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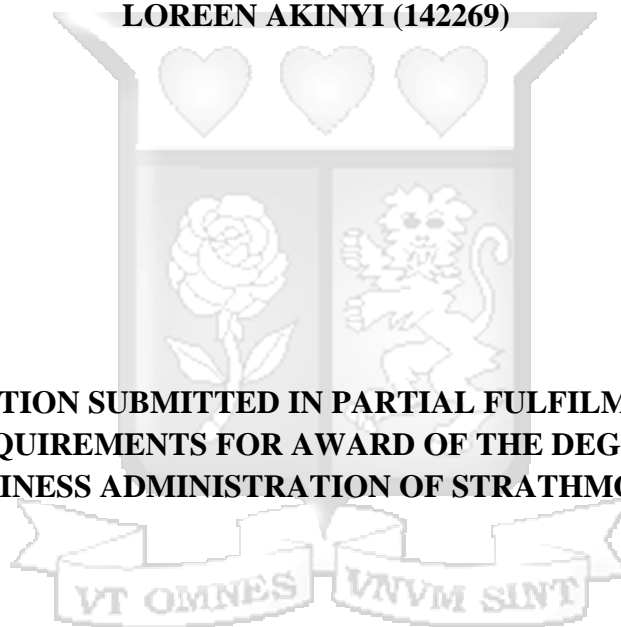
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**FACTORS INFLUENCING THE SUSTAINABILITY OF SMALL AND MEDIUM  
HEALTHCARE ENTERPRISES IN NAIROBI COUNTY: A CASE STUDY OF  
MYDAWA ONLINE PHARMACY**

**LOREEN AKINYI (142269)**

**A DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF THE  
REQUIREMENTS FOR AWARD OF THE DEGREE  
MASTER OF BUSINESS ADMINISTRATION OF STRATHMORE UNIVERSITY**




**JUNE 2024**

## DECLARATION PAGE

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### Approval

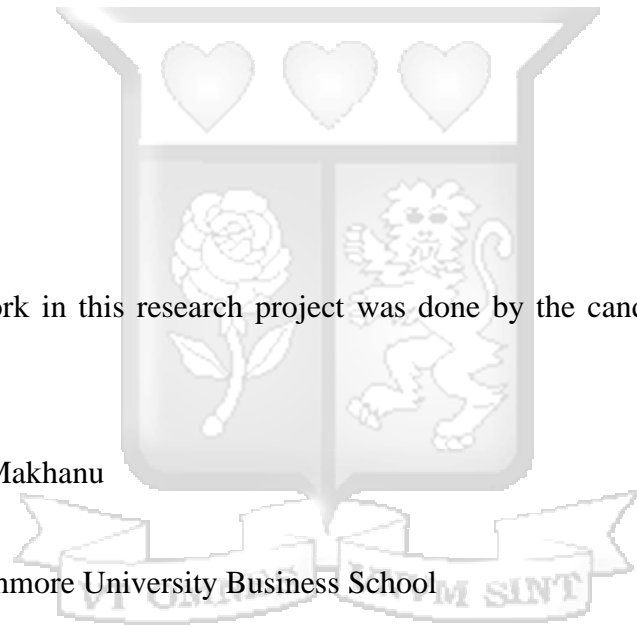
I confirm that the work in this research project was done by the candidate under my supervision.

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Signature 

Date...07.04.2024



## DEDICATION

I dedicate this dissertation to my family at large for their moral and financial support towards pursuing my education up to this point.



## **ACKNOWLEDGEMENT**

I am deeply grateful to the Almighty for providing good health and strength, which enabled me to bring this dissertation to fruition. I also extend heartfelt appreciation to my partner, family, and business partners for their unwavering emotional and financial support throughout this endeavour. Lastly, I acknowledge the exceptional guidance and intellect of my supervisor, Dr. Everlyne Makhanu, for her invaluable contributions to this academic journey.



## ABSTRACT

Sustainability is important to a business as it encompasses practices and strategies that not only address environmental concerns but also contribute to long-term economic viability and social responsibility. The general objective was to establish factors that influence the sustainability of healthcare enterprises in Nairobi County. The study objectives were to determine how social factors influence the sustainability of healthcare enterprises; to assess how economic factors influence the sustainability of healthcare enterprises; and to examine how environmental factors strategies influence the sustainability of healthcare enterprises in Nairobi County. The study was anchored on the legitimacy theory and institutional theory. The study adopted a mixed methods research design to address various gaps. Past studies about the sustainability of SMEs have been conducted in America, Asia, and Europe, but very few researchers look into the African context. In addition, there was little empirical evidence locally in relation to sustainability strategies among SMEs in Kenya. The target population of the study comprised of all managers and supervisors of MYDAWA Online Pharmacy located in Westside Towers in Nairobi County. The researcher used a census study to include the entire population of 26 respondents. The study used a structured questionnaire and key informant interview guide to collect primary data as per the objectives of the study. The data was analysed using descriptive statistics and inferential statistics. The first objective of the study revealed that healthcare enterprises promote employees' innovative capacity through trainings and community events geared towards promoting sustainability. The social factors had a positive and statistically significant effect on the sustainability of healthcare enterprises in Nairobi County, Kenya. The second objective revealed that financial resources play a key role in the sustainable implementation of projects. The economic factors had a positive and statistically significant effect on the sustainability of healthcare enterprises. The third objective revealed that healthcare enterprises in Nairobi County provides employees with incentives for being more active in saving energy. The environmental factors had a positive and statistically significant effect on the sustainability of healthcare enterprises. The study concluded that social factors, encompassing community engagement, public perception, and interpersonal relationships, emerged as crucial determinants influencing the overall viability and longevity of healthcare enterprises; economic factors play a pivotal role in shaping the long-term viability of healthcare businesses; and environmental factors such as the regulatory environment, climate conditions, and community dynamics were identified as key contributors to the sustainability of these enterprises. The study recommended that healthcare enterprises in Nairobi County should foster community engagement and collaboration, as strong social ties can contribute to a supportive environment for their sustainability; Nairobi County Government should prioritize the development and enforcement of environmentally friendly practices within the healthcare industry; policymakers and stakeholders should focus on implementing supportive economic policies that foster a conducive business environment for healthcare enterprises, including financial incentives, tax breaks, and streamlined regulatory processes; and scholars and researchers should partner with technology firms, academic institutions, and government bodies to facilitate the integration of innovative solutions into healthcare SME operations.

**Keywords:** *Sustainability, human resource capacity, economic factors, social factors, environmental factors, corporate social responsibility, healthcare enterprises*

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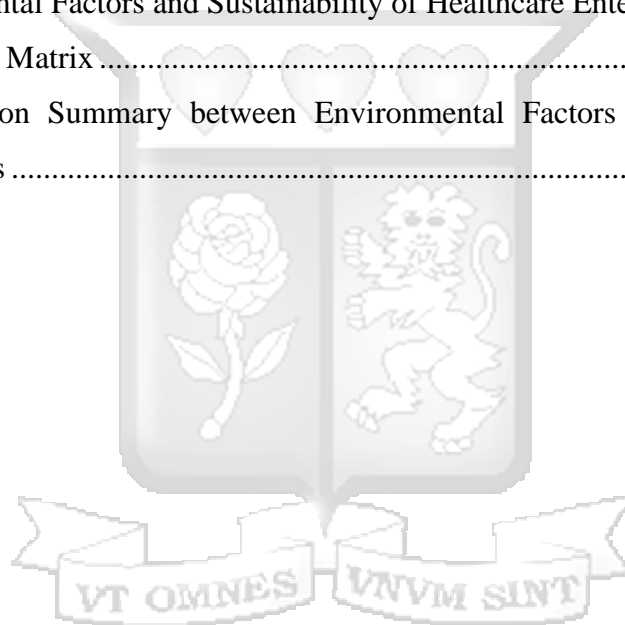
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## ABBREVIATIONS AND ACRONYMS

<b>CSP</b>	Corporate Social Performance
<b>CSR</b>	Corporate Social Responsibility
<b>KEMSA</b>	Kenya Medical Supplies Authority
<b>MNCs</b>	Multinational Corporations
<b>R&amp;D</b>	Research and Development
<b>SMES</b>	Small and Medium Enterprises
<b>TNCs</b>	Transnational Corporations
<b>UAE</b>	United Arab Emirates



## OPERATIONAL DEFINITIONS OF KEY TERMS

**Economic Factors:** Economic factors refer to the financial considerations and strategies that contribute to the company's long-term viability and success. This includes practices such as responsible financial management, ethical supply chain practices, fair labour standards, and fostering economic resilience (Arsić et al., 2020).

**Environmental Factors:** Environmental factors refer to the elements and conditions in the natural surroundings that can impact or be impacted by the operations and practices of the business. These factors encompass a range of ecological considerations, including but not limited to climate change, air and water quality, natural resource utilization biodiversity, waste management, and energy consumption (Brennan et al., 2011).

**Healthcare Enterprises:** Healthcare enterprises refer to organizations or businesses that are involved in providing various healthcare-related services, products, or solutions. These enterprises operate within the healthcare industry and can include various entities, including hospitals, clinics, diagnostic laboratories, medical device manufacturers, pharmaceutical companies, etc. (Emilsson et al., 2020).

**Small and Medium Enterprises:** SMEs are business entities that fall within a certain range of size criteria, which may vary by country. SMEs are generally characterized by their relatively smaller scale compared to large corporations. The specific criteria defining SMEs can include factors such as the number of employees, annual revenue, or total assets (Akkaya & Üstgörül, 2020).

**Social Factors:** Social factors refer to the considerations and impacts related to the interactions and relationships between the business and the broader societal context. These factors encompass the social dimensions of sustainability, including the well-being of communities, employees, customers, and other stakeholders (Ajmal et al., 2018).

**Sustainability:** Sustainability refers to the ability of a company to thrive over the long term by effectively managing and balancing economic, environmental, and social considerations. Business sustainability involves practices that minimize negative impacts on the environment, support social responsibility, and maintain economic viability (Maloni et al., 2006).

# CHAPTER ONE

## INTRODUCTION TO THE STUDY

### 1.1 Background Information

A sustainable business practice is regarded as being economically feasible, socially responsible and environmentally friendly (Ch'ng et al., 2021). Sustainable business practices have rapidly gained popularity in the modern-day world of business simply because wide-ranging social, economic and environmental issues affects many people in a global scale today. These include social inequality, lack of education, unequal distribution of wealth, climate change, failing economics, war and conflict, rampant poverty, gender inequality, among others (Adebanjo, et al., 2016). Much of these problems are severe in developing countries and can be addressed if more sustainable business practices are adopted by the private sector. Small and medium-sized enterprises (SMES) have become more proactive in addressing a number of these issues at the local, national and international levels. According to Emilsson et al. (2020), over the past three centuries, SMEs have made incredible strides in progress and development.

Globally, SMEs are the major engines and significant contributors to the economy globally, particularly in emerging markets. These business entities fall within a certain range of size criteria, which may vary by country due to factors such as the number of employees, annual revenue, or total assets (Douglas et al., 2017). According to Mohammed & Bunyaminu (2021), SMEs account for about 45% of total employment and up to 33% of Gross Domestic Product (GDP). These figures are even higher if informal SMEs are considered. Developed economies benefit from SMEs as they contribute to over 67% of employment and above 55% of GDP (Allam & Alhammad, 2022). The numbers are higher in low-income countries where they account for more than 70% of employment and 60% of GDP (Ndiaye et al., 2018). Globally, many countries are turning to SMEs as key drivers to address economic challenges such as declining growth, chronic unemployment, and poverty. SMEs play a pivotal role in fostering economic development by generating employment opportunities, particularly for marginalized and vulnerable populations (Ifekwem & Adedamola, 2016). Their flexibility and ability to adapt to market demands make them integral to job creation and innovation, thus contributing to overall economic growth. Additionally, SMEs often operate within local communities, ensuring a more equitable distribution of wealth and resources. Governments worldwide are recognizing the potential of supporting and empowering SMEs through targeted policies,

financial incentives, and capacity-building initiatives to stimulate economic activity, reduce unemployment rates, and alleviate poverty (Mahmudova & Kovács, 2018).

Healthcare SMEs play a crucial role in the healthcare ecosystem by providing a range of specialized services and products. These enterprises often encompass diverse functions such as medical technology development, pharmaceutical manufacturing, healthcare consulting, and support services (Álvarez Jaramillo et al., 2019). In Europe, SMEs like Siemens Healthineers (Germany) and Novo Nordisk (Denmark) exemplify companies contributing to medical technology and pharmaceutical sectors. North America boasts numerous healthcare SMEs, including Athenahealth (USA) in healthcare technology and Amgen (USA) in biotechnology (Ifekwem & Adedamola, 2016). In Africa, while the healthcare SME landscape is evolving, examples include 54gene (Nigeria) focusing on genomics research and Ilara Health (Kenya) providing diagnostic services. These enterprises are pivotal in fostering innovation, improving healthcare accessibility, and addressing region-specific health challenges across continents (Ayyagari et al., 2007).

In Africa, SMEs are crucial to growth and contribute more than 45% to employment and 33% to GDP. SMEs represent the largest proportion of enterprises across economies. In Nigeria, which is one of Africa's fastest-growing economies, SMEs account for 97% of all businesses, contributing to 50% and 60% of industrial output and employment, respectively (Pulka & Gawuna, 2022). In high-income countries, SMEs contribute nearly 64% to the GDP and 62% to employment (Berisha & Pula, 2015). In South Africa, SMEs employ 54.5% of all formal private sector employees (Ngek, 2014). Leboea (2017) state that the prevalence of healthcare SMEs in Africa has been on the rise, driven by factors such as increasing healthcare needs, demographic shifts, and a growing middle class. These enterprises often fill critical gaps in healthcare provision, especially in underserved or remote areas where larger healthcare institutions may be limited (Berisha & Pula, 2015). Additionally, healthcare SMEs are known for their flexibility and ability to adapt to local contexts, addressing diverse healthcare challenges on the continent. While they contribute to improving access to healthcare, the sector also faces challenges, including limited access to funding, regulatory hurdles, and infrastructure constraints (Ifekwem & Adedamola, 2016). Despite these challenges, the prevalence of healthcare SMEs reflects their crucial role in promoting accessible and community-oriented healthcare solutions across the African continent.

In Kenya, SMEs in the healthcare sector play a crucial role in providing essential services, especially in urban and rural areas where access to healthcare might be limited. These enterprises contribute significantly to the overall healthcare landscape by offering a range of services, including primary care, diagnostic services, pharmaceuticals, and specialized treatments (Republic of Kenya, 2013). However, according to Douglas et al. (2017), the prevalence of healthcare SMEs in Kenya is often characterized by challenges related to resource constraints, regulatory compliance, and varying regional disparities. Limited access to financing, inadequate infrastructure, and a shortage of skilled healthcare professionals are common obstacles faced by these enterprises (Chege & Wang, 2021). For instance, in rural areas, where the need for healthcare services is substantial, SMEs may struggle to establish a sustainable presence due to infrastructural limitations and difficulties in recruiting qualified personnel (Ngugi et al., 2013).

Despite these challenges, there are examples of healthcare SMEs in Kenya that have demonstrated resilience and sustainability. Initiatives such as the Medical Credit Fund, which provides financial support and capacity building to healthcare SMEs, have contributed to their long-term viability (Masaba et al., 2020). Additionally, the adoption of technology, such as mobile health solutions, has allowed some SMEs to reach underserved populations more efficiently. While specific statistics may vary, the Kenyan government's efforts to promote entrepreneurship and address regulatory barriers through programs like the Micro and Small Enterprises Authority (MSEA) contribute to creating an environment where healthcare SMEs can thrive. Continuous support and strategic interventions are essential to bolster the sustainability of these enterprises and enhance their contribution to the overall healthcare system in Kenya (Kimalu et al., 2004).

Kenya's healthcare sector encompasses several categories of SMEs providing healthcare products and services (Masaba et al., 2020). This includes medical equipment, instruments, biotechnology, diagnostic laboratories, primary prevention sensors plus medicine development. With respect to innovative medical devices in the personalized medicine era, healthcare enterprises play a key role in the diagnosis, therapy and other general healthcare provisions. Generally, healthcare SMEs include community health centres, chemists, small pharmacies, labs, and clinics, which serve the bulk of the population in a region. According to Baharun et al. (2019), many small businesses provide better private healthcare services than

large corporate companies. The increased competition in the healthcare industry has made health benefits more affordable and accessible to small businesses.

### **1.1.1 MYDAWA Online Pharmacy**

Founded in 2016, MYDAWA is an online health enterprise built on the principle of helping Kenyans live healthy lives by providing them with access to high-quality, safe, and affordable medicine and wellness products through an online platform (MYDAWA website, 2023). As Kenya's first registered online pharmacy, their goal is to provide customers with affordable, high-quality products and experiences that promote positive and healthy lifestyles (Kiptinness et al., 2023). Through their innovative technology-based platform, the pharmacy offers authentic medicines and various health and wellness products. This ground-breaking service, developed in Nairobi in collaboration with healthcare practitioners, ensures the highest quality and value for money when purchasing medicine.

In June 2023, MYDAWA successfully acquired a Ugandan pharmacy chain after securing Ksh2.8 billion in funding from Alta Semper Capital, a private equity investor based in London (Akushcie, 2023). This significant investment is the largest that MYDAWA has received to date and will support its expansion plans in the region. Furthermore, MYDAWA aims to bridge the gap between healthcare providers and patients, leading to improved quality and cost of care. The online pharmacy has implemented a unique track and trace system that allows consumers to verify the authenticity of products. With MYDAWA, customers can enjoy the benefits of convenience, privacy, and exceptional value, as the pharmacy does not charge any service fees, transaction costs, or delivery fees (MYDAWA website, 2023).

The state of basic healthcare in many African countries has been a cause for concern over the years. In response, several start-ups have emerged, focusing on developing innovative products to address these challenges (Kress, Su & Wang, 2016). MYDAWA is one such start-ups, dedicated to enhancing accessibility to healthcare products and services. It has recently introduced its own line of branded products and has announced its intention to expand its technology infrastructure from telehealth to fulfilment, with the aim of enabling other healthcare businesses to grow. The platform reports that it has already secured agreements with some of the largest clinic chains in Kenya, who are keen to expand their operations with the help of MYDAWA's services. Through its website, visitors can easily book consultations, upload HIV test results, submit prescriptions, and access information about sexual wellness,

among other features. These services are made possible through the platform's technology-driven solution. Additionally, MYDAWA operates a 24/7 help desk to assist patients with any uncertainties they may have.

## **1.2 Problem Statement**

Although Sub-Saharan Africa, including Kenya, houses about 15% of the world's population, it only receives a mere 1% of the global healthcare expenditure, as indicated by Jeetoo & Jaunky, (2023). Governments in the region, including Kenya, are increasingly recognizing the adverse impact of this healthcare funding disparity on economic growth and are embracing the concept of universal healthcare to ensure the well-being and productivity of their populations. Aitken et al. (2019) predict that global spending on medicines will reach an estimated US\$1.5 trillion by 2023, with an annual growth rate of 3% to 6%. For healthcare SMEs to achieve sustainability, it is crucial for their sustainability strategies to align seamlessly with their business strategies. Despite the willingness of SMEs to undertake the risk and contribute to healthcare sustainability, they encounter challenges in implementing sustainability strategies. To facilitate this implementation process, tailored tools specific to each company are essential. Given the urgency of integrating sustainability into healthcare and the proactive stance of SMEs in leading this initiative, there is an imperative for enhanced support to SMEs, enabling them to offer impactful solutions for citizens and patients across diverse healthcare settings.

As the momentum for businesses to adopt sustainable practices gains traction in Kenya, there is a notable absence of standardized regulations for SMEs to report on their social and environmental impact. Although the positive role of small businesses in sustainable development is widely recognized, the failure rate among them remains high, as highlighted by Akkaya and Üstgörül (2020). SME entrepreneurs encounter numerous challenges that impede their long-term survival and growth, including limited financial reserves, weaker supply chain capabilities, and a lower adoption of digital tools and technologies compared to larger corporations. These factors adversely affect the sustainability of SMEs, hampering their ability to function optimally and make optimal contributions to the economy. Therefore, this study aims to establish factors influencing the sustainability of MYDAWA Pharmacy as one of the leading healthcare enterprises in Nairobi County.

### 1.3 Research Objective

The general purpose of the study was to establish factors that influence the sustainability of small and medium healthcare enterprises in Nairobi County.

### 1.4 Specific Objectives

- i) To determine how social factors influence the sustainability of healthcare enterprises in Nairobi County.
- ii) To assess how economic factors influence the sustainability of healthcare enterprises in Nairobi County.
- iii) To examine how environmental factors influence the sustainability of healthcare enterprises in Nairobi County.

### 1.5 Research Questions

- i) To what extent does social factors influence the sustainability of healthcare enterprises in Nairobi County?
- ii) To what extent does economic factors influence the sustainability of healthcare enterprises in Nairobi County?
- iii) To what extent does environmental factors influence the sustainability of healthcare enterprises in Nairobi County?

### 1.6 Significance of the Study

This study holds significant implications for various stakeholders, including scholars and researchers. For academics, this study contributes to the existing body of knowledge by shedding light on the specific challenges and opportunities faced by healthcare SMEs in a dynamic urban environment like Nairobi. Scholars can use the findings to expand their understanding of sustainable business practices in the healthcare sector, potentially inspiring further research avenues and academic discourse.

**Nairobi County Government** stands to gain valuable insights from this research as well. The findings can inform policymaking and strategic planning, allowing the government to design targeted interventions and support mechanisms for healthcare SMEs. Understanding the factors that influence sustainability enables the county government to create a conducive business

environment, fostering the growth of these enterprises and, by extension, improving the overall healthcare landscape within the county.

**Healthcare SMEs** are direct beneficiaries of the study, as it offers them a comprehensive understanding of the challenges and opportunities they face. Armed with this knowledge, SMEs can make informed decisions, implement effective strategies, and adapt their business models to enhance sustainability. Additionally, the research may identify areas where healthcare SMEs can collaborate with each other or with external stakeholders, fostering a supportive ecosystem for growth and development.

**Policy makers**, both at the county and national levels, can leverage the study's insights to formulate evidence-based policies that promote the sustainability of healthcare SMEs. This includes crafting regulatory frameworks that address the identified challenges, offering financial incentives or support programs, and facilitating partnerships between healthcare SMEs and larger institutions. In essence, the research equips policymakers with the tools to create an environment conducive to the long-term success of healthcare SMEs, ultimately benefiting the broader community through improved healthcare services and economic growth.

### **1.7 Scope of the Study**

The study restricted its boundaries within Nairobi City County. As such, one healthcare SME located in Nairobi was selected to take part in the study. The researcher selected MYDAWA online pharmacy headquartered in Nairobi County. The location and online presence of the pharmacy was convenient to the researcher in terms of accessibility and effortless data collection. The study was carried out in a span of three months.

## CHAPTER TWO

### REVIEW OF RELATED LITERATURE

#### 2.1 Introduction

This chapter presents a comprehensive review of existing literature regarding the sustainability of various SMES. The next subsection discusses the theoretical framework of the study by identifying the theories that inform the conceptualization of the research topic. The empirical review provides a critical examination of findings by various researchers concerning the topic, which also reveals the knowledge gaps. A conceptual framework showing the relationship between the dependent variables and independent variables is also presented, along with a table showing the operationalisation of the variables.

#### 2.2 Theoretical Framework

This section presents the theories that facilitated the interpretation of relevant data and justified any underlying influences of observed phenomena in the study.

##### 2.2.1 Legitimacy Theory

Legitimacy theory was first introduced by Dowling and Pfeffer in 1975 as a way to explain the relationship between organizations and the larger society. According to this theory, organizations strive to align their policies with the expectations of society (Dowling & Pfeffer, 1975). As explained by the theorists, to be considered legitimate, an organization must be perceived as acting in a way that is desirable and appropriate within the norms and values of the social system. One way that corporations maintain their legitimacy is by voluntarily disclosing social and environmental information in their annual reports (Suchman, 1995). Such disclosure helps to demonstrate that the organization is meeting the expectations of society and acting responsibly (Dowling & Pfeffer, 1975).

According to L'Abate et al. (2023), the core argument of legitimacy theory is that an organization's survival and success are dependent on its ability to meet the expectations of its social environment. According to the theory, legitimacy is a resource that organizations must earn and sustain by conforming to the established norms, values, and beliefs of their stakeholders. This involves continuous communication and actions that demonstrate the organization's commitment to socially acceptable practices. Legitimacy can be challenged by

changes in societal expectations or by the organization's actions that are perceived as misaligned with those expectations. Therefore, maintaining legitimacy requires proactive and adaptive strategies.

Legitimacy theory has been widely applied in various fields to explore how organizations interact with their external environment. In corporate social responsibility (CSR) research, the theory has been used to examine how companies engage in socially responsible activities to enhance their legitimacy (Janang et al., 2020). In environmental accounting, legitimacy theory has helped explain why firms disclose environmental information and how such disclosures affect their perceived legitimacy (Martens & Bui, 2023). Additionally, the theory has been applied in studies on public relations (Patten, 2020), where it helps elucidate the strategies organizations use to manage their image and stakeholder perceptions, especially during crises.

Despite its widespread use, legitimacy theory has faced several criticisms. One major critique is its lack of specificity and clarity regarding the mechanisms through which legitimacy is gained or lost. Martens & Bui (2023) argue that the theory is too broad and abstract, making it difficult to apply empirically in a consistent manner. Additionally, the theory has been criticized for its assumption that organizations are predominantly passive, reactive entities responding to external pressures, rather than active agents capable of shaping their environment (Deegan, 2014). Moreover, the focus on external legitimacy can sometimes overlook internal factors, such as organizational culture and employee engagement, which also play crucial roles in sustainability.

The conceptual framework of this study, which examines the sustainability of healthcare enterprises through social, economic, and environmental factors, aligns well with legitimacy theory. According to the theory, healthcare enterprises like MYDAWA Online Pharmacy must align their operations with societal expectations in these three areas to achieve sustainability. Social factors encompass the organization's efforts to meet the healthcare needs and ethical standards of the community. Economic factors involve the financial viability and competitive strategies of the enterprise. Environmental factors reflect the organization's commitment to environmentally sustainable practices. Addressing these factors can improve the legitimacy of healthcare enterprises, and by this means securing the necessary support and resources for sustained operations.

In this study, legitimacy theory explains why organizations choose to disclose social and environmental information voluntarily. By doing so, organizations aim to fulfil their social contract, gain recognition for their objectives, and adapt to an unpredictable business environment. This leads to sustainability in the social, economic and environmental settings. According to Deegan (2006), organizations report their activities in line with the expectations of society. When organizations fail to align with social and moral values, they face severe sanctions from society. This review examines how sustainability factors are causally linked to the outcomes of legitimacy theory. For instance, if MYDAWA engages in CSR, it can enhance its legitimacy. On the other hand, failing to do so may expose the organization to various risks such as reputational risk, market risk, hostile risk, financial risk, and more (Dowling & Pfeffer, 1975).

### **2.2.2 Institutional Theory**

In 1977, John Meyer and Brian Rowan introduced institutional theory in order to examine how organizations align with, relate to, and are moulded by their societal, state, national, and global environments (Rowan, 2010). Central to this approach is exploring how organizational structures, norms, practices, and patterns of social relationships are influenced by the broader social and cultural environment (Deegan, 2019). The theory suggests that policy makers, donors, and other states perceive organizational structures established in industrialized countries to be indicators of advancement in institutional development, and thus support them financially, regardless of the consequences. This commitment is conveyed through the introduction and continuation of certain forms within higher education and government. Institutional theory explains the growth and structure of academic and state research sectors, and how organizations in industrialized nations function as models, even when they are far removed from their original contexts (Suddaby, 2010).

Institutional Theory suggests that organizations are influenced by the broader institutional environment, which includes formal regulations, norms, cultural beliefs, and practices (Peters, 2022). The theory suggests that organizations adopt certain structures and practices to gain legitimacy, stability, and acceptance within their institutional settings, rather than purely for efficiency or effectiveness. Key propositions include the idea that organizations conform to institutional pressures to secure resources and support, and that this conformity can lead to isomorphism, where organizations within the same field become increasingly similar over time.

Institutional Theory has been widely applied across various fields to explore how institutional forces influence organizational behaviours and outcomes. In healthcare, studies have used the theory to examine how hospitals adopt new technologies and practices to comply with regulatory standards and professional norms (Macfarlane et al., 2013). In education, researchers have applied the theory to understand how schools and universities conform to accreditation requirements and educational standards (Cai & Mehari, 2015). The theory has also been applied in environmental studies to explore how firms adopt sustainable practices in response to institutional pressures from regulators, consumers, and environmental groups.

Despite its widespread use, Institutional Theory has faced several criticisms. One major critique is that it can be overly deterministic, implying that organizations have little agency or ability to resist institutional pressures. Powell & Colyvas (2008) argue that the theory underestimates the role of strategic choice and the capacity of organizations to innovate and differentiate themselves. Additionally, Macfarlane et al. (2013) believe that the theory does not adequately account for the dynamic and evolving nature of institutional environments. There is also criticism that Institutional Theory focuses too heavily on conformity and neglects instances where organizations intentionally deviate from institutional norms.

The conceptual framework of this study, which examines the social, economic, and environmental factors influencing the sustainability of healthcare enterprises using Porter's Five Forces, aligns well with Institutional Theory. Social factors relate to the norms and cultural expectations that influence organizational behaviours, while economic factors pertain to the market forces and regulatory pressures that healthcare enterprises face. Environmental factors encompass the ecological and sustainability considerations driven by institutional norms and policies. Institutional Theory provides a lens to understand how these factors compel healthcare enterprises, like MYDWA Online Pharmacy, to adopt certain practices and strategies to achieve sustainability and legitimacy in Nairobi County's healthcare sector. This alignment helps to explain how institutional pressures influence the strategic decisions and long-term viability of these enterprises.

The study conducted by Iarossi et al. (2011) suggests that institutional theory can be utilized to understand the impact of social values, technological advancements, and regulations on decisions related to sustainable activities and environmental management. For instance,

Gauthier (2013) uses institutional theory to analyze the adoption of environmental management practices based on different organizational strategies. The study also highlights the role of core companies and government regulations as significant drivers in promoting sustainability changes in the supply chain. In the context of healthcare SMEs in Kenya, the theory explores how sustainable practices gain legitimacy, considering social, economic, and environmental factors.

## **2.3 Empirical Review**

This section discusses the existing literature regarding factors influencing the sustainability of SMEs. The section is organized as per the three objectives: economic factors, social factors and environmental factors with regard to how they influence sustainability. The empirical studies are reviewed, interrogated, and critiqued to bring out the gaps.

### **2.3.1 Social Factors and the Sustainability of Enterprises**

In Romania, Burlea-Schiopoiu and Mihai (2019) conducted a study involving 200 SMEs. The research demonstrated a clear correlation between training, innovation, and the financial performance of these SMEs. Consequently, it revealed that vocational training institutes and the educational systems of nations play a crucial role in fostering innovative practices within the production sector, enabling businesses to effectively navigate competitive challenges. The study underscored the significance of having well-educated, creatively skilled, and professionally trained human resources to drive innovation. Emilsson et al. (2020) suggest that activities focused on innovation-based business incubation serve as a means to enhance the quality of training and innovation. Thus, it can be inferred that the implementation of technological upgrades within a firm results in heightened productivity across various factors of production. Training emerges as a key facilitator for sustainable technological advancement in SMEs, thereby enhancing their competitiveness in the market. In line with the arguments put forth by Jia et al. (2020), sustainable innovation not only contributes to the development of improved business models but also enhances processes and opens up new market segments, among other benefits.

Ajmal et al. (2018) conducted an extensive review of existing literature to establish a widely accepted framework of social sustainability indicators that can be conceptualized and integrated into the business environment. The study's findings suggest that economic and

environmental sustainability can be advanced in conjunction with essential social factors, including fairness and equality, poverty alleviation, health, education, delinquency reduction, demography, culture, and employee engagement within organizations. These findings provide valuable insights into the emerging trend of developing sustainable business strategies that incorporate social indicators to achieve ultimate sustainability outcomes. This research is pioneering in its identification of social sustainability indicators from both societal and corporate perspectives. It presents a comprehensive social sustainability framework that organizations in the business sector can adopt. The framework emphasises the importance of integrating social dimensions into business practices to drive holistic sustainability efforts, and in this manner improving both societal welfare and corporate success.

A sustainable supply chain typically integrates social standards to address issues like working conditions, forced labour, and health and safety. Companies often face heightened pressure from stakeholders, compelling them to implement social sustainability and responsibility systems throughout their supply chains (Maloni & Brown, 2006). In the context of this, Hussain et al. (2018) conducted an exploratory study focusing on social sustainability within the supply chains of healthcare organizations in the United Arab Emirates (UAE). Given the exploratory nature of the research, data were gathered from diverse departments across ten hospitals, providing a comprehensive portrayal of the factors that drive, hinder, and facilitate social sustainability practices in healthcare, as perceived by various stakeholder groups. Maloni & Brown (2006) contend that while individual attention to each stakeholder group is crucial, conducting a thorough analysis of all stakeholders' perspectives on what constitutes a socially sustainable supply chain would yield greater benefits and assist hospital managers in balancing the expectations of all parties involved. Nevertheless, additional investigation is required to understand other social factors influencing the sustainability of healthcare SMEs.

Business sustainability management involves various practices that enable companies to identify potential risks associated with their operations and overall sustainability; disclose information in a transparent manner to stakeholders; make investments in socially responsible initiatives; and address and mitigate risks related to their sustainable (Lăzăroiu et al., 2020). In their investigation, Saviano et al. (2018) assessed the management control system within healthcare organizations with the aim of aligning its evolutionary trends with contemporary demands for a sustainable and more inclusive approach. The study advocated for integrating a sustainability into the healthcare organizations' management control system. It operated on two

fundamental premises: the transformation of business models toward a comprehensive sustainability approach and the evolution of control systems in healthcare organizations toward a monitoring-based approach to enhance service effectiveness and efficiency, primarily focused on cost reduction. The findings indicated that numerous healthcare organizations are undergoing significant transformations, actively redefining their organizational and management structures. As highlighted by Lăzăroiu et al. (2020), the escalating volume of services does not guarantee overall health improvement and, in fact, depletes resources without providing measurable or verified healthcare outcomes. The research gap identified in this study pertains to the imperative need to investigate the extent to which healthcare organizations incorporate sustainability principles into their management and control systems.

In a study conducted by Muñoz-Pascual et al. (2021), the researchers investigated the degree of influence exerted by sustainable product innovation performance, human resources, and the mediating function of employee creativity in enhancing the sustainability of SMEs. The study employed a quantitative methodology, employing three structural equation models to forecast the impacts of motivation, knowledge, and relationships on the creativity and sustainable product innovation performance. The outcomes of the models disclosed a positive and significant impact of knowledge, motivation, and relationships on creativity. Moreover, the models demonstrated that creativity, in turn, had a positive and significant effect on sustainable product innovation performance. This revelation underscores the imperative nature of managing and cultivating creativity among employees for the advancement of sustainable product innovation performance, irrespective of the human resources management model in place. Notably, creativity's favourable impact on sustainable product innovation performance remained consistent, whether it emanated from the management of knowledge, motivation, or relationships. Methodologically, this discovery highlighted the reliability and robustness of the models, as they consistently indicated a positive relationship between creativity and sustainable product innovation performance across the three separately examined models. Despite the argument presented by Nilashi et al. (2020) asserting creativity as an antecedent variable for sustainable product innovation performance, regardless of the chosen HR model, the current study overlooks an analysis of how rewards and recognition contribute to the sustainability of SMEs, a research gap this study endeavours to address.

Afshar Jahanshahi and Brem (2017) undertook a study aiming to investigate the correlation between the behavioural integration of top management teams in SMEs, their innovativeness,

and sustainability orientation. The research involved surveying 40 top management teams in Iranian SMEs over two different time points. Employing hierarchical multiple regression to examine the study's hypotheses, the authors, in line with the Upper-Echelons framework, established a theoretical model. The study divulged a significant and positive association between the behavioural integration of top management teams and innovativeness. Additionally, it found that highly behaviourally integrated teams were more inclined to undertake sustainability-oriented initiatives. Aligning with Roca-Puig's assertion (2019), teams with enhanced behavioural integration increase the likelihood of fostering innovation and generating novel ideas compared to less integrated counterparts. Notably, the results also highlighted that younger team members contribute to higher idea generation, and teams with well-educated members tend to produce more innovative ideas in the workplace. It is important to note, however, that this study did not explore the impact of career coaching and training on the sustainability of healthcare SMEs.

SMEs are currently utilising HR functions to implement sustainability. Langwell and Heaton (2016) conducted an exploratory qualitative research study to assess the incorporation of sustainability practices by small and medium-sized enterprises (SMEs) in the United States through their human resource (HR) functions. The study focused on SMEs engaged in recognized sustainability programs and investigated the extent to which they employed HR activities for sustainability implementation. Utilizing semi-structured interviews, the research delved into four key HR-related activities: communication, engagement, incentives, and recruitment and retention. Results indicated varying levels of adoption among these activities, with some being underutilized or entirely overlooked. In line with the observations of De Stefano et al. (2018), the majority of SMEs prioritized recruitment and retention while neglecting communication, engagement, and incentives. The study ultimately underscored the pivotal role of HR in SME development and asserted that sustainability has become an integral part of strategies for companies aspiring to achieve long-term growth and competitiveness. However, the study's reliance on a limited sample size raises questions about the generalizability and reliability of its findings.

In their 2022 study, Allam and Alhammad assessed the sustainability of local SME engineering firms in Saudi Arabia, examining the influence of diverse factors. These factors encompassed organizational culture, entrepreneurship, leadership, and technology as well as laws and regulations,. The findings underscored the pre-eminence of leadership, holding the highest

percentage of importance, followed by entrepreneurship and laws and regulations. Organizational culture ranked next, with technology occupying the last position. Chege and Wang (2021) explicated that entrepreneurship initiates with labour, identifying available opportunities, pursuing them, and assessing feasibility. Leaders, irrespective of the presence or absence of such opportunities, adeptly foster amicable relationships and emphasize heightened production levels. Notably, the study overlooked the significance of rewards and recognition as pivotal elements in incentivizing effective leadership, as elucidated by Chege and Wang (2021).

In their 2020 research, Jia et al. investigated the correlation between the sustainability of innovation within Small and Medium Enterprises (SMEs) and the support provided by China's National Innovation System (NIS). The scholars constructed a framework for China's innovation policy within the NIS context, considering its transitional features. They analysed SME innovation policies by scrutinizing texts sourced from Chinese SME yearbooks spanning 1999 to 2017 and government notices from 1994 to 2017. Additionally, the researchers conducted a comparative analysis with innovation systems from other nations. The study revealed a lack of emphasis on the sustainability of SME innovation within China's NIS, attributing this to the narrowly defined scope of the NIS and the dominance of a top-down, government-centric research and development (R&D) system, which primarily caters to large state-owned enterprises, limiting the scope for SME-focused innovation policies. The authors advocated for a more comprehensive approach, emphasizing the importance of detailed measures in finance, commercial services, and human resources development. This recommendation is particularly relevant in the context of the Chinese government's promotion of mass entrepreneurship and innovation, accompanied by a significant surge in SMEs' open innovation. The study did not delve into the economic factors influencing sustainability within the framework of China's NIS.

### **2.3.2 Economic Factors and the Sustainability of Enterprises**

In their 2019 research, Manzanque-Lizano et al. delved into the realm of long-term sustainability, scrutinizing the impact of stakeholders' financial influence on the probability of business failure. A comprehensive empirical investigation unfolded within a cohort of 2352 Spanish SMEs, differentiating between those that faltered and those that thrived. Employing a classification tree methodology, the study probed the distinctive roles of various stakeholders

in navigating through crises. The findings proffer tangible evidence illuminating the hierarchical significance of stakeholders to SMEs amid financial turmoil, proposing a taxonomy grounded in their command over corporate financial assets. Significantly, the analysis unveiled that a firm's resilience and ability to weather critical junctures hinge on pivotal stakeholders. As underscored by Roca-Puig (2019), workers, customers, and suppliers emerge as paramount in securing the enduring viability of SMEs, particularly in the initial phases of a crisis. Subsequent to the onset of operational challenges, additional creditors, notably financial institutions, assume relevance. However, a notable limitation in this study lies in its failure to capture the crucial economic capacity factors influencing sustainability within Spanish SMEs.

Financial literacy plays a crucial role in guiding the decision-making processes of SMEs, yet there has been a notable lack of emphasis on understanding how the financial literacy of SMEs impacts their long-term viability (Schwab et al., 2019). In Ye & Kulathunga (2019)'s study, the researchers explored the connection between financial literacy and the sustainability of SMEs. Drawing from a knowledge-based perspective, as well as incorporating dual process theory and peaking order theory, the researchers developed an integrated model to scrutinize the influence of financial risk attitude, access to finance, and financial literacy on the sustainability of SMEs. The study involved 291 chief financial officers of SMEs in Sri Lanka. Results from the structural equation modelling revealed that financial literacy, access to finance, and financial risk attitude all had direct positive effects on sustainability. Additionally, in line with Schwab et al.'s findings (2019), financial literacy emerged as the leading predictor of financial risk attitude and access to finance on the SMEs. Furthermore, both variables were identified as partial mediators in the relationship between financial literacy and the sustainability of SMEs. In conclusion, it can be inferred that financial literacy significantly predicts access to finance, financial risk attitude, and overall sustainability in SMEs. However, it is noteworthy that the structural equation model exclusively focused on the direct positive effects on SME sustainability.

In a study conducted by Arsić et al (2020), an examination was undertaken to explore the influence of logistics capacity on the economic sustainability of SMEs. The researchers identified a research gap by establishing a statistically significant distinction in business performance between SMEs possessing in-house logistics capacities and those opting for outsourcing. The study employed quantitative research, employing linear regression, and

sampled 340 Serbian SMEs. The factors under scrutiny encompassed market dynamics, SME positioning within supply chains, as well as internal aspects of the companies themselves. The empirical findings indicated that the ownership of logistics capacity could indeed impact the economic sustainability of SMEs, gauged through solvency and profitability. This research contributes to partially bridging the existing research gap concerning the effect of logistics capacities on the economic sustainability of companies, with a specific focus on key business factors within the SME landscape, such as supply chain positioning, export characteristics, sales distribution, and the number of supply chains. Regarding profitability, Ye & Kulathunga (2019) assert that SMEs, with ownership of logistics capacity, can strategically plan their future assets, leading to greater predictability and, consequently, enhanced profit margins. Future research avenues on this subject may explore diversification through the internationalization efforts of SMEs or comparative analyses with large companies in terms of their impact on economic sustainability.

In a study conducted by Schwab et al. (2019), the researchers delved into comprehending the influence of financial key performance indicators (KPIs) on the financial sustainability of SMEs from an operations management perspective. Specifically, the study focused on customer accounts receivable flow time and credit limit, examining their impact on company performance during business growth in the face of newly introduced banking constraints for credit risk reduction. Drawing on both quantitative and qualitative data from a longitudinal empirical case study of a Switzerland-based SME experiencing intense growth, the results indicated that the baseline scenario posed an 80% risk of bankruptcy for high-growth SMEs. This scenario featured a 30-day target for customer accounts receivable flow time and a credit limit set by the financial partner at 25% of the last period's turnover. However, when the customer accounts receivable flow time was reduced to ten days and the credit limit increased to 65% of the last turnover, the risk of bankruptcy significantly decreased to 30%. These findings shed light on the unintended adverse effects of macro-level banking guidelines on micro-level firm performance, underscoring repercussions for policy-making.

In today's business landscape, enterprises are increasingly confronted with heightened expectations to actively engage in addressing global environmental, social, and economic challenges. Meeting these demands necessitates a fundamental shift in the operational facets of businesses. Investigating the role of finance departments in fostering sustainable business practices for SMEs and their initiatives in managing sustainability risks, Kimanzi and Gamede

(2020) employed a quantitative approach. Their study, conducted in the Pietermaritzburg area of KwaZulu-Natal, South Africa, encompassed 182 SMEs, with findings underscoring the finance department's pivotal involvement in formulating metrics for gauging sustainable practices. Notably, the primary action taken by the finance function to address sustainability-related risks was operational risk management. Recognizing the imperative for finance professionals in SMEs to extend their skill set beyond conventional financial accounting competencies, Mohammed and Bunyaminu (2021) advocate for support from finance professional bodies. This expansion is deemed essential to empower SME finance officials with the requisite expertise for making critical decisions related to sustainability practices. However, it is noteworthy that the study's limitation lies in its exclusive focus on the finance department, warranting future exploration of other organizational facets.

Heenkenda et al. (2022) conducted a study aimed at evaluating the impact of innovation capability on the sustainability of SMEs, employing evidence from the knowledge-based view and knowledge creation theory. They constructed a comprehensive model to systematically analyse the interconnections among innovation capability, disruptive technology, and knowledge creation and their consequential effects on SME sustainability. The study encompassed a sample of 384 SME owners in Sri Lanka. Through structural equation modelling, the research findings revealed favourable influences of innovation capability, disruptive technology, and knowledge creation on sustainability. Notably, innovation capability was identified as a precursor to both disruptive technology and knowledge creation. Additionally, disruptive technology and knowledge creation were identified as partial mediators in the relationship between innovation capability and SME sustainability. Consistent with the insights of Mohammed and Bunyaminu (2021), policymakers are urged to play a crucial role in fostering sustainability within SMEs by aiding in the enhancement of their performance in competitive and innovative economic landscapes. It is suggested that the validated model could be subject to empirical testing in subsequent research endeavours. However, it is essential to acknowledge that the structural model in this study exclusively concentrated on the positive facets of SME sustainability.

### **2.3.3 Environmental Factors and the Sustainability of Enterprises**

According to Petts (2005), environmental sustainability involves monitoring human actions on the natural environment to preserve natural resources. It requires the responsible use of both

renewable and non-renewable resources, as well as controlling emissions and waste. The concept of environmental integrity is central to environmental sustainability, as it refers to human behaviour that does not harm the earth's land, water, and air resources. However, the literature has yet to thoroughly examine the applicability, efficiency, monitoring, and assessment aspects of sustainability. In their study, Adebajo et al. (2016) found that companies, particularly manufacturers, are influenced by coercive forces. Manufacturers, being major contributors to environmental degradation, face greater external pressure. In a study conducted in Malaysia, Kumar and Rahman (2015) discovered that coercive constraints had a significant impact on companies' adoption of environmental sustainability strategies. Their findings emphasized the influence of competitive and regulatory forces in driving the implementation of environmentally friendly practices. Additionally, the impact of isomorphic forces on the adoption of sustainable practices is gaining importance, as highlighted by Manzanque-Lizano et al. (2019).

In the exploration of business sustainability, Nilashi et al. (2019) define it as the conscientious operation of a business to avoid adverse environmental impacts. Álvarez et al. (2019) conducted a comprehensive study focusing on the impediments faced by small and medium-sized enterprises (SMEs) in the execution of sustainable development initiatives. They devised a search equation and meticulously reviewed the 50 most cited articles from Scopus between the years 2013 and 2017. The chosen criteria for article analysis encompassed article details such as title, publication year, country, continent, journal, affiliated universities, abstract, and keywords. Out of the study emerged 175 identified barriers to sustainability for SMEs, with prominent obstacles being insufficient resources, the substantial initial capital outlay required for sustainability measures, and a lack of expertise. The concluding segment of the article presents a proposal showcasing the categorization of these barriers based on "sector," "sustainability tool," and "internal/external," thereby providing a valuable resource for future qualitative and quantitative studies on sustainability barriers in SMEs. Contrary to the findings, Akkaya & Üstgörü (2020) contend that effective management can allocate funds for sustainable practices, potentially achieving the desired sustainability levels. Notably, the study did not assess management's responsiveness to the implications of embracing sustainable practices.

Das et al. (2020) undertook an extensive examination of existing literature to evaluate the present state of corporate sustainability practices, challenges, and issues within SMEs. The

study framework aimed at enhancing and strategically managing sustainability practices in the evolving market landscape of Asia. The researchers delved into the theoretical underpinnings explaining why SMEs bear the responsibility for sustainable development. Following a comprehensive literature review at a heightened level, the researchers identified gaps, formulating research questions that sought to uncover the reasons behind the lag in corporate sustainability practices among SMEs, particularly in the emerging markets of Asia. The study revealed that while corporate sustainability is well-established in large organizations, there is a noticeable neglect of social and environmental practices in SMEs, especially within emerging markets, as indicated by Brennan et al. (2011). According to Brennan et al., adopting a collaborative operational approach, government policies and facilitation, and fostering an organizational culture can exert a positive influence on the sustainability performance of SMEs, thereby enhancing their financial outcomes.

Emilsson et al. (2020) delved into the impact of sustainable innovation on SMEs within the ongoing metamorphosis of the primary healthcare sector. The study aimed to comprehend the innovation processes within the context of sustainable development, specifically applied to a local primary healthcare centre. The researchers employed seven semi-structured interviews to gather data, subsequently conducting a qualitative thematic analysis. Five overarching themes emerged in connection to the ongoing transformation of the primary healthcare sector: (1) the sustainable innovation process in a long-term context; (2) the perspectives of companies on healthcare innovations; (3) the repercussions of healthcare innovations; (4) the development of sustainable products or services; and (5) the collaborative role in the innovation process. The companies conveyed a favourable stance towards novel innovations, considering them an inherent aspect of their developmental journey. The researchers concluded that collaborative efforts among cross-disciplinary teams facilitate the essential learning, creation, and sharing of knowledge. They highlighted the necessity for further exploration concerning environmental factors impacting sustainability.

## **2.4 Summary of Empirical Review and Research Gaps**

A review of past empirical studies demonstrated that a number of researchers have done various studies as regards the sustainability of various SMES. The review facilitated the identification of various variables, the methodologies, key findings, conclusions and recommendations from the researchers, which consequently helped the current study identify the gaps that needed to

be filled. The study findings, recommendations, and conclusions might contribute to existing and future research and close gaps in business practice regarding business sustainability strategies SME business owners.

Despite the numerous studies on the sustainability of SMEs, the literature reviewed indicated that variables in the majority of studies have been done are associated with financial aspects, innovations, lack of expertise, recruitment and retention. It was difficult to find studies that focus on healthcare enterprises. Only one study by Emilsson et al. (2020) focused on healthcare by assessing the process of sustainable innovation in a long-term perspective; the healthcare companies' views on innovations in healthcare; effects of innovations in healthcare; sustainable product or service development, and the role of collaboration in the innovation process.

In addition, there was little empirical evidence locally in relation to sustainability strategies among SMEs in Kenya. Most of the studies are based on the SMEs located in America, Asia, and Europe and very few researchers looking into the African context. This establishes a gap in relation to scope providing a rationale for further research. Finally, several studies focused more on benefits attached to sustainability rather than the strategies that can be used to implement sustainability practices and achieve sustainability objectives in SMEs. Consequently, it was in this background the researcher contended that there is a need to further explore and document the same for use in academia and in practice. Generally, further investigation is needed when it comes to HR capacity factors, economic factors, environmental factors, and social factors. A summary of the research gaps are presented in Table 2.1.

**Table 2.1: Summary of Reviewed Literature and Research Gaps**

<b>Author &amp; Year</b>	<b>Subject of Study</b>	<b>Findings</b>	<b>Gap</b>	<b>Focus of this study</b>
Muñoz-Pascual, Galende & Curado (2021)	Contributions to sustainability in SMEs	Creativity is an antecedent variable of sustainable product innovation performance irrespective of HR model	The study did not use assess the extent to which conducive work environment contributes to sustainability	This study will examine respondents about how conducive work environment affects the sustainability of healthcare SMEs in Kenya.

Afshar Jahanshahi & Brem (2017)	How top management teams contribute to sustainability of SMEs	A highly behaviourally integrated top management team is more likely to engage in sustainability-oriented actions	Further investigation is needed regarding how top management train junior employees towards sustainability	This study will examine respondents on how career coaching and training affects sustainability of healthcare SMEs
Langwell & Heaton (2016)	HR activities and SMEs' sustainability	SMEs focused on recruitment and retention but ignored communication, engagement, and incentives.	The study used a very small sample size, which could make it difficult to substantiate the reliability of the findings.	This will be a census study that includes all employees of a leading health enterprise in Kenya
Allam & Alhammad (2022)	Sustainability of engineering SMEs in Saudi Arabia	Leadership significantly and positively influences sustainability of engineering SMEs in Saudi Arabia	The study failed to include rewards and recognition as an important aspect of encouraging leadership	This study includes rewards and recognition as a measurement of HR capacity
Jia, Tang & Kan (2020)	Relationship between sustainability of innovation in SMEs and the support of China's NIS	China's NIS is partly significant to the sustainability of SMEs' innovation activities	The study did not examine the economic factors that affect the sustainability	This study will examine three key economic factors: efficient resource allocation, business collaborations, employment of locals
Manzaneque-Lizano, Alfaro-Cortés & Priego de la Cruz (2019)	Financial influence of stakeholders on the likelihood of business failure among Spanish SMEs	Employees, customers and suppliers play a key role in the long-term sustainability of SMEs	The study results did not reflect the key economic capacity factors that affect sustainability	The independent variable "efficient resource allocation" is one of the financial factor that influences SMEs sustainability

Ye & Kulathunga (2019)	Role of financial literacy in promoting sustainability in SMEs	Financial literacy is a predictor of access to finance and financial risk attitude	The structural equation model only focused on direct positive effects of SME sustainability	This study will investigate both positive and negative effects of various variables on sustainability of SMEs.
Kimanzi & Gamede (2020)	Role of finance department in promoting SMEs' sustainable business practices	Finance department plays a significant role in the development of metrics for measuring sustainable practices	The study only focused on the finance department	This study will focus on the entire healthcare enterprise
Hussain et al. (2018)	Social sustainability in the supply chain of healthcare organisations in the UAE.	Socially sustainable supply chain would offer more benefits for hospital managers	Further investigation is needed when it comes to other social factors that affect sustainability of healthcare SMEs	This study will focus on community engagement, philanthropic efforts, work-life balance as social factors affecting sustainability
Emilsson et al. (2020)	Role of sustainable innovation in SMES transforming the primary healthcare sector	The process of sustainable innovation is a long-term perspective	Further investigation is needed when it comes to the environmental factors affecting sustainability	This study will focus on water and energy conservation, green product development, develop recycling programme

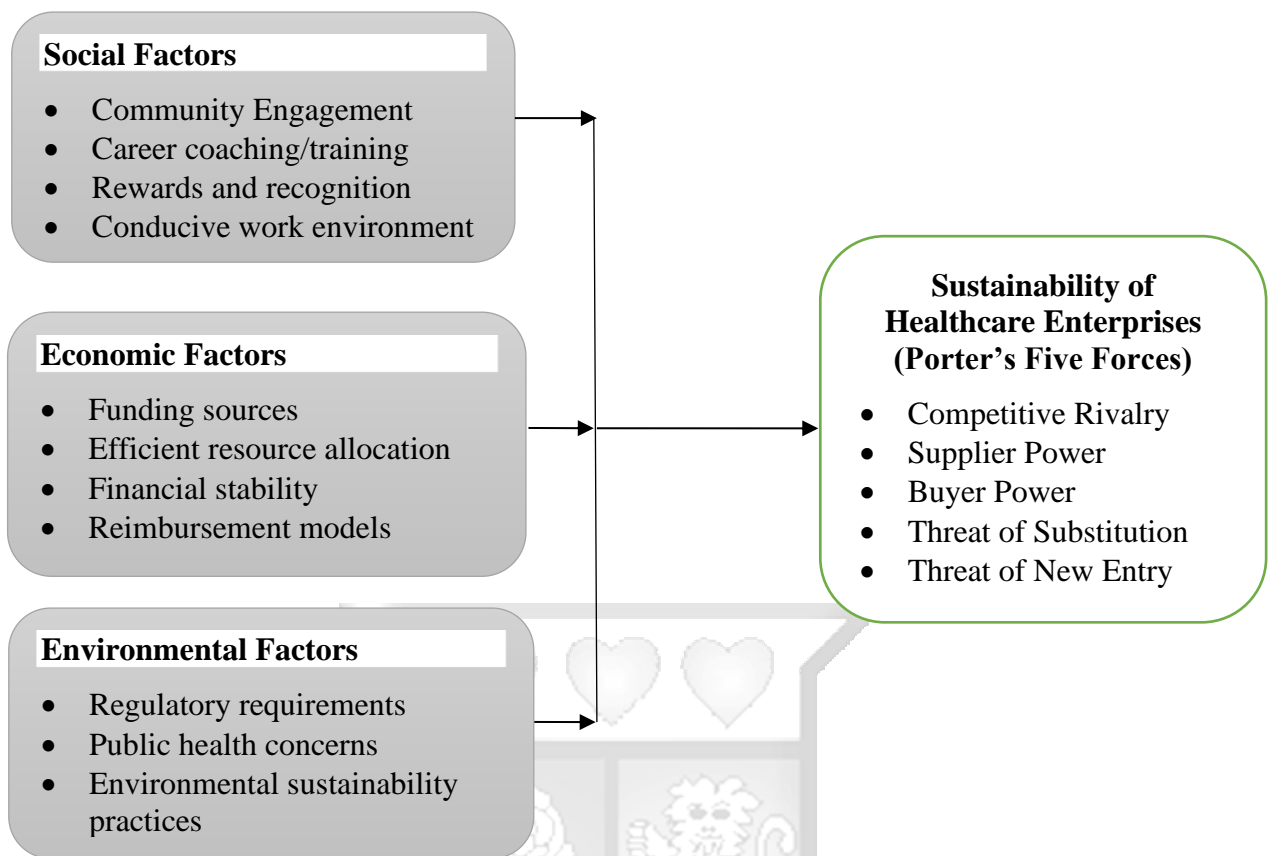
Source: Author (2023)

## 2.5 Conceptual Framework

A conceptual framework is a diagrammatical illustration of how a researcher intends to explain how variables in a study are interconnected or related as shown in Figure 2.1

**Independent Variables**

**Dependent Variable**



**Figure 2.1: Conceptual Framework** (Author, 2023)

## 2.6 Operationalization of Variables

In this study, the independent variables (IVs) include HR capacity, economic factors, environmental factors, and social factors, while the dependent variable (DV) is sustainability of healthcare enterprises. Table 2.2 shows how the variables will be operationalized and measured.

**Table 2.2: Operationalization of the Variables**

Variable	Operationalisation	Measurement	Method of data analysis
HR Capacity	<ul style="list-style-type: none"> <li>Career coaching/training</li> <li>Rewards and recognition</li> <li>Conducive work environment</li> </ul>	Ordinal Scale	Descriptive
Economic factors	<ul style="list-style-type: none"> <li>Efficient resource allocation</li> <li>Business collaborations</li> <li>Employment of locals</li> </ul>	Ordinal Scale	Descriptive
Social factors	<ul style="list-style-type: none"> <li>Community engagement</li> <li>Philanthropic efforts</li> <li>Work-life balance</li> </ul>	Ordinal Scale	Descriptive

Environmental factors	<ul style="list-style-type: none"> <li>• Water and energy conservation</li> <li>• Green product development</li> <li>• Develop recycling programmes</li> </ul>	Ordinal Scale	Descriptive
Sustainability of Healthcare Enterprises	<ul style="list-style-type: none"> <li>• Competitive Rivalry</li> <li>• Supplier Power</li> <li>• Buyer Power</li> <li>• Threat of Substitution</li> <li>• Threat of New Entry</li> </ul>	Ordinal Scale	Descriptive

Source: Author (2023)

Porter's Five Forces model is a powerful tool for analysing the competitive environment of an industry. By evaluating the following five forces, MYDAWA can gain insights into the far-reaching market aspects that affect sustainability:

- Threat of new entrants: Understanding barriers to entry helps identify how sustainable MYDAWA is against new competitors. High barriers (e.g., regulatory requirements, high initial investment) can protect existing players.
- Bargaining power of suppliers: Evaluating supplier power ensures that MYDAWA can secure essential supplies (medications, technology) at reasonable costs, which is crucial for long-term operations.
- Bargaining power of buyers: Analyzing customer power helps determine the degree to which MYDAWA can maintain pricing strategies without losing customers, crucial for financial sustainability.
- Threat of substitute products or services: Identifying potential substitutes highlights areas where MYDAWA must innovate or diversify to maintain relevance and competitiveness.
- Industry rivalry: Assessing the level of competition helps MYDAWA understand the intensity of competitive pressure, informing strategies to maintain or improve market position.

## 2.7 Chapter Summary

This chapter reviewed existing literature regarding the sustainability of various SMES as per each objective of the study, which touch on four independent variables: human resource capacity, social factors, economic factors, and environmental factors. The theory of CSR and the stakeholder theory will facilitate the interpretation of relevant data, and justify the findings

of the study. The research gaps is that despite the numerous studies on the sustainability of SMEs, majority of past studies are associated with financial aspects, innovations, lack of expertise, recruitment and retention. It was difficult to find studies that focus on healthcare enterprises. The next chapter discusses the research methodology.



## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

The general objective of the study was to establish factors that influence the sustainability of healthcare enterprises in Nairobi County. This chapter presents the research methodology which includes the research design, sample population, data collection, and the data analysis methods that was used.

#### **3.2 Research Philosophy**

Research philosophy refers to the set of beliefs, assumptions, and principles that guide the way researchers approach their work and the nature of knowledge they seek to produce. It underlies the entire research process, influencing the choice of research methods, data collection techniques, and data analysis methods (Kirono & Odoyo, 2020). The research process is dominated by four philosophical views: pragmatism, positivism, interpretivism, and realism. Pragmatism is a philosophical notion that an ideology is true if it works suitably in practical circumstances and that impractical ideas must be rejected. Interpretivism obliges interprets the world as a different entity and human beings as the observer. The subject being observed goes a long way in affecting the research results. The principle of realism is revealing the true reality and interprets objects as existing independently according to how the human mind perceives them. Positivism involves objectivity, which claims that the social world be examined objectively and not through subjective approaches. If the research philosophy replicates positivist concepts, then the researcher will almost certainly agree to take the rational approach (Tamminen & Poucher, 2020).

With reference to the research topic and research hypotheses, this study adopted the pragmatic view. Pragmatism allows for methodological flexibility, enabling the researcher to use any methods that provide useful insights. Mixed methods research, which integrates both quantitative and qualitative approaches, aligns with this flexibility. This approach helped gather numerical data on sustainability metrics (quantitative) and explore deeper insights into the challenges and strategies of MYDAWA (qualitative). According to Saunders et al. (2019), a pragmatist philosophy values diverse perspectives and the integration of various types of data to form a holistic understanding.

### **3.2 Research Design**

Research design of a study denotes the general strategy that a researcher incorporates in order to structure various components logically and coherently so that the research objectives are addressed comprehensively (Abbott & McKinney, 2013). Not only is research design the blueprint of data collection, but it also outlines the type of data to be collected, why the data is important for the study, and how the data will be analysed to address the research problem. This study adopted a mixed research design, which uses both components of qualitative research and quantitative research with the aim of answering the research questions. As explained by Mikalef et al. (2019), mixed research design provides detailed ways of approaching complex issues in a study since it incorporates philosophical frameworks of both interpretivism and positivism by interlinking quantitative and qualitative data to explain research issues meaningfully.

The mixed-method approach combined qualitative interviews and surveys to gather data from the management of MYDAWA Pharmacy in Nairobi County. Both quantitative and qualitative data were gathered at the same time. Quantitative data provided numerical insights into patterns, trends, and relationships, while qualitative data offered in-depth insights into the underlying reasons, motivations, and perceptions of the research questions. The qualitative data provided in-depth insights into their experiences, while the quantitative data helped gather quantitative data regarding factors that influence the sustainability of healthcare enterprises. In this study, the quantitative approach was accomplished using structured questionnaires, while the qualitative approach was accomplished using key informant interviews. Both approaches provided a deeper understanding of sustainability of healthcare enterprises as echoed by the opinions of respondents. The unit of analysis was sustainability practices, resource management, and financial viability of the healthcare enterprise.

### **3.3 Target Population**

As defined by Soloff et al. (2009), a target population is an all-inclusive group of people or items that a researcher chooses to focus on in order to study them or collect data from them before generalising their results. The target population of the study comprised of all managers and supervisors of MYDAWA Pharmacy located in Westside Towers in Nairobi County. The researcher selected it because the location and online presence of the pharmacy was convenient

in terms of accessibility and effortless data collection. At the time of the study, there were 26 managers and supervisors in the company.

### 3.4 Sampling Design

Soloff, Lawrence & Johnstone (2005) define sampling design as the technique that helps the researcher to identify and select a suitable sample from a population for the purposes of narrowing down to the study population accurately. MYDAWA Pharmacy employees provided key answers to the research questions regarding the sustainability of healthcare enterprises. The researcher used purposive sampling to randomly selecting respondents from the population with every individual having an equal chance of being chosen. The population was divided into two groups: managers and supervisors. The list was obtained from their human resource department as shown in Table 3.1.

**Table 3.1: MYDAWA Pharmacy Employees**

Category	No. of Employees
Managers	8
Supervisors	18
<b>Total</b>	<b>26</b>

Source: MYDAWA Pharmacy HR Department, Westside Towers (2024)

The census method was used to include the entire population in the study. The researcher chose census not only to achieve statistical confidence from the small sample, but also because it is less expensive and less time-consuming.

### 3.4 Data Collection Methods

The study collected primary data using a structured questionnaire (Appendix I) and key informant interview guide (Appendix II).

#### 3.4.1 Structured Questionnaires

Roopa & Rani (2012) explain that questionnaires efficiently and promptly gather information that can easily be coded and analysed. The questionnaire provided the participants with a set of close-ended questions based on a 5-point Likert scale. The questionnaire had five sections: Section A examined the respondent's demographic information; Section B addressed social

factors; Section C addressed economic factors; Section D examined environmental factors with regard to the sustainability of the healthcare enterprise.

### **3.4.2 Key Informant Interviews**

Managers were the key informants in the expert interviews. They provided data regarding the sustainability of healthcare enterprises, which is inherently lacking in the Kenyan governing system. An interview guide was used to solicit information from managers and supervisors. The researcher prepared questions beforehand to elicit information about the sustainability in the healthcare enterprise. Semi-structured interviews were used in instances where the researcher did not get a chance to interview some of the key informants. According to Schmidt (2004), semi-structured interviews uses open-ended questions. Based on the answers, the researcher asked follow-up questions to draw out more specific evidence about the sustainability of healthcare enterprises.

### **3.5 Research Procedures**

Data collection using questionnaires was carried out via the drop and pick method as well as by sharing the questionnaire to respondents via email. The questionnaires were delivered to the respondents who preferred filling them physically at the comfort of their place of their work or homes. The researcher emailed the questionnaires to respondents who were unable to receive the questionnaires by hand delivery as well as those who wanted to avoid the researcher inconveniencing their daily schedule. The researcher guided the respondents on the right way to fill the questionnaire accurately and honestly by giving clear instructions. Respondents were assured of anonymity because, as argued by Roopa & Rani (2012), people are more truthful when their opinions cannot be traced back to them. The respondents were given substantial time of two weeks to fill the questionnaires. The researcher checked the research instruments for consistency and completeness to get them ready for data analysis. The interviews were conducted after the HR department of MYDAWA pharmacy provided the day and time slots for the sessions. Each interview took approximately 2 hours.

### **3.6 Data Analysis Methods**

Data analysis involves the systematic examination, interpretation, and manipulation of collected data to extract meaningful insights, patterns, and relationships. It is crucial as it transforms raw data into understandable information, validating research hypotheses and

drawing objective conclusions (Smith et al., 2021). To ensure the integrity of the data, the data was subjected to a clean-up process to eliminate any inconsistencies and rectify errors in data entry. The researcher coded the questionnaire responses to effectively remove any hidden data entry errors.

Qualitative data from the key informant interviews was analysed by developing and applying themes and codes that represent the issues surrounding sustainability of healthcare enterprises with meaningful titles that cover social factors, economic factors, and environmental factors, along with their implications. The data was also analysed using the narrative analysis method by reformulating the different experiences of all respondents' cases. Quantitative data was entered into IBM SPSS software version 27 for analysis. Descriptive statistics, including mean, percentages and frequencies were used to determine the relationship between the variables. The study also used inferential statistics including correlation and regression. Data was presented using tables and figures.

The regression equation is as follows:

$$Y = (\Omega_0) + (\Omega_1X_1) + (\Omega_2X_2) + (\Omega_3X_3) + \epsilon,$$

Where,

$Y$  = Sustainability of Healthcare Enterprises

$\Omega_0$  = Intercept

$X_1$  = Social Factors

$X_2$  = Economic Factors

$X_3$  = Environmental Factors

$\Omega_1, \Omega_2, \Omega_3$  and  $\Omega_4$  are the coefficients of the regression

$\epsilon$  = the error Term

### 3.7 Ethical Considerations

Since humans made up the target population of this study, the respondents were assured of anonymity and confidentiality as they were asked not to specify their names on the survey instrument. The researcher visited the HR department of MYDAWA Pharmacy to ensure that the respondents were informed about their role in the study. All approvals and permission were

sought from Strathmore University Business School before distributing the questionnaires to the respondents to conduct the study.

### **3.6 Chapter Summary**

This chapter has presented the research methodology that was used to collect data regarding the factors influencing the sustainability of healthcare enterprises in Nairobi County. This study adopted a mixed research design. Structured questionnaires and key informant interviews were used to collect primary data. Results and findings are presented in the next chapter.



## CHAPTER FOUR

### PRESENTATION OF RESEARCH FINDINGS

#### 4.1 Introduction

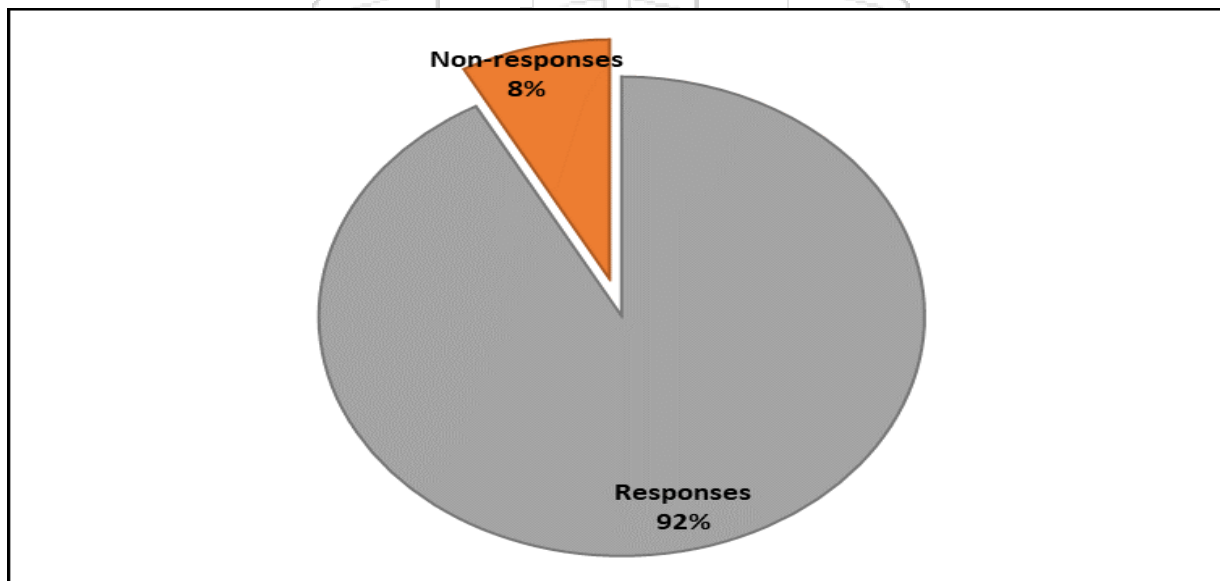
This chapter presents the research findings as per the data analysis. The general purpose of the study was to establish factors that influence the sustainability of healthcare enterprises in Nairobi County. Tables and figures were used to present the findings obtained from the questionnaires and the researcher discussed them using descriptive statistics and inferential statistics.

#### 4.2 General Information

This section presents the response rate and demographic information of the respondents who took part in the study.

##### 4.2.1 Response Rate

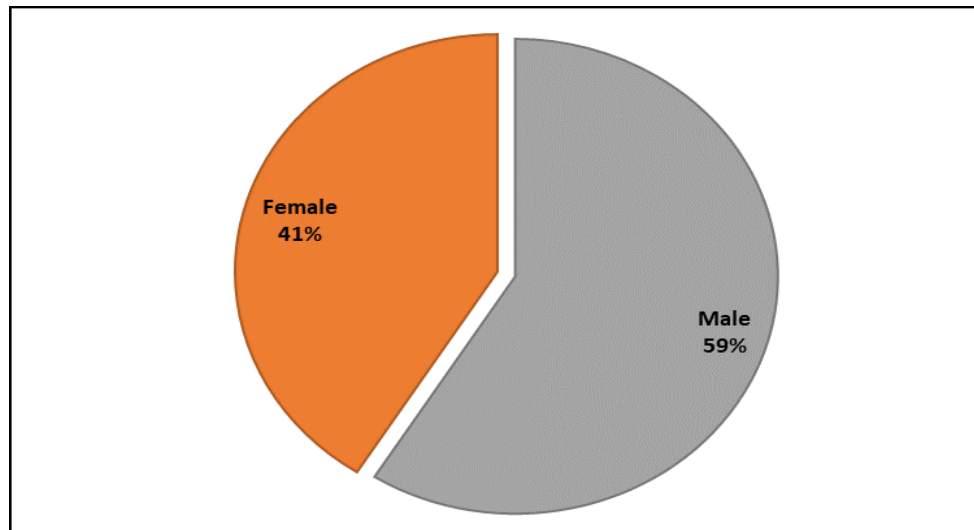
Since the study sampled 26 respondents to participate in the study, the same number of questionnaires were distributed, and 23 of them were filled and returned. This represented a 92% response rate. As explained by Mugenda & Mugenda (2003), a study that yields a response rate of 70% and above is adequate and consistent for analysis and presentation of findings. Figure 4.1 summarizes the findings.



**Figure 4.1: Response Rate**

#### 4.2.2 Gender

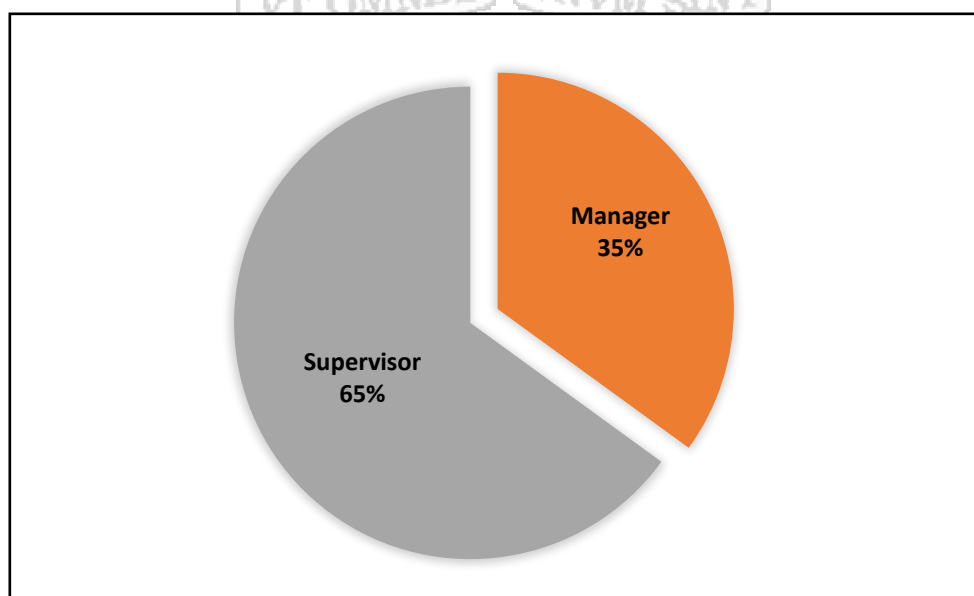
The study examined the respondents' gender to determine whether it plays a role in the sustainability of healthcare enterprises in Nairobi County. According to the findings, 41% of the respondents were male, while 59% were female. Figure 4.2 summarises the findings.



**Figure 4.2: Respondents' Gender Distribution**

#### 4.2.3 Position in the Firm

The study examined the respondents' positions in the firm. The findings revealed that the 65% of the respondents were supervisors, while 35% were managers. Figure 4.3 summarises the findings.



**Figure 4.3: Position in the Firm**

#### 4.2.4 Level of Education

The study examined the respondents' education levels in order to ascertain whether it plays a role in the sustainability of healthcare enterprises in Nairobi County. The findings revealed that the majority of the respondents had attained a bachelor's degree (56%) followed by master's degree (21%), diploma (14%), and PhD (9%). Figure 4.4 summarises the findings.

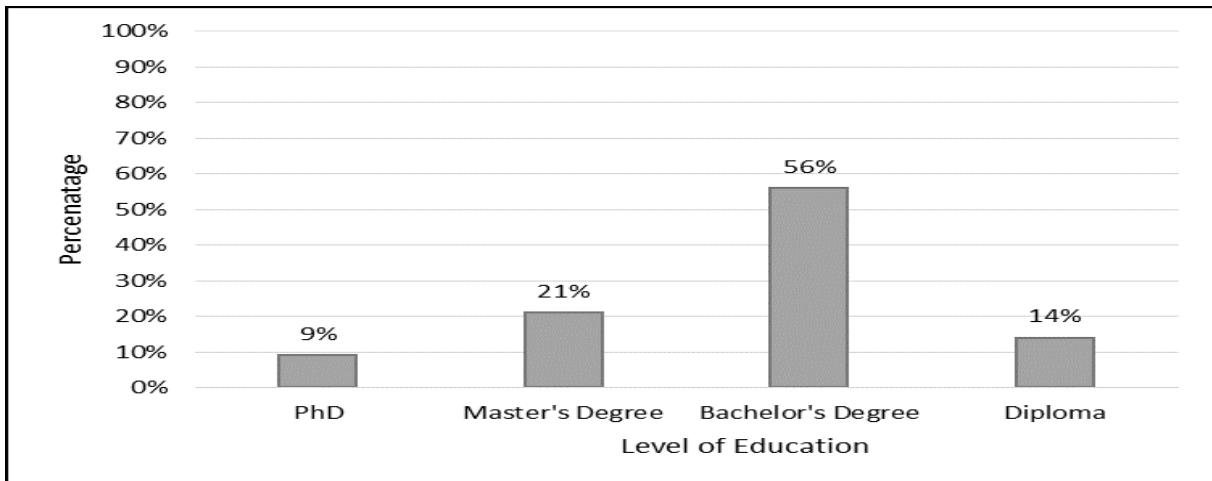


Figure 4.4: Respondents' Level of Education

#### 4.2.5 Work Experience

The study examined the respondents' work experience at MYDAWA Pharmacy. The findings revealed that the majority of the respondents had worked in their SACCOs for 3-4 years (46%), followed by 1-2 years (33%), 5-6 years (18%); and the least had worked for over 6 years (3%). Figure 4.5 summarises the findings.

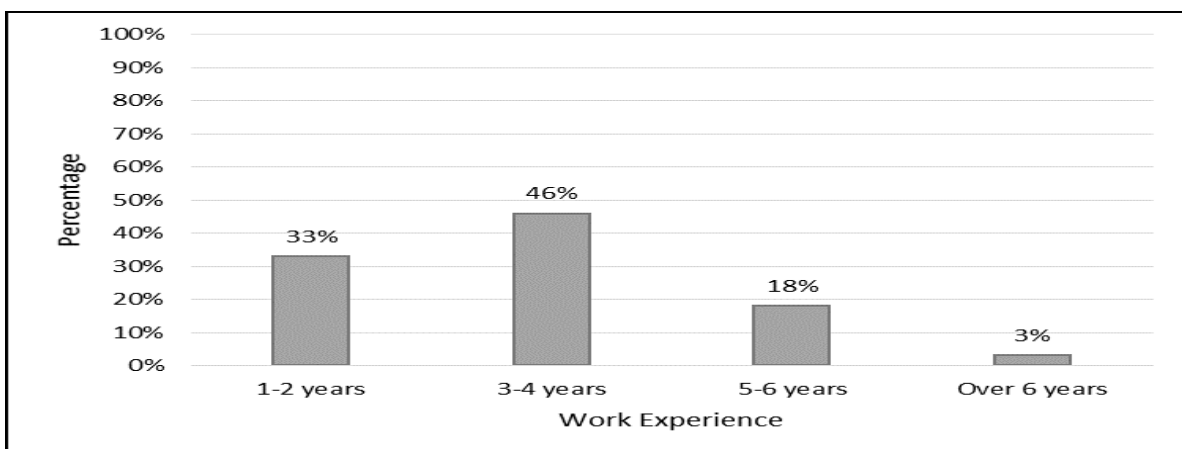


Figure 4.5: Respondents' Work Experience

### 4.3 Sustainability of Healthcare Enterprises in Nairobi County

The study asked the respondents to indicate the extent to which they agreed with various statements regarding the sustainability of healthcare enterprises in Nairobi County. Table 4.1 summarises the findings:

**Table 4.1: Sustainability of Healthcare Enterprises**

Statement	1	2	3	4	5	M	SD
The threat of new entrants significantly impacts the sustainability of healthcare enterprises.	29.3%	20.0%	20.0%	18.7%	12.0%	2.92	.617
The bargaining power of suppliers plays a crucial role in determining the sustainability of healthcare enterprises.	11.0%	13.7%	10.3%	26.0%	39.0%	3.26	.715
The bargaining power of buyers/patients significantly affects the sustainability of healthcare enterprises.	9.3%	10.7%	16.0%	33.3%	41.3%	4.05	.741
The threat of substitute products/services has a notable impact on the sustainability of healthcare enterprises.	3.3%	6.7%	8.0%	42.0%	40.0%	4.01	.777
The intensity of competitive rivalry significantly influences the sustainability of healthcare enterprises.	2.3%	7.0%	10.0%	48.7%	32.0%	3.86	.603
<b>Average</b>						<b>3.62</b>	<b>.691</b>

The respondents strongly agreed that the bargaining power of buyers/patients significantly affects the sustainability of healthcare enterprises (M=4.05, SD= 0.741); and the threat of substitute products/services has a notable impact on the sustainability of healthcare enterprises (M=4.01, SD=0.777). The respondents also agreed that the intensity of competitive rivalry significantly influences the sustainability of healthcare enterprises (M=3.86, SD=0.603); and the bargaining power of suppliers plays a crucial role in determining the sustainability of healthcare enterprises (M=3.26, SD=0.715). The respondents neither agreed nor disagreed that the threat of new entrants significantly impacts the sustainability of healthcare enterprises (M=2.92, SD=0.617). Overall, the respondents strongly agreed that sustainability plays a key role in healthcare enterprises (M=3.62, SD=0.691).

## 4.4 Social Factors and Sustainability of Healthcare Enterprises

### 4.4.1 Descriptive Statistics

This subsection presents the descriptive statistics of the first objective. The study determined how social factors influence the sustainability of healthcare enterprises in Nairobi County by providing statements that described the current situation. A 5-point Likert scale was used to evaluate the findings, where 5-Strongly Agree; 4-Agree; 3-Neither Agree nor Disagree; 2-Disagree; 1- Strongly Disagree. Table 4.2 summarises the findings:

**Table 4.2: Social Factors and Sustainability of Healthcare Enterprises**

Statement	1	2	3	4	5	M	SD
The company actively takes part in community events geared towards promoting sustainability	4.0%	10.7%	20.0%	32.0%	33.3%	3.80	.622
The work environment cares and supports employee wellbeing by eliminating factors that discourage productivity	5.3%	14.7%	8.0%	25.3%	46.7%	3.93	.840
The company promotes employees' innovative capacity through trainings on sustainability	0%	13.3%	22.7%	26.7%	37.3%	3.88	.466
The company provides an innovative work environment that engenders responsibility for environmental protection	1.4%	12.0%	13.3%	33.3%	40.0%	3.99	.601
Training employees provides factual knowledge for making informed decisions and cultivating sustainable change.	8.0%	12.0%	8.0%	41.3%	30.7%	3.75	.693
<b>Average</b>						<b>3.87</b>	<b>.644</b>

The respondents agreed that support the company provides an innovative work environment that engenders responsibility for environmental protection (M=3.99, SD=0.601); the work environment cares and supports employee wellbeing by eliminating factors that discourage productivity (M=3.93, SD=0.840); the company promotes employees' innovative capacity

through trainings on sustainability (M=3.88, SD=0.466); the company actively takes part in community events geared towards promoting sustainability (M=3.80, SD=0.622); and training employees provides factual knowledge for making informed decisions and cultivating sustainable change (M=3.75, SD=0.693). Overall, the respondents agreed that social factors influences the sustainability of healthcare enterprises in Nairobi County (M=3.87, SD=0.644).

#### 4.4.2 Inferential Statistics

##### 4.4.2.1 Correlation Analysis

The study used Spearman rank correlation to analyse the relationship between the social factors and the sustainability of healthcare enterprises. Table 4.3 summarises the findings.

**Table 4.3: Correlation Matrix**

	<b>Sustainability of Healthcare Enterprises</b>	<b>Social Factors</b>
<b>Sustainability of Healthcare Enterprises</b>	1	
<b>Social Factors</b>	.715*	1
	.023	.000
	57	57

\*. *Correlation is significant at the 0.05 level (2-tailed)*

According to the results of the Pearson’s correlation test, there was a moderately positive correlation between Social Factors and Sustainability of Healthcare Enterprises (r=0.715, p<0.023). Since the p-value in all the results is less than 0.05, it was concluded that the relationship between the variables is statistically significant.

##### 4.4.2.2 Relationship between Social Factors and Sustainability of Healthcare Enterprises

A simple regression analysis was adopted to establish the extent to which social factors influence sustainability of healthcare enterprises. Table 4.4 summarises the findings.

**Table 4.4: Regression Summary between Social Factors and Sustainability of Healthcare Enterprises**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.796 <sup>a</sup>	.634	.629	0.1136

a. Predictors: (Constant), Social Factors

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	102.771	1	102.771	51.157	.000 <sup>b</sup>
	Residual	115.254	53	2.175		
	Total	218.025	54			

a. Dependent Variable: Sustainability of Healthcare Enterprises

b. Predictors: (Constant), Social Factors

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	6.125	2.185		2.352	.011
Social Factors	.523	.035	.796	5.128	.000

a. Dependent Variable: Sustainability of Healthcare Enterprises

With an R-square value of 0.634 ( $R^2 = .634$ ), this indicates that social factors influence 63.4% of the existing variability in the sustainability of healthcare enterprise. The statistical measure in the regression model indicates a strong and positive relationship between the social factors and the sustainability of healthcare enterprises. According to the ANOVA results, the F statistic computed to test the significance of the regression model produced a significance value of 0.000. Since this value exceeds the 0.05 significance level, this confirms that there existed a statistically significant relationship between social factors and the sustainability of healthcare enterprises. The B-value of the social factors (.523) was statistically significant, Sig = .000 < .05. This indicates that a unit change in social factors leads to a .523 change the sustainability of healthcare enterprises in Nairobi County, Kenya.

#### **4.4.3 Qualitative Analysis from the Interview Schedules**

Qualitative data from the key informant interviews was analysed by developing and applying themes that represent the social factors surrounding sustainability of healthcare enterprises along with their implications.

##### **4.4.3.1 Customer Trust and Cultural Beliefs**

The study found that customer trust plays a crucial role in healthcare enterprises because it interlinks with cultural norms. The respondents highlighted that in Kenya, where healthcare decisions are often influenced by cultural beliefs and practices, gaining and maintaining trust is essential for sustainability. One of the managers emphasised that understanding cultural norms surrounding health and medicine is fundamental for earning the confidence of customers. He provided an example with the Maasai and Kalenjin communities having specific preferences for traditional remedies or rituals alongside modern pharmaceutical options. This theme emphasises the inevitability for healthcare enterprises to navigate diverse cultural landscapes sensitively in order to remain sustainable. It suggests that sustained success requires not only delivering quality services but also aligning with local beliefs and practices.

##### **4.4.3.2 Community Engagement and Health Education**

The study also revealed that community engagement and health education is important in sustaining healthcare enterprises. Majority of the respondents stated that societal expectations often prioritize community well-being and health outcomes. One of the managers stressed the need for healthcare enterprises to actively engage with communities, addressing prevalent health concerns and providing educational resources. Another one provided examples of relevant initiatives such as health camps, awareness programs, and partnerships with local leaders or organizations that play a key role in promoting the sustainability of healthcare enterprises in Kenya. This theme emphasises the symbiotic relationship between healthcare enterprises and the communities they serve. It suggests that sustainability hinges on enterprises actively contributing to public health agendas and meeting societal expectations of corporate social responsibility.

#### **4.4.3.3 Regulatory Compliance and Cultural Sensitivity**

The study found that while regulatory compliance is significant in the sustainability of healthcare enterprises, it is also important to consider cultural sensitivities. The respondents indicated that Kenya's healthcare landscape is governed by regulations that healthcare enterprises must adhere to, ensuring quality standards and ethical practices. They highlighted the challenge of circumnavigating a number of regulations while remaining culturally sensitive. For instance, certain cultural beliefs may conflict with medical protocols or regulations, such as debate over abortion and religious groups refusing prescription medications. This is compounded by the existence of many regulatory bodies in the provision of private healthcare, such as the Ministry of Health, the Pharmacy and Poisons Board, Clinical Officers Council, and Nursing Council of Kenya among others. The respondents also indicated the importance of striking a balance between compliance and cultural respect to sustain trust and legitimacy. This theme highlights the multifaceted relationship between regulatory frameworks and cultural dynamics, which forces enterprises to operate within legal parameters while also adapting to cultural confines in order to remain sustainable.

#### **4.4.3.4 Workforce Diversity and Inclusivity**

The study also revealed that workforce diversity and inclusivity play a key role in navigating social factors with regard to sustainability of healthcare enterprises. One of the managers explained that since Kenya is culturally diverse, with various ethnic groups and languages, having a diverse workforce, reflective of the community it serves, enhances trust and understanding. Another respondent emphasised that it is important to recruit personnel from diverse backgrounds, proficient in local languages in Kenya and accustomed to the many cultural beliefs related to health and wellness. This theme highlights the significance of inclusivity as a driver of sustainability. It suggests that enterprises fostering an inclusive work environment are better positioned to navigate cultural complexities and build meaningful relationships with diverse clientele.

#### **4.4.3.5 Adaptation to Changing Societal Dynamics**

The study also revealed the necessity for healthcare enterprises to adapt to evolving societal dynamics in order to remain sustainable in the long term. One of the respondent's explained that Kenya, like many countries, experiences shifts in societal attitudes, demographics, and health priorities over time. He argued that sustainable enterprises must remain agile, responsive

to changing norms and expectations. He cited examples such as the growing demand for telemedicine services since the COVID-19 pandemic as well as increasing preferences for eco-friendly practices. This theme emphasises the importance of foresight and innovation in sustainability efforts, which goes a long way in suggesting that enterprises capable of anticipating and embracing societal changes are more likely to thrive in dynamic environments.

#### 4.5 Economic Factors and Sustainability of Healthcare Enterprises

##### 4.5.1 Descriptive Statistics

This subsection presents the descriptive statistics of the second objective. The study determined how economic factors influence the sustainability of healthcare enterprises in Nairobi County by providing statements that described the current situation. A 5-point Likert scale was used to evaluate the findings, where 5-Strongly Agree; 4-Agree; 3-Neither Agree nor Disagree; 2-Disagree; 1- Strongly Disagree. Table 4.5 summarises the findings:

**Table 4.5: Economic Factors and Sustainability of Healthcare Enterprises**

Statement	1	2	3	4	5	M	SD
Financial resources play a key role in the sustainable implementation of projects	0%	7.0%	13.3%	15.7%	64.0%	4.37	1.192
Lack of future funding plans is detrimental to achieving sustainability goals	2.7%	6.7%	20.0%	32.0%	38.7%	3.97	.721
The company lacks sufficient financial resources to allocate towards achieving sustainability	20.0%	18.7%	12.0%	29.3%	20.0%	3.11	.504
The company prioritizes employing people from the local community	0.0%	14.7%	12.0%	33.3%	38.7%	3.92	.729
The company collaborates with other healthcare institutions to promote sustainability courses	2.7%	6.7%	20.0%	32.0%	38.7%	3.97	.721
<b>Average</b>						<b>3.23</b>	<b>.773</b>

The respondents strongly agreed that financial resources play a key role in the sustainable implementation of projects (M=4.37, SD=1.192). The respondents agreed that lack of future funding plans is detrimental to achieving sustainability goals (M=3.97, SD=0.721); the company collaborates with other healthcare institutions to promote sustainability courses (M=3.97, SD=0.721); the company prioritizes employing people from the local community (M=3.92, SD=0.729); and the company lacks sufficient financial resources to allocate towards achieving sustainability (M=3.11, SD=0.504). Generally, the respondents agreed that environmental factors influences the sustainability of healthcare enterprises in Nairobi County (M=3.23, SD=0.773).

#### 4.5.2 Inferential Statistics

##### 4.5.2.1 Correlation Analysis

The study used Spearman rank correlation to analyse the relationship between the economic factors and the sustainability of healthcare enterprises. Table 4.6 summarises the findings.

**Table 4.6: Correlation Matrix**

	<b>Sustainability of Healthcare Enterprises</b>	<b>Economic Factors</b>
<b>Sustainability of Healthcare Enterprises</b>	1	
<b>Economic Factors</b>	.923* .000	1 .000
	57	57

\*. Correlation is significant at the 0.05 level (2-tailed)

According to the results of the Pearson’s correlation test, there was a strongly positive correlation between economic factors and sustainability of healthcare enterprises (r=0.923, p>0.001). Since the p-value in all the results is less than 0.05, it was concluded that the relationship between the variables is statistically significant.

#### 4.5.2.2 Relationship between Economic Factors and Sustainability of Healthcare Enterprises

A simple regression analysis was adopted to establish the extent to which economic factors influence sustainability of healthcare enterprises. Table 4.7 summarises the findings.

**Table 4.7: Regression Summary between Economic Factors and Sustainability of Healthcare Enterprises**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.859 <sup>a</sup>	.738	.722	0.0856

a. Predictors: (Constant), Economic Factors

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	104.730	1	104.730	51.709	.000 <sup>b</sup>
	Residual	110.287	53	2.081		
	Total	215.017	54			

a. Dependent Variable: Sustainability of Healthcare Enterprises

b. Predictors: (Constant), Economic Factors

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	6.125	1.968		2.352	.002
Economic Factors	.599	.067	.859	6.937	.000

a. Dependent Variable: Sustainability of Healthcare Enterprises

With an R-square value of 0.738 ( $R^2 = .738$ ), this indicates that economic factors influence 73.8% of the existing variability in the sustainability of healthcare enterprises. The statistical measure in the regression model indicates a strong and positive relationship between the economic factors and the sustainability of healthcare enterprises. According to the ANOVA results, the F statistic computed to test the significance of the regression model produced a significance value of 0.000. Since this value exceeds the 0.05 significance level, this confirms that there existed a statistically significant relationship between economic factors and the sustainability of healthcare enterprises. The B-value of economic factors (.599) was statistically

significant,  $\text{Sig} = .000 < .05$ . This indicates that a unit change in economic factors leads to a .599 change the sustainability of healthcare enterprises in Nairobi County, Kenya.

#### **4.5.3 Qualitative Analysis from the Interview Schedules**

Qualitative data from the key informant interviews was analysed by developing and applying themes that represent the economic factors surrounding sustainability of healthcare enterprises along with their implications

##### **4.5.3.1 Funding Sources and Financial Stability**

The study revealed that funding sources and financial stability play a critical role in the sustainability of healthcare enterprises. Majority of the respondents highlighted that access to diverse funding sources, such as loans, grants, and partnerships is essential for initial setup, expansion, and operational continuity of the enterprises. Moreover, they stressed that multiple and reliable funding sources were important in maintaining a healthy cash flow and reserves to weather unforeseen challenges and fluctuations in reimbursement models or market dynamics. One of the top managers expressed that financial stability over the last three years has helped their enterprise to invest in long-term strategies, innovation, and quality improvement initiatives, thus enhancing their competitiveness and sustainability in the healthcare landscape.

This theme underscores the experiences drawn by the key informants from their day-to-day experiences to illustrate how fluctuations in funding sources or inadequate financial planning can destabilize healthcare enterprises, leading to operational constraints, workforce issues, and compromised patient care. Many respondents narrated success stories where prudent financial management enabled various healthcare enterprises to navigate economic uncertainties, seize growth opportunities, and sustainably meet the evolving needs of their clientele.

##### **4.5.3.2 Cost Management and Resource Allocation**

The study found that in addressing cost management and resource allocation, healthcare enterprises prioritise the significance of optimizing operational efficiencies, leveraging economies of scale, and adopting cost-effective practices without compromising service quality or patient outcomes. Majority of the respondents discussed many strategies such as strategic procurement, inventory management, streamlining administrative processes, and leveraging technology that have helped automate tasks and enhance productivity. One of the

managers expressed that effective resource allocation ensures optimal utilization of available resources, fosters innovation, and enables enterprises to adapt to changing market conditions while maintaining financial viability.

This theme reveals examples of how healthcare enterprises have successfully implemented cost-saving measures, reallocated resources based on priority areas, and fostered a culture of accountability and efficiency among staff members. It also highlights challenges related to resource scarcity, budget constraints, and competing demands, emphasizing the need for swift decision-making and continuous improvement to sustain operations and drive organizational resilience within the health enterprises.

#### **4.5.3.3 Investment in Technology and Infrastructure**

Regarding investment in technology and infrastructure, the study found that healthcare enterprises emphasize the pivotal role of innovation in enhancing service delivery, patient engagement, and operational effectiveness. Majority of the respondents indicated the extent to which economic factors have influenced investment decisions, including the adoption of electronic health records, telemedicine platforms, data analytics tools, and other digital solutions aimed at improving clinical outcomes, reducing costs, and expanding access to care. The key informants indicated that investments in infrastructure improvements, such as facility upgrades, equipment modernization, and information technology systems, are essential for meeting regulatory requirements, enhancing patient safety, and ensuring long-term sustainability.

This theme also reveals insights into the challenges and opportunities associated with technology adoption, including cost considerations, interoperability issues, staff training needs, and data security concerns. The respondents highlighted examples of healthcare enterprises that have successfully leveraged technology to drive innovation, differentiate their services, and gain a competitive edge in the market. These include PharmaPlus, Goodlife Pharmacy, Glovo Pharma, and Well Spring Pharmacy. In addition, the respondents discussed the importance of strategic partnerships, vendor relationships, and stakeholder engagement in supporting technology-driven initiatives and achieving sustainable growth objectives.

#### **4.5.3.4 Economic Challenges across Development Phases**

Regarding addressing economic challenges across development phases, the study found that healthcare enterprises encounter distinct financial hurdles during start-up, growth, and maturity stages. During the start-up phase, securing initial funding, establishing market credibility, and navigating regulatory requirements pose significant challenges for new entrants. As enterprises grow, they also face pressures related to scalability, resource constraints, and competitive dynamics, requiring strategic planning, investment prioritization, and talent acquisition to sustain momentum and capitalize on emerging opportunities. In the maturity phase, healthcare enterprises must adapt to evolving market trends, consumer preferences, and regulatory reforms while managing operational costs, mitigating risks, and fostering innovation to remain relevant and resilient in the long term.

This theme reveals the dynamic nature of economic challenges and their implications for organizational sustainability throughout the development lifecycle. It also highlights common pitfalls and success factors observed across different phases, such as the importance of market analysis, customer feedback, and organizational agility in responding to changing economic landscapes. Additionally, it brings out the role of leadership, governance structures, and strategic partnerships in guiding enterprises through transitions, fostering innovation, and sustaining competitive advantage amid evolving market dynamics.

#### **4.6 Environmental Factors and Sustainability of Healthcare Enterprises**

##### **4.6.1 Descriptive Statistics**

This subsection presents the descriptive statistics of the third objective. The study determined how environmental factors influence the sustainability of healthcare enterprises in Nairobi County by providing statements that described the current situation. A 5-point Likert scale was used to evaluate the findings, where 5-Strongly Agree; 4-Agree; 3-Neither Agree nor Disagree; 2- Disagree; 1- Strongly Disagree. Table 4.8 summarises the findings:

**Table 4.8: Environmental Factors and Sustainability of Healthcare Enterprises**

<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>M</b>	<b>SD</b>
The company has a robust sustainability program for green product development	1.3%	12.0%	13.3%	33.3%	40.0%	3.99	.511
Energy efficiency measures are installed within the company premises to conserve energy all-year round	0%	13.3%	22.7%	26.7%	37.3%	3.88	.654
The company provides employees with incentives for being more active in saving energy	10.7%	9.3%	16.0%	33.3%	41.3%	4.17	.754
The company engages the public to understand the benefits of recycling, and how to use the system properly	0%	12.0%	13.3%	44.0%	30.7%	3.93	.717
The company optimizes the benefits of recycling programmes considering life cycle impacts and costs	1.3%	6.7%	6.7%	44.0%	41.3%	4.17	.888
<b>Average</b>						<b>4.02</b>	<b>.741</b>

The respondents strongly agreed that the company provides employees with incentives for being more active in saving energy (M=4.17, SD= 0.754); and the company optimizes the benefits of recycling programmes considering life cycle impacts and costs (M=4.17, SD=0.888). The respondents also agreed that the company has a robust sustainability program for green product development (M=3.99, SD=0.511); the company engages the public to understand the benefits of recycling, and how to use the system properly (M=3.93, SD=0.717); and energy efficiency measures are installed within the company premises to conserve energy all-year round (M=3.88, SD=0.654). Overall, the respondents strongly agreed that environmental factors influences the sustainability of healthcare enterprises in Nairobi County (M=4.02, SD=0.741).

## 4.6.2 Inferential Statistics

### 4.6.2.1 Correlation Analysis

The study used Spearman rank correlation to analyse the relationship between the environmental factors and the sustainability of healthcare enterprises. Table 4.9 summarises the findings.

**Table 4.9: Correlation Matrix**

	Sustainability of Healthcare Enterprises	Environmental Factors
Sustainability of Healthcare Enterprises	1	
Environmental Factors	.780* .000	1
	57	57

\*. Correlation is significant at the 0.05 level (2-tailed)

According to the results of the Pearson's correlation test, there was a moderately positive correlation between environmental factors and sustainability of healthcare enterprises ( $r=0.780$ ,  $p>0.011$ ). Since the p-value in all the results is less than 0.05, it was concluded that the relationship between the variables is statistically significant.

### 4.6.2.2 Relationship between Environmental Factors and Sustainability of Healthcare Enterprises

A simple regression analysis was adopted to establish the extent to which environmental factors influence sustainability of healthcare enterprises. Table 4.10 summarises the findings.

**Table 4.10: Regression Summary between Environmental Factors and Sustainability of Healthcare Enterprises**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.711 <sup>a</sup>	.505	.493	0.0799

a. Predictors: (Constant), Environmental Factors

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	118.564	1	118.564	46.396	.000 <sup>b</sup>
	Residual	149.252	53	2.8161		
	Total	267.816	54			

a. Dependent Variable: Sustainability of Healthcare Enterprises

b. Predictors: (Constant), Environmental Factors

Model	<i>Unstandardized Coefficients</i>		<i>Standardized Coefficients</i>	<i>t</i>	<i>Sig.</i>
	<i>B</i>	<i>Std. Error</i>	<i>Beta</i>		
(Constant)	6.125	2.023		2.3775	.011
Environmental Factors	.689	.097	.711	6.785	.000

a. Dependent Variable: Sustainability of Healthcare Enterprises

With an R-square value of 0.505 ( $R^2 = .505$ ), this indicates that environmental factors influence 50.5% of the existing variability in the sustainability of healthcare enterprises. The statistical measure in the regression model indicates a strong and positive relationship between the environmental factors and the sustainability of healthcare enterprises. According to the ANOVA results, the F statistic computed to test the significance of the regression model produced a significance value of 0.000. Since this value exceeds the 0.05 significance level, this confirms that there existed a statistically significant relationship between environmental factors and the sustainability of healthcare enterprises. The B-value of economic factors (.689) was statistically significant,  $\text{Sig} = .000 < .05$ . This indicates that a unit change in environmental factors leads to a .689 change the sustainability of healthcare enterprises in Nairobi County, Kenya.

#### 4.6.3 Qualitative Analysis from the Interview Schedules

Qualitative data from the key informant interviews was analysed by developing and applying themes that represent the environmental factors surrounding sustainability of healthcare enterprises along with their implications

##### 4.6.3.1 Regulatory Compliance and Environmental Sustainability Practices

The study revealed the significant role of regulatory requirements and environmental sustainability practices in shaping the sustainability strategies of healthcare enterprises.

Majority of the respondents emphasized that compliance with regulatory standards is not only a legal obligation but also crucial for maintaining trust and credibility among stakeholders. For instance, adherence to pharmaceutical regulations ensures product quality and patient safety, which are fundamental for sustainability. Moreover, embracing environmentally friendly practices, such as waste management and energy efficiency, not only aligns with global sustainability goals but also reflects positively on the enterprise's reputation.

In addition, the respondents highlighted that compliance with regulatory requirements and adoption of environmental sustainability practices demonstrate a commitment to ethical standards and societal well-being. The informants underscored that while regulatory compliance incurs costs, it also fosters long-term sustainability by mitigating risks associated with legal penalties and reputational damage. By adhering to environmental standards, healthcare enterprises position themselves as responsible corporate citizens, which enhances their brand image and competitiveness in the market.

#### **4.6.3.2 Responses to Environmental Regulations and Practices**

The key informants provided examples illustrating how healthcare enterprises have adapted to environmental regulations and embraced sustainable practices to enhance their sustainability. They cited instances where pharmacies implemented recycling programs, reduced packaging waste, or transitioned to eco-friendly packaging materials to minimize their environmental footprint. Additionally, some enterprises invested in renewable energy sources, such as solar, and implemented energy-efficient technologies, such as upgrading to energy-efficient lighting systems, to reduce operational costs and environmental impact.

The examples provided by the informants illustrate proactive measures taken by healthcare enterprises to align with environmental regulations and industry best practices. By investing in sustainable initiatives, these enterprises not only demonstrate environmental stewardship but also realize operational efficiencies and cost savings over time. Moreover, such initiatives contribute to building a positive brand image and fostering customer loyalty, as consumers increasingly prioritize sustainability in their purchasing decisions.

#### **4.6.3.3 Environmental Factors and Reputation/Community Perception**

The study highlighted the interconnectedness between environmental factors and the overall reputation and community perception of healthcare enterprises. They emphasized that environmental stewardship enhances brand reputation and fosters trust among consumers, healthcare professionals, and regulatory authorities. Positive perceptions of environmental responsibility can bolster customer loyalty and attract socially conscious investors and partners. Conversely, negligence towards environmental sustainability may lead to reputational damage and erode community trust, ultimately impacting the enterprise's long-term viability.

Insights from the respondents underscore the importance of managing environmental factors as integral components of CSR initiatives. They emphasized that healthcare enterprises operate within a broader socio-environmental context, where stakeholders increasingly expect transparency, accountability, and commitment to sustainable practices. By actively engaging with environmental issues and soliciting community feedback, enterprises can cultivate stronger relationships with stakeholders and position themselves as trusted partners in promoting public health and environmental well-being.

#### **4.6.3.4 Innovation and Changes in Healthcare Delivery Models**

Key informants also highlighted instances where environmental factors have spurred innovation and catalysed changes in healthcare delivery models. They cited examples of telemedicine platforms, including Zuri Health, AfriDOKTA, ConnectMed, Wazi, and My Health Africa, which have played a key role to reduce carbon emissions associated with patient travel, or the implementation of digital health records to streamline data management and reduce paper usage. Moreover, advancements in medical technology, such as point-of-care diagnostics and remote monitoring devices, have enabled more efficient and environmentally sustainable healthcare delivery practices.

This theme underscores the dynamic relationship between environmental factors and innovation in healthcare delivery. The respondents emphasized that sustainable healthcare solutions not only address environmental concerns but also enhance patient access, quality of care, and operational efficiency. By leveraging technology and fostering interdisciplinary collaboration, healthcare enterprises have adapted to evolving environmental challenges while simultaneously improving healthcare outcomes and ensuring long-term sustainability.

#### 4.7 Overall Regression Model

The regression equation was as follows:

$$Y = (\Omega_0) + (\Omega_1X_1) + (\Omega_2X_2) + (\Omega_3X_3) + \varepsilon,$$

Where,

**Y** = Sustainability of Healthcare Enterprises

**$\Omega_0$**  = Intercept

**$X_1$**  = Social Factors

**$X_2$**  = Economic Factors

**$X_3$**  = Environmental Factors

**$\Omega_1, \Omega_2, \Omega_3$**  and  **$\Omega_4$**  are the coefficients of the regression

**$\varepsilon$** = the error Term

From the findings, the regression model for this study is:

$$\text{Sustainability of Healthcare Enterprises} = 6.125 \text{ (coefficient of intercept)} + 0.523 \text{ (Social Factors)} + 0.599 \text{ (Economic Factors)} + 0.689 \text{ (Environmental Factors)}$$

#### 4.8 Chapter Summary

The first section of this chapter presented the general information including the response rate, gender, position in the firm, level of education, and work experience of the respondents. The study yielded a 92% response rate. The subsequent subsections presented the descriptive statistics, inferential statistics, and qualitative analysis of the interview schedules with regard to the predictor variables (social factors, economic factors, and environmental factors) and the sustainability of healthcare enterprises. The next chapter discusses the findings, conclusions, recommendations.

## CHAPTER FIVE

### DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Introduction

This chapter discusses the summary of the study findings, along with the conclusion, and lastly, the recommendations regarding each of the three objectives that guided the study.

#### 5.2 Discussion

The general purpose of the study was to establish factors that influence the sustainability of small and medium healthcare enterprises in Nairobi County. Three specific objectives guided the study: to determine how social factors influences the sustainability of healthcare enterprises in Nairobi County; to assess how economic factors influence the sustainability of healthcare enterprises in Nairobi County; and to examine how environmental factors influence the sustainability of healthcare enterprises in Nairobi County. Two theories also anchored the study: legitimacy theory and institutional theory. Legitimacy theory explains why organizations choose to disclose social and environmental information voluntarily, and this leads to sustainability in the social, economic and environmental contexts (Deegan, 2019). The institutional theory can be utilized to understand the impact of social values, technological advancements, and regulations on decisions related to sustainable activities and environmental management.

This study employed a mixed research design and targeted MYDAWA Pharmacy, an online pharmacy located in Westside Towers in Westlands, Nairobi County, Kenya. Purposive sampling was used to sample managers and supervisors from the firm. The census method was used to include the entire population in the study. Data was collected from supervisors using structured questionnaires and from managers using key informant interviews. SPSS version 25 was used to analyse data, and the results were presented using figures and tables.

The findings revealed that the sustainability of small and medium healthcare enterprises in Nairobi County is influenced by various factors. The bargaining power of buyers/patients and the threat of substitute products/services stood out as the respondents strongly agreed that they significantly affect the sustainability of healthcare enterprises. These findings comply with the institutional theory, which offers valuable insights into the sustainability of businesses by

emphasizing the impact of social, cultural, and regulatory contexts on organizational behaviour and practices (Suddaby, 2010). MYDAWA Pharmacy has aligned its strategies with prevailing institutional norms regarding sustainability and is more likely to gain legitimacy and support from buyers/patients, enhancing their long-term viability. The respondents also agreed that the intensity of competitive rivalry and the bargaining power of suppliers significantly influences the sustainability of healthcare enterprises. Dowling & Pfeffer (1975) state that organizations seek to establish and maintain societal approval and acceptance by aligning their activities with societal norms, values, and expectations. Therefore, MYDAWA Pharmacy has enhanced its legitimacy by fostering positive relationships with stakeholders and securing long-term viability in a society increasingly prioritizing sustainable business practices.

### **5.2.1 Social Factors and the Sustainability of Healthcare Enterprises**

The first objective of the study was to determine how social factors influences the sustainability of healthcare enterprises in Nairobi County. The descriptive analysis revealed that an innovative work environment engenders responsibility for environmental protection and the work environment cares and supports employee wellbeing by eliminating factors that discourage productivity. The analysis also showed that healthcare enterprises promote employees' innovative capacity through trainings on sustainability and they actively take part in community events geared towards promoting sustainability. Training employees in the healthcare enterprises also provides factual knowledge for making informed decisions and cultivating sustainable change. The findings echo those of Burlea-Schiopoiu and Mihai (2019) whose findings emphasized the need for professionally trained, creative and educated HR for sustainable innovations in SMEs.

The inferential analysis showed that social factors had a positive and statistically significant effect on the sustainability of healthcare enterprises. A unit change in social factors leads to a .523 change the sustainability of healthcare enterprises in Nairobi County, Kenya. The findings echo those of Maloni & Brown (2006) who revealed that a sustainable supply chain of healthcare organisations in the UAE is usually rigged with social standards that address issues such as working conditions, forced labour, and health and safety. In addition, as echoed by Lăzăroiu et al. (2020), the increasing volume of services in healthcare SMEs does not guarantee better overall health, and this erodes resources without verifiable or measurable results. Therefore, strong social support systems contribute to a healthier population, reducing the

burden on healthcare systems by preventing the escalation of diseases and promoting early intervention. Ultimately, social factors enhance the overall resilience and sustainability of healthcare enterprises through a shared commitment to health and well-being.

### **5.2.2 Economic Factors and the Sustainability of Healthcare Enterprises**

The second objective of the study was to determine how economic factors influences the sustainability of healthcare enterprises in Nairobi County. The descriptive analysis revealed that the respondents agreed that environmental factors influences the sustainability of healthcare enterprises in Nairobi County. The respondents strongly agreed that financial resources play a key role in the sustainable implementation of projects. This finding corroborates those of Manzanegue-Lizano et al. (2019) who found that businesses that have the capacity to generate wealth or financial resources can easily overcome critical situations related to sustainability. The respondents also agreed that lack of future funding plans is detrimental to achieving sustainability goals. As echoed by Roca-Puig (2019), stakeholders such as customers, employees, and suppliers play a crucial role in the long-term sustainability of SMEs so long as financial resources are in place. This is why the respondents also agreed that the company lacks sufficient financial resources to allocate towards achieving sustainability.

The inferential analysis showed that economic factors had a positive and statistically significant effect on the sustainability of healthcare enterprises. A unit change in economic factors leads to a .599 change the sustainability of healthcare enterprises in Nairobi County, Kenya. The findings echo those of Spangenberg (2005) whose study revealed that the finance department plays a crucial role to play when it comes to developing metrics aimed at assessing sustainable practices. Since finance is a key economic factor in healthcare enterprises, the study emphasised that operational risk management goes a long way in managing risks related to sustainability in the companies. An influx of funds allows healthcare organizations to upgrade facilities, adopt cutting-edge technologies, and attract top-tier talent. As argued by Ye & Kulathunga (2019), a buoyant economy can enhance individuals' purchasing power and contribute to higher rates of health insurance coverage, ensuring broader access to healthcare services.

### **5.2.3 Environmental Factors and the Sustainability of Healthcare Enterprises**

The third objective of the study was to determine how environmental factors influences the sustainability of healthcare enterprises in Nairobi County. The descriptive analysis revealed that the respondents strongly agreed that environmental factors influences the sustainability of healthcare enterprises in Nairobi County. The respondents strongly agreed that the company provides employees with incentives for being more active in saving energy; and it optimizes the benefits of recycling programmes considering life cycle impacts and costs. This finding echoes those of Emilsson et al. (2020) who revealed that new innovations, such as energy efficiency are a natural part of companies' development. This is why the respondents also agreed that MYDAWA has a robust sustainability program for green product development and the company engages the public to understand the benefits of recycling, and how to use the system properly.

The inferential analysis showed that environmental factors had a positive and statistically significant effect on the sustainability of healthcare enterprises. A unit change in environmental factors leads to a .689 change the sustainability of healthcare enterprises in Nairobi County, Kenya. The findings echo those of by Akkaya & Üstgörü (2020) who found that environmental factors can significantly contribute to the sustainability of healthcare enterprises by fostering a conducive ecosystem for innovation, resource optimization, and community health. Sustainable practices such as energy-efficient infrastructure, waste reduction, and eco-friendly technologies not only reduce operational costs but also minimize the ecological impact of healthcare facilities. Additionally, Manzanque-Lizano et al. (2019) revealed that regulatory frameworks promoting environmentally conscious practices can drive healthcare organizations to adopt sustainable measures, creating a positive impact on both the planet and long-term business viability. Furthermore, community engagement and education on environmental health can enhance preventive care, reducing the overall burden on healthcare systems and promoting a more resilient and sustainable healthcare ecosystem (Álvarez et al., 2019).

### **5.3 Conclusions**

The first objective of this study delved into the examination of social factors and their influence on the sustainability of small and medium healthcare enterprises in Nairobi County. The findings of reveal a noteworthy and positive correlation between social factors and the sustainability of these enterprises. Social factors, encompassing community engagement,

public perception, and interpersonal relationships, emerged as crucial determinants influencing the overall viability and longevity of healthcare enterprises in the region. The statistically significant effect observed underscores the importance of recognizing and leveraging social dynamics as an integral component of strategic planning for healthcare businesses. The positive relationship suggests that enterprises actively engaging with and addressing social aspects are more likely to thrive in the complex healthcare landscape of Nairobi County.

Moreover, the implications of these findings extend beyond the immediate scope of the study, emphasizing the need for healthcare enterprises to adopt holistic and community-centric approaches in their operations. Stakeholder engagement, community partnerships, and initiatives that foster positive social perceptions should be integrated into the strategic framework of healthcare enterprises to enhance their sustainability. Policymakers, industry practitioners, and other relevant stakeholders can leverage these insights to formulate policies and practices that promote a symbiotic relationship between healthcare enterprises and the communities they serve. Ultimately, by recognizing and harnessing the influence of social factors, healthcare enterprises in Nairobi County can not only enhance their longevity but also contribute meaningfully to the overall well-being of the community.

The second objective of this study delved into the examination of economic factors and their influence on the sustainability of small and medium healthcare enterprises in Nairobi County. The study unveiled a significant and positive correlation between economic factors and the sustainability of healthcare enterprises in the region. This finding underscores the pivotal role that economic conditions play in shaping the long-term viability of healthcare businesses. The positive effect suggests that favourable economic conditions, such as increased funding, improved infrastructure, and a stable economic environment, contribute substantially to the sustainability of healthcare enterprises in Nairobi County.

Furthermore, second objective of the study prompts a deeper reflection on the interconnectedness of economic factors and the healthcare sector's ability to thrive. The positive influence of economic conditions on sustainability implies that policymakers and stakeholders should prioritize strategies that enhance economic stability and support for healthcare enterprises. Investment in economic development initiatives, regulatory frameworks that foster a conducive business environment, and targeted financial support can be

instrumental in fortifying the sustainability of small and medium healthcare enterprises. In light of these findings, it becomes evident that a holistic approach that integrates economic considerations into healthcare planning and policy-making is essential for the continued success and resilience of healthcare enterprises in Nairobi County.

The third objective of this study delved into the examination of environmental factors and their influence on the sustainability of small and medium healthcare enterprises in Nairobi County. The objective revealed a positive and statistically significant effect. This implies that healthcare enterprises in Nairobi County are significantly influenced by the environmental context in which they operate. Factors such as the regulatory environment, climate conditions, and community dynamics were identified as key contributors to the sustainability of these enterprises. The positive correlation between environmental factors and sustainability suggests that healthcare enterprises can benefit from proactive strategies that consider and adapt to the specific environmental conditions in Nairobi County.

Therefore, it can be concluded that policymakers, healthcare practitioners, and business leaders should continue considering these environmental factors when formulating policies, designing business models, and implementing sustainable practices. Additionally, the study highlights the importance of fostering an ecosystem that supports the resilience and adaptability of healthcare enterprises, ensuring that they can navigate challenges posed by their environment effectively. Overall, these insights provide valuable guidance for stakeholders seeking to enhance the sustainability of small and medium healthcare enterprises in Nairobi County and, by extension, contribute to the overall health and well-being of the community.

#### **5.4 Recommendations**

Healthcare enterprises in Nairobi County should foster community engagement and collaboration, as strong social ties can contribute to a supportive environment for their sustainability. Building partnerships with local community leaders, organizations, and residents can create a sense of shared responsibility and increase the enterprises' visibility and acceptance. Additionally, implementing social impact programs and initiatives, such as health education campaigns and outreach activities, can further integrate healthcare enterprises into the fabric of the community, promoting both awareness and accessibility. Furthermore, investing in employee well-being and satisfaction should be prioritized, recognizing the crucial

role that staff members play in the sustainability of healthcare enterprises. This includes providing training opportunities, creating a positive work environment, and offering competitive compensation packages. Employee satisfaction not only contributes to the enterprises' stability but also positively impacts the quality of healthcare services provided. Lastly, policymakers and relevant stakeholders should consider implementing supportive policies and incentives for healthcare enterprises that actively engage with and contribute to the social well-being of the community.

Nairobi County Government should prioritize the development and enforcement of environmentally friendly practices within the healthcare industry. This will promote sustainability through initiatives such as waste reduction, energy efficiency, and green infrastructure. Additionally, healthcare enterprises themselves should adopt sustainable practices by investing in eco-friendly technologies, waste management systems, and renewable energy sources. Collaboration between healthcare organizations and environmental agencies can foster the implementation of best practices and the sharing of resources to minimize the ecological footprint of healthcare operations. Furthermore, capacity-building programs and awareness campaigns should be conducted to educate healthcare professionals and stakeholders about the benefits and methods of integrating environmentally sustainable practices into their daily operations. Finally, financial incentives and support mechanisms should be introduced to encourage healthcare enterprises to make the necessary investments in sustainable infrastructure and practices, ultimately contributing to the long-term viability of the sector in Nairobi County.

Policymakers and stakeholders should also focus on implementing supportive economic policies that foster a conducive business environment for healthcare enterprises, including financial incentives, tax breaks, and streamlined regulatory processes. Efforts should be directed towards improving access to affordable financing options for these enterprises, as financial stability emerged as a crucial factor for sustainability. Furthermore, capacity-building programs and training initiatives should be introduced to enhance the business management skills of healthcare entrepreneurs, enabling them to navigate economic challenges more effectively. Collaborative partnerships between government agencies, financial institutions, and healthcare enterprises should be encouraged to create a supportive ecosystem that promotes long-term sustainability. Finally, continuous monitoring and evaluation mechanisms should be

established to assess the impact of economic policies on the sustainability of healthcare enterprises and to identify areas for ongoing improvement.

Given the increasing role of technology in the healthcare sector, scholars and researchers can explore ways to promote technological innovation among SMEs. This may involve conducting research on emerging technologies relevant to healthcare delivery, identifying barriers to technology adoption, and developing strategies to overcome these barriers. Additionally, partnerships with technology firms, academic institutions, and government bodies can facilitate the integration of innovative solutions into healthcare SME operations. Furthermore, since access to finance remains a significant challenge for healthcare SMEs in Nairobi County, researchers can investigate alternative financing mechanisms such as venture capital, impact investing, and crowdfunding tailored to the needs of SMEs in the healthcare sector. Additionally, studies can be conducted to assess the effectiveness of existing financing schemes and identify opportunities for improvement. Recommendations can be made to financial institutions, policymakers, and development agencies to enhance access to finance for healthcare SMEs.

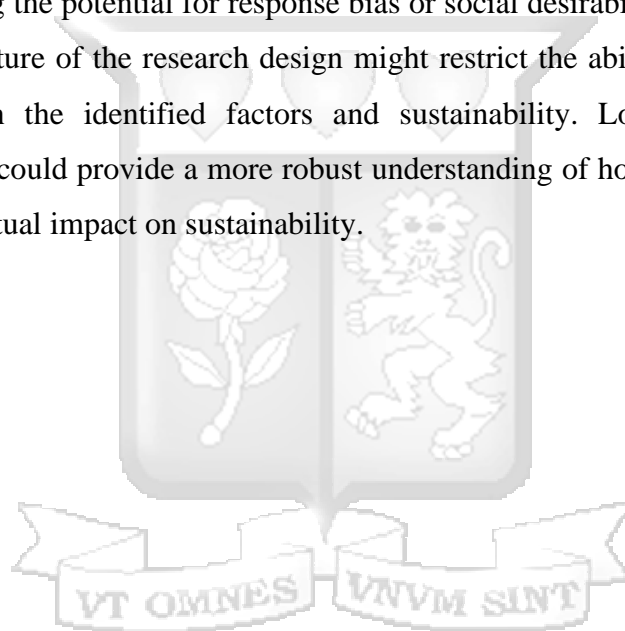
### **5.5 Suggestions for Further Research**

Based on the findings that social, economic, and environmental factors significantly impact the sustainability of small and medium healthcare enterprises in Nairobi County, it would be beneficial to delve deeper into the specific mechanisms through which social factors contribute to sustainability, such as community engagement, patient satisfaction, and the role of social networks. Economic factors could be explored in greater detail, focusing on financial management strategies, access to funding, and the impact of healthcare policies on business sustainability. Environmental factors could be further investigated by examining the adoption of sustainable practices, waste management systems, and the integration of green technologies in healthcare operations. Additionally, a comparative analysis across different regions or urban-rural divides within Nairobi County could offer insights into the contextual variations in these factors and their implications for healthcare enterprise sustainability. Moreover, longitudinal studies could provide a dynamic understanding of the evolving relationships between these factors and sustainability over time. Overall, a multifaceted and in-depth exploration of these factors would contribute to a more comprehensive understanding of the dynamics shaping the sustainability of small and medium healthcare enterprises in Nairobi County.

## 5.6 Limitations of the Study

Despite the valuable insights gained from the research, certain limitations should be considered. Firstly, the study's findings might lack generalizability beyond the specific context of Nairobi County. The dynamics of healthcare enterprises can vary significantly across different regions, and the unique socio-economic and environmental conditions in Nairobi may not be representative of other areas. This could limit the applicability of the study's conclusions to a broader geographical scope.

Secondly, the research design and methodology employed may have inherent biases and limitations. For instance, the study may rely heavily on self-reported data from one healthcare enterprise, introducing the potential for response bias or social desirability bias. Additionally, the cross-sectional nature of the research design might restrict the ability to establish causal relationships between the identified factors and sustainability. Longitudinal studies or experimental designs could provide a more robust understanding of how these factors evolve over time and their actual impact on sustainability.



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## APPENDICES

### APPENDIX I: RESPONDENTS' CONSENT FORM

My name is Loreen Akinyi, a student at Strathmore University pursuing, a degree in Master of Business Administration in Strathmore University. I wish to conduct a research entitled Factors Influencing the Sustainability of Small and Medium Enterprises: A Case of Healthcare Enterprises in Nairobi County.

You have been chosen to participate in this study by giving honest answers that will reflect your understanding of the subject. The information gathered here will be kept private and used only for academic purposes. You are kindly requested not to indicate your name, physical address, phone number or any information that may lead to you for the sake of anonymity. Your participation is voluntary and you may skip any questions that you do not wish to answer. You may refuse to take part in the study or exit at any point that you may wish to.

If you have any questions concerning the study, feel free to reach out to me through their email address: [lrrnakinyi@gmail.com](mailto:lrrnakinyi@gmail.com)

#### Consent by Respondent

I hereby give my consent to take part in the study willingly. I acknowledge that the purpose of this study has been disclosed to me and I have understood that my participation is entirely optional and revocable at any time.

Checking the 'Agree' option confirms that

- You have read and understood the above information
- You voluntarily accept to take part in the study
- You are 18 years and older

- Agree  
 Disagree

## **APPENDIX II: LETTER OF TRANSMITTAL**

Loreen Akinyi

P.O Box 25613-00100

Nairobi

Dear Sir/ Madam,

### **Re: Data Collection**

I am a student pursuing a degree in Master of Business Administration in Strathmore University. I wish to conduct a research entitled **Factors Influencing the Sustainability of Small and Medium Enterprises: A Case of Healthcare Enterprises in Nairobi County**. I hereby kindly request you to grant me permission to collect information on this important subject from your organization. A structured questionnaire and key informant interviews will be used to gather relevant information to address the research objective of the study.

The study will be conducted for academic purposes only and the information provided will be treated in strict confidentiality as well as stringent ethical principles to ensure the study outcomes do not implicate any of the participants.

Your acceptance will be highly appreciated.

Yours faithfully,

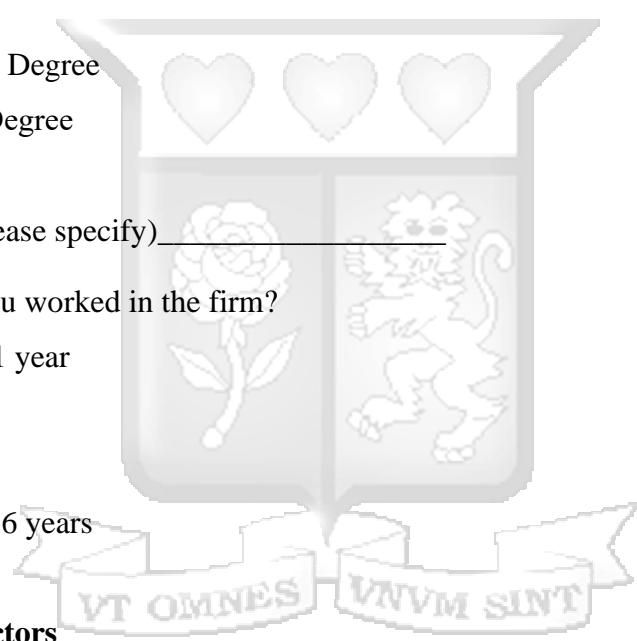
Sign.....

Loreen Akinyi

## APPENDIX III: RESEARCH QUESTIONNAIRE

### SECTION A: Background Information (Please Tick (✓) Appropriate Answer)

1. Indicate your gender
  - Male
  - Female
  
2. What is your current position in MYDAWA?
  - Manager
  - Supervisor
  
3. State your highest level of education?
  - Diploma
  - Bachelor's Degree
  - Master's Degree
  - PhD
  - Others (Please specify) \_\_\_\_\_
  
4. How long have you worked in the firm?
  - Less than 1 year
  - 1-3 years
  - 4-6 years
  - More than 6 years



### Section B: Social Factors

Kindly indicate the extent to which you agree with the statements given below. The score levels are as follows: 1=Strongly Disagree; 2=Disagree; 3=Neither Agree nor Disagree; 4=Agree; 5=Strongly Agree.

Statement	1	2	3	4	5
The company actively takes part in community events geared towards promoting sustainability					
The work environment cares and supports employee wellbeing by eliminating factors that discourage productivity					
The company promotes employees' innovative capacity through trainings on sustainability					
The company provides an innovative work environment that engenders responsibility for environmental protection					

Training employees provides factual knowledge for making informed decisions and cultivating sustainable change.					
Rewards and recognition enhances the firm's capacity to encourage employees to embrace sustainable change					

### Section C: Economic Factors

Kindly indicate the extent to which you agree with the statements given below. The score levels are as follows: 1=Strongly Disagree; 2=Disagree; 3=Neither Agree nor Disagree; 4=Agree; 5=Strongly Agree.

Statement	1	2	3	4	5
The company lacks sufficient financial resources to allocate towards achieving sustainability					
Lack of future funding plans is detrimental to achieving sustainability goals					
The company collaborates with other healthcare institutions to promote sustainability courses					
The company prioritizes employing people from the local community					
Financial resources play a key role in the sustainable implementation of projects					

### Section D: Environmental Factors

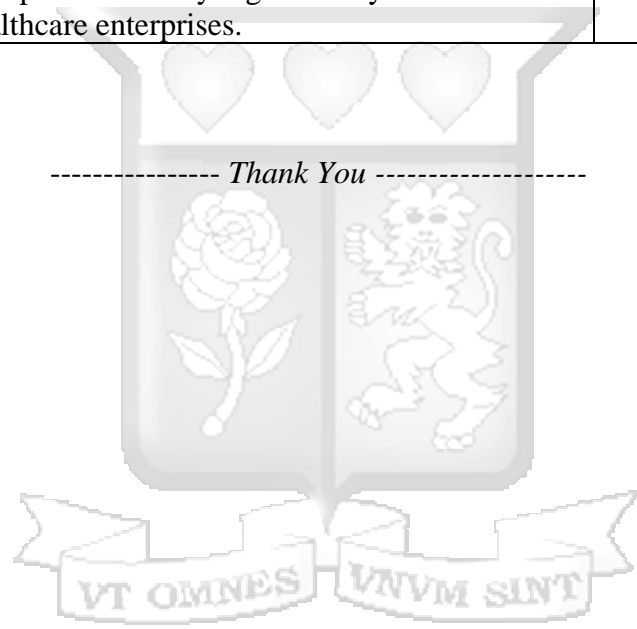
Kindly indicate the extent to which you agree with the statements given below. The score levels are as follows: 1=Strongly Disagree; 2=Disagree; 3=Neither Agree nor Disagree; 4=Agree; 5=Strongly Agree.

Statement	1	2	3	4	5
The company has a robust sustainability program for green product development					
Energy efficiency measures are installed within the company premises to conserve energy all-year round.					
The company provides employees with incentives for being more active in saving energy					
The company engages the public to understand the benefits of recycling, and how to use the system properly					
The company optimizes the benefits of recycling programmes considering life cycle impacts and costs					

### Section E: Sustainability of Healthcare Enterprises

Kindly indicate the extent to which you agree with the statements given below. The score levels are as follows: 1=Strongly Disagree; 2=Disagree; 3=Neither Agree nor Disagree; 4=Agree; 5=Strongly Agree.

Statement	1	2	3	4	5
The threat of new entrants significantly impacts the sustainability of healthcare enterprises.					
The bargaining power of suppliers plays a crucial role in determining the sustainability of healthcare enterprises.					
The bargaining power of buyers/patients significantly affects the sustainability of healthcare enterprises.					
The threat of substitute products/services has a notable impact on the sustainability of healthcare enterprises.					
The intensity of competitive rivalry significantly influences the sustainability of healthcare enterprises.					



## **APPENDIX IV: KEY INFORMANT INTERVIEW GUIDE**

This interview guide facilitate the collection of data from managers and supervisors regarding the sustainability of healthcare enterprises in Nairobi County.

### **Section A: Social Factors**

1. In your opinion, how do social factors, such as cultural norms and societal expectations, impact the sustainability of healthcare enterprises?
2. Can you provide examples of social factors that have either positively or negatively affected the operations and long-term viability of healthcare enterprises?
3. How do patient demographics, population needs, and patient satisfaction contribute to the sustainability of healthcare enterprises?
4. Have you observed any instances where community engagement and collaboration have played a role in enhancing the sustainability of healthcare enterprises? If so, could you describe those instances?

### **Section B: Economic Factors**

1. From an economic perspective, how do factors like funding sources, reimbursement models, and financial stability impact the sustainability of healthcare enterprises?
2. Can you share your insights on how healthcare enterprises manage costs, allocate resources, and make financial decisions to ensure their sustainability?
3. How do economic factors influence the ability of healthcare enterprises to invest in new technologies, infrastructure improvements, and staff development?
4. Are there any particular economic challenges that healthcare enterprises face in different phases of their development (startup, growth, maturity)? How do these challenges affect sustainability?

### **Section C: Environmental Factors**

1. What role do environmental factors, such as regulatory requirements, environmental sustainability practices, and public health concerns, play in shaping the sustainability strategies of healthcare enterprises?

2. Can you provide examples of how healthcare enterprises have responded to environmental regulations or embraced environmentally friendly practices to enhance their sustainability?
3. How do you perceive the interplay between environmental factors and the overall reputation and community perception of healthcare enterprises?
4. Have you seen instances where environmental factors have led to innovation or changes in healthcare delivery models? How have these changes influenced sustainability?

Can you provide any examples of how your organization has adapted its strategies based on the analysis of Porter's Five Forces to enhance its sustainability in the healthcare industry?

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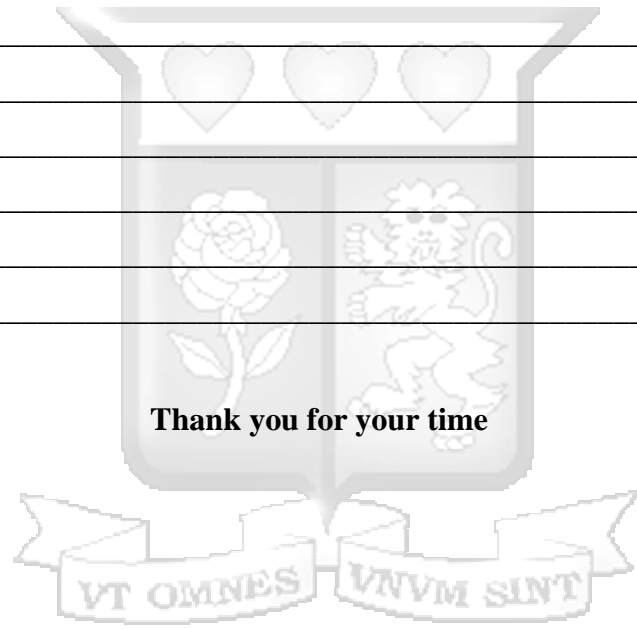
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## APPENDIX V: ETHICAL APPROVAL

Ole Sangole Rd, Madaraka Estate,  
P.O. Box 59857 00200, Nairobi, Kenya.  
Cell: +254 703 4146/7, Twitter: @SBSKenya  
Email: info@sbs.ac.ke or visit www.sbs.strathmore.edu



26<sup>th</sup> October 2023

To Whom It May Concern.

Dear Sir/ Madam.

**RE: FACILITATION OF RESEARCH – LOREEN AKINYI MALENYE**

This is to introduce Loreen Malenye who is a Master of Business Administration student at Strathmore University Business School, admission number MBA/142269/21. As part of our MBA Program, Loreen is expected to do applied research and undertake a project. This is in partial fulfilment of the requirements of the MBA course. To this effect, she would like to request for appropriate data from your organisation.

Loreen is undertaking a research paper on **“Factors Influencing the Sustainability of Small and Medium Healthcare Enterprises in Nairobi County: A Case Study of MYDAWA Online Pharmacy”**. The information obtained from your organization shall be treated confidentially and shall be used for academic purposes only.

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

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

Yours sincerely,

A handwritten signature in black ink, appearing to read "Alois Njenga".

Alois Njenga.  
Manager – Graduate Programs.  
Strathmore University Business School.

Association of African  
Business Schools




Strathmore Business School is a Proud member of




AACSB

EFMD


**APPENDIX VI: NACOSTI LICENCE**

  
**REPUBLIC OF KENYA**

  
**NATIONAL COMMISSION FOR  
SCIENCE, TECHNOLOGY & INNOVATION**

Ref No: **719567** Date of Issue: **03/November/2023**


**RESEARCH LICENSE**




**This is to Certify that Ms. Loreen Akinyi Malenye of Strathmore University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nairobi on the topic: "FACTORS INFLUENCING THE SUSTAINABILITY OF SMALL AND MEDIUM HEALTHCARE ENTERPRISES IN NAIROBI COUNTY" for the period ending : 03/November/2024.**

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Director General  
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