Influence of Quality Service Delivery on Performance of Pharmaceutical Retail Businesses in Nairobi City County, Kenya

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Abstract

The objective of the study was to establish the influence of quality service delivery on performance of pharmaceutical retail firms in Nairobi City County, Kenya. The study adopted a descriptive cross sectional survey targeting customers and entrepreneurs in pharmaceutical retail firms. Descriptive and inferential statistics were used to analyse the data collected.The findings revealed that quality service delivery significantly influence performance of pharmaceutical retail outlets under the study. The performance measures were aligned to balanced scorecard and classified as non-financial and financial performance. Multiple regression mode used indicated that the predictors which were dimensions of quality service delivery has significant influence on non-financial performance. Regression of coefficient results shows insignificant relationship of quality service delivery and financial performance. The study found that there were significant relationship between quality service delivery and general profitability and cash flow excluding investments dimensions of firm performance. The study concluded that pharmaceutical firms need to understand the dimensions of quality service which have higher influence on performance. The study recommends further research on quality service delivery influence on performance in other sectors of the economy.

Keywords: Quality Service Delivery, Performance, Pharmaceutical Retail Businesses, Balance Scorecard, Gap Model

1.0 INTRODUCTION

Health is everybody's business which operates through global health systems, national government institutional frameworks, NGO initiates and private entrepreneurs mind. Regardless of operational level, health systems always focus on the end user who is a customer. Quality service delivery has therefore gained prominence in health management and is used to evaluate efficacy in health systems (WHO, 2010). Pharmaceutical sector has gained uniqueness out of the entrepreneurial opportunities that it offers to pharmaceutical professionals globally. The dilemma on whether to treat pharmacist as professionals or entrepreneurs has elicited heated debate and has opened a new avenue for researchers (Inegbenebor, 2007).

World Health Organization six system strengthening blocks includes; service delivery, health workforce, health information systems, access to essential medicines, financing, leadership and governance (WHO, 2010). Service delivery is the only factor which permeates through all the other factors because its concerned with satisfaction of health end user.

Pambel (2013) posits that pharmaceutical retail outlets are located close to each other and have similar roadside and pedestrian accessibility factors. Swoboda et al.(2013) describes road side and pedestral accessibilities as tendency by business offering similar products to be located on one side of the road and to congregate in one locality and to offer homogenous products. Competitive environment and location factors of roadside and pedestrian accessibility makes quality service delivery a strategic tool.

The study was anchored on Cognitive Dissonance Theory (Leon, 1957) and Expectancy Disconfirmation Theory (Oliver, 1997). The theories are based on the prism that quality of a service is the convergence of quality expectations and perceived reality of a service by the customer. Cognitive Dissonance Theory (CDT) uses the term dissonance to explain discomfort on service experience. Disconfirmation Theory (EDT) applies the term disconfirmation to explain low quality service. Disconfirmation is deduced by customer through comparison of service expectations and service reality.

Pharmaceutical entrepreneurial companies engaged in manufacturing, distribution and retailing businesses. Pharmaceutical retailing business is simply referred to as pharmacy business. Pharmaceutical entrepreneurship is a highly regulated sector by the government through the Pharmacy and Poison's Board Act CAP 2004. The board licences pharmaceutical retail outlets and undertakes continuous monitoring to enforce compliances.Nairobi City County report 2015 indicates that pharmaceutical outlets in Central Business District (CBD)are concentrated in the low end market. The locational concentration requires that the outlets differentiate themselves through quality service delivery.

Quality Service Delivery

Customer satisfaction is used to measure and describe quality service delivery. Quality service is a broad term which encompasses satisfaction derived from tangible and intangible interaction with customers. A service is described to be quality if it meets or exceed the customer's quality expectations (Zeithmal et al., 2006). Delivery of quality service starts with entrepreneur havinga customer mind-set in all the business activities (Akomea et al., 2011).Quality service delivery is a process concerned with understanding the expectations of the consumer, modifying organisational processes to suit customer's expectations and organising the human element which directly interacts with the customer. Mellat et Al. (2008) posits that quality service delivery is the totality of an organisation process which directly or indirectly influences quality of a service.

Grounross (1990) segments quality service delivery into functional, technical and image. Grounross posits that delivery of quality service is effectively and efficiently attained when the organisation focuses on one of theidentified quality segments. Technical quality service segments are the attributes which the consumer associates with a service. Functional quality service segment refers to methods, systems, technology and the human element involved in delivery of a service. Image is the association interpreted by the consumer on the class of persons or users ofa service. Zeithmal (2006) provides framework of quality service measurement by using service dimensions of; tangibility, reliability, responsiveness, assurance and empathy.

Organizational Performance

Performance of an organization depicts efficiency and effectiveness of seizing and utilising opportunities to achieve organizational goals (Namada, 2017). Highly performing organisations exhibit an instinct of recognising business opportunities, agility in calculating opportunity risk and diligence in transforming the opportunity into successful businesses. Organisational performance is characterised by continuous growth, intrapreneurship through introduction of innovative products and services and diversification. Benefits arising from performing organisations are firm and society based; profitability, quality goods and services, growth in entrepreneurs' wealth, motivated employees and participation in society beneficial activities.

Kaplan & Norton (1992) balance score card model of organisational performance is largely used to measure organisational performance. Balance scorecard departs from the traditional financial model of organizational performance to include non-financial performance indicators. Balanced score card provides the perspectives of financial, customer, internal business process, learning and growth in evaluating performance. Financial performance perspective is depicted by total revenue, cost reduction percentage, Return on Investment (ROI) andReturn on Assets (ROA). Customer perspective relates to customer satisfaction, cross selling and customer retention rate. Internalbusiness process is concerned with intrapreneurship, quality service delivery and internal organisational functionalism.

Learning and growth perspective focuses on knowledge, technology and skills development which promotes learning organisations. Evaluation of organisational performance is done against financial and non-financial criteria to enable entrepreneurs determine direction and rate of business growth.

Objective

The objective of the study was to determine the influence of quality service delivery on performance of pharmaceutical retail firms in Nairobi City County, Kenya

2.0 LITERATURE REVIEW

Quality service delivery theories largely use dissonance or discrepancy paradigmswhich explain customer satisfaction and level of quality service delivery. The study was anchored on cognitive dissonance theory and supported by expectance disconfirmation theory.

Cognitive Dissonance Theory

Festiger(1957) formulated Cognitive Dissonance Theory (CDT) to explain customer satisfaction and moderated behaviour. Cognitive is the view held about a service before using or experiencing it. Dissonance is the bad feeling or discomfort which arises after comparison of cognitive and actual reality after using service. CDT views dissonance to be flexible and a person can reduce the dissonance through change of cognition. Change of cognition leads to a new or adjusted cognition referred to as consonant cognitive, which makes the person to be satisfied even where there existed initial dissatisfaction.

Resistance to change is related to the level of dissonance with high dissonance resulting to high resistance and low dissonance resulting to low resistance. A person experiencing high dissonance will find no need to change or adjust the dissonance to accommodate the service. A person with low dissonance will adjust the dissonance and accept the product as an alternative or substitute which gives an almost equal level of satisfaction. CDT theory view quality service delivery as a range whereby the customer is either somehow satisfied, dissatisfied or very dissatisfied. Flexibility in adjustment decreases with level of dissatisfaction.

Expectancy Disconfirmation Theory

Oliver (1997) expectancydisconfirmation theory (EDT) explains consumer's behaviour and their interpretation of quality service delivery. EDT postulate that consumers when making purchase decision hold a conviction about a product or service which they use as a yardstick of measuring level of quality service delivered. The conviction is referred to as expectancy and is compared with perceived reality, to derive the difference or discrepancy. The discrepancy is described as disconfirmation and is used to measure the quality service level and customer satisfaction. High discrepancy is associated with customer dissatisfaction which implies that customer's expectations have not been met. Low discrepancy implies that customer's expectations are almost being met and the customer is therefore satisfied.

Gap Model

Parasuraman et al (1985), posits that quality services is function of the changes between performance and expectation. Parasuraman et al (1985) applied expectance-disconfirmation model identify quality service gaps They developed the service quality model based on the gap analysis. This model was later redefined with the subsequent scale that was named SERVQUAL which was used to measure the perception with the customers on service quality (Parasuraman et al 1988) Using this method, the ten magnitudes of quality services were reduced to five dimensions include responsiveness, reliability, assurance , tangibles and empathy SERVQUAL was revised in the year 1991 by replacement of word "should "by the word "would "and later in 1994 by reduction of the total number of items to 21 while maintain the five dimensional structure. Led to the extension of quality service model where by most factors involved communication and even control processes that were implemented in organizations to manage employees (Parasuraman et al, 1988)

Pharmaceutical Retail Business

Pharmaceutical retails business occupies the end position in pharmaceutical chain. The other players in the chain are the manufacturers and distributors or the wholesalers. The end position on the distribution chain provides pharmacies a dual role of technical and customer care management.

Several studies on pharmaceutical retail entrepreneurial businesses have been undertaken by researchers and scholars. Inegbenebor (2007) studied on locus of control in influencing pharmacist professionals to becoming entrepreneurs or employees. The study was carried out in Nigeria cities of Benin and Asamba. It involved 40 professional pharmaceutical entrepreneurs and 40 professional pharmaceutical employees. Roters I-E scale of measuring locus of control was used to analyse data collected from the two groups. The findings were that professional pharmacist with more locus of control internally are more likely to choose pharmaceutical entrepreneurship as opposed to employment. Miller and Goodman (2016) carried out an empirical review on performance of retail pharmacies. The context of the study was low end markets in Asia. The objectives of the study were to establish the structure of the retail outlets in the industry and the factors affecting their performance. Their systematic review identified quality gaps which were critical in retail pharmacy performance. The gaps include; clients request dispensation, filling of prescriptions, clients' attention and physical appropriateness.

Simba & Nyadoro (2016) researched on application of strategic management practices in retail pharmaceutical outlets in Harare, capital of Zimbabwe. The objective of the study was to establish application of strategic management in pharmaceutical retails. The study observed that pharmaceutical business environment in Harare had a high concentration of pharmaceutical retail outlets which were highly regulated.

Kinoti and Njeru (2013) investigated on market positioning strategies of pharmaceutical firms in Nairobi. The findings of the study were that the firms in the pharmaceutical industry including retail outlets practice positioning in order to gain competitive advantage and improve on their performance. . Macharia (2016) studied on entrepreneurial orientation and performance of pharmaceutical firms in Nairobi. The study which included distributors, wholesalers and retailers focused on influence of innovation and risk taking to firms' performance. The findings of the study were that innovativeness and risk taking predicts performance of pharmaceutical firms.

Wafula et al. (2012) posits that location of pharmacy shop have a strong influence on customers accessibility, dispensing practices and business performance. Locational dimensions influencing customers' accessibility in retail pharmaceutical business have been described as roadside accessibility and pedestrian accessibility (Pampel, 2013). Roadside accessibility is ease of reaching a store in terms of footfall accessibility and time economy. Roadside accessibility builds to customer loyalty and performance of pharmacy outlet (Swoboda et al., 2013).

Quality Service Delivery and Organizational Performance

Quality service delivery influences the level of customer satisfaction thereby determining customer's behaviour of repeated patronage on a service, switching to competitors or advocacy for a service (Grouross, 1990). Customer loyalty to a quality service or brand ensures that the customer is unlikely to switch to competitors products Consistence growth of sales leads to improved organisational profitability and ability to finance operational cost and expenses incurred by the organization (Ngari, 2014).

Branding plays a significant role in ensuring that customers will recognise quality service to be consistent across the branch network (Kinoti et al., 2013). Customerswho are brand loyal will buy from the same organisational respective branches where they expect to experience similar level of quality service. New product lines introduced by organisations are supported by loyal customers who have quality delivery experience on organizational products (Mosahab et al., 2010). Customer and brand loyalty assure the entrepreneur of a consistent stream of customers in branch network and a high certainty of success when introducing new innovative product lines (Chickwecheet a., 2011).

Market share controlled by the business increases with delivery of quality services (Akomea et al., 2011).Image of entrepreneurs' business is built on quality of service delivered. Image enables business to have competitive advantage over other firms producing similar goods and services. Market share increase leads to increase in sales, profitability and increase of entrepreneur wealth (Miller et al., 2016).

Conceptual Frame Work

The independent variable or predictors are the dimensions of quality service delivery which influence organisational performance. They include; tangibility, reliability, responsiveness, assurance and empathy. Dependent variables are the performance indicators which includes; financial performance, customer satisfaction, market share, growth and employee satisfaction.

Conceptual Model

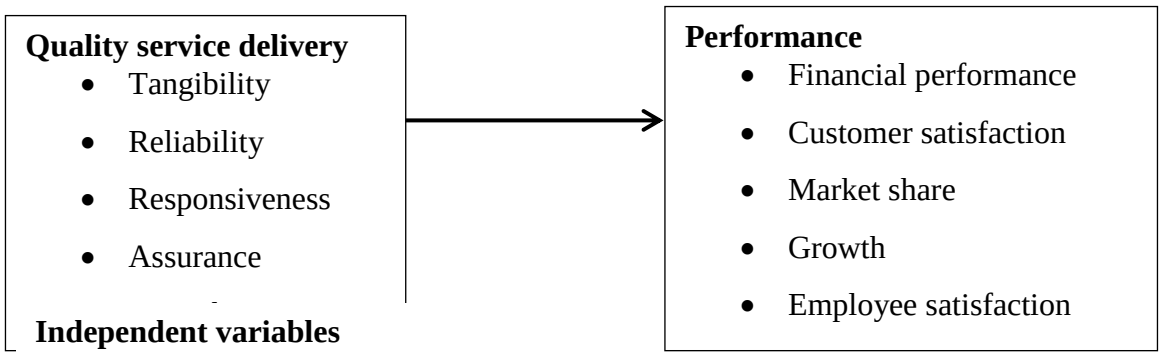

Table 2.1 Summary of Empirical Studies and Knowledge Gaps

Study	Focus	Research Methodology	Findings of the Study	Research Gap
AmonSimba and Zivinayi Nyandoro (2016)	Strategic management in retail pharmacy: The case of Zimbabwean companies	Explanatory survey focus on retail pharmacies. Data collected from 90 retail outlets. Regression method was use for data analysis	Most of the retail pharmacies in Harare were concerns of the environmental uncertainty and applied strategic management	The influence of strategic management to retail pharmacies
Graham Pambel(2013)	Factors affecting the profitability of pharmacies	Quantitative research. Convenient sampling was used. Regression analysis used to analyse data.	Inventory holding, in the pharmacy and location influence pharmacy retail pharmacy. Service quality had low influence	Quality service delivery and influence of performance of pharmaceutical outlets
Wafula, Miriti & Goodman (2012)	Characteristics, knowledge and regulatory practices of specialised drug shops in Sub-Saharan Africa: A systematic review of literature	Exploratory research that relied largely on existing secondary information	Characteristics and practices of specialised drug shops differ across retail and urban areas, with consumer demand playing more influence than regulations	Regulatory practices and their influence on pharmaceutical practices
S.Y. Akomea& J. R.G. Yeboah (2011)	Marketing orientation and firm performance in Ghana pharmaceutical industry		Significant relationship with pharmaceutical firms performance was established	Influence of non-marketing factors to performance of pharmaceutical firms

3.0 METHODS

The study used descriptive cross sectional survey method. A correlation qualitative research design was used to compare two or more characteristics and explained how one of the factors predicts the other. The researcher sought to establish the relationship between quality service delivery and performance of pharmaceutical retail entrepreneurial business in Nairobi City County.

The target population of the study were the customers of 45 retail pharmacies operating in Nairobi City County, CBD. The customers provided data on quality service delivery at the pharmacies while the entrepreneurs provided data on performance of the business. Fisher model was used to determine samples from large population (Fisher et al, 1998). Primary data was collected from the respondents through use of questionnaires. Two sets of questionnaires were used in the study; customer and entrepreneur questionnaires.

Descriptive and inferential statistics was used in data analysis. Mean scores and frequencies were the specific statistics that were used. Nature and magnitude of the relationship of the variables in the study was tested by use of multiple regression analysis. The independent variables in the study were the quality service dimensions of tangibility, dependability, reliability, responsiveness, assurance and empathy. The dependent variable was the performance of pharmaceutical retail outlets

4.0 RESULTS

Dimensions of Quality Service Delivery

This part utilized the renowned SERVQUAL model to test the scores of expectations and perceptions of customers of pharmaceutical retail firms

Table 4.1: Average SERVQUAL scores of customers expectation, perception and gaps score

Dimension	Statement fromcustomers	Expectations Score (E)		Perception scores (P)		Servqual Gap Scores (P-E)	
Tangibility	Sufficient space	4.0547		4.6766		0.6219	
	Exclusive pharmacy business	3.9801		4.5124		0.5323	
	Clean and neat equipments'						
	Reading material current	4.1294	4.0545	4.5622	4.1174	0.4328	0.0629
	Display of licensing	4.1020		4.6766		0.5744	
		4.007		4.3211		0.3141	
Reliability	Timely delivery ofservice	3.8259		4.8808		1.0149	
	First time servicedelivery	3.7537		4.7662		1.0124	
	Solutions to problems	3.7388	3.8313	4.5149	4.7562	0.7761	0.9249
	Information on quality service	3.9900		4.6781		0.8881	
	Royal customers	3.8483		4.7811		0.9328	
Responsiveness	Proactive in service delivery	3.8433		4.7438		0.9005	
	Willingness to help, friendly	3.7786		4.7811		1.0025	
	Time to listen and attend	3.9726	3.834	4.5787	4.6876	0.7861	0.8536
	customer						
	Welcoming and warm	3.7488		4.6866		0.9378	
	Prompt in service delivery	3.8261		4.4681		0.6420	
Assurance	Display of knowledge	3.9677		4.7438		0.7761	
	Customer feel safe and secure	4.0224		4.6990		0.6766	
	Display of necessary						0.5755
		3.9428	3.9738			0.6020	
	regulations						
	Display of confidence in work	4.0473		4.5448	4.5493	0.6965	
		3.6029		4.0154		0.4125	
	Tools and equipment						
Empathy	Dedication to customers	3.9328		4.7015		0.7687	
	Individual attention	3.8383		4.5547		0.7164	
	Tailor made solutions	3.9154	3.8900	4.3731	4.5841	0.4577	0.6940
	Convenient time to customers	3.9428		4.6095		0.6667	
	Focused attention to customers	3.8209		4.6816		0.8607	

The SERVEQUAL model presents 25 pairs of assertions intended to suit the five dimensions of quality service. A seven-point scale bordering from "strongly agree" (7) then to "strongly disagree" (1) attends each assertion. The "strongly agree" end of measure is intended to correlate to high expectations coupled also to high perceptions. Acceptable service quality happens in the event the expectations are achieved (or surpassed) and a service gap occurs in the event the expectations are not achieved or below the mark. The gap score for each assertion in the scale is considered as the score of the perception minus the score attendant to the expectation. A positive (+) gap score suggests that expectations have been achieved or surpassed whereas a negative (-) score suggests that the expectations are below the achievable score (Parasuraman et al. 1988).

Reliability and responsiveness had the highest satisfaction with a positive gap of 0.9249 and 0.8536 respectively. Tangibility had the lowest positive gap at 0.4951 while assurance and empathy had moderate gaps of 0.5755 and 0.6940 respectively. The highest experience or perception was recorded at timely delivery of service (4.8808) and willingness by pharmacy staff to help (4.7811). Timely delivery of services and first time delivery of service without error were the areas found to have exceeded customers' expectations and had highest positive gap in quality service delivery (1.0149l and 1.0124 respectively).

Table 4.2: Quality service delivery and ROI

Model summary						
R	R square	Adjusted R square	Standard error of estimate	Change statistics		
				R-square change	F change	Sig. change
0.28	0.07	-0.57	0.64	0.07	0.612	0.619
a – predictors – tangibility, reliability, responsiveness, assurance, empathy b – Dependent variable – Return on Investments (ROI)						
Coefficients						
Model	Unstandardized coefficients		Standardised coefficients			Collinearity statistics
	β	Std – error	Beta	t	Sig.	Tolerance	VIF
Constant	0.045	0.137		0.361	0.723		
Tangibility	-0.056	0.131	-0.066	-0.251	0.813	0.624	1.591
Reliability	-0.242	0.228	-0.322	-1.059	0.321	0.327	3.059
Responsiveness	-0.057	0.267	-0.321	-0.133	0.342	0.314	3.112
Assurance	0.242	0.331	-0.102	-0.221	0.192	0.331	2.871
Empathy	-0.272	0.212	-0.113	-1.35	0.017	0.422	3.114
Dependent variable: Return on Investment							

Table 4.5 presents the coefficient of determination (R^2) of quality service delivery and ROI was 0.07. This means that 7% of variations in ROI is explained by quality service delivery. The coefficients or β of components of quality service delivery were insignificant, meaning that none of the independent variable explains variation in ROI.

Table 4.3: Quality service delivery and Return on Assets

Model summary						
R	R square	Adjusted R square	Standard error of estimate	Change statistics		
				R-square change	F change	Sig. change
0.192	0.053	-0.03	0.521	0.053	0.606	0.003
a – predictors – tangibility, reliability, responsiveness, assurance, empathy b – Dependent variable – Return on Assets (ROA)						
Coefficients						
Model	Unstandardized coefficients		Standardised coefficients			Collinearity statistics
	β	Std – error	Beta	t	Sig.	Tolerance	VIF
Constant	-0.032	-0.072		0.422	0.526		
Tangibility	-0.287	0.122	-0.061	-0.944	0.083	0.624	1.591
Reliability	-0.56	0.187	-0.311	-0.923	0.75	0.327	3.059
Responsiveness	-0.049	0.200	-0.291	-0.292	0.302	0.314	3.112
Assurance	0.044	0.211	-0.009	-0.211	0.827	0.331	2.871
Empathy	-0.213	0.197	-0.222	-0.222	0.421	0.422	3.114
Dependent variable: Return on Assets (ROA)							

Table 4.6 presents the coefficient of determination (R^2) of quality service delivery and ROA was 0.053. Thismeans that 5.3% of variations in ROA are explained by quality service delivery. The coefficients of quality service delivery except for assurance (0.044) were insignificant in explaining variations in ROA.

Table 4.4: Quality service delivery and general profitability

Model summary						
R	R square	Adjusted R square	Standard error of estimate	Change statistics		
				R-square change	F change	Sig. change
0.485	0.290	0.124	0.4234	0.290	0.260	0.003
a – predictors – tangibility, reliability, responsiveness, assurance, empathy b – Dependent variable – General profitability						
Coefficients						
Model	Unstandardized coefficients		Standardised coefficients			Collinearity statistics
	β	Std – error	Beta	t	Sig.	Tolerance	VIF
Constant	-0.084	0.091		-0.942	0.359		
Tangibility	-0.086	-0.743	-0.864	-0.024	0.324	0.627	1.591
Reliability	0.296	0.091	0.163	1.244	0.041	0.327	3.059
Responsiveness	-0.060	-0.691	-0.813	-0.423	0.083	0.321	3.112
Assurance	-0.075	-0.700	-0.860	-0.264	0.754	0.337	2.811
Empathy	-0.196	0.161	0.194	1.841	0.083	0.426	3.114
Dependent variable: General profitability							

Table 4.7 presents the coefficient of determination (R^2) of quality service delivery and general profitability was 0.29. This implies that 29% of the general profitability is explained by quality service delivery. The coefficients of reliability and empathy are positive (β= 0.296; and β = 0.196 respectively). Other components of quality service delivery were insignificant in explaining general profitability.

Table 4.5: Quality service delivery and cash flow excluding investment

Model summary						
R	R square	Adjusted R square	Standard error of estimate	Change statistics		
				R-square change	F change	Sig. change
0.274	0.367	0.242	0.446			
a – predictors – tangibility, reliability, responsiveness, assurance, empathy b – Dependent variable – Cash flow excluding investment						
Coefficients						
Model	Unstandardized coefficients		Standardised coefficients			Collinearity statistics
	β	Std – error	Beta	t	Sig.	Tolerance	VIF
Constant	0.341	0.092		0.647	0.024		
Tangibility	0.469	0.072	0.543	0.514	0.027	0.624	1.591
Reliability	0.427	0.124	0.611	0.622	0.032	0.327	3.059
Responsiveness	0.274	0.188	0.841	0.321	0.021	0.314	3.112
Assurance	0.383	0.200	0.362	0.343	0.0316	0.331	2.871
Empathy	0.372	0.164	0.422	0.321	0.033	0.422	3.114
Dependent variable: cash flow excluding investment							

Table 4.8presentsthe coefficient of determination (R^2) of quality service delivery and cash flow excluding investment is 0.367. This implies that 36.7% of variations in cash flow excluding investment is explained by quality service delivery. The coefficients of the predictors are positive indicating a strong positive relationship between quality service delivery and cash flow excluding investments.

Table 4.6: Quality service delivery and financial risk

Model summary						
R	R square	Adjusted R square	Standard error of estimate	Change statistics		
				R-square change	F change	Sig. change
0.165	0.031	0.09	0.421	0.031	0.324	1.621
a – predictors – tangibility, reliability, responsiveness, assurance, empathy b – Dependent variable – Financial risk						

Coefficients							
Model	Unstandardized coefficients		Standardised coefficients			Collinearity statistics	
	β	Std – error	Beta	t	Sig.	Tolerance	VIF
Constant	-0.074	0.087		0.684	0.031		
Tangibility	-0.060	-0.742	-0.162	-0.424	0. 327	0.624	1.591
Reliability	-0.074	-0.697	-0.091	-0.083	0.083	0.327	3.059
Responsiveness	-0.196	-0.091	-0.117	-0.086	0.075	0.314	3.112
Assurance	-0.199	-0.760	-0.181	-0.194	0.084	0.331	2.871
Empathy	-0.075	-0.841	-0.221	-0.172	0.092	0.422	3.114
Dependent variable: Financial risk							

Table 4.9 presents the coefficient of determination (R^2) of quality service delivery and financial risk is 0.031. Thisimplies that 3.1% of financial risk is explained by quality service delivery have insignificant relationship with financial risk and their $\beta > 0.05$.

4.6 Discussion of Results

The study's objective was to determine the influence of quality service delivery on performance of pharmaceutical retail businesses in Nairobi City County, Kenya. From the findings, quality service delivery dimensions were found to have significance influence on pharmaceutical outlets performance based on their mean score, analysis through multi-regression and inferential statistics. Kaplan & Norton (1992) model which incorporates both non-financial and financial measure provided the framework of performance of the targeted pharmacies.

A significant relationship was found to exist between quality service delivery dimensions of; tangibility, reliability, responsiveness, assurance and empathy, and non-financial dimensions of; customer satisfaction, innovations, employee satisfaction, organisational growth and market share. Quality service delivery was determined through gap scores derived from the difference between quality perception and quality expectations. Reliability and responsiveness dimensions of quality service delivery were found to have the highest satisfaction from the respondents, since they had the highest positive quality gaps. This is explained by customer's expectations of pharmaceutical to consistently offer same or improved level of quality service. Responsiveness provides satisfaction to customers who look forward for care, empathy and attention from pharmaceutical out lets. The gaps for tangibility and empathy are moderately indicating that customers are satisfied with outlets which are spacious, clean and exclusively deals with pharmaceutical works. Empathising makes the customer feel wanted and cared hence satisfaction

Relationship between quality service delivery and financial performance was found to be weak. Quality service delivery was found to have low explanatory power to variations of ROI, ROA and financial risk.However, it was found to exhibit strong explanatory power on cash flow excluding investment and moderate explanatory power on general profitability. This can be explained by the direct impact which satisfied customers have on sales and hence cash flow.

The study also found to have significant relationship with theoretical foundations used. Cognitive dissonance theory (CDT) and Expectance disinformation theory (EDT) were found to be appropriate in the establishment of customer service delivery.Both theories use expectation and perception in arriving at satisfaction level. This is similar to quality service gaps in table 4.2in the study.

The study found relevance of roadside and pedestal concepts cite by Pambel (2013) whereby location was found to play a critical role in increasing customers' footfall.

Conclusion of the Study

From the findings of the study, it can be concluded that pharmaceutical retail business in Nairobi City County need to adopt quality service delivery for enhancing business performance and survival. Quality service delivery dimensions need to be put into considerations because they have different influence on performance and yield different levels of customer satisfaction through service gap analysis. Reliability and responsiveness were found to be key areas of quality service close to the hearts of the customers. Entrepreneurs also need to enhance other dimension of quality service delivery to ensure that customers get maximum satisfaction from the pharmacies.

Pharmaceutical retail outlets in Nairobi City County, Kenya, adopt quality service delivery as a strategy of differentiation and improving business performance. Roadside accessibility and pedestral accessibility factors identified in the study leads to congregation of pharmaceutical firms in defined locations to increase footfall. Roadside and pedestral factors contribute to direct competition of pharmaceutical outlets which are located adjustment to each other. Quality service delivery therefore becomes an effective strategy of growing, attracting and maintaining long term relationship with customers, leading to competitive advantage and improved performance.

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