td>
<td>22.5</td>
<td>36</td>
<td>3.69</td>
<td>1.267</td>
</tr>
</tbody>
</table>
4.5.2 Correlations for Business Employee Factors and Business Growth

Table 4.11 presents the correlations for business employee factors and their influence on business growth and it shows that better working environment was significant to business growth ($r= 0.740$, $p<0.01$). Management by objectives was significant to business growth ($r=0.574$, $p<0.01$). Knowledge sharing was significant to business growth ($r= 0.395$, $p<0.01$). Employee reward was significant to business growth ($r= 0.336$, $p<0.01$). Employee coaching was significant to business growth ($r= 0.385$, $p<0.01$).

**Table 4.11: Correlations for Business Employee Factors and Business Growth**

<table>
<thead>
<tr>
<th>Successful Business Determinant</th>
<th>Better Working Environment</th>
<th>Management by Objectives</th>
<th>Knowledge Sharing</th>
<th>Employee Reward</th>
<th>Employee Coaching</th>
</tr>
</thead>
<tbody>
<tr>
<td>Successful Business Determinant</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Better Working Environment</td>
<td>.740** .000</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management by Objectives</td>
<td>.574** .000</td>
<td>.575** .000</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Knowledge Sharing</td>
<td>.395** .000</td>
<td>.342** .000</td>
<td>.623** .000</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Employee Reward</td>
<td>.336** .001</td>
<td>.175 .000</td>
<td>.378** .000</td>
<td>.476** .000</td>
<td>1</td>
</tr>
<tr>
<td>Employee Coaching</td>
<td>.385** .000</td>
<td>.344** .001</td>
<td>.718** .000</td>
<td>.624** .000</td>
<td>.522** .000</td>
</tr>
</tbody>
</table>

** Correlation is significant at the 0.01 level (2-tailed)

4.5.3 Regressions for Business Employee Factors and Business Growth

Table 4.12 presents the regression model summary for business employee factors and their influence on business growth and it shows that better working environment, management by objectives, knowledge sharing, employee reward, and employee coaching were significant to business growth. The adjusted R square value of 0.583 indicates that business employee factors influenced business growth by 58.3% which was significant.

**Table 4.12: Model Summary for Business Employee Factors and Business Growth**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.779</td>
<td>.607</td>
<td>.583</td>
<td>.35298</td>
</tr>
</tbody>
</table>

a. Predictors (Constant): Better Working Environment, Management by Objectives, Knowledge Sharing, Employee Reward, Employee Coaching
Table 4.13 provides the linear regression model for business employee factors and their influence on business growth. The table shows that better working environment and employee reward were significant to business growth since their sig values were <0.05, and that management by objectives, knowledge sharing and employee coaching were insignificant to business growth since its sig value was >0.05.

The table also indicates that better working environment had a positive and significant effect on business growth whereby every increase in better working environment would result in a 38.5% increase in business growth. Management by objectives had a positive, but insignificant effect on business growth whereby every increase in management by objectives would result in an 11.3% increase in business growth. Knowledge sharing had a positive, but insignificant effect on business growth whereby every increase in knowledge sharing would result in a 1.6% increase in business growth. Employee reward had a positive and significant effect on business growth whereby every increase in employee reward would result in an 11.7% increase in business growth. Employee coaching had a negative and insignificant effect on business growth whereby every increase in employee coaching would result in a 3.8% decrease in business growth due to the inverted relationship.

Table 4.13: Linear Regression Model for Business Employee Factors and Business Growth

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>1.489</td>
<td>.228</td>
<td>6.534</td>
</tr>
<tr>
<td></td>
<td>Better Working Environment</td>
<td>.385</td>
<td>.053</td>
<td>.617</td>
</tr>
<tr>
<td></td>
<td>Management by Objectives</td>
<td>.113</td>
<td>.073</td>
<td>.186</td>
</tr>
<tr>
<td></td>
<td>Knowledge Sharing</td>
<td>.016</td>
<td>.058</td>
<td>.026</td>
</tr>
<tr>
<td></td>
<td>Employee Reward</td>
<td>.117</td>
<td>.053</td>
<td>.184</td>
</tr>
<tr>
<td></td>
<td>Employee Coaching</td>
<td>-.038</td>
<td>.057</td>
<td>-.074</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Successful Business Determinants

4.5.4 Correlations for Determinants of Successful Business Establishment

Table 4.14 presents the correlations for determinants of successful business establishment and it shows that business location was significant to business growth (r= 0.671, p<0.01).
Technology use was significant to business growth \((r= 0.687, \ p<0.01)\). Business employees were significant to business growth \((r= 0.739, \ p<0.01)\).

Table 4.14: Correlations for Determinants of Successful Business Establishment

<table>
<thead>
<tr>
<th>Successful Business Determinant</th>
<th>Location</th>
<th>Technology</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Successful Business Determinant</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Location</td>
<td>.671**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Technology</td>
<td>.687**</td>
<td>.514**</td>
<td>1</td>
</tr>
<tr>
<td>Employees</td>
<td>.739**</td>
<td>.401**</td>
<td>.550**</td>
</tr>
<tr>
<td>** Correlation is significant at the 0.01 level (2-tailed)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.5.5 Regressions for Determinants of Successful Business Establishment

Table 4.15 presents the regression model summary for determinants of successful business establishment and it shows that business location, technology use and business employees were significant to business growth. The adjusted R square value of 0.742 indicates that determinants of successful business establishment influenced business growth by 74.2% which was significant.

Table 4.15: Model Summary for Determinants of Successful Business Establishment

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.867</td>
<td>.751</td>
<td>.742</td>
<td>.27761</td>
</tr>
<tr>
<td>a. Predictors (Constant): Location, Technology, Employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 4.16 provides the linear regression model for determinants of successful business establishment and their influence on business growth. The table shows that business location, technology use and business employees were significant to business growth since their sig values were <0.05.
Table 4.16: Linear Regression Model for Determinants of Successful Business Establishment

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (Constant)</td>
<td>.629</td>
<td>.207</td>
<td>3.034</td>
<td>.003</td>
</tr>
<tr>
<td>Business Location</td>
<td>.313</td>
<td>.056</td>
<td>5.606</td>
<td>.000</td>
</tr>
<tr>
<td>Technology</td>
<td>.215</td>
<td>.060</td>
<td>3.584</td>
<td>.001</td>
</tr>
<tr>
<td>Business Employees</td>
<td>.318</td>
<td>.046</td>
<td>6.946</td>
<td>.000</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Successful Business Determinants

The table also indicates that business location had a positive and significant effect on business growth whereby every increase in business location would result in a 31.3% increase in business growth. Technology use had a positive and significant effect on business growth whereby every increase in technology use would result in a 21.5% increase in business growth. Business employees had a positive and significant effect on business growth whereby every increase in business employees would result in a 31.8% increase in business growth.

4.6 Chapter Summary

This chapter has presented the results and findings for the influence of business location on business growth, the effect of technology use on business growth, and the influence of business employees on business growth. Results have been presented using figures and tables with explanations offered for the same. The next chapter presents the discussions, conclusions, and recommendations of the study.
CHAPTER FIVE

5.0 DISCUSSIONS, CONCLUSIONS, AND RECOMMENDATIONS

5.1 Introduction

This concludes the study for successful pharmacy business across the globe and how beneficial it is for customer services. Discussions have been provided for how business location influences business growth, how the use of technology would enhance business growth, and how business employees influence business growth. The chapter also provides the study conclusions and recommendations.

5.2 Summary of the Study

The purpose of this study was to find determinants of successful pharmacies and their growth in Kiambu County to supply essential medicine that are required by the public for their better mortality. The specific objectives that guided the study were as follows: to assess how business location influences business growth; to determine how the use of technology would enhance business growth; and to assess how business employees influence business growth.

The research design that was adopted for the study was descriptive research design because it allowed the researcher to employ the survey research method. The target population of this study were all pharmacies that operated in Kiambu County, whose total number was 5131. The study used stratified sampling due to its nature and formation of representation that allowed for the use of simple random sampling. The sample size for the study was determined using the Yamane formula which gave the study a sample size of 97 pharmacies. The study collected primary data using semi-structured questionnaires. Collected questionnaires were coded in Statistical Package for the Social Sciences (SPSS) for quantitative analysis. Inferential analysis was conducted using the Pearson correlation coefficient to test the significance of the study variables. Multiple regression analysis was used to show the nature of the relationship between the study variables, and data was presented in the form of tables and figures.
The study showed that identifying a business location is the most costly and long-term marketing decision for entrepreneurs because of factors like the business location being close to consumers usually exposes organizations to competition from other retailers, and pharmacy stores locating close to each other is driven by retailers’ need to be near consumers. The study revealed that pharmacies in Kiambu County had an increased attractiveness to consumers because they were located close together, thus increasing competition for consumer purchases among stores that sold similar products. Customers normally chose to buy from a pharmacy based on stores’ attraction and they most often chose stores that were closest to them depending on the availability of the type of products they were looking for. The study indicated that entrepreneurs in Kiambu County believed that stores offering different types of products should locate near one another to facilitate the consumers’ ability to purchase different types of products on a single shopping trip, and that product promotions offered by one pharmacy store normally affected the sales of nearby pharmacy stores in the same category.

The study results showed that the pharmacies in Kiambu County had incorporated efficient devices and software programs that streamlined operations and the use of e-business technologies in the pharmacy businesses had largely been neglected. These pharmacies had harnessed technology to improve on decision-making and enhance business processes because their customers demanded for an enjoyable and problem-free shopping experience. The study indicated that the pharmacies had rationalized and optimized logistics to alter their market strategies and attitudes towards customers by introducing new technologies and processes for handling goods (from logistics to final checkout). The accurate and timely information was critical for pharmacies to ensure continual improvement of consumer satisfaction and product quality, while ensuring a rapid and efficient product replenishment system that had minimized the inventory amount for the pharmacies while meeting required service levels. It can be observed that the introduction of new technologies in the pharmacies had translated into real productivity growth and it had stimulated a rise in demand, thus creating new jobs.

The study revealed that pharmacies in Kiambu County provided employees with a great place to work which had encouraged them to be committed and engaged. These pharmacies met employees’ needs making them the employers of choice. Kiambu pharmacies involved employees in outlining the role of each employees’ position and
assignment of specific objectives, provided performance incentives that depended solely on each employee’s performance, collected performance feedback that was used as a tool to improve individual and team performance, and had forums set up for employees to share knowledge gained through the various training and education programs. It was observed that, managers of these pharmacies got fresh new ideas and perspectives from their employees through the use of open discussions and knowledge sharing and they used rewards to give positive re-enforcement to other employees who were in need of motivation to exhibit their full potential, thus it can be seen that these pharmacies provided interactive coaching to employees with the aim of enhancing their performance and capabilities.

5.3 Discussions

5.3.1 Business Location and its Influence on Business Growth

Identifying a business location is the most costly and long-term marketing decision for entrepreneurs, these results are similar to those of Campo and Gijsbrechts (2014) who observed that store location is a retailer’s most costly and long-term marketing-mix decision. The business location being close to consumers has exposed organizations to competition from other retailers. Similar observations were made by Manchanda et al. (2015) who notice that, it is well known, retailers prefer to locate close to consumers, but doing so exposes them to competition from other retailers that also want to be close to consumers: from the retailers’ point-of-view, proximity to consumers means proximity to other stores.

Pharmacy stores locating close to each other is driven by retailers’ need to be near consumers. Comparable results were observed by Pujari et al. (2016) and Kumar and Karande (2010), that the phenomenon of stores locating near one another is driven by retailers’ need to be near consumers, it can also be intrinsically beneficial for retailers.

There is an increased attractiveness to consumers when pharmacy stores are located close together. This was also noted by Pujari et al. (2016) and they state that the phenomenon of stores locating near one another captures the incremental attractiveness of stores located close together compared to the attractiveness of those same stores individually.
There is an increased competition for consumer purchases among pharmacy stores that sell similar products. Similar results were observed by Kumar and Karande (2010), that the phenomenon of stores locating near one another breeds competition for consumer purchases among stores that sell similar products (even if they sell different products, stores compete for consumers’ disposable income).

Customers normally choose to buy from a pharmacy based on the centers’ (pharmacy) attraction. Harrington and Shepherd (2012) in their study also had similar results indicating that retail gravitation implies that consumer choice among retail centers (groups of stores) is governed by the centers’ attraction.

Pharmacy shoppers usually choose the closest retail center/ pharmacy based on the availability of the type of products they are looking for. This results present similar observations to those of Vogler, Arts and Sandberger (2012) who state that, Central Place Theory is an extension of retail gravitation, and it holds that shoppers will choose the closest retail center conditional on the availability of the types of products sought.

Consumers frequently visit multiple stores on the same trip (cherry-pick), in order to find one that offers the best price, these results are similar to those of Fox and Hoch (2015) who noted from a recent study that used scanner panel data to show that consumers frequently visit multiple grocery stores on the same trip, a practice known as cherry-picking.

Entrepreneurs believe pharmacies of different types should locate near one another to facilitate the consumers’ ability to purchase different types of products on a single shopping trip. Landry, Mahesh and Hartman (2015) in their study also had similar opinion and proposed that stores of different types should agglomerate in order to facilitate purchases of different types of products on a single shopping trip, reducing a consumer’s travel costs compared to separate trips to each store.

Product promotions offered by one pharmacy store normally affects the sales of nearby pharmacy stores in the same category Similar results were observed by Kumar and Karande (2010) who found cross-promotional effects among nearby grocery stores, and showed that promotions at one store can affect sales in that category at nearby stores.
5.3.2 Use of Technology and Business Growth

The pharmacies had incorporated efficient devices and software programs that streamlined operations. Similar observations were noted by Jaafar (2012) who states that, society today has become more technology-oriented, pharmacies are now incorporating latest, efficient devices and software programs to streamline operations, improve customer service, reduce costs, and help patients.

The use of e-business technologies in the pharmacy business have largely been neglected. Landry, Mahesh and Hartman (2015) in their study also had similar results by denoting the fact that, the use of electronic business (e-business) technologies to support the critical supply chain element (for example procurement, distribution and inventory management of items) has largely been neglected in the health care sector.

The pharmacies had harnessed technology to improve on decision-making and enhance business processes. These results are comparable to those of Miller, Reardon and McCorkle (2016) who state that, retailers looking to distinguish themselves within a crowded, competitive market must increasingly harness technology to improve decision-making, streamline supply-chain operations and enhance business processes.

Customers demand an enjoyable and problem-free shopping experience from pharmacy stores. Similar observations were realized by Desselle and Zgarrick (2014) that customers themselves demand more personalized attention, the right products at the right price, rewards for their loyalty, and an enjoyable and problem-free shopping experience.

Pharmacies had rationalized and optimized logistics to alter their market strategies and attitudes towards customers. Davis and Spekman (2004) had observed similar results and had indicated that, to achieve maximum supply chain efficiencies, retailers have begun to rationalize and optimize their logistics, and to alter their market strategies and attitudes towards customers.

Pharmacies had introduced new technologies and processes for handling goods (from logistics to final checkout). The results coincide with Krafft and Mantrala (2016) who observed that there was a widespread introduction of new technologies and processes at all stages of the goods handling process from logistics to checkout.
Accurate and timely information is critical for pharmacies to ensure continual improvement of consumer satisfaction and product quality. This results were also observed by Reinartz and Kumar (2016) who noted that, retail experts believe that accurate and timely information is critical to ensure continual improvement of consumer satisfaction, products and quality through ECR.

Pharmacies had rapid and efficient product replenishment system that has minimized their inventory amount in the system while meeting required service levels. The same results were also observed by Taylor et al. (2014), that, rapid and efficient product replenishment contributes to cost savings through minimizing the amount of inventory in the system while meeting required service levels.

Introduction of new technologies in the pharmacy has translated into real productivity growth. The same results were also observed by Manchanda et al. (2015), that the introduction of a new technology should translate into real productivity growth, which requires effective learning for efficient use of the new technology. Improved productivity has stimulated a rise in demand, thus creating new jobs. The same results were also observed by Eskew et al. (2014) who state that, in fact, if improved productivity stimulates a rise in demand which is higher than productivity growth, new jobs will be created.

5.3.3 Business Employees and their Influence on Business Growth

Pharmacies provided employees with a great place to work which has encouraged them to be committed and engaged. Similar observations were made by White (2014) who indicate that from a pharmacy perspective, pharmacists can use this practice to encourage their employees to be committed to the pharmacy and become more engaged in the work they do.

The pharmacy meets employees’ needs making them a good place to work and the employer of choice. Similar observations were made by Hill (2012) that, successful firms are able to meet people’s needs both for a good job and to work ‘in a great place’. They create good work and a conducive working environment. In this way they become an “employer of choice”.

51
The pharmacies involve employees in outlining the role of each employees’ position and assignment of specific objectives. Mulvey et al. (2014) in their study also had similar results stating that management by objectives in the pharmacy section may manifest by outlining the roles of each position in the pharmacy and assigning specific objectives to each employee, with guidance from employees themselves.

The pharmacies provide performance incentives that depends solely on each employee’s performance. Similar observations were made by Kubica and White (2015) who states that, providing performance incentives involves paying out bonuses or having any kind of variable compensation plan which depends solely on each employee’s performance.

The pharmacies collect performance feedback that is used as a tool to improve individual and team performance. These results agree with Mehrabian (2016) who states that, collecting performance feedback could be used as a tool to improve individual and team performance. Some pharmacies have feedback cards placed strategically at various points around the dispensary which allows fellow employees to give feedback on staff members.

The pharmacies had forums set up for employees to share knowledge gained through the various training and education programs. These results agree with Mehrabian (2016) who states that sharing knowledge in a pharmacy, can be applied by having forums set up for employees to share knowledge gained through the various continuous education programs pharmacists are compelled to attend to keep themselves updated.

Managers get fresh new ideas and perspectives from employees through the use of open discussions and knowledge sharing. Similar observations were made by Kubica and White (2015) that, open discussions with employees are an ideal way managers can get fresh new ideas and perspective from their greatest reservoir of data; their employees.

The value of the rewards provided by the pharmacies depend on the effort that employees have made towards their job. The results link and agree with those of Lawler (1990) who states that, financial motivation, works only if the link between effort and reward is clear, in the words, there is a “line of sight” and the value of the reward is worth the effort.

The pharmacies use rewards to give positive re-enforcement to other employees who are in need of motivation to exhibit their full potential. Similar observations were made by Hill (2012) that, the aim of rewards is to give positive re-enforcement to other employees
who are in need of motivation to exhibit their full potential. The pharmacies provide interactive coaching to employees with the aim of enhancing their performance and capabilities, these results are similar to those of Woodward (2015) who observed that, coaching is an interactive process through which managers and supervisors aim to enhance employee performance and capabilities.

5.4 Conclusions

5.4.1 Business Location and its Influence on Business Growth

The study concludes that identifying a business location is the most costly and long-term marketing decision for entrepreneurs because of factors like the business location being close to consumers usually exposes organizations to competition from other retailers, and pharmacy stores locating close to each other is driven by retailers’ need to be near consumers. The study concludes that pharmacies in Kiambu County had an increased attractiveness to consumers because they were located close together, thus increasing competition for consumer purchases among stores that sold similar products. Customers normally chose to buy from a pharmacy based on stores’ attraction and they most often chose stores that were closest to them depending on the availability of the type of products they were looking for. The study concludes that entrepreneurs in Kiambu County believed that stores offering different types of products should locate near one another to facilitate the consumers’ ability to purchase different types of products on a single shopping trip, and that product promotions offered by one pharmacy store normally affected the sales of nearby pharmacy stores in the same category.

5.4.2 Use of Technology and Business Growth

From the study, it can be concluded that the pharmacies in Kiambu County had incorporated efficient devices and software programs that streamlined operations and the use of e-business technologies in the pharmacy businesses had largely been neglected. These pharmacies had harnessed technology to improve on decision-making and enhance business processes because their customers demanded for an enjoyable and problem-free shopping experience. The study concludes that the pharmacies had rationalized and optimized logistics to alter their market strategies and attitudes towards customers by introducing new technologies and processes for handling goods (from logistics to final checkout). The accurate and timely information was critical for pharmacies to ensure
continual improvement of consumer satisfaction and product quality, while ensuring a rapid and efficient product replenishment system that had minimized the inventory amount for the pharmacies while meeting required service levels. It can be concluded that the introduction of new technologies in the pharmacies had translated into real productivity growth and it had stimulated a rise in demand, thus creating new jobs.

5.4.3 Business Employees and their Influence on Business Growth

The study concludes that pharmacies in Kiambu County provided employees with a great place to work which had encouraged them to be committed and engaged. These pharmacies met employees’ needs making them the employers of choice. Kiambu pharmacies involved employees in outlining the role of each employees’ position and assignment of specific objectives, provided performance incentives that depended solely on each employee’s performance, collected performance feedback that was used as a tool to improve individual and team performance, and had forums set up for employees to share knowledge gained through the various training and education programs. It was observed that, managers of these pharmacies got fresh new ideas and perspectives from their employees through the use of open discussions and knowledge sharing and they used rewards to give positive re-enforcement to other employees who were in need of motivation to exhibit their full potential, thus it can be concluded that these pharmacies provided interactive coaching to employees with the aim of enhancing their performance and capabilities.

5.5 Recommendations

5.5.1 Recommendations for Improvement

5.5.1.1 Business Location and its Influence on Business Growth
The study recommends pharmacy owners in Kiambu County to realize that consumer travel times to stores are strong predictors of consumer spending and hence create strategies would ensure they gain more revenue and significantly outperform their competition.

5.5.1.2 Use of Technology and Business Growth
The study recommends pharmacy owners in Kiambu County to create online pharmacies, with large centralized inventory stores for an effective direct delivery mechanism that will
facilitate the storage of a larger array of medication and offer them a competitive advantage. Applying better use of technology will also allow pharmacists to more accurately tailor their services to customers.

5.5.1.3 Business Employees and their Influence on Business Growth

The study recommends pharmacy owners in Kiambu County to ensure they gain and train themselves on good pharmacy management. This will enhance their expertise in ensuring that their organizations provide a safe and healthy workplace as well as enhance open house discussions and feedback mechanisms are critical for good quality pharmacy management.

5.5.2 Recommendations for Further Studies

The focus of the study was on community and wholesale pharmacies in Kiambu County and the scope was as on the business location, technologies available, and business employee skill sets available to pharmaceutical staff. Therefore, there is need for further studies to be conducted on Kiambu County pharmacies and what other factors determine their successful growth in terms of strategy and price. Similar studies could also be carried out on other pharmacies in Kenya for an overall review of the pharmaceutical industry in Kenya.
REFERENCES


United States International University – Africa,
P.O. Box 14634 – 00800,
Nairobi – Kenya.

19th June 2018

Dear Respondent,

RE: REQUEST TO PARTICIPATE IN MY RESEARCH STUDY.
I am a student of the above mentioned institution, and as a requirement for the award of
the degree of Master of Business Administration (MBA), I am required to conduct a study
on the “Determinants of Successful Establishment of Professional Business in the Urban
Area”. The focus of my study is all the pharmacies in Kiambu County.

In order to fulfill this, I have prepared a questionnaire that will facilitate my collection of
data for the study (attached). Please note that, all the information that you will provide
will be used for academic purposes only, and your confidentiality is assured. As such, you
WILL NOT be required to provide the name of specific location of your pharmacy.

If you have any questions or concerns about the study, kindly feel free to contact me via
my email address or mobile phone provided.

Yours Sincerely,

Dharmeshbhai R. Patel.
Appendix II: Questionnaire

The main objective of this questionnaire is to examine the determinants of successful establishment of professional business in an urban area. The main focus of this study is the various pharmacies in Kiambu County. Kindly take your time and fill the questionnaire appropriately.

Section 1: Demographics

1. Please indicate your gender.
   - Male [ ]
   - Female [ ]

2. Please indicate your education level.
   - Certificate [ ]
   - Diploma [ ]
   - Degree [ ]
   - Master’s Degree [ ]
   - Doctorate [ ]
   - PhD [ ]
   - Other [ ] Specify ______________________

3. Please indicate the type of pharmacy you are working in (If type of pharmacy is both retail and wholesale kindly pick wholesale).
   - Retail store [ ]
   - Wholesaler [ ]
   - Hospital Pharmacy [ ]
   - Veterinarian Pharmacy [ ]

4. What is your position in this pharmacy?
   - Pharmacist [ ]
   - Technician [ ]
   - Clerk [ ]
   - Cashier [ ]
   - Other [ ] Specify ____________________________

5. How many other stores exist under your pharmacy name?
   - 1 and Below [ ]
   - 2 – 4 [ ]
   - 5 – 7 [ ]
   - 8 – 10 [ ]
   - 11 and Above [ ]

6. How many staff are employed in your pharmacy?
   - 1 – 3 [ ]
   - 4 – 6 [ ]
   - 7 – 9 [ ]
   - 10 – 13 [ ]
   - 14 and Above [ ]
## Section 2: Business Location and its Influence on Business Growth

7. Please specify the degree to which these location statements have influenced your pharmacy growth, using the scale: 1 = Strongly Disagree, 2 = Disagree 3 = Neutral, 4 = Agree, and 5 = Strongly Agree.

<table>
<thead>
<tr>
<th>No:</th>
<th>Statement</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>i</td>
<td>Identifying a business location is the most costly and long-term marketing decision for entrepreneurs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ii</td>
<td>My business location being close to consumers has exposed me to competition from other retailers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>iii</td>
<td>Pharmacy stores locating close to each other is driven by retailers’ need to be near consumers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>iv</td>
<td>There is an increased attractiveness to consumers when pharmacy stores are located close together</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>v</td>
<td>There is an increased competition for consumer purchases among pharmacy stores that sell similar products</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>vi</td>
<td>Customers normally choose to buy from a pharmacy based on the centers’ (pharmacy) attraction</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>vii</td>
<td>Pharmacy shoppers usually choose the closest retail center/ pharmacy based on the availability of the type of products they are looking for</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>viii</td>
<td>Consumers will frequently visit multiple stores on the same trip (cherry-pick), in order to find one that offers the best price</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ix</td>
<td>I believe pharmacies of different types should locate near one another to facilitate the consumers’ ability to purchase different types of products on a single shopping trip</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>x</td>
<td>Product promotions offered by one pharmacy store normally affects the sales of nearby pharmacy stores in the same category</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Section 3: Use of Technology and Business Growth

8. Please specify the degree to which the use of technology has influenced your pharmacy’s growth, using the scale: 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, and 5 = Strongly Agree.

<table>
<thead>
<tr>
<th>No:</th>
<th>Statement</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>i</td>
<td>Our pharmacy has incorporated efficient devices and software programs that streamline our operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ii</td>
<td>The use of e-business technologies in the pharmacy business have largely been neglected</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>iii</td>
<td>Our pharmacy has harnessed technology to improve on our decision-making and enhance our business processes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>iv</td>
<td>Our customers demand an enjoyable and problem-free shopping experience from our store</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>v</td>
<td>Our pharmacy has rationalized and optimized logistics to alter our market strategies and attitudes towards customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>vi</td>
<td>Our pharmacy has introduced new technologies and processes for handling goods (from logistics to final checkout)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>vii</td>
<td>Accurate and timely information is critical for our pharmacy to ensure continual improvement of consumer satisfaction and product quality</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>viii</td>
<td>Our pharmacy has a rapid and efficient product replenishment system that has minimized our inventory amount in the system while meeting required service levels</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ix</td>
<td>Introduction of new technologies in the pharmacy has translate into real productivity growth</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>x</td>
<td>Our improved productivity has stimulated a rise in demand, thus creating new jobs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Section 4: Business Employees and their Influence on Business Growth

9. Please specify the degree to which business employees have influenced your pharmacy’s growth, using the scale: 1 = Strongly Disagree, 2 = Disagree 3 = Neutral, 4 = Agree, and 5 = Strongly Agree.

<table>
<thead>
<tr>
<th>No</th>
<th>Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>i</td>
<td>Our pharmacy provides us with a great place to work which has encouraged us to be committed and engaged</td>
</tr>
<tr>
<td>ii</td>
<td>Our pharmacy meets employees’ needs a good job and a good place to work making then my employer of choice</td>
</tr>
<tr>
<td>iii</td>
<td>Our pharmacy involves us in outlining the role of each employees’ position and assignment of specific objectives</td>
</tr>
<tr>
<td>iv</td>
<td>Our pharmacy provides performance incentives that depends solely on each employee’s performance</td>
</tr>
<tr>
<td>v</td>
<td>Our pharmacy collects performance feedback that is used as a tool to improve individual and team performance</td>
</tr>
<tr>
<td>vi</td>
<td>Our pharmacy has forums set up for employees to share knowledge gained through the various training and education programs</td>
</tr>
<tr>
<td>vii</td>
<td>Our managers get fresh new ideas and perspectives from employees through the use of open discussions and knowledge sharing</td>
</tr>
<tr>
<td>viii</td>
<td>The value of the rewards provided by our pharmacy depends on the effort that employees have made towards their job</td>
</tr>
<tr>
<td>ix</td>
<td>Our pharmacy uses rewards to give positive reinforcement to other employees who are in need of motivation to exhibit their full potential</td>
</tr>
<tr>
<td>x</td>
<td>Our pharmacy provides interactive coaching to employees with the aim of enhancing their performance and capabilities</td>
</tr>
</tbody>
</table>