KNOWLEDGE MANAGEMENT AND PERFORMANCE OF RETAIL PHARMACEUTICAL FIRMS IN NAIROBI CITY COUNTY: THE KENYAN PERSPECTIVE

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Abstract: **There has been growing concern amongst strategic management researchers and practitioners alike to attempt to understand why some firms achieve higher levels of performance than others albeit operating in the same or similar business environments. With the emergence of knowledge-based economy, knowledge is considered as the essential way to create wealth and prosperity and it is the important driving force for business success. The objective of the study was to establish the relationship between knowledge management and performance of retail pharmaceutical firms in Nairobi County, Kenya. The hypotheses was developed and tested based on study objective. The research was anchored on Knowledge-Based View theory. A review of extant literature was carried out where hypothesis was derived from the literature. The study applied positivism philosophy and descriptive research design. Systematic sampling method was applied. The population of the study was all registered retail pharmaceutical firms in Nairobi County. The study sample comprised 116 retail pharmaceutical firms in Nairobi County, Kenya. Primary data was collected using semi-structured questionnaires. Data was analyzed using descriptive statistics and inferential statistics. The results of the study showed that knowledge management significantly influences firm performance. The findings in the study concur with theoretical argument from dynamic capabilities theory which presented knowledge management as a fundamental strategic initiative that guarantees firms competitive edge and performance. The study will enable stakeholders and owners of the retail pharmaceutical firms to develop policies that facilitate knowledge management process in their firms and having processes for applying knowledge learned from experience.**

Keywords: **Knowledge Management, Firm Performance, Retail Pharmaceuticals.**

1. INTRODUCTION

There has been growing interest amongst strategic management researchers and practitioners alike to seek to understand why some firms achieve higher levels of performance than others albeit operating in the same or similar business environments (Ogollah, Bolo & Ogutu, 2011). Knowledge management (KM) has been viewed as one of the most important competitive advantage factors for organizations. However, practice indicates that KM application is a big challenge for small firms in developing countries with limited supportive factors for business management (Kmieciak & Michna, 2018). For superior performance to be achieved, firms should adopt an effective knowledge management model that supports best combination of competitive strategies and alignment of the firm to the operating environment conditions (Dekoulou & Trivellas, 2015).

Different scholars have defined knowledge management differently and argue that KM depends on different contexts and on the specific organization purpose. Nawab, Nazir, Zahid and Fawad (2015) defined KM as efforts to explore the tacit and explicit knowledge of individuals, groups and organizations and to convert this treasure into organizational assets that

are used by managers to make organizational decisions. Hemmati and Hosseini (2016) referred to KM as the process of identifying and analyzing accessible knowledge that is needed to achieve organizational objectives. KM has also been defined as a process of acquiring, storing, understanding, sharing, implementing knowledge and all actions taken in the learning process in tandem with strategies of the organizations concerned (Nikabadi, Bagheri & Mohammadi, 2016).

Knowledge management (KM) as a concept has become important because of the growing awareness of the importance of knowledge for the organization's prosperity and survival. As a result, knowledge has been identified with two fundamental characteristics, namely, tacit knowledge and explicit knowledge (Chib & Sehgal, 2019). According to Ndwiga, Gichohi and Nkaabu (2019), tacit knowledge involves the complex process of comprehension which may not be easy to understand because it is hard to digest. It is assessed in the form of capabilities, skills, and ideas which individuals may possess mentally. On the other hand, Kurniawati, Wiratmadja, Sunaryo and Samadhi (2019) describes explicit knowledge as the information that can easily be articulated or codified, transferred, and shared to others in the form of manuals, fact sheets, pictures, charts, and diagrams. This study conceptualizes KM according to Turner, Zimmerman and Allen (2012) and Xue (2017) who view it in four dimensions; knowledge creation/acquisition, knowledge storage, knowledge dissemination and knowledge application.

Knowledge Based Theory suggests that KM practices, such as knowledge acquisition, knowledge creation, knowledge sharing, knowledge storage and knowledge implementation play a vital role in achieving superior performance (Uddin, Fan & Das, 2016). Thus, businesses that strive to remain competitive ought to put more effort on the management of their knowledge resources that are necessary to increase their profits, sales growth, and market share. Furthermore, scholars, like Moreno, Becerril and Alcalde (2018) reported that firms that use suitable KM practices enhance their capabilities, resulting in improved business performance.

Globally, the health industry is characterized by enormous investments, global diversification and benefits that are tremendous for both public health and economic productivity (Scherer, 2000). The individuals in a given society are expected to enjoy good health as a fundamental right. The pharmaceutical industry in Kenya plays an important role in employment creation and supply of medical equipment and medicine to majority of Kenyans for their health needs (PPB, 2016).

Kenya's health policy is based on goals outlined in Kenya's Vision 2030 social pillar whose aim includes improving the overall livelihoods of Kenyans and contributes approximately 2% to the country's GPD (Kenya Vision, 2030). Further Pharmaceuticals are critical to the social development of Kenya (PPB, 2016). Medicines treat diseases, save lives and promote health. They are also a core component of the Right to Health, the key objective being universal access to quality essential medicines, essential health technologies and pharmaceutical services in Kenya. Access to essential medicines will be an avenue for the country to meet the Millennium Development Goals to reduce the child mortality rate and to combat HIV, Malaria and other diseases like COVID 19 pandemic, as well as helping to establish public/private partnerships to ensure economic development as envisaged in Vision 2030.

In spite of the important and visible role this industry plays, not much research attention has been placed to allow the in-depth determinants of firm performance thus prompting this study by seeking to establish the influence of knowledge management on performance of retail pharmaceutical firms. Further, this relationship is expected to be influenced by competitive strategies and the operating environment. The study specifically focuses on retail pharmaceutical firms in Nairobi.

2. MATERIALS

This study was anchored on the knowledge Based Theory and also adopted ZACK Knowledge Management Model. Knowledge-Based Theory (Wright and McMahan, 1992) suggests that knowledge is a critical strategic resource for a firm to maintain competitive advantage (Leal-Rodriguez et al., 2013). The basic assumptions of Knowledge-based theory is that firms are heterogeneous entities loaded with knowledge and that the benefit of such knowledge can only be realized through the ability of the organization to encourage sharing and application in the intended functional units.

The theory assumes that a firm is a system of knowledge with employees as knowledge holders and therefore need to be coordinated to create value for the firm (Grant, 1991). The argument by Salina & Wan Fadzilah (2010) is that the priority of firms is creating and transforming knowledge to competitive advantage and that resources especially knowledge is very crucial in ensuring the firms advantage is enhanced due to difficulty in imitation of some sort of knowledge. The theory

further suggests that a firm's superior performance depends on its ability to capitalize, defend and apply knowledge that it creates and shares (Prieto & Revilla, 2006).

The major critique of the theory according to Curado (2008) is that knowledge is only assumed to be derived from employees' knowledge sharing without taking into account that for better utilization of employees, knowledge management should combine other resources like technology and competences of the firm. A similar view is shared by Ahmad, Mohammad and Ibrahim (2013). The study at hand is geared towards establishing the manifestations of managing knowledge as acquisition, sharing and application within an organizational context for performance to be realized within the retail pharmaceutical firms.

The study adopted ZACK Knowledge Management Model argues that source of knowledge and the context of where the materials come from varies depending on specifications like scope of application, credibility, accuracy, relevance, breadth and cost (Shujahat, Sousa, Hussain, Nawaz, Wang & Umer, 2019). The model outlines and defines the various stages of knowledge management from acquisition, storage and retrieval to distribution and application. The model further indicates that once the information has been acquired is stored, converted to knowledge packets for simple retrieval, sharing and application (Shang, Yao, and Liou, 2017). For performance to be realized, managers must organize knowledge in a way that it is well managed to keep all the processes functioning optimally. Figure 2.1 presents the knowledge management cycle.
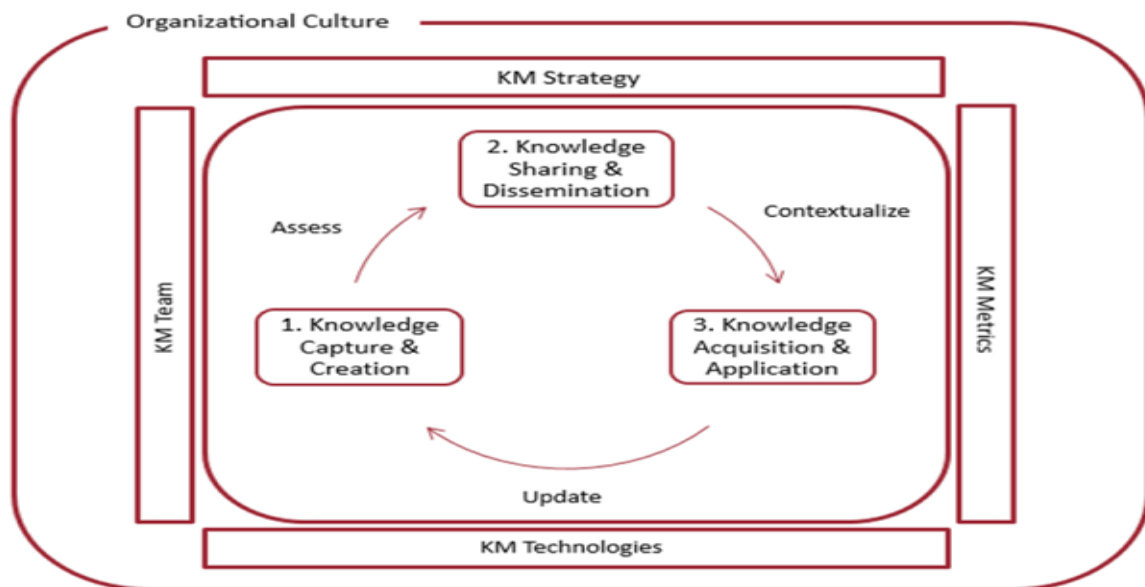

Figure 2.1: ZACK Knowledge Management Model

Source: Zack, (1999)

This model was further supported by Porter's Generic Strategies model (Porter, 1985). The model explains the three approaches of cost leadership, differentiation and focus that lead to a firm's competitive advantage and superior performance. The model suggests that firms are adequately able to analyze and forecast the evolution of the industry in order to compete effectively and outperform other firms in the same sector.

Studies have stressed a positive link between KM and firm performance. Tseng (2010) in their study using structural equation modeling on a sample of 329 in Slovenia and Croatia with more than 50 employees drawn from the manufacturing, construction, wholesale and retail trade firms argued that KM is essential for continuous firm performance. Olaima et al., (2015) collected data using a questionnaire approach and tested hypotheses from 260 service organizations in Jordan. The research findings revealed a knowledge management had a significant positive impact on organizational performance. Similarly, Kharabsheh, et al. (2012), conducted a study on the influence of KM on performance of Jordanian pharmaceutical firms. Using a descriptive cross sectional research design, data were gathered from 13 pharmaceutical companies using questionnaire and found a positive relationship. This argument thus supports the ability of the firm to create knowledge as a crucial aspect to fostering performance.

Eresia and Makore (2017) studying knowledge acquisition and organisational performance applying a positivist philosophical perspective with a mixed method research design and self-administered questionnaires from all construction companies listed on the Johannesburg Stock Exchange (JSE) found that in the project-focused companies researched, high knowledge acquisition scores were associated with sound organizational performance and consequently recommended that companies ought to invest in mechanisms that enable the acquisition of knowledge from individuals and its transfer to institutional repositories.

Hartono and Sheng (2016) studied knowledge sharing and firm performance: the role of social networking site and innovation capability with a well developed a framework to explore SNSs' capability as a strategic platform from which firms can overcome environmental turbulence and develop higher level knowledge sharing and firm performance output. The findings were that SNSs' capability paired with strong product development capability is the key to improving knowledge sharing performance and that SNSs' capability paired with strong operational capability can improve firm performance by advancing incremental innovation processes.

Daud and Yusoff (2010) studied knowledge management and firm performance in SMEs: The role of social capital as a mediating variable through the use of a questionnaire directed to small- and medium-sized enterprises — all of them situated within the Multimedia Super Corridor in the Klang Valley of Malaysia with the results based on 289 usable questionnaires demonstrating that: knowledge management processes influence social capital positively, social capital enhances firm performance and social capital is a mediator between knowledge management processes and firm performance. The research demonstrated that knowledge management processes and social capital can be integrated to enhance firm performance.

Kombo (2015) conducted a study on knowledge strategy, organizational characteristics, innovation and performance of manufacturing firms in Kenya. The objective of the study was to empirically examine the effect of knowledge strategy on organizational innovation. The study adopted cross-sectional survey research design. The target population comprised of 655 manufacturing firms in Kenya. The results show that knowledge strategy has a positive and significant effect on innovation activities of the firms. It is concluded that higher levels of knowledge strategy application would result in higher organizational innovation.

Nawaz and Shaukat (2014) studied the impact of knowledge management practices on firm performance: Testing the mediation role of innovation in the manufacturing sector of Pakistan in an empirical study and investigated, from the knowledge-based view of the firm, whether there are groups of firms with homogeneous behaviours, as regards to knowledge management practices. The results show important differences in the conception and implementation of KMS, and significant relationships between the performance of some firms and their efficiency in the transmission and application of existing knowledge. The proposed study will empirically examine the influence of KM on firm performance thus provide empirical evidence on the purported positive link between KM and performance of pharmaceutical firms in the context of a developing economy such as Kenya.

3. METHODOLOGY

This study adopted a positivist philosophy and a descriptive cross-sectional survey. The populations of the study were all registered retail pharmaceutical firms in Nairobi County as at 2019. To determine the sample size, the formula recommended by Almalki, (2016), Cooper and Schindler (2006) and Zikmund et al. (2010) was used. The authors argue that the formula is more critical since it can be used to calculate both the sample of population greater than 10,000 and population less than 10,000.

$$n = \frac{z^2 pq}{d^2}$$

Where: n is the desired sample size for population greater than 10,000, p = the proportion in the target population estimated to have characteristics being measured. This is placed at 90% (0.9), q = (1-p) i.e. the proportion in the target population estimated not to have characteristics being measured, (1-0.9) = 0.1, pq = measure of sample dispersion, d = standard error of the proportion. For this study, 95% confidence level for estimating the interval will be used.

$$n = \frac{z^2 pq}{d^2} = \frac{(1.96)^2(0.9)(0.1)}{(0.05)^2}$$

n =138 sample size for target population greater than 10,000

In case of a population less than 10,000, the sample size is determined using the following formula: $nf = \frac{n}{1+n/N}$ Where nf = the desired sample size (when the population is less than 10,000). n = the desired sample size (when the population is more than 10,000). N = the estimate of the population size.

$$nf = \frac{138}{1.192} = 115.80$$

A total of 116 retail pharmaceutical firms were considered in the study. The study used the systematic sampling method where every K^{th} variable was selected till the entire population was exhausted. The study considered every 4th firm as the Kth variable to select 116 firms from the total list of the 720 retail pharmaceutical firms in Nairobi County. The collected data was analyzed by inferential statistics and descriptive. Inferential statistics technique was used to test hypotheses. The general model for predicting firm performance was represented by the following model: $Y = \alpha + \beta_1 X_1 + \varepsilon_1$. Where Y is the firm performance and is a linear function of X_1 (knowledge management), b_{1-n} are the regression coefficient.

4. RESULTS

The objective of the study was to establish the influence of knowledge management on performance of retail pharmaceutical firms in Nairobi County. This study had anticipated that knowledge management would have a significant and positive influence on performance of retail pharmaceutical firms in Nairobi County. Consequently, the following hypothesis was tested.

H₁: There is no significant relationship between Knowledge management and Performance of retail pharmaceutical firms in Nairobi County. Table 1 presents a summary for knowledge management and performance

Table 1: Regression Results from the Test of the Effect of Knowledge Management on Overall Performance

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.742[a]	.551	.546	.18965	.551	115.206	1	94	.000	1.995

a. Predictors: (Constant), Knowledge management
b. Dependent Variable: Firm Performance

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.144	1	4.144	115.206	.000[b]
	Residual	3.381	94	.036		
	Total	7.525	95			

a. Dependent Variable: Firm Performance
b. Predictors: (Constant), Knowledge management

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.863	.214		8.702	.000		
	Knowledge management	.562	.052	.742	10.733	.000	1.000	1.000

a. Dependent Variable: Firm Performance

The study found a strong relationship between knowledge management and performance (R= .742). Coefficient of determination (R^2 =.551) indicates that knowledge management explain 55.1 % of variation in performance. Also the results noted that the overall relationship model is significant (F=115.206, p<0.05).

The individual influence of knowledge management significant relationship is further manifested by the t-value in the coefficient table (β=.742 t=10.733, p<0.05). This therefore depicts that knowledge management is key in determining performance of retail pharmaceutical firms in Nairobi County and thus the hypothesis that there is no significant relationship between Knowledge management and Performance of retail pharmaceutical firms in Nairobi County was rejected.

Based on the outcomes of the results of the regression analysis, the model becomes

$Y=1.863 +.742 X_1$

Where Y was performance and X_1 is knowledge management.

Knowledge Management and Financial Perspective

The study determined the influence of knowledge management on financial perspective. This was determined by getting the composite index of knowledge management and regress it against financial perspective using simple linear regression analysis to determine their significance levels. Consequently, the following sub hypothesis was tested. **H1e:** There is no significant relationship between Knowledge Management and financial perspective of retail pharmaceutical firms in Nairobi County**.** The results were as depicted in Table 4.18.

Table 2: Results from the Test of the Effect of Knowledge Management on Financial Perspective

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.620[a]	.385	.378	.33883

a. Predictors: (Constant), Knowledge management

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	6.748	1	6.748	58.775	.000[b]
	Residual	10.792	94	.115		
	Total	17.539	95			

a. Dependent Variable: Financial Perspective

b. Predictors: (Constant), Knowledge management

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.212	.382		3.169	.002
	Knowledge management	.717	.094	.620	7.666	.000

a. Dependent Variable: Financial Perspective

The study found a relatively moderate relationship between knowledge management and Financial perspective (R= .620). Coefficient of determination (R^2 =.385) indicates that knowledge management explain 38.5% of variation in financial perspective. Also the overall model is significant (F=58.775, p<0.05). The standardized beta coefficient indicate that knowledge management makes significant contribution to finance of a firm (Beta = .620, t = 7.666, p< 0.05). This therefore depicts that knowledge management is key predictor of financial perspective of retail pharmaceutical firms in Nairobi County and thus the hypothesis that there is no significant relationship between Knowledge Management and financial perspective of retail pharmaceutical firms in Nairobi County was rejected.

Based on the outcomes of the results the regression model explaining the relationship becomes;

$Y= 1.212 +.620 X_1$

Where Y is financial perspective and X_1 **is** knowledge management

Knowledge Management and Internal Processes

The study determined the influence of knowledge management on internal processes. This was determined by getting the composite index of knowledge management and regress it against internal processes using simple linear regression analysis to determine their significance levels. Consequently, the following sub hypothesis was tested. **H1f:** There is no significant relationship between Knowledge Management and internal processes of retail pharmaceutical firms in Nairobi County**.** The results were as depicted in Table 3.

Table 3: Regression Results from the Test of the Effect of Knowledge Management on Internal Processes

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.402[a]	.162	.153	.40436

a. Predictors: (Constant), Knowledge management

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.965	1	2.965	18.131	.000[b]
	Residual	15.370	94	.164		
	Total	18.334	95			

a. Dependent Variable: Internal Processes
b. Predictors: (Constant), Knowledge management

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.393	.456		5.243	.000
	Knowledge management	.475	.112	.402	4.258	.000

a. Dependent Variable: Internal Processes

The study found a relatively moderate relationship between knowledge management and internal processes (R= .402). Coefficient of determination (R^2 =.162) indicates that knowledge management explain 16.2% of variation in internal processes. Also the overall model is significant (F=18.131, p<0.05). The standardized beta coefficient indicate that knowledge management makes significant contribution to internal processes (Beta = .402, t = 4.258, p< 0.05). This therefore depicts that knowledge management is key predictor of internal processes of retail pharmaceutical firms in Nairobi County and thus the hypothesis that there is no significant relationship between Knowledge Management and internal processes of retail pharmaceutical firms in Nairobi County was rejected. Based on the outcomes of the results the regression model explaining the relationship becomes;

$Y= 2.393 +.402 X_1$

Where Y is internal processes and X_1 is knowledge management.

Knowledge Management and Customer Focus

The study determined independently the influence of knowledge management on customer focus. This was determined by getting the composite index of knowledge management and regress it against customer focus using simple linear regression analysis to determine their significance levels. Consequently, the following sub hypothesis was tested. **H1g:** There is no significant relationship between knowledge management and Customer focus of retail pharmaceutical firms in Nairobi County**. The results were as depicted in Table 4.

Table 4: Regression Results from the Test of the Effect of Knowledge Management on Customer Focus

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.722[a]	.521	.515	.28588

a. Predictors: (Constant), Knowledge management

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	8.341	1	8.341	102.063	.000[b]
	Residual	7.682	94	.082		
	Total	16.023	95			

a. Dependent Variable: Customer Focus
b. Predictors: (Constant), Knowledge management

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.715	.323		2.216	.029
	Knowledge management	.798	.079	.722	10.103	.000

a. Dependent Variable: Customer Focus

The study found a strong relationship between knowledge management and customer focus (R= .722). Coefficient of determination (R^2 =.521) indicates that knowledge management explain 52.1% of variation in customer focus. Also the overall model is significant (F=102.063, p<0.05).

The standardized beta coefficient indicate that knowledge management makes significant contribution to customer focus (Beta = .722, t = 10.103, p< 0.05). This therefore depicts that knowledge management is key predictor of customer focus of retail pharmaceutical firms in Nairobi County and thus the hypothesis that there is no significant relationship between knowledge management and Customer focus of retail pharmaceutical firms in Nairobi County was rejected. Based on the outcomes of the results the regression model explaining the relationship becomes;

$Y = .715 + .722X_1$

Where Y is customer focus and X_1 **is** knowledge management.

Knowledge Management on Employee Focus

The study determined the influence of knowledge management on employee focus. This was determined by getting the composite index of knowledge management and regress it against employee focus using simple linear regression analysis to determine their significance levels. Consequently, the following sub hypothesis was tested. **H1h:** There is no significant relationship between knowledge management and employee focus of retail pharmaceutical firms in Nairobi County. The results were as depicted in Table 5.

Table 5: Regression Results from the Test of the Effect of Knowledge Management on Employee Focus

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.614^a	.377	.371	.27494

a. Predictors: (Constant), Knowledge management

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	4.307	1	4.307	56.975	.000^b
	Residual	7.106	94	.076		
	Total	11.412	95			

a. Dependent Variable: Employee Focus
b. Predictors: (Constant), Knowledge management

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.847	.310		5.951	.000
	Knowledge management	.573	.076	.614	7.548	.000

a. Dependent Variable: Employee Focus

The study found a strong relationship between knowledge management and employee focus (R= .614). Coefficient of determination (R^2 =.377) indicates that knowledge management explain 37.7% of variation in employee focus. Also the overall model is significant (F=56.970, p<0.05). The standardized beta coefficient indicate that knowledge management makes significant contribution to employee focus (Beta = .614, t = 7.548, p< 0.05). This therefore depicts that knowledge management is key predictor of employee focus of retail pharmaceutical firms in Nairobi County and thus the hypothesis

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that there is no significant relationship between knowledge management and employee focus of retail pharmaceutical firms in Nairobi County was rejected. Based on the outcomes of the results the regression model explaining the relationship becomes;

$Y= 1.847+.614X_1$

Where Y is Employee focus and X_1 **is** knowledge management.

Knowledge Management on Learning and Growth

The study determined the influence of knowledge management on learning and growth. This was determined by getting the composite index of knowledge management and regress it against learning and growth using simple linear regression analysis to determine their significance levels. Consequently, the following sub hypothesis was tested. **H1i:** There is no significant relationship between Knowledge Management and learning and growth of retail pharmaceutical firms in Nairobi County**.** The results were as depicted in Table 6.

Table 6: Results from the Test of the Effect of Knowledge Management on Learning and Growth

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.019[a]	.000	-.010	.42856

a. Predictors: (Constant), Knowledge management

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.006	1	.006	.033	.857[b]
	Residual	17.264	94	.184		
	Total	17.270	95			

a. Dependent Variable: Learning and Growth
b. Predictors: (Constant), Knowledge management

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.254	.484		8.794	.000
	Knowledge management	.021	.118	.019	.181	.857

a. Dependent Variable: Learning and Growth

The study found no relationship between knowledge management and learning and growth (R= .019). Coefficient of determination (R^2 =.000) indicates that knowledge management did not influence learning and growth. Also the overall model was not significant (F=0033, p>0.05). This therefore depicts that knowledge management is not predictor of learning and growth of retail pharmaceutical firms in Nairobi County and thus the hypothesis that there is no significant relationship between knowledge management and learning and growth of retail pharmaceutical firms in Nairobi County was not rejected.

5. CONCLUSIONS

The findings show that the relationship between knowledge management and performance of retail pharmaceutical firms in Nairobi city County is statistically significant. The findings in the study suggested that knowledge management attributes that include knowledge acquisition, knowledge storage, knowledge sharing and knowledge application had a great influence on a firm's performance.

Knowledge management processes aid a firm in enhancing its business performance by having up-to- date information and knowledge. For knowledge to impact organizational performance it has to be used to support the firm's processes. Hence, it is through knowledge utilization that acquired knowledge can be transformed from being a potential capability into a realized and dynamic capability that impacts organizational performance. Additionally, Knowledge acquisition done through valuing of employee attitudes and opinions, having well-developed financial reporting system, being market focused by actively obtaining customer and industry information, being sensitive to information about changes in the marketplace and getting information from market surveys all contribute to positive firm performance.

Further, knowledge sharing behaviours facilitated learning among employees and enabled them to resolve problems similar to situations encountered by others in the past, thus enabling quicker responses to the customers since by sharing their knowledge, individuals can realize synergistic results greater than those achievable by any individual alone. Sharing of knowledge was therefore considered an integral part of an organization's learning activities, leading to improvements in market sensing and innovation activities hence greater operational efficiency. The study as well concluded that knowledge management practices in general influences organization performance in various ways including, knowledgeable employees, better decision making in the organization, improved service offering to client, reduced operational costs, improved organizational competitiveness. This is mainly so because there is increased awareness of information that is critical to achieving the organization's mission.

6. RECOMMENDATIONS

Knowledge management provides the necessary skills and competencies to managers in creation, retention, transferring and usage of firm's tacit and explicit knowledge and also formulate best combination of strategies. Hence, managers and owners of retail pharmaceutical firms ought to adopt proper knowledge strategies to enable their firms survive in the industry. This can be done by owners or managers identifying the knowledge they have and comparing with its counterparts in the particular industry to remove the gap existng between them. Moreover, an information system, which is one of the knowledge management system (KMS) factors support organizational competencies. Overall, knowledge management and its application can support organizations to get viable advantages against competitors.

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