

ENTREPRENEURIAL ORIENTATION, BUSINESS ENVIRONMENT, AND PERFORMANCE OF PHARMACY OUTLETS IN UASIN GISHU COUNTY, KENYA

BY

*Kirui Isaac¹, Dr. Joseph Ndururi² and Dr. Thomas Githui³

**Master's Student, Department of Graduate Business Studies, The Catholic University of Eastern Africa*

Abstract

The dimensions of entrepreneurial orientation positively influence the performance of pharmacy outlets by encouraging the establishment of agents of change like innovation, proactive market behaviour, and risk-taking in the context of business. The purpose of this study was to investigate the effect of entrepreneurial orientation dimensions on the performance of pharmacy outlets in Uasin Gishu County, Kenya. An analytical cross-sectional design augmented by a mixed-methods study was used, with qualitative and quantitative data gathered from pharmacy owners, managers, entrepreneurship experts, and pharmacy regulators using structured questionnaires and interview guides. Data analysis was conducted using SPSS version 23, with descriptive and inferential statistics used to show and understand potential relationships between entrepreneurial orientation dimensions, business environment, and performance. Regression analysis and thematic analysis were used to examine relationships between entrepreneurial orientation dimensions, business environment, and performance. The findings showed that proactiveness significantly improved the performance of pharmacy outlets. The study concluded that entrepreneurial orientation enhances pharmacy outlet performance significantly when the business environment is conducive through sustainable competitive growth.

Key words: Entrepreneurial Orientation, Business Environment, Pharmacy Outlets, Proactiveness

Introduction

Pharmacy Outlets play a very important role in improving the livelihood and well-being of communities. For instance, according to IFPMA (2024) they help in economic development by providing job opportunities, in 2022, the pharmaceutical sector facilitated the creation of approximately 74.9 million jobs globally and contributed USD 2,295 billion to the global GDP, including direct and spillover effects. In addition to enhancing economic growth and development, pharmacy outlets also act as the link between communities and the essential medical products and services that they need. This role is important in developing countries, which are still experiencing a high rate of healthcare inequalities despite measures being put in place to close the gap (IFPMA, 2022). A pharmacy outlet that is functioning well and is well managed will not only help in the economic

empowerment of the country but also be a source of healthcare services to the population.

Although Kenya's pharmaceutical market is growing, the people working within it face a tough market competition, complex regulations, and pressure to adapt to emerging trends and technology, which may slow down this potential. In Uasin Gishu County, many pharmacy outlets support the daily health needs of the people living in urban, peri-urban, and rural parts of the county. Most of these pharmacy outlets are small and privately owned, with their main focus being to offer essential medicines and over-the-counter (OTC) products, and are served by few staff (USAID, 2022). Pharmacies in Uasin Gishu play an important role within the county's wider healthcare system. For most of the residents in urban and peri-urban areas, these outlets are normally easily accessible making it easy for the people to easily get basic healthcare products, and receive helpful healthcare related

guidance whenever they are experiencing common or minor health issues.

1.2 Statement of the Problem

Pharmacy outlets play a very important role in everyday healthcare service delivery since they act as the first place where people in Kenya visit for essential medicines and basic healthcare. Kenya Pharmaceutical Diagnostic Report (2020) states that this growth of pharmacy outlets in recent years is due to increasing public need to fill the health gaps in the formal health sector (Kenya Pharmaceutical Industry, 2020).

Despite this positive trend in growth and their significance in the delivery of health services, pharmacy outlets in Uasin Gishu County face challenges that threaten their performance and sustainability, a situation that affects other small enterprises across other sectors (Langat et al., 2025). Most of these small enterprises are threatened by inconsistent revenue flows and low capacity to access affordable finance and business development support, a combination of characteristics that increase their risks of failure (Population Services Kenya, 2024; USAID Private Sector Engagement Program, 2024; Onyango et al., 2021).

Local and international studies have recognized the positive role of EO dimensions, specifically proactiveness on the performance of SMEs in other sectors and industries (Al-Dhobee et al., 2025; Simiyu et al., 2023). Despite this existing literature showing a positive effect of EO on the performance of SMEs in sub-Saharan Africa, there is a distinct research gap on its role in healthcare SMEs, particularly retail pharmacy outlets. Further, a few studies have examined EO in a local government setting, such as Uasin Gishu County, where governance and business operations are varied due to localized policy variations that may affect entrepreneurial activities distinctly. Without studies that are grounded on the health sector and geographical context of Uasin Gishu County, it is hard to design fair and effective intervention measures or policies that will support the pharmacy outlets in such a fast-changing business environment. This research was therefore designed to fill the research gaps by investigating how EO possibly affects the performance of pharmacy outlets in Uasin Gishu

County with the business environment as a moderating variable.

LITERATURE REVIEW

This study was founded on Theory of Planned Behavior (TPB). According to Ajzen (1991), TPB alludes that human behavior of people is influenced by their intentions, and these intentions are affected by three constructs; perceived behavioral control, attitude toward behavior, and the perceived social norms. This theory provides strong psychological explanation for understanding proactiveness as an entrepreneurial behavior of the pharmacy outlet in this study. The theory considers proactiveness as the businesses' ability to predict changes and exploit future opportunities. This bodes well with the emphasis on intentional and planned action guided by "positive attitudes, shared expectations, and confidence in one's ability to manipulate the performance of business through decisions and actions taken" that is central to the theory. This is directly relevant to the second objective of the study, which examines the effect of proactiveness on the performance of pharmacy outlets, since TPB explains how intentions shaped by attitudes, social expectations, and perceived control influence the likelihood of proactive strategic actions within the outlets.

In this research, innovativeness represents how the people who have a positive attitude towards having the initiative, and the self-efficacy that they can influence the outcome become confident and have the intention to take the proactive behavior. Here, proactive behaviour is strategic action inspired by internal motives within the firm and the surrounding social context rather than being externally induced. Duan et al. (2022) applied this theory to the field of entrepreneurship, suggesting that higher perceived control could influence entrepreneurial intention as well as proactive actions, in practical business decisions. With respect to the second objective, this shows that pharmacy operators who perceive greater control over their business environment are more likely to act proactively, adopt forward-looking strategies, and ultimately enhance the performance of the outlet.

Although this theory had a large impact on this study, it also had some drawbacks. For example, Sniehotta et

al. (2014) state that the theory overemphasizes rational planning and intention and thus negates impulsive or routine entrepreneurial behaviours and environmental constraints. The theory assumes that intentions would always result in behavior but this is not true as intentions may be blocked or the situational factors may change.

Several empirical studies have assessed the effect of proactiveness on the performance of pharmacy outlets in Uasin Gishu County. For instance, Hamilton and Onyenma (2020) explored the impact of proactiveness on the SME performance in Rivers and Bayelsa States, Nigeria. The study was founded on entrepreneurship and strategic management theories. In the study, data was collected from 186 SME decision-makers using structured questionnaires. The cross-sectional survey research design was employed in the study. Data was subjected to descriptive analysis and hypothesized relationships were tested using Pearson correlation. The analysed data showed that proactiveness has a positive relation with performance. However, the research was conducted in only two states of Nigeria which creates a contextual gap. Additionally, the study limited its attention to external hence presenting a conceptual gap which made it increasingly hard to understand fully the drivers of SME performance, hence the need to carry out a wider study both contextually and longitudinally. The current study was conducted in Uasin Gishu, Kenya, covering a rural, peri-urban, and urban region.

Kiguru et al. (2024) evaluated the impact of proactiveness on the performance of SMEs in the textile industry in Kenya. A mixed-research methods design was employed for the study. Results showed 60.1% of the variance in SME performance ($R^2 = 0.601$) explained proactiveness, with ANOVA indicating there a statistically significant relationship ($F = 437.603$, $p < 0.05$) when the quantitative data was analyzed by regression for the study. Qualitative interviews substantiated these results suggesting that very proactive organizations gain more market responsiveness, innovativeness, and strategic networking, which leads to greater sales and profits than less proactive organizations. But there was no control in the study to counteract the barriers to SMEs translating proactiveness into performance gains. These limitations are conceptual upper bounds that relate to the internal/external boundaries. The present

research incorporated the moderating effect of the business environment as a way to alleviate the external boundaries.

RESEARCH METHODOLOGY

In this study, the analytical cross-sectional survey design was adopted, combined with a mixed-methods approach. The study used both quantitative and qualitative data were collected within the same phase of the research, making the mixed-methods approach a convergent parallel design (Creswell & Creswell, 2023). The target population was the 139 private pharmacy outlets that were listed in the Uasin Gishu County Pharmacy and Poisons Board (PPB, 2025). The sample frame was made up of the owners, managers, or pharmacy in-charges. From the sample frame, only one respondent was selected from the 139 private pharmacy outlets. The data collection tools for this study were structured questionnaires and interview guides. Once the questionnaires had been sent out and returned, they were checked to make sure they were complete and standardised. Descriptive and inferential statistics were used to analyse the results of the quantitative data. The qualitative data of this study were analysed using thematic analysis to interpret the lived experiences and perspectives of the owners and managers of pharmacy outlets in Uasin Gishu County. Three regression model used was; $Y = \beta_0 + \beta_1 X_1 + \varepsilon$

Where;

Y =Performance

X_1 = Proactiveness

...and

B_0 = regression coefficient constant

ε = Error term

RESULTS AND DISCUSSION

For this study, the response rate for the study was determined in order to determine whether the data obtained was reliable. The response rate for the study as 89.2%. Important demographic information was then analysed. This included the position of the respondents, highest level of education, their working experience in management, ownership structure of the pharmacy outlet, size of the workforce, business maturity, and geographic distribution. The findings indicated that the questionnaire was reliable, with Cronbach's Alpha scores exceeding the recommended threshold of 0.70 for every construct, with

proactiveness recording a Cronbach's Alpha coefficient of 0.79 and an overall reliability coefficient of 0.80, indicating strong internal consistency of the measurement instrument. Additionally, the diagnostic tests also showed that data met the assumptions for regression analysis, with normality of residuals evidenced by the Shapiro-Wilk statistic being 0.97 ($p = 0.15$). Similarly, the linearity test and multicollinearity test revealed that all predictor variables were linearly related to the dependent variable and had acceptable VIF value under the recommended cutoff value. The findings also revealed that, as a whole, the respondents viewed proactiveness as having a significant positive effect on the performance of pharmacy outlets in Uasin Gishu County ($M = 4.03$, $SD = 0.69$). The descriptive results revealed a relatively high overall mean score of proactiveness, suggesting that pharmacy outlets had adopted proactive entrepreneurial behaviours as a means of improving business performance. The findings suggest that proactiveness could be an antecedent of better performance for pharmacy outlets in Uasin Gishu County. These findings are consistent with Hamilton and Onyenma (2020), who established that proactive firms are more likely to improve their business performance by responding to market opportunities ahead of their competitors.

The average mean for the survey constructs ranged between 3.91 and 4.12, indicating that proactiveness strongly influences the performance of pharmacy outlets. Anticipating future market needs and customer

demand was rated the highest ($M = 4.12$, $SD = 0.731$), followed by identifying new market opportunities ahead of competitors ($M = 4.06$, $SD = 0.754$), while being among the first to adopt new business practices also received a high rating ($M = 3.91$, $SD = 0.816$). The findings suggest that pharmacy outlets that consistently anticipate customer needs and respond early to changing market conditions are more likely to experience improved business performance. The findings align with those of Jalali and Jaafar (2019), who found that proactive strategic behaviour positively predicts SME performance ($\beta = 0.530$). In the same way, Akpan et al. (2021) found that proactiveness positively influences organizational performance by facilitating firms to make quick responses to changes in the market, and Kiguru et al. (2024) found that proactive enterprises become more competitive by identifying potential emerging opportunities at an earlier stage.

Results from Regression Analysis

The purpose was to assess the effect of proactiveness on the performance of pharmacy outlets in Uasin Gishu County. The impact of proactiveness on the performance of pharmacy outlets was examined using regression analysis. Pharmacy outlet performance was the dependent variable and proactiveness was assessed by anticipation of market needs, identification of market opportunities and early adoption of new business practices.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.561	0.315	0.307	0.589

A review of the data obtained showed that the coefficient of determination (R^2) was 0.315, indicating that 31.5% of the variance of pharmacy outlet performance was explained by proactiveness. The R^2 was 0.307 adjusted for degrees of freedom which is slightly lower than the coefficient of determination, thus indicating the measure of association between dependent and independent variable after adjusting for the possible inflation of model. The standard error of

the estimate = 0.589, which implies that regression equation is a good fit for predicting pharmacy outlets performance in Uasin Gishu County. The results indicate that other variables are likely to have played a role in influencing business performance but proactiveness on its sole was able to account for a substantial amount of the variance in the performance of the pharmacy outlet. The regression model was also significant ($F = 62.55$, $p < .001$) indicating that

proactiveness was a significant predictor of performance of pharmacy outlet. Kiguru et al. (2024) had similar findings, with proactiveness accounting for a significant share of SME performance ($R^2 = 0.601$). Similarly, Jalali and Jaafar (2019) found that proactive entrepreneurial behaviour is a significant predictor of SME performance ($\beta = 0.530$), results that corroborate with the present study in which proactiveness had a significant positive standardized regression coefficient ($\beta = 0.561$, $p < 0.001$).

FINDINGS

Correlation analysis confirmed that a positive and significant relationship exists between proactiveness and the performance of pharmacy outlets, with a correlation coefficient of $r = 0.561$ ($p < 0.01$) and a regression coefficient of $\beta = 0.561$ ($p < 0.001$). Based on the strong statistical association and predictive power of the regression model, it may be noted that proactiveness, in terms of anticipating future market needs and customer demand, identifying new market opportunities ahead of competitors, and being among the first to adopt new business practices, significantly influences the performance of pharmacy outlets in Uasin Gishu County. These findings can be interpreted to mean that proactive entrepreneurial behaviour is an important strategic capability for enhancing the performance of pharmacy outlets by enabling them to respond to changing customer needs and competitive market conditions ahead of rival firms. Secondary findings corroborate these findings, as Jalali and Jaafar (2019) found a significant positive relationship between proactive strategic behaviour and SME performance ($\beta = 0.530$). In the same vein, Akpan et al. (2021) revealed that proactiveness has a positive and significant impact on firm performance as it helps firms to quickly respond to changes in the market, whereas Kiguru et al. (2024) observed that proactive SMEs outperform competitively through improving market responsiveness, strategic networking and early recognition of emerging business opportunities and enhancing sales growth and profits.

CONCLUSION

This research is significant because it focuses on a critical challenge pharmacy outlets face in Uasin Gishu County, which is staying competitive in a rapidly changing and competitive business environment. Even

though pharmacy outlets are significant in healthcare service delivery, there are still a number of them that continue to face challenges brought on by shifting customer demands, heightened competition, and changing market conditions. Without strategic proactive action, pharmacy outlets will lose the chance to expand their business, retain customers, and remain viable in the long run.

Contributing to the strategic positioning literature, the emphasis on proactiveness as a dimension of EO allows the research to elucidate a crucial strategic capability that impacts the performance of pharmacy outlets. To date, research into entrepreneurial orientation has predominantly been conducted in general SME studies with little focus on the healthcare sector, more so pharmacy outlets. Results reveal that predicting customer requirements, exploring latent markets before competitors, and utilizing frontier practices in business also have a positive and significant effect on the performance of pharmacy outlets. This focus on proactive orientation behaviour also bridges an important contextual gap and provides proof that long-term business success is not dependent on merely reacting to market shifts but anticipating them ahead of competitors.

The study is also of practical significance to the owners, managers and policymakers of pharmacies and other healthcare providers. The results serve as grounds for enhancing strategic foresight, facilitating early adoption of new business opportunities, and increasing market sense-making by pharmacy outlets. Finally, it contributes to improved business sustainability, competitiveness and service delivery in healthcare by showing that proactiveness is a key entrepreneurial capability in advancing the performance of pharmacy outlets in Uasin Gishu County.

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